



SHIPS STORE AFLOAT

NEXCOMNOTICE 4062



**NAVY EXCHANGE SERVICE
COMMAND**

2014



DEPARTMENT OF THE NAVY

NAVY EXCHANGE SERVICE COMMAND
3280 VIRGINIA BEACH BOULEVARD
VIRGINIA BEACH, VA 23452-5724

IN REPLY REFER TO:

NEXCOMNOTE 4067

A:CHV

AUG 18 2014

NEXCOM NOTICE 4067

From: Chief Executive Officer, Navy Exchange Service Command

Subj: RETAIL OPERATIONS MODULE (ROM) 3 MANAGEMENT POLICY AND
PROCEDURES

Encl: (1) ROM Version 3 Policy and Procedures Manual Ships Stores Afloat – NAVSUP
Pub 487

1. Purpose. This notice establishes policy and procedures for ships stores afloat upon installation of ROM version 3 software. Enclosure (1) procedures establish policy for retail management operations and are mandatory unless specifically stated as being optional. However, these procedures are not limiting when conditions warrant additional controls. Head of supply departments, commanding officers, or higher authority may supplement procedures not in conflict with this notice when it is considered necessary.
2. Cancellation Contingency. Upon the last fleet ship installation of ROM version 3.
3. Background. The existing fleet point of sale software is being replaced by the newer ROM 3 version. This software version requires new procedures and policies for the management of records to be in place in order that policy and software are in alignment. Program management of the Ships Store Afloat program is provided by the Chief Executive Officer, Navy Exchange Service Command.
4. Action. Personnel using the ROM version 3 software will reference enclosure (1) as their policy manual vice NAVSUP Publication 487. Comments or questions related to information in this notice may be addressed to: Vice President, Ships Store Program and sent via mail or electronically to customerservice@nexweb.org. Additional guidance will be provided as required as well as any modifications to enclosure (1) as circumstances dictate.

R. J. BIANCHI
Chief Executive Officer

Distribution:
DFAS CLEVELAND
FLEET AND FORCE TYPE COMMANDERS

Copy to:
COMNAVSUPSYSCOM (N3/4)

SUBJ: RECORD OF CHANGES TO ROM 3

Chapter 1

1002: DFAS now has authority to change line C01 on a ship's NC 153 based on their audit of the ship.

1007-5-a: ROM roles are defined.

1009: Rewrote paragraph to simplify and shorten.

1104: Added request forms for length of service to ROM Document library

1106: Forms and logs paragraph rewritten to eliminate items no longer in use.

1205: Fraud or Loss rewritten to simplify

1206: ROM security requirements changed to reflect current policy and procedures

CHAPTER 2

2007: Ships Store Numbering. Paragraph added outlining the store numbering convention

2100-2-b-2: tobacco pricing. States that NEXCOM will set initial retail price of tobacco products which will be download to the ship.

2102: Sales to commanding officer. Bulk sales process has been eliminated from ROM. Sales are now rung through the cash register

2202: Removed how cash registers are bought and moved to Chapter 4 procurement of ADP equipment

2500: Maintenance and sanitation of equipment moved to Chapter 4, equipment section

CHAPTER 3

3000 Types of Stock. Rewritten for clarity

3006-2: Stock Numbers. Rewritten to reflect how ROM assigns stock numbers.

3001: Stock Control. Added statement that the TYPE Commander assigns percent of emblematic items / deleted exact percent as surface and air forces are different.

3001-2 Command ball caps. All blue Navy ball caps are now command ball caps with a 6% markup.

3001-3: Non Command emblematic items. Paragraph changed to reflect how ROM increases it inventory.

3102 Authorized Articles . Changed to reflect that ROM does not "flag" emblematics with an "e". All emblematics are in Dept. G1 and users run a report to determine quantity and total value.

3135: Bonus Free items. Paragraph changed to reflect how ROM handles Bonus Free.

3207: Foreign Merchandise Procurement Procedures. Moved information about concessions to a new paragraph 3212 so all information about concessions is in one place

3210: moved types of program to next paragraph to leave this one general information

3515-2: Return of Merchandise to a NEX. Modified paragraph to reflect how ROM handles this transaction as bulk sales has been eliminated.

3216: Concessions. New paragraph

3301 Stock Turn. Provides both the legacy and ROM 3 method of computing stock turn.

3322: Minimum and Maximum Stock levels. Paragraph provides information / policy on use of ROM Smart reorder.

3323: Report names have changed

3401: Procurement of stamps. Paragraph changed to reflect how ROM processes this transaction,

Chapter 4: Rewritten with new paragraph numbers. Attempted to place all related information together vice having it in several places. The hard one here was how to put into policy when OPTAR pays and when SSPN pays and sometimes ships make the decision to have OPTAR pay vice SSPN.

4001: changed information that ROM provides for log reports

4010: provided clearer guidance on how OSO are handled

4012: Deleted paragraph that told users to go to ROM user guide to learn how to prepare 1149s as it is now covered in para 4010

Section III Purchase Orders. Moved to its own section so that requisitions policy is aligned together

4101: changed procedure to match ROM process...you have to confirm the req to product it. Also eliminated the specific reference to 5% surcharge and changed it to read, as published by NEXCOM.

4103: changed to reflect how ROM does the process.

Part C Purchasing Methods. Changed to Part B. and all info on purchase order procurement placed in this part.

4202 Eliminated unsatisfactory vendor report as it will be in the document library.

4203: Renumbered and rewritten to remove simplified and replace with special order. Paragraph rewritten.

4204: Purchases from Navy Exchange. Paragraph rewritten to reflect ROM process that such procurements in the ROM system are "emergency procurements".

4205: Deleted, renumbered and placed into the equipment section (Section II)

4220: Purchases using ships store profits, navy. Moved to Equipment section II

4300: Rewritten and placed in the part D.

Section II page 17 –Procurement of items for ships use. Largely rewritten and reorganized to bring all non-merchandise policy together. Now in one location the user can see policy about operating supplies, equipment, funding, ADP, Vending machines, leased vending machines, services.

4402 Modernizations and improvements: All paragraphs related to this topic were moved to this Section.

Chapter 5 Receipts

5000: added that the receipt signer must print their name

5104: Added ROM requirement that all merchandise must be received into a holding location.

5300: change to the cost of an item is possible only at the time of receipt, before the receipt information is confirmed

5303: changed paragraph to reflect how transmittal reports are sent, paper and electronically. Deleted references to floppy disc

Chapter 6

6100 Limited the use of the term “breakback” as there is no term like this in ROM. An item is always broken out to a location.

6102: limited the use of the term IntraStore Transfer as no one uses the term. Simplified paragraph

Chapter 7

7000. Change para to combine transfer information and delete bulk sales

7200: added a step in the transfer process

Part E – Deleted the word “Issues”

7500: Added B22 report

7602: Rewrote para and deleted markdown groups

7604: Provided information on how markdowns work for a hanger bay sale

Part H: ROM eliminated the bulk sale process. This whole was rewritten to clarify how credit memos work, and how cash refunds work using the credit memo process.

Chapter 8

8001: Added use of SSPN to repay loans

8102: Changed to reflect that NEXCOM will post loans and grants that will replicate to ships. Added language regarding carriers being able to recoup coffee bar general fund assessments.

8202: Changed para to reflect ROM process for payment of loss / damage of clothing. Deleted claim form as it in the ROM document library

8301: Changed para to reflect ROM process of issuing a SF 1034

Chapter 9:

9320: C08. Any dollar value changes to the NC 153 that DFAS makes, will be entered on this line. C01 will no longer be changed due to DFAS changes.

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CHAPTER 1 – ORGANIZATION, ADMINISTRATION AND SECURITY

PART A – ORGANIZATION

1000 SHIP'S STORE AFLOAT

1. GENERAL. The instructions and procedures prescribed in this publication apply to ship's store afloat. This publication does not apply to naval activities under the Commander, Military Sealift Command. These activities operate branch exchanges in accordance with Navy Exchange Manual and instructions issued by the Navy Exchange Service Command.
2. PURPOSE. Ship's stores serve the following purposes:
 - a. Provide a convenient and reliable source for personnel to obtain articles considered necessary for their health, comfort or convenience at a savings
 - b. Provide services necessary in day-to-day living
 - c. Provide a source of funds to be used for the recreation of naval personnel through profits from sales
 - d. Promote good morale

1001 NAVY EXCHANGE SERVICE COMMAND

The Navy Exchange Service Command (NEXCOM) provides technical guidance and administrative assistance to ship's store under authority delegated by the Naval Supply Systems Command.

1002 DEFENSE FINANCE AND ACCOUNTING SERVICE

The Defense Finance and Accounting Service (DFAS) performs the following functions in connection with ship's stores:

- a. Audit returns. Makes necessary corrections to NC 153 captions to generate new C01 figure which will replicate to the ship.
- b. Maintain files and reconcile documents for receipts from purchases and receipts from other supply officers
- c. Reconcile cash reported in returns
- d. Pay dealer's bills
- e. Advise NEXCOM (ships store program of "paid" Equipment Purchases so NEXCOM can post the dollar value on (Line C 18) on NC 153

1003 FLEET ASSISTANCE TEAMS

1. MISSION. The Fleet Assistance Team program provides technical assistance and guidance to forces afloat in order to improve the performance of ship's store operations. NEXCOM (Ship's Store Program) provides the policy and procedures used by the teams.
2. TEAMS. Master, Senior, and Chief Petty Officers are located at Fleet Logistics Centers (FLCs) in major port areas to provide technical assistance and guidance in all aspects of ship's store operations. Fleet Assistance teams have the ability to view ships data remotely. Based on this review they can provide additional assistance by telephone, visits to Fleet Assistance Team offices, or assistance visits to individual ships. Visits to ships are made on an informal basis and no formal report is made upon completion of the visit. Fleet Assistance Teams are located at:
 - a. FLC Norfolk
 - b. FLC Jacksonville (Mayport detachment)
 - c. FLC San Diego
 - d. FLC Yokosuka
 - e. FLC Pearl Harbor, Hawaii
3. ASSISTANCE VISITS
 - a. Request for Assistance. Ships desiring assistance visits should contact the appropriate Fleet Assistance Team. Any request should identify specific problem areas if any exist. Urgent requests for assistance may be made by naval message or telephone when considered appropriate by the supply officer.
 - b. Length of Visit. Assistance visits will normally be scheduled for a period of two to five days, depending upon the type of the ship and extent of ship's store operations to be reviewed.
 - c. Time Periods for Visits. Request should indicate two or more convenient periods and the location of the ship during these periods.
 - d. Requests for Assistance for Laundry Equipment. Onsite assistance is available upon request. Since the repair and maintenance of laundry equipment can best be accomplished during a regularly scheduled overhaul, assistance visits should take place before an overhaul to permit timely submission of work requests for any repairs or equipment layout changes resulting from the visit. Assistance visits should be requested 18 months before an overhaul and for emergency requirements at least 120 days before the overhaul.

- e. Pre-Deployment Assistance Visits. Ships preparing to deploy should submit requests in sufficient time to arrange for visits prior to deployment. During these visits, information will be provided on the Consolidation Afloat Requisitioning Guide Overseas (NAVSUP Pub 4998), Q-cognizance items, foreign merchandise, vendor control and endurance loading.

4. SCOPE OF ASSISTANCE

- a. General. Fleet Assistance Teams provide assistance as outlined below:
- b. Sales Outlets. Assistance is provided in the following sales outlets:
 - (1) Modernization planning
 - (2) Merchandising promotion, including layout, display and signing
 - (3) Merchandising planning, including stock control review, model stock plans, and disposition of excess stocks
 - (4) Pricing procedures
 - (5) Accounting records, returns, and bill payment
 - (6) Internal operating procedures
 - (7) Internal controls, including Navy Cash or cash handling procedures, security of spaces, and receipt and inspection procedures
 - (8) Procurement assistance, including purchasing procedures, contract administration procedures, vendor relations, merchandise quality assurance.
 - (9) Training
 - (10) Periodic review of ship's store operations, including identification of potential problems areas
- c. Service Activities. Assistance is provided in the following service activities:
 - (1) Job instruction, JQRs and training programs
 - (2) Work scheduling and control
 - (3) Equipment operations and maintenance, with minor repairs as necessary
 - (4) Safety and sanitation

- d. Liaison. The Fleet Assistance Teams will liaison with Afloat Training Groups, TYCOMs, Navy supply support activities, Defense Finance and Accounting Service and other cognizant activities on ship's store matters. In addition, these teams may function as shore liaison for logistic; procurement or other ship's store issues when the ship is deployed.
- e. Other. The Fleet Assistance Team will furnish necessary technical assistance and guidance not specified above.

1004 SHIPBOARD ORGANIZATION

1. ORGANIZATION. The supply officer is responsible for the performance of all divisions in the supply department. Supply Corps Officers may be ordered in as assistants to the supply officer or senior enlisted may be assigned to that job with approval of the type commander (TYCOM) and NEXCOM (Ship's Store Program). When there is an assistant for the ship's store, that officer may relieve the supply officer for financial accountability and responsibility for the procurement, receipt, storage, custody, issue, transfer, maintenance of proper records, and accounting for and submission of returns for ship store material. The commanding officer will assign personnel to assist the sales officer (accountable officer). The number of personnel will depend on the size of the operation and personnel available. The sales officer is restricted in the assignment of personnel only if they have not completed the job specific PQS or received instruction in the responsibility/accountability of the job assigned. The supply department organization aboard individual ships will vary according to the mission, physical characteristics and the complement of the ship. However, each ship's store division will procure, receive, store, issue and sell ship's store merchandise, operate sales outlets and service activities, maintain related records, and prepare required reports, returns and correspondence.
2. SPECIFIC FUNCTIONS DEFINED
 - a. Records and Returns. Records and returns functions include replenishment of ship's store stock operating supplies, operation of the Resale Operations Management (ROM) microcomputer, maintenance of office records, and preparation of related correspondence, reports and returns.
 - b. Storage. Storage functions include the receipt, storage, security and issue of ship's store stock and operating supplies, as well as maintenance of related records and assigned spaces.
 - c. Sales Outlets. Sales outlet functions include the operation of retail stores, coffee bars, vending machines, phone card machines, Electronic Point of Sale registers, Navy Cash™ devices and the maintenance of prescribed records and assigned spaces.

- d. Service Activities. Service activity functions include the barbershop and laundry as well as the maintenance of necessary records and assigned spaces. Embroidery services may also be included.

1005 PERSONNEL

1. ASSIGNMENT OF PERSONNEL. The type of operation and the degree of service the commanding officer considers necessary for morale will determine personnel assignment. The sales officer will make all assignments to positions of responsibility. In no case will personnel assigned to, or having access to sales outlets or bulk storeroom or holding location be assigned the duties of maintaining office records. Normally only one person will be responsible for and have access to bulk storeroom or holding locations. Ships are authorized to assign more than one person to an accountable space as provided for below:
 - a. Multiple Accountable Space Operators. Operation of a sales outlet or bulk storeroom or holding location by more than one person is authorized to allow for flexibility in improving customer service.
 - b. Multiple Responsibility Operations. When improved utilization of personnel will result, the same person may be placed in charge of sales/service outlet and the bulk storeroom or holding location. When making multiple responsibility assignments, the ability to maintain accountability of government material, the physical layout of spaces and the hours of operation will be considered in order to provide maximum utilization of personnel and maximum service to the crew. ROM requires the use of separate accountability procedures even though the same person may be assigned to both locations.
2. RESPONSIBILITIES OF SHIP'S STORE PERSONNEL. Personnel in charge of sales outlets and service activities are responsible to the sales officer for the proper operation of the outlet or activity and for strict compliance with cash handling procedures as prescribed in Appendix G. These instructions also apply when more than one shift is required to provide services during periods outside of normal working hours.

1006 ACCOUNTABILITY AND RESPONSIBILITY

1. GENERAL. It is well founded by law and regulation that any person authorized to have public property in their custody or possession is responsible upon proper occasion to produce the property or evidence of its authorized disposition. In either case, a person having funds or property of the United States in their custody assumes a public trust that the funds or property will be utilized for purposes authorized by law or regulation.
2. DEFINITIONS
 - a. Accountability. Accountability is defined as the obligation to render an accounting of property and funds, including returns. The obligation is imposed upon an officer who is charged by law, lawful order, or

regulation with the responsibility for keeping accurate records of public funds or property. The officer assumes a public trust that such funds or property will be utilized for purposes authorized by law or regulation. The property or funds may, or may not, be in the officer's physical possession.

- b. Responsibility. Responsibility is defined as the obligation placed upon an individual by law, lawful order, regulation, or customs of the service to exercise custody, care protection, and keeping of property, records, or funds entrusted to their possession or under their supervision. In case of fire, shipwreck, or other disaster, it will be the duty of every sales officer to secure and preserve the public money, papers and property, in the order of their importance, as circumstances permit.

1007 ASSIGNMENT OF RESPONSIBILITIES

1. GENERAL. The Supply officer may assign responsibilities and establish the minimum controls, which must be exercised, to protect government material and funds. The term "monies" as used here is limited to checks or cash, actual coinage or Navy Cash™ transactions in the ship store operation and does not include monies held by a disbursing officer. Subordinates who fail to carry out assigned responsibilities properly may be punished under the Uniform Code of Military Justice, Arts. 92, 108, 132 and other articles as applicable.
2. ASSIGNMENT OF RESPONSIBILITIES. The following responsibilities may be assigned to subordinates:
 - a. Custody, care and protection of monies and property
 - b. Proper documentation of the receipt and issue of material and monies
 - c. Custody and accurate maintenance of stock and financial control records
 - d. Inventory control practice to ensure prescribed stock levels
 - e. Taking inventories and preparation of ship store returns
 - f. Preparation of required reports
3. CONTROLS. The following are minimum controls that must be exercised by the supply officer/sales officer to ensure that responsibilities assigned to subordinates are being met:
 - a. Prescribe the duties and responsibilities in written form for each billet and ensure the person assigned is knowledgeable of the duties and responsibilities

- b. Make frequent inspections of spaces and operations to ensure the effective performance of tasks assigned to subordinates and to give direction, guidance and instruction as necessary
 - c. Conduct frequent internal reviews to ensure that adequate controls are being utilized by subordinates in compliance with current directives on cash handling, safeguarding of funds, stock control, custody, procurement, issue, expenditure, inventory and accountability. Tools include the use of the Continuous Monitoring Performance program and use of Ships Store Monthly report.
 - d. Conduct training and supervision of subordinate personnel to ensure the proper performance of assigned responsibilities
- 4. LETTERS OF ASSIGNMENT REQUIRED. The sales officer will designate the cash collection agent in writing. The letter of assignment will include duties and limitations, effective date and person relieved, if any. The letter of assignment will be maintained in the Correspondence File (WF 3) as long as the person is assigned to the position and filed in the retained returns when that person is relieved.
- 5. LETTERS OF ASSIGNMENT NOT REQUIRED. Individuals may be assigned to the following positions of responsibility without a letter of assignment if either they can show progress in completing or upon successful completion of Job Qualification Requirements (JQR) and documentation in either the division officer's notebook or service record.
 - a. ROM Roles. Sales Officer will assign personnel to ROM roles to:
 - 1. Records Keeper
 - 2. Store Operator
 - 3. Vending Operator
 - 4. Receipt Inspector
 - 5. Storeroom custodian
 - 6. Store Supervisor
 - 7. Supervisor / Manager (LPO, LCPO, Retail Supervisor)
 - 8. Receipt Inspector
 - 9. Collection Agent: The role of Collection Agent must be assigned in ROM 3 but as noted above this one assignment also requires a written "Letter of Assignment"
 - b. Shipboard Barber
 - c. Laundry Operator
- 6. CUSTOMER SERVICE MANAGER. The Sales Officer may designate a person as the S-3 Customer Service Manager. Their duties may include but are not limited to the following:

- a. Provide approval for refunds for the Sales Officer.
- b. Conduct price overrides on approval by the Sales Officer
- c. Assistance in providing change to the cashiers
- d. Adjust the receipt threshold amount at the cash register as required by the Sales Officer
- e. Handling customer complaints for service and retail outlets for the Sales Officer
- f. Monitor Vending operations
- g. Monitor and maintain the Ships Laundry Claim program
- h. Ensure hours of operation and policy signs are posted and followed.

More than one manager may be assigned on a large platform. The name and workspace location and telephone number of these managers should be posted in all customer contact points so customers know whom to contact when they have a problem. No letter of assignment is required.

1008 RETENTION OF RESPONSIBILITIES

Assignment of a subordinate to a job in no way relieves the supply officer or sales officer of their responsibility for the proper performance of the responsibilities assigned to a subordinate. The supply officer and sales officer are directly responsible to the commanding officer for exercising fitting and proper supervisory and advisory controls over all ship's store functions.

1009 ABSENCE OR INCAPACITY OF THE SALES OFFICER /ACCOUNTABLE PERSON

1. ACTION BY THE COMMANDING OFFICER

- a. When it is necessary to relieve the Sales Officer or assigned accountable person for any cause, the Supply officer with approval of the Commanding Officer will take possession of the safe and the official keys of the relieved person, place a seal on the safe, and ensure the security of the funds, property, and spaces involved.
- b. Appoint an inventory team of not less than two persons to take an inventory of the, funds.
- c. Notify the TYPE COMMANDER and request a relief person.

2. ACTION BY THE INVENTORY BOARD

- a. GENERAL. When an inventory team is appointed they will take an inventory of the public funds and property for which the incapacitated person is accountable.
 - b. Public Funds. A complete inventory will be taken of all public funds for which the incapacitated person is accountable, including funds in cash registers. If the safe of the incapacitated accountable person is closed and locked and the combination is not available, the safe will be sealed by the inventory board and the pertinent facts reported to the TYPE Commander. The TYPE Commander will decide whether the safe will be forced open by whatever means are available or remain sealed and the contents not inventoried until a qualified locksmith is available.
3. ACTION TAKEN BY THE NEW SALES OFFICER. The new Sales Officer will assume custody of the public funds and public property held by the previous accountable person upon receipt of the original inventory. The individual will operate and render returns under the same regulations and procedures as the previous accountable person.
4. RETURNS OF AN INCAPACITATED ACCOUNTABLE PERSON. The rights of the incapacitated accountable person and the custodian, acting accountable person, or relief will be fully protected so that in the event of differences discovered later, the accountability may be determined. The acting accountable officer or relief will take action necessary to, to close the accounts, and to maintain custody of the same and will settle the accounts and render the final returns of the incapacitated accountable person. Documents in connection with the settlement and administration of accounts of an incapacitated accountable person will be signed as follows:

(Name of incapacitated accountable person)

By _____

5. RETURNS OF AN ACTING ACCOUNTABLE PERSON. The new accountable person will be responsible for rendering reports and returns.

PART B – ADMINISTRATION**1100 AUTHORIZATION FOR ESTABLISHMENT**

1. ON COMMISSIONED SHIPS. A ship's store, consisting of sales outlets and service activities, will be operated on all ships in commission (except submarines) to which a supply corps officer is attached. Before establishment of a ship's store, the commanding officer will report by letter the date the ship store will commence operations to NEXCOM (Ship's Store Program). A copy of this letter will also be forwarded to the TYCOM and:

Defense Finance and Accounting Service
Attn: Accounts Payable-Ships Stores Room 2799
1240 E. 9th St
Cleveland, OH 44199

2. ON PRE-COMMISSIONED SHIPS

- a. General. A ship's store may be established before a ship is commissioned provided the prospective supply officer has reported for duty. A prospective commanding officer desiring to establish a ship's store should submit a letter request to NEXCOM (Ship's Store Program) via the TYCOM to request establishment of a ship's store and to request implementation of ROM. A copy of this letter should be forwarded to the Director Defense Finance and Accounting Service.
 - b. Stock. Items to be stocked on pre-commissioned ships will be limited to authorized emblematic items as per Chapter 3. The quantity of emblematic items stocked will not exceed the Type Commander established level as a percent of "on hand" inventory. The security requirements for Group III will be followed.
 - c. Cash Handling. Sales will be made for cash, check or Navy Cash™ purchase only. Electronic Point-of-Sales (EPOS) registers will be used. If EPOS registers are not available, the ship should contact the NEXCOM (Ship's Store Program) for guidance.
 - d. Records. All required records will be maintained. Returns will be submitted at the end of the accounting period.
3. SHIP'S STORE ASHORE. When a naval unit (such as a mobile construction battalion, fleet hospital or isolated location) to which a supply corps officer is attached is deployed or located OUTCONUS, a ship's store may be established under the procedures and instructions in this publication. The report of establishment will be made to the Navy Exchange Service Command, Ships Store office. Ship's stores may also be established ashore at remote locations to provide quality of life services.

4. DISESTABLISHMENT OF SHIP'S STORES. Report of disestablishment of a ship's store will be made as per Chapter 9.

1101 AUTHORIZED AND UNAUTHORIZED ACTIVITIES

1. AUTHORIZED ACTIVITIES. When a ship's store has been established, the commanding officer may authorize the operation of any or all of the following types of sales outlets:
 - a. Sales outlets
 - (1) Retail Store(s)
 - (2) Coffee Bar
 - (3) Vending Machine(s)
 - (4) Phone Card Vending Machine(s)
 - b. Service activities
 - (1) Barbershop(s)
 - (2) Laundry
 - c. Ship's store Concession Programs.
2. UNAUTHORIZED ACTIVITIES
 - a. General. The ship's store is the sole authorized sales outlet and service activity. No sales outlet or service activity operated outside the ship store is permitted, except for authorized Navy Exchange sponsored activities.
 - b. Concessions. A concession arrangement is one whereby vendors are permitted to sell directly to crewmembers in return for remitting a percentage of the profit to the Navy. Ships will not enter directly into concession agreements with vendors, nor will vendors be permitted to invoice products through the ship's store. Only Navy Exchange sponsored concessionaires are permitted on board ships.
 - c. Sale for Account of Individuals. Officer, enlisted and civilian personnel in the naval service are not permitted to sell articles in or through the ship store. Such sales for the account or profit of any individual (or for the account or profit of any person in the Navy) are prohibited. Personnel are not permitted any personal interest in ship's store purchases, sales or services.
 - d. Payment of Extra Compensation to Service Activity Personnel. Service activity personnel will not be paid or accept extra compensation (such as tips, gifts or money) for their work.

1102 REQUEST FOR DEVIATIONS AND MODIFICATION

1. DEVIATIONS. A commanding officer that desires deviations from the operating procedures prescribed in this publication will provide complete justification for the deviations desired. A letter request will be submitted to the NEXCOM (Ship's Store Program) via the TYCOM. Deviations or modifications to ROM software are prohibited. Units requesting modifications to ROM software will submit a program change request to NEXCOM (Ship's Store Program) via the TYCOM.
2. MODIFICATIONS. If additional space, equipment or improvements to facilities are desired, the procedures in Chapter 4 will be followed.

1103 FUNCTIONS OF THE NAVY WORKING CAPITAL FUND

The Navy Working Capital Fund (NWCF) finances the original procurement of all ship's store stock, operating supplies and minor equipment and is identified as appropriation 97X4930.NC1A. NWCF is ultimately credited with the cost price of sales, issues and survey of stock. NWCF is self-replenishing. After ship store stock has been procured, it becomes part of the Navy Stock Account and is designated by functional account 51000. Ship's store stock remains in the Navy Stock Account until sold, issued or surveyed, at which time NWCF is credited for the cost price of the material. Ship's store stock held in the Navy Stock Account is government property until sold or otherwise expended.

1104 LENGTH OF SERVICE RECOGNITION

Certificates of Appreciation are available for all Ships Servicemen for 5, 10, 15 and 20 years of service in Ships Stores. Request forms are available in the ROM Document library.

1105 SUPPLY DEPARTMENT INSTRUCTIONS

1. REQUIREMENTS. Supply department instructions will be prepared under the guidelines furnished in Shipboard Procedures (NWP-50) and the requirements of the appropriate TYCOM.
2. POSTING. Copies of instructions or plastic laminate placard prescribing sanitary regulations, safety precautions, equipment operating instructions and emergency entry procedures will be posted so they may be readily seen. Instructions covering other subjects will be prepared as considered necessary by the supply officer. It is not necessary to duplicate detailed procedures in this publication in supply department instructions.

1106 PUBLICATIONS, FORMS, LOGS AND FILES

1. GENERAL. Publications, forms, log and files are available in the ROM document library. Ship's store records, logs and returns from the previous fiscal year should be removed from file cabinets and placed in well-marked containers citing the fiscal year involved and stored in a suitable location onboard for easy access if the need arises. Ship's store returns and supporting documents (either hardcopy or scanned electronic copies) will be retained until advised by NEXCOM that they may be destroyed.
2. PUBLICATIONS. The following is a list of publications used in the operation of the ship's store available for review or printing in the document library:
 - a. NAVSUP Publications
 - 487 – Ships Store Afloat
 - 4998 – Consolidated Afloat requisitioning Guide Overseas (CARGO)
 - b. NEXOM Publications.
 - 81 – Merchandising and Stocking Guide for Ships Stores
 - 90-33 – Ships Store Visual Merchandising Guide
 - ACB – Automated Contract Bulletin
 - ASL - Automated Ships Store Afloat Catalog Listing
 - ROM User Guide
 - c. DOD Financial Management Regulations
 - Disbursing Policy and Procedure Vol 5
 - d. Ships Serviceman Training Manual NAVEDTRA 14314A
 - e. Forms.
 - 233 Ships Laundry List
 - 469 Cash Register Record
 - 470 Cash Receipt Record
 - EDI 850 (used to procure merchandise)
 - EDI 857 (used to receive merchandise)
 - EDI 860 (used to cancel and purchase order)
 - f. NAVSUP Forms / DoD Forms
 - 504 - Request and Receipt for Health and Comfort Supplies
 - 1348-1 – Issue Release/ Receipt Document
 - 1034 – Public voucher for Purchase and Services other than Personal
 - 30 – Amendment of Solicitation/ Modification of Contract

Local Forms

| Title |
|--|
| Barbershop Appointment Record |
| Claim for Loss or Damaged of Personal Clothing |
| Unsatisfactory Contract Performance Report |
| |

4. Logs. The following logs will be maintained and, where practical, more than one log may be included in one record book.

| Logs | |
|-----------------------------------|--|
| Title | |
| Car Seal Number Log | |
| Heat Stress Log | |
| Laundry Bulk Work Log | |
| Laundry Equipment Maintenance Log | |
| Laundry Press Deck Log | |
| Purchase Order Log | |
| Requisition Log | |

5. SHIP'S STORE AFLOAT (SSA) FILES. SSA Files are established to have accountable documents that the Sales Officer provides to DFAS and supporting documents that are held at the ship as retained returns to provide documentation in case of audit. Appendix B provides the file system to be used by the Sales Officer and Records Keeper.
- a. Accountable Officer (AO) Files: The sales officer will maintain these files, which are used to send documents to DFAS or for the end of accounting period returns. The files will contain The NAVCOMPT Form 153 files and associated documents.
 - b. Records Keeper (RK) Files: The records keeper will maintain these files, which are used throughout the accounting period and for the retained returns.
 - (1) The NAVCOMPT Form 153 files and associated documents are outlined in subparagraph c.
 - (2) Working Files:
 - (a) WF 1 – Receipt Inspector File – One copy of each outstanding purchase order and requisition used in the receipt of material. After completion of receipt, this copy is filed in B01 (RK) File.
 - (b) WF 2 – Bulk Custodian File – One copy of each outstanding purchase order and requisition used in the receipt of material by the bulk storeroom custodian. After completion of receipt, this copy is filed in B01 (RK) File.
 - (c) WF 3 – Correspondence File – Letter of assignment from the sales officer to the cash collection agent, copies of monthly/quarterly sanitation reports, copy of monthly/quarterly unmatched expenditure

reports, copies of Unsatisfactory Performance Reports, copies of Memorandum of Agreement for leased vending machines and copies of correspondence from military and commercial activities. Correspondence letters will be removed when action noted in letter has been completed.

(d) WF 4 – Credit Memorandum and Cash Refund– Copy of each DD Form 1149, and correspondence, which has not been liquidated.

(3) Retained Returns File:

(a) RR 1 – Original of NAVSUP Form 973 attached with confirmed NAVSUP Form 973.

(b) RR 2 – CO's Monthly Management Report

6. REQUIRED RECORDING METHOD.

- a. Manual Logs and Forms. All entries made in ship's store logs and/or forms not produced by ROM will be made in ink. Erasures are prohibited. Errors will be ruled out, corrections made, and initials placed after each correction by the responsible person and the sales officer.
- b. ROM Records. A ROM generated NAVCOMPT 153 reflects the transactions entered by the user. Only personnel designated by the sales officer will enter data into ROM or make corrections to data. No handwritten corrections or "line outs" are permitted on the NAVCOMPT Form 153 submitted to DFAS that would change the amount shown on Line C23. This is because any incorrect information must be changed within ROM to properly account for the changes and to allow the correct data to carry forward into the new accounting period. DFAS as the reconciliation activity will make the final decision on changes to the submitted form. At no time will ships correct and re-submit returns to DFAS. Any mistakes found by audit teams will be communicated to DFAS, who will provide instructions to the ship on how to correct the error.

1107 RESALE OPERATIONS MANAGEMENT (ROM) SYSTEM POLICY

1. GENERAL. The ROM data processing system is designed to assist ship's store personnel in the ordering, management and control of ship's store inventory, and in the production of reports and returns. ROM is compatible with existing policies and procedures. The Retail Operations Management (ROM) system provides an automated means for personnel, both afloat and ashore, to perform all functions relating to daily operations of the Navy Ship's Store. The updated system includes enhanced item breakout and receiving capabilities, and provides the ability to view and reprint transactions from previous accounting periods. Many other functions associated with the operation of a ship's store have been automated or enhanced with the new Retail Operations Management system.

2. USER AIDS. The ROM User's Guide provides detailed information on how to operate ROM. This publication may be viewed and printed from the ROM Document library.
3. FILES. ROM may not produce all forms and documents used to document transactions or accountability. Accordingly either pre-printed forms or ROM forms may be placed in ship's store files.
4. PROCEDURES IN CASE OF SYSTEM FAILURE. Detailed procedures to follow in case of ROM system failure are identified in Appendix F.

PART C – SECURITY

1200 GENERAL

There are two security groupings assigned to the ship's store, Group III and Group IV. Group III spaces are sales outlets and bulk storeroom or holding locations. Group IV spaces are service activities.

1201 GROUP III SPACES

1. GENERAL. Group III spaces consist of bulk storeroom or holding locations, backup storerooms and sales outlets. Sales outlets include retail stores, coffee bars, vending machines, and phone card machines.
2. RETAIL STORE AND STOREROOM SECURITY.
 - a. Combination Padlocks. Keyless combination padlocks (stock number 5340-00-285-6523) will be used to secure all retail stores and storerooms. Each keyless combination padlock will have a "setting-in key" and instructions for setting the combination. Each combination will be in a separate envelope with the name of the space annotated on the outside. The designated primary custodian of the space will:
 - (1) Set a combination in the lock (combinations should be selected at random; popular dates will not be used.)
 - (2) Record the combination on a piece of paper
 - (3) Place the paper, changing instructions and the "setting-in key" in an opaque envelope
 - (4) Seal the envelope
 - (5) Sign name and date over the flap of the envelope in the presence of the sales officer. The responsible custodian will not record the combination anywhere other than on the paper turned in to the sales officer. Also, the custodian will not disclose the combination to any person. The sales officer will:

- (a) Receive the sealed envelope
- (b) Sign name and date over the flap in the presence of the custodian
- (c) Affix transparent tape over the flap
- (d) Retain the sealed envelope in the sales officer's safe

Combinations to keyless combination padlocks will be changed every six months and/or upon relief of the sales officer and/or the responsible custodian.

- b. High Security Key Padlocks. Sales Officers have the option to use commercial high security key padlocks in place of combination padlock listed in 1201-2(a). Ships will comply with TYCOM written guidance on key control procedures. If key padlocks are used, the duplicate key is secured as follows:

- (1) place in a sealed envelope
- (2) envelope is signed and dated on the flap by the sales officer and responsible custodian and tape affixed over the flap
- (3) envelope is placed in sales officer's safe

High security key padlocks will be changed whenever the sales officer deems that proper key control procedures have been compromised.

- c. Dead Bolt Door Locks. In addition to a padlock, a dead bolt door lock will be installed on all doors leading into Group III spaces. Where this is impractical, a high security key padlock with shrouded shackle will be installed. The duplicate key for the deadbolt/high security padlock will be secured as per 1201-2b.
- d. Hinges and Hasps. High security hasps will be installed on doors to Group III spaces. Additionally, hinges should be installed so that the hinge pin is not exposed. Hinge pins that are exposed should be tack-welded to preclude removal. The ships engineering requirements should be considered to ensure PMS requirements do not preclude tack welding hinge pins on watertight entries.

3. SECURITY OF GROUP III SPACES WITH MORE THAN ONE OPERATOR OTHER THAN VENDING MACHINES.

- a. General. When more than one operator is responsible for a retail outlet or bulk storeroom or holding location, the working key for the deadbolt/high security padlock will be kept in the custody of the sales officer or a designated individual other than the operators. Operators will have the combination to the padlock. If a high security key padlock

is used in place of a combination lock (1201-2b) the key to the padlock will be maintained in the custody of the of the custodian operating that day/shift. The duplicate key will be secured the same as listed in 1201-2b. Additionally, the use of numbered car seals is mandatory when using multiple operators as outlined in paragraph 1204.

b. Daily Procedures.

- (1) In order to open the accountable space, the sales officer or designated individual will open the deadbolt/high security padlock. The operator designated to operate the outlet that day/shift will open the combination or high security key padlock. Both individuals will check the numbered car seal to ensure no unauthorized entry has taken place. In the event of an unauthorized entry, the procedures outlined in paragraph 1205 will be followed. During the day, more than one operator may be assigned; however, there must be contact relief between operators so that security of the space can be maintained. If a space with multiple operators must be closed due to ship's emergency or during normal operating hours, the padlock and a car seal must be attached to prevent unauthorized entry.
- (2) At the end of the day, the sales officer or designated individual will be present when the outlet is closed.
 - (a) The operator will secure the combination or high security key padlock
 - (b) The sales officer/designated individual will secure the deadbolt lock /high security padlock
 - (c) Together, these two individuals will record the numbered car seal and ensure it is properly secured
 - (d) After working hours, the working key to the deadbolt/high security lock will be placed in the sales officer's safe or turned over to the duty supply officer for safekeeping
 - (e) When a retail outlet is open on weekends, holidays or other than normal working hours, the working key to the deadbolt/high security lock will be maintained by the duty supply officer and the procedures outlined in subparagraph b (1) and (2) will be followed.

4. VENDING MACHINE SECURITY

- a. When Operating With Navy Cash. No additional locks other than those provided by the machine manufacturer are required.

- b. When Not Operating With Navy Cash. Security of the machines will be in accordance with guidance provided by the respective Type Commander
- 5. PHONE CARD MACHINE SECURITY. Security will be in accordance with guidance provided by the respective Type Commander.

1202 EMERGENCY ENTRY INTO GROUP III SPACES.

1. ENTRY BY THE SALES OFFICER. In the absence of the responsible sales outlet operator or bulk storeroom or holding location custodian, emergency entry into Group III spaces may be made by the sales officer. Emergency entry will be made in the presence of two witnesses, one of whom should be a commissioned officer. The sales officer will remove the combination and/or keys from the sealed envelopes and enter the space. The two witnesses will not leave the Group III space unattended while it is unlocked. When access is no longer necessary, the space will be secured by replacing the lock and sealing the space with a numbered car seal in the presence of two persons witnessing the entry. The car seal number will be recorded in the Car Seal Number Log and initialed by the two witnesses. The car seal will be removed by the responsible custodian upon return in the presence of the sales officer. The custodian will then be required to change the combination as described in paragraph 1201-2a. Prior to changing the combination, the responsible custodian may, if desired, conduct an inventory of the space.
2. ENTRY BY THE COMMAND DUTY OFFICER. When the urgency of the emergency dictates and when both the responsible custodian and the sales officer are absent the command duty officer may authorize entry into the space. Emergency entry will be made in the presence of at least two witnesses one of whom should be a commissioned officer. Damage control cutters or burners will provide the easiest and quickest entry. The two witnesses will not leave the Group III space unattended while it is unlocked. The command duty officer will secure the space with a lock and a numbered car seal in the presence of the two persons witnessing the entry. The car seal number will be recorded by the command duty officer and initialed by the two witnesses. The recorded car seal number will be given to the sales officer upon return.

1203 GROUP IV SPACES

Group IV spaces consist of service activities, including barbershops and the laundry. No cash sales or transactions are made through service activities. If retail items intended for cash sale are stored in a service activity, the space will be considered a Group III space. An original key different from the key to any other space will open each Group IV space lock. The original key will be in possession of the person in charge of the space during working hours. After working hours, the key will be turned over to the duty supply officer to be placed in a general key locker in the supply office. Duplicate keys to individual spaces will be kept in a special duplicate key locker in the supply office, or in the supply officer's safe. If a lockset is used, the original master key (which passes all locks for Group IV) will be retained in the custody of the sales

officer. The duplicate master key will be kept in a special duplicate key locker in the supply office, or in the supply officer's safe.

1204 CAR SEALS

The use of car seals to alert the sales officer of possible unauthorized entry into sales outlets and bulk storeroom or holding locations is recommended for all stores; but their use is mandatory for outlets with more than one operator. Numbered self-locking metal car seals (stock number 5340-00-081-3381) should be placed on all external locks when a space is secured for the day. The sales officer or designated assistant will record the car seal number and together with the responsible custodian place the car seal on the space when securing for the day as outlined in paragraph 1201-3. The embossed number of each car seal will be recorded in ink in the Car Seal Number Log each time a new seal is installed. Before breaking an installed car seal, the number will be checked to ensure it bears the number recorded upon installation.

1205 THEFT OR FRAUD

1. **BREAK-IN.** In the event of a break-in to a Group III space, the following steps will be taken:
 - a. Secure the space involved and place a car seal on the space where the incident occurred.
 - b. Report the incident to the commanding officer who shall direct an informal examination into the circumstances. The examination will include:
 - (1) Inventory the accountable space
 - (2) Determination of the dollar value of the loss based on the inventory and profitability reports
 - c. If the informal examination indicates no loss occurred, no further action is necessary and the ship's store space may be reopened.
 - d. If the informal examination determines that a loss has occurred the commanding officer will:
 - (1) Relieve the accountable officer or his/her agent when examination indicates culpability. Take action in accordance with paragraph 1205-3.
 - (2) Request assistance from the local Naval Criminal Investigative Service (NCIS) office for losses in excess of \$3,000.00.
 - (3) Take disciplinary action in accordance with UCMJ, if appropriate.
 - (4) Complete the inventory and reestablish accountability

- (5) Reopen applicable records. In the event of relief of the accountable officer, records will be closed out and the relieved officer will submit returns.
 - (6) Commanding officer will report findings and action taken by letter to the TYCOM. Message reports are not required by NAVSUP. Submit any additional reports required by TYCOMs.
- 2. THEFT. If a break-in has not occurred and a loss due to apparent theft is suspected take action identified in paragraph 1205-1.
- 3. FRAUD. Fraud in a ship's store operation may only be committed by the accountable officer, his agent or any other personnel responsible for ship's store cash, merchandise or records. The term "fraud" applies to any theft of funds or merchandise or manipulation of records by an accountable officer or responsible individual in the ship's store operation. Fraud or suspected fraud in the ship's store operation regardless of money value will be immediately reported to the commanding officer who shall direct an informal examination into the circumstances by a person other than the accountable officer or his agent. The examination will include:
 - a. Secure the space involved and place a car seal on the space
 - b. Cease all transactions in ROM
 - c. Inventory and closeout the entire ship's store operation
 - d. Determine the dollar value of the loss based on the inventory and profitability reports. If the informal examination indicates no fraud occurred, no further action is necessary and the ship's store operation may be reopened for business
 - e. If the informal examination determines that fraud has occurred, regardless of dollar value, the commanding officer will:
 - (1) Relieve the accountable officer or agent when the examination indicates culpability resulting from fraud
 - (2) Request assistance from the local NCIS office
 - (3) Establish a formal fact finding body in accordance with the JAG Manual, Chapter 2.
 - f. When inventory is complete and accountability reestablished:
 - (1) Reopen applicable records. In the event of relief of the accountable officer, records will be closed out and the relieved officer will submit returns
 - (2) Reopen spaces for business

- (3) The commanding officer will report findings and action taken by letter to the TYCOM. Submit any additional reports required by TYCOM.
4. DOD FINANCIAL MANAGEMENT REGULATION, CHAPTER 6. Provides procedures to be followed for losses of cash. Message reports are not required.

1206 ROM SYSTEM SECURITY

1. GENERAL. The information generated and processed by ROM requires appropriate roles and responsibilities to be assigned in ROM to ensure that unauthorized access to the resale records is not obtained. These roles are necessary to protect funds, information, inventories and supplies from fraud, misuse, or misappropriation.
2. RESPONSIBILITY.
 - a. Operating System (Windows 7). For security and accountability purposes, operating system administration tasks are accomplished by the ships IT division.
 - b. ROM Application. The Sales Officer will perform System Administrative tasks. Before a new user can gain access to ROM they must log on and the Sales Officer will assign them an appropriate role. ROM maintains an active user listing. The Sales Officer will review this listing monthly to ensure roles are assigned correctly.
3. CLASSIFIED MATERIAL. ROM is an unclassified system and is not intended to store any data that is classified. All ROM monitors and computers must have a green sticker attached that says "Unclassified."
4. FOR OFFICIAL USE ONLY (FOUO). Even though ROM does not produce or maintain any classified information, some documents or reports could be considered as "sensitive". It is a Department of Defense requirement that all sensitive documents and media be marked as "For Official Use Only" or "FOUO" as an abbreviation. ROM automatically prints this statement on all forms. .
5. PASSWORD SECURITY. In order to reduce the likelihood of an individual's passwords being guessed by another individual, it is necessary to use passwords that are as "strong" as possible. Passwords must be updated to meet the following minimum requirements.
 - a. Length: For Windows 7 – 14 digits long
 - b. Contain at least one capital letter
 - c. Contain at least one small letter

- d. Contain at least one number
- e. Contain at least one special character from the following:
(!@#\$%^&*()1234%^&*

CHAPTER 2 – GENERAL OPERATING PROCEDURES

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PART A – GENERAL INFORMATION

2000 AUTHORIZED CUSTOMERS

1. GENERAL. The following are authorized customers of the ship's store:
 - a. Officers and enlisted personnel on board for duty as ship's company
 - b. Officers and enlisted personnel on board either for active duty for training or for passage en route to duty, including members of the Navy, Marine Corps, Coast Guard, Army or Air Force
 - c. Official passengers including National Oceanic and Atmospheric Administration, Public Health Service and U.S. Foreign Service personnel en route to duty
 - d. Accredited United States technicians (military or civilian) who are actually embarked or assigned on board in an official capacity
 - e. Active duty members of the Armed Forces, and those personnel listed in items c and d, which are not actually on board, when located in a remote area where an Armed Forces exchange is not available

Insignia items for Navy uniforms will not be sold to customers who are not authorized to wear the items on their uniforms. The sale of emblematic items is authorized to the general public when approved by the commanding officer during shipboard tours or other official functions.
2. SERVICE TYPE SHIPS. On service type ships (such as AS type), ship store stock is authorized for sale to officers and enlisted personnel other than ship's company when they are attached to those ships receiving support.
3. ITEMS PURCHASED BY CUSTOMER. Items purchased from the ship store by customers will be for their personal use or their dependents' use and will not be resold or exchanged in barter with any other person. Ship's store purchases may be made for outright gifts to other persons.
4. SURVIVORS OF MARINE AND AIRCRAFT DISASTER. Ship's store stock and non-distinctive items of clothing may be sold for cash to the survivors of marine and aircraft disasters, if the survivors have personal funds available. If a survivor is without personal funds, emergency issues of ship store stock may be made as per Chapter 7.
5. OTHER MILITARY ACTIVITIES
 - a. Sales

- (1) Sales of ship store stock may be made to:
 - (a) Ships not operating a ship store
 - (b) Armed Forces Exchanges
 - (2) Sales of ship's store stock and non-distinctive clothing items may be made to:
 - (a) Military Sealift Command branch exchanges
 - (b) Private messes
 - (c) The commanding officer for recreational purposes
 - (d) Other duly constituted messes which have been authorized by the commanding officer and whose monthly records are audited.
 - (3) Sales will be made at the prices set under paragraph 2102-1.
 - b. Transfers. Transfers of ship store stock may be made to other supply officers' including:
 - (1) Other ship store officers
 - (2) General messes
 - (3) General stores
6. OFFICIAL GOVERNMENT ORGANIZATIONS. Upon approval of the commanding officer, ship store stock and non-distinctive items of clothing may be sold for cash to representatives of official United States Government Organizations at isolated activities outside the United States when the stock items cannot be conveniently obtained elsewhere. The normal operations of the ship's store will not be impaired by these sales.
7. FOREIGN GOVERNMENTS
- a. Personnel of Foreign Ships in Distress. Ship store stock and non-distinctive items of clothing may be sold for cash to personnel of foreign ships, which are in distress. The commanding officer of the foreign ship will submit a request, listing the items and quantities desired. The request must be approved by the commanding officer of the ship making the sale. Only those quantities of stock that can be spared will be furnished.
 - b. Personnel of Foreign Ships Visiting United States Ports. Ship's store stock and non-distinctive items of clothing may be sold for cash to

military personnel attached to foreign ships visiting United States ports in connection with the following:

- (1) Participation in exercise with United States fleets
- (2) Research, development and evaluation programs
- (3) Ship's outfitting in conjunction with transfer programs to foreign countries
- (4) Scheduled conversion, overhaul, or repairs in United States ports.

The commanding officer of the foreign ship will submit a request listing the items and quantities desired. The request must be approved by the commanding officer of the ship making the sale. Quantities sold will be in agreement with the crew size of the foreign ship. Only those quantities of stock that can be spared will be furnished.

8. MERCHANT SHIPS. Ship's store stock and non-distinctive clothing items may be sold for cash to merchant ships in distress or in need of supplies when normal sources do not exist. The master of the ship will submit a request for sale listing the items and quantities desired. The request must be approved by the commanding officer of the ship making the sale. Only those quantities of stock that can be spared will be furnished.

2001 HOURS OF OPERATIONS

Sales outlets and service activities will be open during hours as may be prescribed by the commanding officer. The hours of operation will be prominently posted. (See Standards of Customer Service, Appendix C.)

2002 DISPLAY OF MERCHANDISE

Despite limited facilities in many retail stores, consideration should be given to merchandise displays. A well-run retail store will display, in full view of customers, a clean, neat and orderly selection of most of the items carried. Popular and fast moving items may be kept in the proximity of the sales outlet operator for easy access. Merchandise display information is given in the Ship's store Visual Merchandising Guide (NEXCOM Pub 90-33). (See Standards of Customer Service, Appendix C.)

2003 VISUAL MERCHANDISING SUPPORT SERVICES

Ships requiring visual merchandising support services should contact NEXCOM Ships Store Program for assistance.

2004 DISPLAY AIDS

Display aids available for visual merchandising are contained in the Ship's store Visual Merchandising Guide (NEXCOM Pub 90-33). The cost of display aids will be charged to the individual ships' profits. To procure display aids, notify NEXCOM (Ship's Store Program) who will procure the items for the ship. The purchase will be accounted for as per Chapter 4.

2005 POSTING SIGNS

Signs providing valuable information to the customer on such things as harmful effects of cigarette smoking and government regulations will be posted where customers can see them.

2006 SHIP'S STORE MANAGEMENT

The Sales Officer will review the operation of the ship store on a frequent basis to ensure it is operating in an efficient manner. ROM produces a variety of management reports and audit guides (see ROM User's Guide) designed to assist the Sales Officer in managing the operation.

2007 SHIPS STORE NUMBERING

All ROM sites will have a standard numbering convention. ROM requires the user, for each location created, to select the type of location from one of eight location types: Stamp Vending, Snack Bar, Hanger Bay Sales, Retail Store, Phone Card Vending, Snack Vending Selling Location, Canned Vending Selling Location or Holding Location. ROM generates the next available unique location ID number for each location created, based on location type. Each location is assigned a different number series as outlined below:

| Location Type | Number of location allowed | Numbering |
|--------------------------|----------------------------|-----------|
| Stamp Vending Sales | 0-1 | 9200 |
| Snack Bar (coffee) sales | 0-1 | 9300 |
| Hanger Bay sales | 0-1 | 9400 |
| Retail Store sales | 0-99 | 9501-9599 |
| Phone Card Vending sales | 0-1 | 9600 |
| Snack Vending sales | 0-1 | 9700 |
| Canned Vending Selling | 0-1 | 9800 |
| Holding Locations (Bulk) | 0-100 | 9900-9999 |

PART B – PRICING POLICIES**2100 ESTABLISHING RETAIL PRICES (MARKUPS)**

1. GENERAL. The Sales Officer is responsible for ensuring the retail prices for items in the sales outlets are consistent with the guidelines stated in this manual. Retail prices for ship store stock will be set by markups over cost price. ROM has the capability to automatically compute the markup for ship store items based on the cost price and retail department assigned. Except for mandatory priced items, the Sales Officer may override ROM system markup by entering the desired selling price. Markup applied should be sufficient to:
 - a. Cover markdowns and surveys
 - b. Cover the cost of operations
 - c. Cover other operating expenses such as shipping charges
 - d. Meet the requirements of the commanding officer for profits to be turned over to the recreation fund.
2. STOCK ITEMS (EXCLUDING CIGARETTES). Stock items will have a markup of either 6% or 15% depending on the retail department assigned.
 - a. A mandatory 6% markup will be applied to the following department:
 - (1) Toiletries (Department D-1, Stock # series 110000)
 - (2) Sundries (Department D-3, Stock # series 120000)
 - (3) Uniforms (Department E-1, Stock # series 530000)ROM will automatically compute the 6% markup when merchandise is assigned to these departments.
 - b. Other Retail Department Stock Items.
 - (1) ROM will automatically compute a 15% markup on all other retail departments for items sold in the retail store. The 15% is recommended and ships may price merchandise to achieve a different gross margin if desired.
 - (2) For tobacco products. Navy policy requires cigarette/tobacco prices to be consistent in sales outlets afloat and ashore. NEXCOM Ships Store program will set the initial retail price of cigarette/tobacco products which will be downloaded to ships. When retail prices change, NEXCOM Ships Store Program will change the retail price. This may mean that ships will have to process a markdown to return prices to "sale" prices.

- c. Stock Items with Transportation Charges. ROM does not include transportation charges in automatically computing selling prices. These charges will show as cost of operations charges. The Sales Officer may adjust retail prices to offset the transportation cost.
- 3. FOREIGN MERCHANDISE. This merchandise has a recommended 15% markup.
- 4. DRINK VENDING MACHINES. Canned drinks sold through a vending machine have a suggested minimum 35% markup but shall have no greater than a 55% markup applied.

2101 PRICE ADJUSTMENT

- 1. GENERAL. ROM will automatically compute the average cost price of all items by averaging the cost of on hand items with the cost of new items to determine the new average cost. ROM will also recommend a new selling price based on any new average cost. The average cost and retail prices on the stock record card will be computed automatically.
- 2. MARK-ONS. A mark-on is an increase in a previously established retail price of an item of merchandise. When approved by the Sales Officer the new retail price will be changed on the stock record card. The mark-on takes effect upon confirmation of the retail price change. Price change procedures are outlined in Chapter 7.
- 3. MARKDOWNS. A markdown is a reduction in a previously established retail price of an item of merchandise. When approved by the Sales Officer the new retail price will be changed on the stock record card. The markdown takes effect at EPOS outlets upon confirmation of the price change. Markdown procedures are outlined in Chapter 7.

2102 PRICES TO OTHER MILITARY ACTIVITIES

- 1. NONEXCESS SALEABLE STOCK
 - a. Stock Sold at Cost Price. Items of ship's store stock will be sold at cost price to the following military activities:
 - (1) Armed Forces Exchanges
 - (2) Military Sealift Command Branch Exchanges
 - (3) Ships not operating a ship store, when the transferring ship does not provide a composite recreation fund (in other words, the requesting ship does not receive a share of the profits from another ship's store (Composite Recreation Fund)).
 - b. Stock Sold at Retail Price. Items of ship's store stock will be sold at retail price to the following military activities:

- (1) The commanding officer for recreation purposes
 - (2) Sales to a ship not operating a ship store, when the transferring ship provides a composite recreation fund (in other words, the requesting ship shares in the profits of a supporting ship store, for example, SSNs supported by an AS).
 - (3) Merchant ships and foreign governments
 - c. Stock Transferred at Cost Price. Items of ship's store stock will be transferred at cost price to other supply officers, including:
 - (1) Other Sales Officers
 - (2) General mess
 - (3) General stores
 - d. Stock sold to the Commanding Officer for Official Functions. SECNAVINST 7042.7 series, Guidelines For Use Of Official Representation Funds (ORF), provides authority for the use of ORF for the purchase of mementos for presentation to foreign dignitaries and other officials. In those circumstances when ORF are not available or are not authorized, emblematic items of ship's store stock may be sold to the commanding officer at cost when the items are to be provided as gifts or mementos for official purposes. It should be noted that SECNAVINST 7042.7 series limits gifts and mementos to command or official theme mementos/gifts including but not limited to plaques, pens, books, command/ship ball caps, and other items with an official logo that cannot be misconstrued as a personal gift. Personal gifts such as sports equipment, t-shirts, golf shirts, flight jackets, uniforms, scarves, ties, tobacco, flowers, and other items that by their nature are considered personal may not be sold from the ship's store stock under this authority. The commanding officer shall submit a written request to the Sales Officer listing the quantity and description of the mementos required and the identity of the recipient(s). The Sales Officer will mark the items desired down to cost and sell them through the cash register.
2. EXCESS OR UNSALEABLE STOCK. Items of ship's store stock that have been determined to be un-saleable or in excess in accordance per Chapter 3, will be sold or transferred at a mutually agreed upon price.

2103 DISPLAY OF PRICES

Individual pricing of each item is not required, provided the following conditions are met:

- a. Pricing. Each item of merchandise has a shelf-label with item's barcode, description and current retail price.

- b. **Scanning at Register.** Upon receipt of material, the retail store operator will ensure each item has a UPC. For items without UPC's (such as ball caps) a barcode will be printed and attached to the individual item or placed in a price book at the register.

2104 RETAIL PRICE CHANGE

The Sales Officer has the authority to change the retail price. For markdowns to zero in which the items will be destroyed, the ship will use a Report of Survey (DD Form 200) charging ship's store profits. Procedures are outlined in Chapter 7.

PART C – NAVY CASH SALES TRANSACTIONS

(Appendix G shall be used for Part C when handling cash from sales for ships without the Navy Cash System)

SECTION I – NAVY CASH SALES

2200 GENERAL INFORMATION

1. **ELECTRONIC SALES.** Navy Cash™ card sales are authorized for payment when Navy Cash is operated in conjunction with the cash register. Procedures for acceptance and handling of Navy Cash™ card sales are contained in the NAVSUP Publication 727, Chapter 7.
2. **CURRENCY.** At the discretion of the Commanding Officer, cash may be accepted for sales in the ship's store if the Navy Cash system becomes inoperable (See Appendix G) and special evolutions (e.g. visitors, tour groups, personnel riding the ship for less than 24 hours). Cash sales should be the exception to accommodate visitors who are only going to be on the ship for a short time. Generally, members of ship's company should not be allowed to use cash onboard the ship. (Reference NAVSUP Pub 727 para 7.1.4)

2201 RESPONSIBILITY

1. **CASH REGISTER OPERATORS.** Operators will exercise care and diligence in all Navy Cash card sales transactions, and will be subject to disciplinary action for negligence or improper performance of duties. Access to cash registers will be limited to personnel approved by the Sales Officer. Operators are responsible for scanning the items correctly, and ensuring that the Navy Cash card transactions are processed correctly.
2. **NAVY CASH (NC) TERMINAL.** All Navy Cash card transactions will be processed through the NC Terminal at the time of the sale. Access to the NC Terminal will be limited to personnel approved by the Sales Officer. The NC Terminal provides the ship's store operator and customer a clear view of the amount of purchase, and allows both parties to verify prior to confirming of the transaction.

- a. **Connected to Register.** At the time of the sale, the operator will scan all items through the cash register using the bar code scanner. The total of the sale will be seen both at the cash register and on the NC Terminal. All completed transactions are forwarded automatically through the Navy Cash server to the disbursing office at the time of the sale once the transaction has been finalized. The Sales Officer will have the capability to generate daily reports from the ship's store office to compare with the Navy Cash reports received from disbursing. Detailed procedures dealing with the use of the NC Terminal connected to the cash register are contained in the NAVSUP Publication 727, Chapter 7.
- b. **Not Connected to Register.** At the time of sale, the operator will scan all items through the cash register, and manually enter the total amount of the sale on the NC Terminal. The total amount on the cash register must match the total on the NC Terminal. All completed transactions are forwarded automatically through the Navy Cash server to the disbursing office at the time of the sale once the transactions have been finalized. The Sales Officer will have the capability to generate daily reports from the ship's store office to compare with the Navy Cash reports received from disbursing. Detailed procedures dealing with the use of the NC Terminal not connected to the cash register are contained in the NAVSUP Publication 727, Chapter 7.
- c. **Delivery of NC Terminal.** The NC terminal has the capability to work in an "off-line" mode in case the system is down. The Sales Officer or designated assistant may deliver the NC Terminal to the disbursing officer to deposit the electronic sales recorded. The disbursing officer will upload the ship's store sales transactions into the Navy Cash server at the disbursing office once the system is back up.

3. **SALES OFFICER.** The Sales Officer is responsible and accountable to the Navy Department for official electronic funds in the officers' custody as outlined in Chapter 1. The Sales Officer is not authorized to make any disbursement other than to transfer ship's store funds to a disbursing officer.

2202 CASH REGISTER

1. CASH REGISTERS

- a. **General.** All Navy Cash sales transactions in sales outlets will be processed through a cash register at the time of sale. EPOS cash registers provide customers a clear view of the amount of the purchase and an itemized receipt of items purchased. Access to cash registers will be limited to the assigned personnel.
- b. **Cash Register Receipt.** The cash register will produce a receipt, which can be provided to the customer at time of sale. The Sales Officer has the authority to change the receipt threshold amount at the cash register to eliminate printing of a receipt below the threshold amount.

- c. Cash Register Keys. The ship's store operator will maintain control of the cash register key. The duplicate key will be kept in a sealed envelope in the Sales Officers' safe.

2203 SALES AT COST

1. GENERAL. Ships may sell items at their cost price to:
 - a. Navy Exchanges
 - b. Military Sealift Command Branch Exchanges
 - c. Ships not operating a ship's store when the transferring ship does not provide a composite recreation fund (in other words, the requesting ship does not receive a share of the profits from another ship's store, see paragraph 2102-1).
 - d. To the commanding officer for official functions (paragraph 2102-1d)
2. PROCEDURES FOR HANDLING SALES AT COST
 - a. A cost sale occurs when a ship receives a request from one of the authorized activities listed in paragraph 1. All cost sales will be sold from a retail outlet using a cash register.
 - b. Sales Procedures:
 - (1) Sales Officer – The sales officer will verify the items being sold are available and approve the sale.
 - (2) Records Keeper – If the desired item is not in the store, the records keeper will process a breakout of the item
 - (3) Bulk Storeroom Custodian – Upon receipt of the breakout document the bulk storeroom custodian will deliver the merchandise to the retail store.
 - (4) Store Operator. After receipt into the retail outlet, the store operator will assemble the items requested; the retail supervisor will markdown the items to cost and the operator will sell the items through the cash register.

2204 REFUNDS

1. GENERAL. All sales made in the ship's store will be final. Refunds may be made for defective merchandise.
2. PROCEDURES.

Ship's store will complete refund transaction in ROM on the ship's store cash register and a receipt given to the customer to enable them to go to disbursing

for refund of money to their Navy Cash card. Navy Cash procedures contained in the NAVSUP Publication 727, Chapter 7, will be followed.

SECTION III – NAVY CASH END OF DAY INFORMATION

2220 GENERAL INFORMATION

1. RESPONSIBILITY – SHIP'S STORE. The Sales Officer is responsible for comparing the ROM Cash Over/Short Detailed Report with the Navy Cash EOD Merchant summary report for the ship's store received from the disbursing office. All totals of Navy Cash sales will match. Once verification has been made, the sales total will be entered and posted into the ROM by the Sales Officer or designated assistant.
2. RESPONSIBILITY – VENDING MACHINES. The Sales Officer will ensure that all vending machine cash totalizer's / meter readings are made and compared to the Navy Cash EOD Merchant summary report when reconciling Navy Cash sales. The Sales Officer will read and verify meter readings per TYCOM direction. All totals will match. Once verification has been made, the sales total will be entered and posted into the ROM by the Sales Officer or designated assistant.

2221 NAVY CASH END OF DAY REPORT

1. GENERAL. The Sales Officer or designated assistant will enter all Navy Cash transactions into ROM using the Navy Cash Merchant summary report. The Sales Officer will verify that the Navy Cash report equals the amount entered into ROM.
2. DIFFERENCES. All differences between the Navy Cash reports and ROM will be investigated following the procedures outlined in the NAVSUP Publication 727, Chapter 7.

SECTION IV – NAVY CASH TRANSACTIONS WITH THE DISBURSING OFFICER**2230 NAVY CASH END OF MONTH AND MONTHLY TRANSACTIONS INFORMATION**

The Sales Officer will compare the Navy Cash monthly Merchant and End of Month shore summary reports with the ROM reports prior to preparing the monthly cash sales invoice memorandum. Differences between the reports will be investigated following the procedures outlined in the NAVSUP Publication 727, Chapter 7. The Sales Officer will verify that the End of Month and Monthly transaction reports equals the amounts entered into ROM for the month.

2231 MEMORANDUM CASH SALES INVOICE

1. WHEN PREPARED. A Memorandum Cash Sales Invoice Deposit of Cash with the Disbursing Officer (DD Form 1149) will be prepared to substantiate cash receipts from sales:
 - a. At the end of each month
 - b. Upon relief of the Sales Officer
 - c. Upon relief of the disbursing officer, or when cash is deposited with a different disbursing officer
2. PREPARATION. ROM will print the DD Form 1149 when required. Procedures for generating the DD Form 1149 are outlined in the ROM User's Guide. The Sales Officer will compare the DD-1149 with the Navy Cash monthly Merchant and Monthly shore summary reports.
3. DISTRIBUTION OF DD FORM 1149. The DD Form 1149 will be submitted to the disbursing officer on or before the first working day of the month. The disbursing officer will sign the certification at the bottom of the DD Form 1149 and provide a collection voucher number to be placed in block 6 by the records keeper. The record keeper will then distribute the DD Form 1149 as follows:
 - a. Original – C02/C03/C04 (RK) File
 - b. 2 copies – C02/C03/C04 (AO) File
 - c. Three copies will be returned to the disbursing officer

PART D – SALES OUTLETS

SECTION I – EPOS OPERATIONS

2300 RETAIL STORE GENERAL INFORMATION

Retail stores sell both necessity type of items required for day-to-day living and semi luxury type items. Depending on space limitations, an over-the-counter or walk-in retail store will be operated.

2301 NAVY CASH VERIFICATION

NAVY CASH TRANSACTIONS.

- a. Will be verified by the Sales Officer or designated assistant at the end of the day. The Sales Officer or designated assistant will compare the Navy Cash Merchant Summary report with the C02 Report (Retail Cash Collections) and the C03 Report (Drink Vending Collections).
- b. Retail store operator will conduct close and log out of the register at the end of their shift.
- c. Cash collection agent will enter the amount into ROM shown on the Navy Cash Merchant Summary Report.

2302 OPERATIONAL CONTROLS

Merchandise can be received into any storeroom location. After receipt, breakouts will be created to transfer merchandise as necessary per Chapter 6. After breakouts are confirmed, the inventory is added to the book inventory for that location. The book inventory is automatically adjusted.

2303 MEASURING THE OVERAGE/SHORTAGE IN EPOS OUTLETS

1. GENERAL. During reconciliation process, the system will determine the variance (over or short) amount by comparing the system total from the amount entered by the Sales Officer or designated assistant.
2. DIFFERENCES. The Sales Officer will examine all overages and shortages of \$5.00 by reviewing the Cash Over/Short Detail Report and the Navy Cash Merchant Summary Report printed from the disbursing office. The Sales Officer will take appropriate action as appropriate.
3. SHORTAGES DUE TO THEFT, FRAUD OR OTHER DISHONEST ACT will be reported and action taken as prescribed in paragraph 1205.

2304 SANITATION

A representative of the ship's medical department will inspect retail outlets on a regular basis. Minimum sanitary requirements are covered in NAVMED Pub 5010. A copy of the inspection will be filed in WF 3 File.

SECTION II – NON-EPOS OPERATIONS

2310 NON-EPOS OUTLET GENERAL INFORMATION

1. GENERAL. Any retail outlet which does not use ROM connected cash registers to sell and record sales will be set up as a Non-EPOS outlet. Examples of Non-EPOS outlets are snack vending machines, hanger bay sales, pier side sales, etc.
2. TRANSACTIONS. Hanger Bay, Pier Side Sales, etc. Navy Cash Terminals will be used to record / capture sales. Grand total amounts for Navy Cash transactions will be entered into ROM at the end of the Non EPOS event. If cash is collected, it must be rung up in a cash register with appropriate cash accountability procedures. Vending machines collection procedures are outlined in paragraph 2321.

2311 OPERATIONAL CONTROLS

1. GENERAL. All merchandise will be received into a storeroom location. After receipt, breakouts will be created to transfer merchandise as necessary per Chapter 6. When an inventory is taken of the NON-EPOS location the difference between the total of all breakouts and the remaining items will be posted as sales for that location.
2. RETAIL AND COST OF SALES.
 - a. Retail Sales. The total retail sales will be that amount recorded in Navy Cash. It is not necessary to post Navy Cash transactions daily into ROM. Only the grand total amount of the Navy Cash transactions will be entered into ROM monthly or prior to printing the Cash Sales Invoice.
 - b. Cost of Sales. The cost of sales is computed by taking an inventory of the non-EPOS location. The computed cost of sales figure is the difference between total receipts at cost and ending inventory at cost.
 - c. Profitability of a Non EPOS location will be the difference between cash recorded and the computed cost of sales. This profit is shown on the Profitability report.

2312 MEASURING THE OVERAGE/SHORTAGE IN NON-EPOS OUTLETS

1. NON-EPOS OUTLETS. Cash meter readings will be recorded each time cash is collected. The meter reading will be entered in the NAVSUP Form 469. The difference between the meter reading on the day minus the previous day's reading will equal the Navy Cash Merchant Summary Report. If the meter reading and the total on the Navy Cash Merchant Summary report do

not equal, the outlet has an overage or shortage. The procedures outlined in the NAVSUP Publication 727, Chapter 7 will be followed.

2. SNACK VENDING MACHINES. Cash meter reading will be installed in each vending machine to monitor the efficiency of each machine. Meter readings will be recorded each time, and a determination made as to whether or not the vending machine is functioning properly. The difference between the meter reading on the day cash is collected minus the previous day's reading will equal the Navy Cash Merchant summary report for vending machines. If the meter reading and the Navy Cash report do not equal, the machine has an overage or shortage.
3. DUE TO MALFUNCTION. The Sales Officer will examine all overages and shortages of \$5.00 or more between meter readings and Navy Cash reports. Corrective action will be taken as appropriate. Overages and shortages of \$5.00 or more will be investigated and initialed by the Sales Officer as they occur.
4. SHORTAGES DUE TO THEFT, FRAUD OR OTHER DISHONEST ACT. Shortages of money due to theft, fraud or other dishonest act will be reported and action taken as prescribed in chapter 1.

2313 SANITATION

1. INSPECTION. A representative of the ship's medical department will inspect retail outlets on a regular basis. The Sales Officer or designated representative will inspect all sales outlets and service activities at least once each business day to validate that all sanitary regulations are being followed.
2. SANITARY REGULATIONS. Sanitary regulations approved by the senior member of the medical department will be issued for all sales outlets and service activities (see paragraph 1105). The Commander, Naval Medical Command has established minimum sanitary standards in NAVMED P-5010 (Manual of Preventive Medicine) for:
 - a. Retail operations and vending machines
 - b. Barbershops
 - c. Laundry

SECTION III – VENDING MACHINES**2320 VENDING MACHINE GENERAL INFORMATION**

All vending machines, including those located in authorized messes, will be operated as a Non-EPOS sales outlet of the ship store.

2321 ELECTRONIC TRANSACTIONS

1. RESPONSIBILITY. Vending machine will be secured as per chapter 1. Recording of Navy Cash card sales in vending machines will be the same as prescribed in paragraph 2220 and 2221. All Navy Cash sales transactions will be recorded separately from sales in other sales outlets in ROM.
2. NAVY CASH TRANSACTIONS. When in port or at sea, Navy Cash sales transactions from vending machines will be recorded in ROM.

2322 OPERATIONAL CONTROLS

1. CAN DRINK VENDING MACHINES.
 - a. Canned drinks listed in department M-3 are by default received into the canned drink vending outlet (9800). To determine cost of sales for vending, a physical inventory is conducted. Any difference between book inventory and actual inventory is considered cost of sales.
 - b. Canned drinks listed in department K-4 may be received in any storeroom location (9900 series). After receipt, breakouts will be created to transfer merchandise as necessary per Chapter 6 to retail outlets (9500 series) or snack vending outlets (9700 series).
2. CAN DRINK VENDING MACHINE SALES AND COST OF SALES.
ELECTRONIC SALES. It is not necessary to post daily Navy Cash vending transactions amount into ROM. Only the grand total amount of the Navy Cash vending transactions should be recorded into ROM prior to printing the Cash Sales Invoice or monthly.

2323 MEASURING THE OVERAGE/SHORTAGE OF INDIVIDUAL VENDING MACHINES

1. METER READINGS. Cash meters will be installed in each vending machine to monitor the efficiency of each machine. Meter readings will be taken at the end of the day and compared to the Navy Cash Merchant summary report to determine whether or not the vending machine is functioning properly. The difference between the meter reading minus the previous day's reading will equal the Navy Cash report. If the meter reading and the Navy Cash report do not equal, the machine has an overage or shortage.
2. DUE TO MALFUNCTION. The Sales Officer will examine all overages and shortages of \$5.00, and take corrective action as appropriate. Overages and shortages of \$5.00 will be investigated by the Sales Officer.

3. SHORTAGES DUE TO THEFT, FRAUD OR OTHER DISHONEST ACT. Shortages due to theft, fraud or other dishonest act will be reported and action taken as prescribed in chapter 1.

2324 SANITATION

A representative of the ship's medical department will inspect vending machines on a regular basis. Minimum sanitary requirements are covered by instruction outlined in paragraph 2313. A copy of the inspection will be filed in WF 3 File.

2325 COFFEE BAR OPERATIONS

1. COFFEE BAR SERVICE. Coffee bars should include only the basic services such as the sale of coffee products and limited assortment of related products, e.g. coffee mugs or ready to eat snacks. In considering the type and scope of service to be provided, service to the maximum number of personnel will be the primary objective. Any services which preclude the attainment of this objective should be discouraged. To avoid adding to the waste stream, dispensing beverages to a customer's cup or mug IAW proper procedures is encouraged and a price reduction for this is recommended.
2. PRICES. The retail price set for any item produced must include the cost of all ingredients which are used to make up the finished product, plus serving container, spoon, napkin etc. Cost control spread sheets, either electronic or paper, will be used to maintain desired profitability. Retail prices must be posted conspicuously at or near the cash register in full view of the prospective customer. Retail prices should be cheaper than comparable products ashore in order to provide a visible savings to the afloat customer.
3. CASH CONTROLS. The coffee bar will be established as a distinct retail operation with collections reported separately from other retail store and vending machines. Coffee bar sales will be collected or recorded in a NC TERMINAL.
4. COST CONTROLS
 - (a) Establishment of Cost Control. The individual ship's store officer will establish a system of cost control that is positive and can be adapted to the needs of their operation.
 - (b) Operating Goal. Because each coffee product can generate a different gross margin, a fixed range of gross profit is established for the operation: no lower than 50% and no higher than 80%. Cost control cards will show the gross profit that will be generated by product. Overall profit will be somewhere in the range based on sales of individual coffee products.
 - (c) Cost Control Reports

(1) General. Coffee bars will be established as store 9300, a non-electronic point of sale "non-epos" store. The profitability and operational status of the coffee bar will be determined by the use of cost control cards. Due to the nature of a "snack bar" type operation where a product is sold based on the cost of its "parts", the profit generated will be based on what is sold, and if the total profit is in the acceptable range of profit. For coffee bars, the coffee components will be ordered as any other item and stored in bulk. When the item is needed in the coffee bar, the case pack will be broken out to the store, but charged as a "COST OF OPERATIONS – RETAIL" item. The cost of each item will be "expensed" against total retail profit. An example would be napkins, where each serving of a coffee drink is "charged" for a napkin, but when broken out to the store, all napkins are expensed as a cost of goods even though they are not used until later.

(2) Profit Calculators. For each of the hot or cold beverages that are produced, each operation will maintain a profit calculator that enables the operator to insert unit costs and figure profit per serving using cost cards (Appendix E). The calculator may be in paper form or electronic spread sheet. The excel spread sheet is in the ROM Document library. Calculators will show the profit generated by each sale and the sales/profits/gross profit for the month. Entries should be made daily.

(3) Profitability report. Each coffee bar will be established as a "non-epos" store with the designation of 9300. The coffee bar will have no inventory as no coffee products or supplies will be transferred to the store or inventoried at the end of the month. All consumable items used to produce a coffee or cold drink will be expensed as "COST OF OPERATIONS – RETAIL" whose costs will show in the B22 report and on line B22 of the NC 153. Sales will be collected by a portable NC TERMINAL and entered into Resale Operations Management (ROM3) under the 9300 store. The sales will show on the "Back of NC 153 report under the heading of Accounting Period Profitability" as collections; there will be no other entries for the store. The coffee bar will have a profit generated report based on products sold and a comparison of their cost and retail sales. The ROM document library will have an electronic version available for use and Appendix E has the manual computation.

4) Audit. Due to the nature of the coffee bar, it will be difficult to obtain a precise number or percent to determine loss. However, management can determine if the operation is operating within an acceptable range by comparing the total profit as shown on the profit generator sheets against the total of the cost of ops-retail divided by total sales. The two profit numbers should be within the 50% to 80% range.

(5) Deviation of profit goals. The following are the main causes of deviation from planned profit operating goals:

(a) Incorrect portion quantities

- (b) Incorrect selling prices (check profit calculators)
 - (c) Over dispensing
 - (d) Incorrect cash collections
 - (e) Beverages consumed by operators
 - (f) Spoilage of products
 - (g) Waste (products not sold)
 - (h) Breaking out more consumable inventory than necessary.
5. INVENTORIES. All inventories will be received in the bulk store. Inventories for coffee bars are normally in a case package, e.g. napkins, cups, stir sticks or gallon containers. Breakouts to the coffee bar should be in either case pack or gallons and should be the lowest amount to sustain operations. No items will be inventoried at the coffee bar as all items will have been expensed out as "cost of operations". This will be done to avoid counting cups, napkins, etc. to the "each" level.
6. RETAIL ITEMS. If facilities permit and if it is desired to sell such items as candy, cookies, muffins, coffee cups at the coffee bar location, these items may be added to the non- epos store. At the end of each day, unless these items can be secured, they must be inventoried and broken back to bulk to avoid potential theft or loss. If retail items are sold in addition to coffee beverages in store 9300 the information on the "Back of NC 153 Report under the heading Accounting Peiroad Profitability" will be skewed showing cost of sales for the retail products (coffee will have no cost of sales) and collections for all sales. This will result in a percentage difference that is not correct and should be ignored when computing gain or loss.
7. MULTIPLE OPERATORS. Coffee bars are allowed to be operated by more than one person. Any operator must be trained in how to prepare and dispense the beverages and pass applicable medical standards.
8. SANITATION. Coffee bars will be inspected on a regular basis by a representative of the medical department. Every person to be assigned to the coffee bar will have a medical review by the ship's medical department prior to assignment. The following rules apply:
- (a) Coffee bar servers will be considered as food service workers and the standards for health and personal hygiene will apply to them.
 - (b) Only packaged food items may be sold at a coffee bar.

(c) Syrup containers must be maintained in a state of cleanliness both externally and internally; caking or drying must not be allowed to occur.

(d) Coffee and cold drink beverages may be dispensed into personal cups but only if proper dispensing containers are used to avoid any contamination between the customer's cup and coffee bar dispensing equipment.

9. PROCUREMENT OF COFFEE BAR SUPPLIES. Items used in the production of the coffee product will be ordered from contract listings as any other merchandise item. A unique department will be created (S-1) where all coffee supplies and products will be listed. Overseas, if replacement merchandise is required, it may be ordered from the prime vendor, if available.
10. TRAINING. The commercial coffee provider, as part of the agreement with the Ships Stores Program, will provide functional training for coffee bar operators and technical training to the ship.
11. GENERAL FUND ASSESSMENT. Ships with coffee bar operations may request a financial grant to recover the 5% general fund assessment charged as part of each coffee bar sale. NEXCOM Ships Store program must receive a copy of the NC 153 and Back of NC 153 report, titled Accounting Period Profitability, as validating documentation with the ship's request within 30 days of accounting period closeout.

PART E – SERVICE ACTIVITIES

SECTION I – BARBERSHOPS

2400 EXTENT OF BARBER SERVICE

1. GENERAL. Barbershop service includes only the military regulation haircut provided by a qualified barber (member holds a NEC or has completed applicable PQS) during normal business hours.
2. ADDITIONAL SERVICES. The Commanding Officer may authorize the use of the barbershop by other crewmembers during underway periods for additional hair care services such as female hair styling, braiding, etc., that are not otherwise available during regular hours. When authorized by the Commanding Officer, the Supply Officer will set the business hours and conditions under which the barbershop may be used. The Navy will not be liable for any services provided during non-business hours; the service will be an agreement between the crewmember and the person providing the barber, beautician, or hair stylist services. The following will remain in effect at all times.
 - a. The Supply officer will determine when the barbershop is available for additional hair care services. No tipping or charges for services can take place within the barber shop.

- b. All services provided must be within Navy regulations and standards. All barbershop rules and Navy grooming regulations must be adhered to at all times. Supply Officer has authority to restrict privileges as deemed appropriate.
- c. Personnel providing additional hair care, other than a regulation haircut, must use their own barber/ beautician supplies.
- d. The Supply Department / Services Division will not be responsible for any issues between service provider and the crewmember for any barber services provided.
- e. All sanitation instructions, requirements, and practices defined in NAVMED P-5010-2 shall be followed at all times by any persons using the ships barbershop, and must be strictly adhered to, without exception.
- f. All personnel using the barbershop must be current in PQS and have completed the barber portion of *NAVEDTRA 43239 (Personnel Qualification Standard for Ship's Serviceman)*, sections 103 – Barber Fundamentals and 302 – Shipboard Barber. Personnel providing services to other crewmembers must be trained in identifying unhealthy conditions of the hair and scalp to prevent spreading contaminants.
- g. Personnel performing additional hair care services will be able to use their own equipment provided they are properly safety checked and in good working order.
- h. No privately owned products or equipment may be stored in the barbershop.
- i. All personnel must obtain and maintain a medical food handler's permit certificate and a copy will be displayed on the barber station at all times while the hair care service is being provided.
- j. Personnel using the barbershop are responsible for cleaning the area they use.

2401 RECORDS AND OPERATIONS

1. RECORDS. A locally prepared barbershop appointment record should be used to schedule appointments for customers on either an individual or division basis.
2. OPERATIONS. The barbering instructions in the Ship's Serviceman Training Manual, NAVEDTRA 14314a, Chapter 3, will be followed.

2402 SERVICE ACTIVITY SUPPLIES

Supplies used to operate the barbershop will be requisitioned using OPTAR funds from the supply officer.

2403 SANITATION

A representative of the medical department will inspect barbershops at least Quarterly. Every barber must receive a physical examination from the medical officer before assuming duties as a barber and annually thereafter. Rules will be prominently posted in the barbershop. The following rules apply:

- a. Ship's barbers are prohibited from shaving customers and are forbidden to remove ingrown hairs, squeeze pimples or blackheads, or treat any person medically.
- b. The barber's uniform will consist of a clean barber's jacket and clean trousers. The barber's appearance at all times will be neat and tidy.
- c. The barber's hands and fingernails will be clean at all times.
- d. The barber is forbidden to cut the hair of anyone who has any kind of disease or sore on the scalp or the back of the neck within the hairlines. The barber will obtain the name, rate and division of any person who comes in the barbershop who is evidently afflicted with a skin or scalp disease or with sores or boils. This information will be reported to the medical officer.
- e. Barbershop must have hot and cold running water to allow the barber to wash their hands and maintain sanitation.
- f. A fresh tissue neckband must be used for every customer.
- g. After use, clippers, scissors and combs must be sanitized. Non-metallic items will be immersed in standard barbicide solution before use on the next customer. This solution must be changed daily. Metallic items will be cleaned and sprayed with a disinfectant spray.

SECTION II – LAUNDRY**2410 EXTENT OF LAUNDRY SERVICE**

Laundry facilities will be adequate to process 24 pounds per accommodation per week. Surface ships with more than 100 accommodations (crew plus troops) will be provided laundry facilities capable of satisfying the following requirements as a minimum within a 96-hour laundry operations week:

- a. One change of work clothing, underwear, socks and one towel per day per accommodation
- b. One change of berth linen per accommodation and one change of officer and CPO dining facility linen per week
- c. Finish press three uniform shirts and trousers per officer and CPO/SNCO (E7 – E9) accommodation per week

- d. Finish press one dress uniform shirt and trouser per accommodation per crew (plus troops) per week.
- e. Civilian clothing is the responsibility of each crewmember utilizing the ship's self-service laundry.

2411 ASSIGNMENT OF SHIP PERSONNEL TO ASSIST IN LAUNDRY OPERATIONS

Personnel will be assigned to the laundry from the ship. The allowance of rated personnel is based on the assumption that an additional number of non-rated personnel are required to operate the laundry efficiently in addition to the ship's service members rating. These additional personnel will be classified as strikers for the ship's servicemen rating unless detailed in a manner similar to food service attendants detailed to the general mess. Normally, one person for every 75 to 100 crewmembers will be assigned.

2412 RECORDS AND OPERATIONS

1. RECORDS. The records maintained and the procedures used in the operation of the laundry will be consistent with space, equipment, and personnel available. All laundry will be logged in and out. Locally prepared Bulk Work and Press Deck Logs will be maintained for each day that the laundry is operational. Signatures will be obtained for pick-up of completed work. These logs will be kept on file and will be made available to inspecting personnel. The Sales Officer or LCPO will review the logs weekly and initial them after reviewing.
2. LAUNDRY EQUIPMENT MAINTENANCE LOG. A locally prepared Laundry Equipment Maintenance Log will be maintained with columns for the following:
 - a. Date out of commission
 - b. Date placed in commission
 - c. Amount of down time in hours
 - d. Reason down
 - e. Parts replaced
 - f. Remarks and comments

A separate log sheet will be kept on each piece of laundry equipment in order to obtain historical repair data.

3. OPERATIONS. Use of Navy approved laundry chemical supplies are mandatory. The approved Navy wash formulas and the instructions for the operation of the laundry in ROM document library will be followed.

2413 ACCOUNTING FOR LAUNDRY SERVICES

All laundry services performed on board the ship are chargeable to appropriated funds.

2414 SERVICE ACTIVITY SUPPLIES

Supplies used to operate the laundry will be requisitioned using OPTAR funds from the supply officer.

2415 LAUNDRY CLAIMS

Claims for loss of or damaged to personal clothing will be handled per Chapter 8.

2416 SANITATION AND SAFETY

Laundries will be inspected frequently by the medical department for proper sanitary methods of operation. Sufficient hot water and soap will be used to ensure cleanliness. Laundry from contagious cases will be treated in the sick bay before being sent to the laundry. The laundry procedures prescribed in the Ship's Servicemen Training Manual (NAVEDTRA 14314A) will be followed to render this type of clothing free from health hazards. Safety precautions for operating machinery will be prominently posted next to each machine.

2417 HEAT STRESS PROGRAM

The requirements of the Navy's heat stress program are contained in OPNAVINST 5100.20 series (Shipboard Heat Stress Control and Personnel Protection). A hanging dry-bulb thermometer reading will be taken once every four hours when the laundry is in operation. The readings will be recorded in a locally developed Heat Stress Log. Laundry personnel will notify the Sales Officer and medical officer when the temperature exceeds 90° F.

2418 PROCUREMENT OF LAUNDRY SERVICES

Laundry services may be procured from Navy exchanges and commercial sources per Chapter 4 when the ship cannot provide this service.

2419 SANITATION

1. SANITARY REGULATIONS. Sanitary regulations approved by the senior member of the medical department will be issued for all sales outlets and service activities (see paragraph 1105). The Commander, Naval Medical Command has established minimum sanitary standards in NAVMED P-5010 (Manual of Preventive Medicine) for:
 - a. Retail operations and vending machines
 - b. Barbershops
 - c. Laundry

2. INSPECTION. The Sales Officer or designated representative will inspect all sales outlets and service activities at least once each business day to validate that all sanitary regulations are being followed.

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CHAPTER 3 – STOCK AND INVENTORY CONTROL

PART A – CLASSIFICATION OF STOCK

3000 TYPES OF STOCK

1. LISTINGS. The ROM system has a catalog listing of merchandise called the Ships Store Electronic Catalog which lists merchandise available to ships by defined “zones”. These items are ordered by using the Electronic Data Interchange (EDI) system. Each ordering zone contains two types of merchandise.
 - a. . Contract Items. (ACB) consists of basic, necessity type items, which are required in day-to-day living or high demand items that ships order in large quantities or that change very little. ROM allows purchase orders for these items up to \$100k dollars per purchase order.
 - b. . Catalog Items. Automated Ship's store Afloat Catalog Listing (ASL) items lists items that are not on contracts. ROM allows purchase orders for these items up to \$25k per purchase order.
2. SPECIAL ORDER ITEMS. Any item not included in the ACB/ASL may be ordered by the Special Order process in accordance with Chapter 4.
3. FOREIGN MERCHANDISE. NEXCOM supports deployed ships with foreign merchandise in the Mediterranean. Ships add these items to their inventory by using the emergency procurement process.

3001 SALE AND USE OF STOCK

Ship's store stock is comprised of line items intended for sale or use in the following:

- a. Retail stores
- b. Coffee Bars
- c. Vending machines
- d. Consumable materials used in sales outlets and service activities

3002 DEFINITIONS

1. DEPARTMENT / CATEGORY. Department / Category management in terms of retail merchandise refers to the process of separating different goods into smaller groups of relatable products. It is used to assist in clarifying the supply management of store products as well as organization. It allows the tracking of sales and demand within specific products and product groups to be easily

completed and later customized to the needs of the store and of the consumers. Paragraph 3006 provides lists of Departments and Categories used in the Ships Store Program.

2. LINE ITEM. A line item consists of EACH different size, brand, and model number. Line items may be further identified by color, size or flavor. For example, the following are each two separate line items:
 - a. Size: ball caps small and ball caps medium
 - b. Brand: Winston 100's and Salem 100's
 - c. Color: billfolds green and billfolds blue
 - d. Model number: Panasonic clock radio, model RC-6050 and Panasonic clock radio, model RC-55
3. UNIVERSAL PRODUCT CODE (UPC). A unique number assigned by the manufacturer to a specific item of merchandise. The UPC is identified by a series of thin and wide vertical stripes, called barcodes, which are electronically read by a scanner and are translated into numbers. Automated cash register systems "read" the UPC to record the sale.
4. STOCK NUMBER. An identifying number used for a product available in a physical warehouse or inventory system. Every item in a ships store has a stock number. A stock number may have different UPCs assigned to it but an UPC cannot have multiple stock numbers.

3003 AUTHORIZED STOCK LIMITATIONS

1. LINE ITEMS. The maximum numbers of line items as indicated next to each retail department in the Merchandising and Stocking Guide (NEXCOM Pub 81) are provided as a guideline in establishing stocking policies.
2. PERISHABLE ITEMS. A large percentage of ship's store stock is highly perishable and may have a shorter shelf life than normal, especially in hot and humid climates (such as candy, certain types of cookies, tobacco, and chewing gum). The shelf life of items varies considerably with the climates of different operating areas. Therefore, the sales officer must determine the condition of items currently stocked. When possible, perishable items should be procured in smaller quantities at more frequent interval than nonperishable items. Shelf life policy is contained in chapter 6

3004 REQUEST FOR ADDITIONAL STOCK ARTICLES

Requests to add or change the stock listings in the Merchandising and Stocking Guide (NEXCOM Pub 81) will be sent to NEXCOM (Ship's Store Program) with a copy to the TYCOM. The request will include complete justification.

3005 AUTHORIZED STOCK

By public law title 10 7604.352 ship's stores will offer the following broad category of items for sale:

- a. Health, beauty and barber items
- b. Prerecorded music and videos
- c. Photographic batteries and related supplies
- d. Appliances and accessories
- e. Uniform items, emblematic and athletic clothing
- f. Luggage and leather goods
- g. Stationery, magazines, books and supplies
- h. Sundry, games, and souvenirs
- i. Laundry, tailor and cleaning supplies
- j. Beverage and related food and snacks
- k. Tobacco products

See NEXCOM Pub 81 for the list of recommended stock items.

- 2. CONTRACT ITEMS/CATALOG ITEMS. All items listed in the ACB/ASL may be carried as stock, whether or not they listed in the Merchandising and Stocking Guide (NEXCOM Pub 81).
- 3. ARTICLES BEARING IMPRESSION OF UNITED STATES CURRENCY

Articles that bear the impression of United States currency are not authorized and will not be procured for sale or use in ship's stores. If similar to United States currency, such line items may not be lawfully imported and are subject to seizure in the United States.

3006 ASSIGNMENT OF STOCK NUMBERS

1. STOCK NUMBERS. Stock numbers consist of 10 digits, containing both a 6-digit class number and a 4-digit sequence number. Users cannot change standard departments or categories. A department code can be determined by the first two digits of the class number as follows:

| Dept Code | Class Number Beginning Digits | Description |
|-----------|-------------------------------|--|
| A1 | 05 06 07 | Confections & Snacks |
| A2 | 10 | Smoking Products |
| A8 | 25 | Movies & Music |
| B1 | 37 38 | Camcorders, Cameras, & Memory Devices |
| B3 | 22 27 | Batteries, Flashlights, Hydration Systems, Nutritional Products, & Tools |
| B6 | 01 21 23 24 | Clocks, Consumer Electronics, Coffee Makers Electric Personal Care Products |
| B8 | 26 76 | Flowers (Home Delivery) & Mugs |
| C1 | 22 29 30 | Bags, CD Cases, ID Holders, & Wallets |
| C2 | 01 02 37 | Books, Magazines, Pens, & Stationery |
| C6 | 01 23 35 | Games & Stuffed Animals |
| S1 | 88 | Snack Bars |

| Dept Code | Class Number Beginning Digits | Description |
|-----------|-------------------------------|--|
| D1 | 11 | Toiletries |
| D2 | 22 24 40 41 | Sunglasses & Watches |
| D3 | 12 | Sundries |
| D5 | 13 | Fragrances (Men & Women) |
| E1 | 53 55 | Uniform Items, Devices & Insignias |
| E2 | 16 44 45 53 55 | Bath Wraps, Female Under Garments, Socks, Towels, Undershirts, Underwear, & Wash Clothes |
| G1 | 56 | Emblematic |
| K4 | 87 | Drinks, Energy Drinks, Juices, Sodas, & Water |
| M3 | 87 | Canned Drinks, Juices, Coffee, Soda |
| P1 | 75 | Postal Stamp |
| T1 | 78 | Prepaid Card |

2. STOCK NUMBER ASSIGNMENT.

a. ACB/ASL listed items. NEXCOM has assigned stock numbers for these items.

b. NEXCOM Sixth Fleet Foreign Merchandise. Items of foreign merchandise available from Navy Exchanges are contained in the Foreign Merchandise Bulletins provided to each ship upon "in-chop" to the area. Ships will use the ROM emergency procurement procedures to obtain this merchandise. ROM will automatically generate a unique stock number for each emergency procurement item based on the category assigned to the item. This number will be constructed as follows: class number (2 digits) with four zeros, a unique ID for the ship (2-digit) and a 4 digit sequential number. The records keeper will associate the products' UPC / barcode to the item stock number.

c. Special Orders. NEXCOM will process the special order and automatically generate a unique stock number for each special order item. This number will be constructed as follows: class number of 96 (2 digits) followed by a 10-digit sequential number.

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PART B – SPECIAL INSTRUCTIONS FOR SPECIFIC ITEMS

SECTION I – EMBLEMATIC ITEMS

3100 STOCK CONTROL

1. GENERAL INFORMATION. Careful control and management attention must be given to the procurement and sale of emblematic items. . The Type Commander has established inventory dollar value levels for emblematic items which ships should not exceed. The total dollar amount of emblematic items as a percent of inventory should not exceed the TYCOM limit . The percent of emblematic inventory is part of the information on the NC 153. The dollar value of current Emblematic Inventory percent can be reviewed in ROM by viewing an inventory report and applying a filter for department G1 and viewing the report. The sales officer must review emblematic on hand quantities prior to procurement of additional emblematic inventory. Emblematic items do not have any sales potential outside the individual ship's store. Excesses must be identified on a continuing basis and deep markdowns taken to expedite sales. Upon notification that a ship's store will be disestablished, emblematic items will be marked down heavily or surveyed in order to be disposed of prior to the disestablishment
2. CLASSIFICATION. Ship's standard blue ball caps are classified as command ball caps; not an emblematic item. A command ball cap is considered part of the uniform and should be marked up 6% over cost.
3. NON-COMMAND EMBLEMATIC ITEMS. Upon transfer of a senior command onboard a ship, the senior command staff may have emblematic type items, which they wish to be sold in the ships store. As these are not the ship's command emblematic items, the dollar value of these items do not count in the TYCOM limitation of emblematic items, as the receiving ship has no

choice in the quantity or dollar value of the transfer. Sales officer would receive this merchandise as a "non standard" item per the ROM User's Guide. They should be advertised aggressively to encourage sales.

4. REPORTING.

- a. The dollar value and percentage of emblematic inventory is reported to the commanding officer on the monthly Ship Store Management Report.
- b. Excessive emblematic inventory is reported to the TYCOMs for appropriate action.

3101 PROCUREMENT OF EMBLEMATIC ITEMS

1. SENIOR SUPPLY OFFICER RESPONSIBILITIES. The senior supply officer must sign all DD Form 1155's for purchase of emblematic items.
2. CONSIDERATIONS BEFORE APPROVAL. Before approving a purchase order, the senior supply officer will determine if the quantity of emblematic items ordered would cause the emblematic inventory to be in excess of the TYCOM limitation. .

3102 AUTHORIZED ARTICLES AND LINE ITEMS

1. REGULAR STOCK. Articles authorized for stock are listed under "Emblematic Items" in the Merchandising and Stocking Guide (NEXCOM Pub 81). These items will be procured only from sources listed in the Automated Ship's store Afloat Catalog Listing (ASL) and Ship's store Automated Contract Bulletin (ACB). All emblematic items, are assigned a ship's specific 12 digit stock number and held in the "G-1" department. Users can filter the search for "G1" department and get the emblematic listing.
2. ADDITIONAL STOCK ARTICLES. Requests to stock emblematic items above the maximum line items allowed will be forwarded, along with complete justification, to NEXCOM (Ship's Store Program) with a copy to the TYCOM. A Special DD Form 1155 will be prepared as outlined in Chapter 4. The Special DD Form 1155 request will include all pertinent data, including quantity on hand (if any), design, and color scheme, type of material, size, suggested source and estimated unit cost. The ship's stock turn report and current inventory position will be considered before an additional item is approved for stock.

3103 ISSUES OF EMBLEMATIC ITEMS

Issues to Ship's Use of emblematic items will be made per Chapter 7.

3104 SALE OF EMBLEMATIC ITEMS TO THE GENERAL PUBLIC

Upon approval from the Commanding Officer, emblematic items may be sold to the general public during authorized ship tours, VIP visits and pier side sales. However, per SECNAVINST 5720-47B, enclosure (1) para 3(d)(11): "No materials or services may be advertised for sale or be sold via a command Web site. This includes command memorabilia, ball caps, etc".

3105 HEALTHY ALTERNATIVE SNACKS

Every ship must offer a Healthy alternative snack program for products sold in the retail store and vending machines. These products will be identified as healthier alternatives to commercial snacks as they will be lower in fat, sodium and have no trans fats. NEXCOM ships store program will publish guidelines on how to identify these products.

SECTION II – TAX FREE TOBACCO PRODUCTS**3110 TAX FREE TOBACCO PRODUCTS**

Tax-free tobacco products will not be sold, transferred ashore or re-landed within the three-mile limits of the United States.

3111 RELANDING TAX FREE TOBACCO PRODUCTS

The re-landing of tax-free tobacco products within the United States without payment of customs entry and duty is illegal.

3112 PROCUREMENT OF TAX FREE TOBACCO PRODUCTS

1. PROCUREMENT IN THE UNITED STATES. Not permitted.
2. PROCUREMENT OUTSIDE THE UNITED STATES. Ships operating beyond the jurisdiction of the internal revenue laws of the United States may receive tax-free tobacco products from overseas vendors. The tobacco products will be delivered to the ship and sold from the ship's store while the ship is outside the United States. Status of Forces agreements with foreign nations may impose limits on the quantity sold or taken ashore. Ships should check with local sources to determine restrictions if any. Tax-free tobacco products will not be sold or transferred within the United States.

SECTION III –CLOTHING AND UNIFORM ITEMS

3120 SHOULDER SLEEVE UNIT IDENTIFICATION MARKS (UIM)

Procurement, stowage, and issue of UIM's will be performed by the Stock Control Division.

1. EMBLEMATIC T-SHIRTS. T-shirts with the ship's identification or ship's patch may be issued to food service personnel as organizational clothing. T-shirts are processed, as an Issue to Ship's Use, Chapter 7.
2. OCCUPATIONAL AND ENVIRONMENTAL CLOTHING. Special occupational and environmental clothing and textile items (including sheets and pillow cases) will not be stocked in ship's stores without written authority from the Naval Supply Systems Command. Stocking of these items to encourage voluntary restitution by crewmembers for similar items lost or damaged is not considered adequate justification for granting such authority.

SECTION IV – OTHER STOCK ITEMS

3130 STANDARD STOCK LAUNDRY CHEMICAL SUPPLIES

Use of standard stock laundry chemical supplies is mandatory in ship's laundry. Requisitions for these products will be submitted to the nearest Navy supply support activity following paragraph 4012. OPTAR funding will be used to procure products.

3131 FOOD PRODUCTS

Food products sold in the ship's store will be limited to those items available through the ACB/ASL. The sale of food items such as short orders and prepared sandwiches is prohibited.

3132 SUNGLASSES

The purchase and sale of sunglasses is restricted to tested and approved models having a metal or slow burning plastic frame and glass or plastic lenses free from undesirable optical properties. Sunglasses will not interfere with, or materially change, the vision and will be certified in writing by the manufacturer as meeting these criteria. Sources listed in the ASL meet these requirements.

3133 GUARANTEED SALES ITEMS

1. GENERAL. Guaranteed sales items are items, which may be returned to the vendor for credit invoice by using a Credit Memorandum (DD Form 1149). Procurement of items on a guaranteed sales basis or under other conditions permitting return for credit will be restricted to items listed as such in the Ship Store Automated Contract Bulletin (ACB) or Automated Ship Store Afloat Catalog Listing (ASL) such as printed matter, CD's and DVD's.

2. ACCOUNTING PROCEDURES. Accounting procedures for returning items for credit invoice are outlined in Chapter 7.

3134 LITERATURE AND RECORDINGS

1. POLICY ON OFFENSIVE LITERATURE AND OFFENSIVE RECORDINGS. The sale of magazines, comics, pocket size books, other periodicals or recorded material considered offensive is prohibited. These items and their covers will be screened by the commanding officer or designated representative. Those considered offensive will not be placed on sale, but will be returned to the vendor for full credit.
2. SUGGESTED GUIDELINES FOR SCREENING. The guidelines set forth in subparagraphs a – f are suggested for screening literature and recordings. Printed, pictorial and recorded materials not acceptable for sale or circulation within the military establishment are those that:
 - a. Are printed or circulated in violation of moral and ethical standards, or civil and military law.
 - b. Impede the lawful execution of the mission of the military establishment, or encourage failure or irresponsibility in this regard
 - c. Inspire or encourage lust, particularly in the young, by exploiting indecent or undue exposure, exaggerating sexual characteristics of male or female figures, or by showing suggestive or obvious passionate actions or poses, either pictorially or verbally.
 - d. Feature illicit acts, whether heterosexual or homosexual, in such a way as to create sympathy of such acts or encourage their practice.
 - e. Encourage or tend to promote violence, crime, horror, sadism, masochism, or similar attitudes or acts.
 - f. Promote the use of illicit drugs and drug paraphernalia.

3135 BONUS FREE ITEMS

1. GENERAL. A Bonus Free item is merchandise provided to the ship at no cost as part of a normal order. For example, if a ship orders 100 cases of soda the vendor may provide an additional case for free as a bonus free item. In some instances, vendors may donate items to the ship's store.
2. ORDERING. Create the purchase order filling out all required fields. ROM provides a special process to add Bonus Free items. If the bonus free item is the same as an ordered item, the item will appear as a separate line item with

the cost price of zero. The ship will ensure that the vendor's invoice shows all bonus free items at zero cost.

3. ACCOUNTING. Bonus free items will be received using the same procedures as any normal receipt with cost. User will receive ordered items at the stated cost and the bonus free items at zero cost.
 - a. For Identical Items. When the ordered and bonus free item are received, ROM posts the total quantity received, including the bonus free item to the applicable stock card and averages the unit cost price on the stock record card. The total cost of the ordered items, plus any transportation charges, minus any discounts, will be posted to the Journal of Receipts.
 - b. For Other than Identical Items. To order any item it must be listed in ACB/ASL. The records keeper will list the item on the purchase order as a "bonus free" item and when received, the ROM posts the bonus free item. If the bonus free item is a new item the cost price shown on the stock record card will be zero.
 - c. Although the cost price for the bonus free item is zero, users should base the retail price on the normal unit cost price of the item. The sales officer will establish a selling price for the bonus free item, following the same markup procedures and policies, which are used in establishing selling prices for other retail items. The total money value at cost of only the ordered items, plus any transportation charges minus any discounts, will be posted to the Journal of Receipts. If the bonus free item is not an authorized item to be sold through the ship's store, the sales officer should not accept the item nor list it on purchase order.
4. EXPENDITURES AND INVENTORIES. After receipt, a bonus free item will be carried on the records at the average cost and ROM provides a recommended retail price to the user. Unit average cost prices will be used for, transfer, issue or survey of the item. Users should note that the average cost for an item may be zero.

3136 HAZARDOUS MERCHANDISE

The existence of hazardous merchandise will immediately be reported to NEXCOM (Ship's Store Program). NEXCOM Ship's Store Program, upon receiving notification from an official source, will report by the most expeditious means available with the action to be taken by the ship.

PART C – FOREIGN MERCHANDISE

SECTION I – FOREIGN MERCHANDISE

3200 FOREIGN MERCHANDISE GENERAL INFORMATION

Procurement of authorized line items of foreign merchandise is limited to merchandise that is locally available in the area of the ship's operation. Requirements for items of foreign merchandise will be reviewed carefully to ensure that United States manufactured merchandise is procured to meet the crew's needs, when possible. Foreign merchandise will be sold only to the following:

- a. Authorized customers as outlined in Chapter 2.
- b. Ships not operating a ship's store, if the ships are operating in the same area
- c. All personnel will be informed that purchasing foreign merchandise from the ship's store for resale or on behalf of persons not entitled to purchase is prohibited.

3201 AUTHORIZED FOREIGN MERCHANDISE STOCK

The stock, cost limitation and maximum number of line items authorized in NEXCOM Pub 81 do not apply to foreign merchandise. In order to ensure quality and value, foreign merchandise stock will be procured as follows:

- a. For ships deployed to the Mediterranean / Persian Gulf, stock will be procured from programs provided by the Navy Exchange Naples.
- b. For areas not covered in item a, procurement of foreign merchandise stock should be coordinated with the local American military representative if possible, and in accordance with the fleet and force commanders' instructions.

3202 PROCUREMENT RESTRICTIONS FOR STOCK ITEMS

Procurement of foreign merchandise for stock is restricted to amounts not to exceed careful estimates of potential sales during the period the ship will be operating in the foreign area. When a ship is operating in a foreign area for more than 90 days, the inventory of foreign merchandise on hand will not exceed 90 days' estimated sales at any time. For example, a ship operating in a foreign area for five months may initially procure stock not to exceed 90 days' estimated sales. After the 90-day period, procurement may be made not to exceed estimated sales for the remaining 60 days. Stock will not be procured if it will arrive on board 30 days or less prior to the ship's departure from the foreign area. For example, a ship operating in a foreign area for 60 days will not procure foreign merchandise to be delivered after thirty days.

3203 FLEET AND FORCE COMMANDER INSTRUCTIONS

Fleet and force commanders will issue instructions as necessary on ordering and receiving foreign merchandise in areas under their jurisdiction. Under no circumstances will foreign merchandise be received within the United States customs jurisdiction (the 50 states, the District of Columbia and Puerto Rico). Prior to purchasing ship's store foreign merchandise for sale outside the United States customs jurisdiction, the directives promulgated by appropriate fleet and force commander will be consulted.

3204 SHIPMENTS OF FOREIGN MERCHANDISE

Fleet, force and TYCOMs will issue instructions regarding shipments of foreign merchandise by activities in areas under their jurisdiction. Under no circumstances will foreign merchandise be forwarded to the ship in the United States or Puerto Rico. In no event will orders specify shipment via the postal system, as foreign merchandise may be forwarded inadvertently to the United States and compromise existing internal revenue and customs regulations.

3205 FOREIGN COMMERCIAL FOOD PRODUCTS

Ships should attempt to sell all foreign commercial food products obtained overseas prior to entering the United States. If this is not possible, Title 21, Code of Federal Regulations applies. The regulations state that there is no requirement for ships to declare these products to the U.S. Customs or to provide prior notification to the Federal Drug Administration upon entry into the United States. Ships may continue to sell these items to crewmembers for personal use; however, these items must remain on the ship.

3206 SIXTH FLEET GENERAL INFORMATION

NEXCOM supports ships homeported in, deployed to or transiting the Mediterranean with a range of popular foreign merchandise authorized for stock in ships stores. In addition, The Navy Exchange in Naples, IT has negotiated various concession agreements with vendors in major ports in the Mediterranean.

3207 FOREIGN MERCHANDISE PROCUREMENT PROCEDURES

1. SELECTION OF ITEMS. There are two programs available in the Mediterranean.
 - a. NEX / DeCA Stocked Merchandise. Navy Exchange Naples can provide ships with a listing of popular items stocked at the Navy Exchanges or DeCA, which are available to ships.

- b. Direct to Ship Program. The Navy Exchange in cooperation with the Ship's Store Program support ships with popular foreign merchandise purchased from Sixth Fleet Concessionaire vendors, which ships may buy and sell in their ship stores.

2. **FOREIGN MERCHANDISE ORDER**

- a. Initial Order. The initial order for procurement of foreign merchandise items will be sent to the Fleet Service Office of NEX Naples as a special order.
- b. Follow-on Orders. Follow-on orders should be submitted to the Fleet Service Office of NEX Naples in sufficient time to allow for delivery and sale to be made prior to leaving the area. Forwarding via fleet freight will be in accordance with transportation priorities.

3208 PAYMENT PROCEDURES

NEX Stocked MERCHANDISE. Fleet Service Office of NEX Naples will advise the ship of the purchased items and the cost per item.

3209 RECEIPT PROCEDURES

- 1. MERCHANDISE FROM NAVY EXCHANGE. All merchandise will be inspected upon receipt. Any discrepancies between quantity received and quantity billed, or receipt of damaged merchandise, will be reported to the NEX General Manager prior to leaving port. If it is not possible to report discrepancies prior to leaving port, a report should be made as soon as possible to the General Manager with copy to Fleet Service Office Naples. Any loss will be surveyed to the NWCF.
- 2. ACCOUNTING FOR RECEIPTS. Receipts will be handled as per Chapter 5.

3210 SELLING PRICE

Application of a 15% markup is recommended to determine individual selling prices.

3211 EXCESS STOCK

- 1. DISPOSITION. Unsold/undamaged foreign merchandise obtained from the NEX may be returned for cash refund prior to out chop. If not out chopping at a NEX location the merchandise should be mailed (return receipt requested). If the merchandise cannot be mailed it should be returned to the NEX via the ship's supply department. The following rules apply:
 - a. Merchandise must be in its original packaged containers and undamaged

- b. The Fleet Service Office and NEX at the out chop location should be notified at least 96 hours in advance. The Fleet Service Office will provide disposition instructions.
 - c. A Cash Refund will be prepared on a Requisition and Invoice/Shipping Document (DD Form 1149) listing the items being returned
 - d. A copy of the original purchase order should be attached to the DD Form 1149 to identify cost prices paid
2. ACCOUNTING INSTRUCTIONS. The return of merchandise to the Navy Exchange will require extra handling as it must be "sold" from a retail outlet.
- a. Records keeper will create a Non Epos retail outlet named "returns store". Merchandise to be returned for a check refund will be transferred to this store.
 - b. Records keeper will conduct an inventory of the items to create a document that lists all the items.
 - c. The ship will contact the NEX and tell them what items will be returned. The Navy Exchange charges a 10% restock fee for all items. Ship will send the items with the list to the NEX, request a list to be returned documenting the line items and price NEX paid along with a check made out to the Treasurer of the United States. .
 - d. Until the Navy Exchange provides a check, the items are considered to be part of inventory.
 - f. Upon receipt of the check and list of items, the ship will sell the items by taking an inventory the "returns store" with all quantities "zero". The check should be turned over to the Disbursing officer for collection into the Navy Working Capital fund as a sale. If it is not possible to complete the transaction prior to leaving port, action should be completed as soon as possible.
3. RETURN OF FOREIGN PRODUCTS TO THE USA. Foreign merchandise should not be returned to the USA and Puerto Rico except in the event of an unexpected Emergency deployment. The Commanding Officer will be responsible for complying with all customer regulations in the event the ship returns with foreign merchandise.

3212 CONCESSIONAIRE MERCHANDISE

1. GENERAL INFORMATION. The Navy Exchange has contracts with foreign vendors to provide popular foreign merchandise in the Sixth and Fifth Fleet areas of operation. Upon "in chop" ships may request these vendors to come to the ship to sell items to the crew. Merchandise or services obtained from approved concessionaires are between the individual customer and the concessionaire. Ship's store purchase orders will not be accepted by the

concessionaire. Each concessionaire will provide to the ship's store a percentage of the total sales generated each day. Commissions should be handled as a contribution to Ship's store Profits, Navy and reported on Line C04B of the NAVCOMPT Form 153

2. SATISFACTION GUARANTEED. It is the individual customer's responsibility to inspect any merchandise or services obtained from a concessionaire. The customer should advise the concessionaire of any discrepancy. If this is not possible, the customer should notify the sales officer, who will address the problem to the Fleet Service Office of NEX Naples.

3213 PACIFIC FLEET FOREIGN MERCHANDISE PROGRAM

There is no foreign merchandise program for the Pacific Fleet operated by the Navy Exchange Yokosuka.

PART D – INVENTORY CONTROL

SECTION I – MONETARY INVENTORY ALLOWANCES AND AUTHORIZED INCREASES

3300 MAXIMUM VALUE OF STOCK FOR SHIP'S STORE

1. INVENTORY ON HAND. The maximum value of ship's store stock carried at cost price during any one month is directly related to the ship's ability to sell that material in a timely manner. The objective of any retail store is to provide service to customers by selling the highest quality merchandise with minimal inventory becoming lost due to merchandise becoming outdated or obsolete, which would cause excessive markdowns or surveys.
2. AUTHORIZED LEVELS. Maximum Authorized inventory levels.
 - a. Ships in CONUS. \$102.00 per person.
 - b. Ships Deployed. \$204.00 per person.
 - c. Ships not meeting stock turn goals, shall take action immediately to reduce inventory. Inventory should equal 75% of the total anticipated cost of sales for the forthcoming accounting period using cost of sales captions listed in paragraph 3301.

3301 STOCK TURN

1. GENERAL. Stock turn is a measurement of the movement of stock through the ship's store. For ROM ships NEXCOM will establish the target stock turn at the beginning of each Fiscal Year.

2. TRANSITION TO NEW STOCK TURN. Until converted to the ROM point of sale system, A minimum stock turn of 1.33 per accounting period is required. This minimum is established based on the following:

- a. The accounting period is four months long.
- b. The maximum inventory allowed is a three-month supply of ship's store stock. Ideally, the inventory should be expended one and one-third times during each accounting period. A stock turn of 1.33 per accounting period will result in four (4.0) stock turns per year.

c. Computation. Stock turn is computed dividing the cost of sales and, the total dollar value of the stock expended by the inventory at the beginning of the accounting period.

Stock turn formula. At the end of the accounting period, stock turn for ship's store stock is computed using the following formula:

Total of NAVCOMPT Form 153 Lines B10 + B14 + B15 + B19 + B21 + B22 (minus the automated accounting adjustment as reported on the B22 Report) + B23 + B25 + B27 divided by Line B08 equals stock turn.

3. NEW STOCK TURN. ROM computes a monthly stock turn based on 12 months of data. Until a ship has the required 12 months of data, the stock turn goal will be 1.33 per accounting period and manually computed like a ROM II ship. At the 12 month period, ships will be governed by the new stock turn goal.

- a. ROM generates a 'Monthly Stock Turn Ratio' report for a rolling 12 month period ending with the most recently reported monthly period. On a rolling 12 month basis, system captures the beginning and ending inventory values, at current cost and total retail sales per the Cash Sales Memorandum. For ROM ships the sale of merchandise is the only factor that influences stock turn. The use of a 12 month rolling process provides a "smoothing" of data.
- b. Computation of Stock Turn. ROM calculates the monthly stock turn ratio by dividing the total sales for the last 12 months by the average 12 month inventory. ROM provides a report each month that shows: Month and Year, Total Sales and Stock Turn Ratio.

Monthly Stock Turn Ratio = Total Retail Sales / Average Inventory

Total Retail Sales = C02 Retail Sales + C03 Vending Sales (12 months)

Average Monthly Inventory = Start + (End Inv at cost for 12 months) divided by 13

4. ADJUSTMENTS TO INVENTORY LEVELS. The monetary value established for ship's store stock does not change the requirement to achieve stock turn. During low sales periods, proper stock control is required to reduce inventory levels in anticipation of:

- a. In-port periods
- b. Extended yard periods
- c. Leave period or detachment of large groups of personnel
- d. Anticipated deactivation
- e. Drastic changes in operating schedule

Use of the ROM "Smart order" feature will assist ships in maintaining the correct stock to sales ratio. Special circumstances may require a ship to request an adjusted stock turn from NEXCOM (Ship's Store Program) who will consider each request on a case-by-case basis.

SECTION II – STOCK RECORDS

3320 GENERAL INFORMATION

A Stock Record Card for each line item will be maintained in ROM. All transactions are recorded automatically on the stock record card.

3321 MANAGEMENT INFORMATION

Stock record card entries and management information is outlined in the ROM User's Guide.

3322 MINIMUM AND MAXIMUM STOCK LEVELS

The ROM system tracks sales and inventory for each line item and computes inventory minimums and maximums daily. It has a Smart Reorder to provide a semi-automated way to generate purchase orders and PRIME/CARGO requisitions. ROM3 can create a fairly accurate orders based on user-entered criteria, such as crew size, operating zone, operating status, and sustainment days.

After entering all required parameters, the system compares the on-hand inventory quantities with average consumption rates for each item. Based on the difference of this calculation, ROM3 selects all necessary items and quantities for the order. It computes maximum inventory levels based on the ship's mission phase and sales. Smart Order should be adjusted to account for:

- a. Increase or decrease in the number of customers
- b. Anticipated operational schedule change
- c. Similar items added or removed from stock

- d. Any other factor affecting sales

3323 OUTSTANDING REQUISITION/PURCHASE ORDER DECISIONS

Prior to placing an order for new material, the sales officer should review:

- a. Number of line items authorized for the ship size.
- b. Flash velocity and slow movers reports
- c. Ships schedule to set new order and shipping times if required

SECTION III – SUPPLY DEMAND REVIEW

3330 GENERAL INFORMATION

For most items, the normal in-stock position is three months' supply. Deployed load items will be stocked to last for the duration of the deployment. Disposition of stock will be taken as prescribed in paragraph 3333 when the monthly review indicates that items exceed three months' supply. The normal selling rate of the item and the ship's anticipated operating schedule will be considered in determining excess stocks. Because of the semi-perishable nature of most items of stock, disposition action will be initiated in time to provide for sale prior to deterioration.

3331 REPLENISHMENT ACTION OVERSEAS

Ordering and shipping time is a major factor in controlling inventory. The min/max levels will be increased by the quantity of stock required to support the ordering and shipping time (O+ST).

3332 EXCESS INVENTORIES

1. GENERAL. Excess ship's store inventories are a major concern to fleet, TYCOMs and NEXCOM (Ship's Store Program) because they:
 - a. "Tie up" inventory dollars that could be spent on more sellable items.
 - b. Become old, shop worn, obsolete or out of fashion requiring the use of ship's store profits to mark them down in price.
 - c. Hinder the store's ability to make the yearly stock turn requirement.
2. REDUCTION OF EXCESS. The sales officer is responsible for disposing of excess stock. Excess inventory should be made available to other ships in the

area and an attempt should be made to return the excesses to vendors at mutually agreed upon prices. Markdowns will be taken as necessary to dispose of excess stocks. An excess stock list may be generated and provided to the TYCOM and the Fleet Assistance Team servicing the area.

3333 DISPOSITION OF UNSALEABLE STOCK

Items of stock, which are obsolete or shopworn, will be marked down to make rapid sales. Items which are damaged or deteriorated and are not saleable will be surveyed as outlined in Chapter 7.

SECTION IV: SPECIAL MERCHANDISE SOLD IN SHIP'S STORE

3400 SALES OF FOR U.S. POSTAGE STAMPS

The Ships Store program will obtain U.S. Postal Service "Forever" stamps for use by fleet ships. The Forever stamp is a non-denominated, non-expiring stamp issued as a convenience for single-piece retail mailers. The retail price for stamps will be the price established by the U.S. Postal Service. Ships' stores are authorized to sell U. S. Postal Service booklets of stamps in the retail outlets. Sale of single stamps is not authorized. A ship's store may obtain additional U. S Postal Service items for resale with written approval of the Fleet Forces Command and Navy Exchange Service Command, Ship's Store Program.

3401 PROCUREMENT OF STAMPS

Orders will be sent to Ships Store Program headquarters in accordance with Chapter 4. NEXCOM will process the order as a special order. The standard mark-up percentage for department P1 will be 0%. If the U.S. Postal Service (USPS) raises the price of stamps, NEXCOM Ships Store program will increase the NEXCOM Ships Store program will increase the retail price to match USPS prices.

3402 RECEIPT AND PROCESSING OF STAMPS

1. GENERAL. The sales officer will follow the procedures outlined in Chapter 5 of the NAVSUP 487 when receiving stamps. Sales officers will purchase and hold no more than a 30-day supply of stamp books based on sales. Until a sales history is established, ships will maintain a stamp book inventory equal to no more than 5% of crew size.
2. REFUNDS. There are no refunds for stamps.
3. EFFECT ON FINANCIAL OPERATIONS. The U.S. Postal Service charges a minimal handling and processing fee for "special order" stamps that will be absorbed as a cost of operations charge. Each book of stamps will represent around 0 % profit margin because the cost price and retail price are the same unless the USPS raises the price of stamps. When combined with

total store sales, the sale of stamps should not measurably affect the overall gross profit of an operation.

3403 SECURITY OF STAMPS

Ship's store operators are responsible to the sales officer for stamp inventory and sales conducted in the ship's store. Operators will exercise care and diligence in all sales transactions. Booklets of stamps will be kept in a secure location, and only the ship's store operator(s) will have access during the ships' stores working hours. As an option, with the approval of the Sales Officer, stamps may be offered for sale through a regular vending machine if equipped with a stamp dispensing vending coil or through an Opal vending machine.

3404 DAMAGED OR DEFECTIVE STAMPS

Damaged or defective stamp booklets may be exchanged with the base or commercial post office for booklets of the same value.

CHAPTER 4 – PROCUREMENT

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CHAPTER 4 – PROCUREMENT

SECTION 1: PROCUREMENT OF SHIPS STORE STOCK

4000 METHOD OF PROCUREMENT

SHIP'S STORE STOCK. Ship's store stock will be procured using the following

- a. Requisitions from excess stock lists
- b. Requisitions to other supply officers, including the following:
 - (1) Requisitions to combat logistic officer
 - (2) Requisitions to other sales officers
 - (3) Requisitions to general mess
 - (4) Requisitions to general stores
- c. Requisitions to the Marine Corps and other government departments
- d. Purchase orders under the Automated Ship's store Afloat Catalog Listing (ASL)
- e. Purchase orders under the Ship's store Automated Contract Bulletin (ACB)
- f. Purchases using the simplified purchase procedure (Special DD Form 1155)
- g. Purchases from Navy Exchanges
- h. Emergency purchases from commercial sources

4001 REQUISITIONS AND PURCHASE ORDER LOGS

1. SERIAL NUMBERS. ROM automatically assigns the serial numbers 9700-9899 series to purchase orders and 9900-9999 series to requisitions. At the beginning of each fiscal year the assignment of serial numbers will automatically begin with 9700 for purchase orders and 9900 for requisitions.
2. REQUISITION LOG. ROM produces a requisition report with the following captions:
 - a. Calendar date
 - b. Requisition number (including Julian Date and serial number)

- c. Source of supply
 - d. Amount
- 3. PURCHASE ORDER LOG. ROM produces a purchase order report with the following captions:
 - a. Calendar date
 - b. Purchase order number (including Julian Date and serial number)
 - c. Source of supply
 - d. Amount

PART A – REQUISITIONS

4100 REQUISITION GENERAL INFORMATION

Requisitions for ship's store stock will be prepared in the ROM system. The DD Form 1149 will be prepared as outlined in the ROM User's Guide.

4101 NATIONAL STOCK NUMBERS

- 1. ITEMS WITH NSNs. The following items have national stock numbers (NSNs):
 - a. Standard stock laundry chemicals
 - b. Q-cog ship's store stock. (Q-cog ship's store stock are items carried by combat logistics support force ships)
- 2. SOURCE OF NSNs. National stock numbers are contained in the following:
 - a. Consolidated Afloat Requisitioning Guide Overseas (CARGO) (NAVSUP Pub 4998)
 - b. Afloat Shopping Guide (NAVSUP Pub 4400)

4102 DISTRIBUTION OF DD FORM 1149

- 1. AFTER INITIAL PREPARATION. The DD Form 1149 will be distributed as follows:
 - a. Original to the transferring ship
 - b. Copy to the Receipt Inspector's File (WF 1)

- c. Copy to Bulk Custodian File (WF 2)
2. UPON RECEIPT OF MATERIAL. The transferring ship's DD Form 1149 will become the accountable document, upon receipt of material and DD Form 1149, distributed as follows:
 - a. Original to the transferring ship
 - b. Receipt Inspector's and Bulk Custodian copies to Receipts File (BO1/BO5)

4103 REQUISITIONS FROM EXCESS STOCK LISTS

1. GENERAL. Ship's store stock should be requisitioned from another ship's store's excess stock list, if practical, prior to procurement by any other method. The sales officer will process requisitions from excess stock lists as an OSO requisition.
2. EXCESS REPORTED BY OTHER COMMANDS OR OFFICES OF THE NAVY DEPARTMENT. No items declared in excess by other commands or offices of the Navy Department will be transferred to the Navy Working Capital Fund or sold in the ship's store unless specifically authorized by the Naval Supply Systems Command.

4104 REQUISITIONS TO COMBAT LOGISTICS OFFICERS

1. GENERAL. Ships submit requisitions for items listed in the CARGO (NAVSUP Pub 4998) to the Combat Logistics Officers (CLO) in each area of operation when deployed. The CLO will assign replenishment to either a resupply ship or to a Prime Vendor. The CLO will advise the ship via email of the items assigned to either the combat logistic ship or to a prime vendor.
2. ORDERING. For requisitions afloat to a resupply ship or possible prime vendor, ROM assigns each line item a requisition number. The ship should enter the requisition into ROM, confirm it, and generate the MILSTRIP document(s) received.
3. RECEIPTS. Upon receipt of the merchandise the records keeper must ensure that each line item has the same requisition number as shown on the 1348 or issuing activity's documentation. ROM allows the records keeper to record the expenditure number so that DFAS will see both the requisition and expenditure numbers for the item. If an item is NIS, the records keeper opens the requisition to be received, enters the original order quantity in the "cancel quantity box" to delete the receipt.

- a. Receipt from a CLF resupply ship. The transferring ship will provide a DD Form 1348 for each item transferred. Ship will receive the quantity transferred at the standard cost. Any differences in quantity received and quantity on DD 1348 will be surveyed to NWCF.
- b. Receipt from Prime Vendor. Receipts from a Prime Vendor are more difficult as the ship may get two different pieces of paper with different costs. The CLO may send a DLA report to the ship that lists each item paid for by CLO (STORES REPORT). The Prime Vendor should include their inventory manifest or invoice with the material. Ships can match line items against the requisition orders and must receive the quantity shown on the vendor invoice. Differences should be surveyed to NWCF. The receipt price or cost should be taken from the CTF STORES report. If it is not available, use the Prime Vendor invoice. ROM automatically increases the cost by the DLA surcharge amount (provided to ships each year by NEXCOM) to avoid an unmatched expenditure.

4. REPORTING. Each requisition/item received has an individual receiving report.

- a. Quantity. The receiving report must show the quantity shown on the DD Form 1348 or the Prime Vendor invoice.
- b. Price from CARGO supplied by CLF ship. The cost for each item will be either the DD form 1348 cost.
- c. Price from a Prime Vendor. The cost for each item will be either the STORES report cost or the vendor's invoice cost increased by the DLA surcharge amount % for each item.

4105 REQUISITIONS TO OTHER SALES OFFICERS

Requisitions for authorized items of ship's store stock may be submitted, on a mutually agreed basis, to other sales officers. The requesting ship must create the requisition in ROM. The transferring ship's DD Form 1149 will become the supporting document to the receipt inspector's document. OSO transfers are movement of material within the Navy Working Capital Fund. The DD Form 1149s will not show line of accounting data.

4106 REQUISITIONS FOR GENERAL STORES MATERIAL

GENERAL STORES. A Requisition and Invoice/Shipping Document (DD Form 1149) will be prepared following the ROM User's Guide and ensure that the ship's OPTAR accounting data, as provided by the supply officer, is entered in ROM. After receiving the requisition, the supply officer will approve the transfer. The records keeper will confirm the requisition and receive it. ROM does not post the DD Form 1149 dollar value of the items to the Journal of Receipts (B01/B05 Report); the dollar value is posted as a credit expenditure to Line B10 on the NAVCOMPT Form 153. ROM

posts the quantity received to the stock record card. A copy will be placed in the B10 (AO) and B10 (RK) File.

4107 REQUISITIONS FOR GENERAL MESS ITEMS

a. General. When ordering products from the General Mess (Food Service Division) e.g. for a coffee bar, the S-3 records keeper will prepare a Requisition and Invoice/Shipping Document (DD Form 1149). ROM 3 software does not prepare a finished document for transfers from Food Service. Until the software program is corrected special procedures must be followed. There will be two documents created. The first is a fillable DD Form 1149 that will be attached to the ROM ROM "Other Appropriates Requisition" document.

b. DD Form 1149 for S-2 Transfer. Complete a DD Form 1149 with the correct information as shown on the illustration below. For S-2 requisitions, the records keeper will enter the Food Service accounting data, as provided by the Food Service Officer, in ROM to populate block 4 of the DD form 1149. The following must be typed or handwritten in block 4(b) of the DD Form 1149 to process correctly at DFAS:

| | |
|---------------------------|----------------------------------|
| <u>Functional Account</u> | <u>Approved For Transfer by:</u> |
| Credit 73170 | (<u>Food Service Officer</u>) |
| Charge 51000 | Received by: _____ Date _____ |

The Food Service Officer will approve the transfer.

b. ROM "Other Appropriations" Document. Enter the information into ROM for this transfer. Enter the accounting data, provided by the food service officer. (After the first time, it may be selected from a drop down box). Validate that the accounting data, item, quantity and price match the DD Form 1149. Confirm the transfer. ROM will not post the DD Form 1149 to the Journal of Receipts (B01/B05 Report). However, ROM will post the quantity received to the stock record card and will post the total dollar value as a "credit expenditure" to Line B10, Issues to Use, on the Navcompt Form 153.

c. Attach the ROM 3 document to a DD Form 1149. Copies will be placed in the B10 (AO) and B10 (RK) File and submitted to DFAS at the end of the accounting period.

Illustration of a DD Form 1149 to obtain items from the General Mess

PART B – PURCHASING METHODS AND PROCEDURES

4200 GENERAL INFORMATION

Individual stock numbers are assigned to each item of ship's store stock procured. Assignment of stock numbers is outlined in Chapter 3.

4201 TRANSPORTATION

1. F.O.B.
 - a. F.O.B. Destination: Free On Board (FOB) Destination on a purchase order indicates the vendor will pay all transportation costs for material sent to the ship.
 - b. F.O.B. Other: F.O.B. Other on a purchase order indicates the ship, or another activity, will pay the transportation costs. Both F.O.B. Origin and F.O.B. Shipping Point means the ship will pay for the transportation costs. Deployed ships using Zone H will use FOB Other.
2. TRANSPORTATION AUTHORIZATION. The following statement will be entered on purchase orders for items procured from the ASL when the listing specifies "F.O.B. Other" applies:

Transportation charges are authorized and should be added to the invoice as a separate item. Shipment is to be made by (specify method of shipment)."

4202 PREPARATION OF DD FORM 1155

1. Purchase orders and delivery orders under contract will be placed for authorized items of ship's store stock on an Order for Supplies or Services/Request for Quotations (DD Form 1155).
2. The ROM User's Guide provides detailed information on the process of creating a purchase order. The following process will be followed regarding signature:

The senior supply officer or sales officer will sign confirmed orders placed under:

- a. The Ship's store Automated Contract Bulletin (ACB)
- b. The Automated Ship's store Afloat Catalog Listing (ASL)

The senior supply officer will sign confirmed orders placed under:

- a. All purchase orders for emblematic items
- b. All purchase orders for material, equipment and services ordered from commercial sources not listed in the ACB or ASL
- c. Purchases using Ship's store Profits, Navy

4203 DISTRIBUTION OF DD FORM 1155

1. UNITED STATES MERCHANDISE

Fast Pay Procedures Applicable. All ships store stock ordered from the Ships Store Electronic Catalog (ACB or ASL) will be procured under Fast Pay Procedures using the EDI process. Distribution as follows:

- (a) One copy to the Receipt Inspector's File (WF 1)
- (b) One copy to the Bulk Custodian File (WF 2)

2. FOREIGN MERCHANDISE

Procured from Foreign Vendors. When ordering foreign merchandise direct from foreign vendors, the DD Form 1155 will be distributed as follows:

- (a) Original and one copy retained in the Receipt Inspector File (WF1)
- (b) One signed copy to the vendor

4204 PURCHASE ORDERS

In ROM, users can create a purchase order, select items from the active catalog, adjust item quantities, and generate an EDI transaction and DD-1155 document. A purchase order is the primary method used to obtain stock. Items that can be obtained via purchase order are limited to standard items found in the active catalog. Available items are further filtered to a specific zone that the user can select. For example, if the user selects zone "B – San Diego," they will only be able to view or order items from the active catalog that have a price entered in zone B. Users can search and browse through all items available from the active catalog that are available in the selected zone. Users can then record desired quantities and add the items to the order. When ready, the records keeper will then "create purchase orders," which groups and separates all items based on contract numbers. A separate purchase order is created for each contract.

4205 SHIP'S STORE AUTOMATED CONTRACT BULLETIN (ACB)

NEXCOM (Ship's Store Program) distributes the Ship's store Automated Contract Bulletin (ACB) for use within the continental United States (CONUS) and Hawaii to each ship automatically. These contract bulletins list local sources of supply and the fixed price for authorized items of ship's store stock. When in CONUS and Hawaii, the ship may place delivery orders in any amount directly with the vendor by using an Order for Supplies or Services/Request for Quotations (DD Form 1155). Fast Pay or Certificate of Conformance Procedures applies to orders placed under the ACB. Authorized items of ship's store stock not listed in the ACB may be obtained under the simplified purchase procedures (Special DD Form 1155).

4206 AUTOMATED SHIP'S STORE AFLOAT CATALOG (ASL)

NEXCOM (Ship's Store Program) distributes the Automated Ship's store Afloat Catalog Listing (ASL) to each ship automatically. It contains descriptions and purchase information for authorized items of ship's store stock. The catalog is used to purchase stock for the ship's store. The Order for Supplies or Services/Request for Quotations (DD Form 1155) will be used as a purchase order for procuring items listed in the catalog and will not exceed \$25,000.00 per purchase order. Purchase orders will be issued directly to the vendors listed in the catalog.

4207 UNSATISFACTORY PERFORMANCE AND PRICE AGREEMENTS

1. UNSATISFACTORY PERFORMANCE. When a contractor does not fulfill all requirements set forth under the terms listed in the ACB or ASL, the ship should submit an Unsatisfactory Performance Report to NEXCOM (Ship's Store Program). An example of this report can be found on the following page. The ROM 3 Document Library has an automated version of this form. One copy of the report will be sent to the ACB/ASL vendor and one copy will be filed in the Correspondence File (WF 3).
2. PRICE AGREEMENTS. Prices, terms and conditions or price agreements listed in the ACB or ASL will not be given to vendors, their representatives or other unauthorized persons.

4208 SPECIAL ORDER PURCHASE PROCEDURE (SPECIAL DD FORM 1155)

1. Ship's store Stock and Special Order Merchandise. A special order procedure will be used to obtain ship's store stock and special order merchandise when the sources of supply authorized are not available. The ship will contact NEXCOM (Ships Store Program) and provide the ROM PDF special order form with information for the merchandise desired.. After procuring the merchandise NEXCOM (Ship's Store Program) will forward the purchase order via ROM to the ship. The ship may view the special order in ROM and when the order is received ROM will create the stock card ready for receipt. For tracking purposes the last four digits for all special orders purchase orders

will be 9890 to 9899. The Special DD Form 1155 will be used for receipt purposes and filed like any other DD Form 1155.

2. SPECIAL DD FORM 1155 PREPARATION AND DISTRIBUTION

- a. For preparation see ROM User's Guide
- b. Distribution. After receipt of information from NEXCOM (Ship's Store Program), file copy of DD Form 1155 as follows:
 - (1) One copy in the Receipt Inspector's File (WF 1)
 - (2) One copy in the Bulk Custodian File (WF 2)

4209 PURCHASES FROM NAVY EXCHANGES

1. GENERAL. Ships Stores may obtain merchandise from the Navy Exchange Service Command (NEXCOM) in a variety of situations depending on the location of the ship.
 - a. Navy Exchange Stores in the United States. Ships Stores are restricted to procuring merchandise from authorized listed sources unless an emergency exists and the sources of supply prescribed in in this Chapter are not available. In those situations, limited quantities of authorized ship's store stock may be procured from Navy Exchange stores. The Navy Exchange store will honor the request when merchandise is available and can be sold without impairing the exchange's inventory position. All purchases from Navy Exchange stores (computers and uniform items excepted) will be made at retail price less 10%. Since most Navy Exchange stores require the use of a credit card, the ship may contact NEXCOM (Ship's Store Program) under the Special DD Form 1155 procedures to process orders from a Navy Exchange. In an emergency situation, the supply officer may authorize the use of a ship's government credit card to purchase items from the Navy Exchange, and then transfer the merchandise to the sales officer.
 - b. Overseas Locations
 1. Sixth Fleet. The Navy Exchange European District Office coordinates ordering of S-3 items in the Sixth Fleet AOR. Ships requiring merchandise while in SIXTH Fleet should place requirements with the CTF 63 who will pass the requests to the Navy Exchange Fleet Liaison. The Fleet Liaison will contact the ship to request purchase order numbers to enable the purchase ashore for the ship with the Government procurement card. COMSIXTHFLT policies and procedures apply
 2. Seventh Fleet: Japan and Guam NEX Distribution Centers are established as OCONUS ships store vendors enabling ships to place

orders directly with these NEX distribution centers using the ROM EDI process.). Although ships have the authority to obtain up to \$100k in a single purchase order, the ships store ROM system is not capable of being reprogrammed to process orders to NEX distribution centers above \$25K. Accordingly, any order to a NEX distribution center will be limited by the ROM software to \$25K per order. Items not listed in the AEL may be obtained from a Navy Exchange store (computers and uniform items excepted) at retail price less 10%.

3. OCONUS NEX Locations: Limited quantities of authorized ship's store stock may be procured from Navy Exchange stores when merchandise is available and can be sold without impairing the exchange's inventory position. All purchases from Navy Exchange stores (computers and uniform items excepted) will be made at retail price less 10%. The Navy Exchange may elect to accept a DD Form 1155 at the store if the ship has the disbursing officer pay the Navy Exchange with a check.
2. FOREIGN MERCHANDISE. Purchases of foreign merchandise from Navy Exchanges will be made following Chapter 3.
3. ACCOUNTING.
 - a. ROM process. Ships will choose the emergency procurement process in ROM to obtain merchandise not available from listed ROM catalogs but available from foreign vendors or Navy Exchanges.
 - b. Payment. ROM produces a DD Form 1155 template so that the ship may receive the items when delivered. The DD Form 1155 template has preprinted that the Disbursing Officer will process payment. For purchases where the shore activity (Naples, Hawaii, Japan) uses a credit card; this information will be lined out on the confirmed form and credit card will be handwritten in block 15.
 - c. Purchases from Navy Exchanges will be taken up as receipts from purchases on all applicable records.

4210 MODIFICATION TO PURCHASE ORDERS

There are no Amendments of Solicitation/Modification of Contract (Standard Form 30) created for cost price or quantity errors on purchase orders. Such errors will be corrected following the receipt of items. Changes in cost price and/or quantity ordered or mistakes made during the receipt process will be corrected by doing an accounting adjustment and spot inventory. Detailed instructions for creating accounting adjustments and conducting a spot inventory are outlined in the ROM User's Guide.

PART C – CONTRACTING FOR MERCHANDISE OUTSIDE OF USA

4300 GENERAL INFORMATION

1. GENERAL. The basic contracting policy and procedures for shipboard supply officers are contained in NAVSUP Pub 485 and the Department of the Navy Simplified Acquisition Procedures (SAP) (NAVSUPINST 4200.81 series). Authority to procure merchandise from overseas Navy Exchange operations is contained in Title 10 USC Sections 2304(c) (5), 2424 and 2492.
2. EMERGENCY CONTRACTING PROCEDURES. The senior Supply Corps officer is the only contracting officer authorized to open purchase ship store stock, material, equipment and services, with purchase authority limited to \$100,000.
3. PURCHASES FROM NAVY EXCHANGE DISTRIBUTION CENTERS IN JAPAN AND GUAM. Ships Store Officers are authorized to purchase ships store retail items from these NEX Distribution Centers using Ships Store Program Afloat Electronic Listings (AEL). Individual orders may be made up to \$100,000 from Navy Exchanges in Japan and Guam.

4301 CONTRACTING RESTRICTIONS

SENIOR SUPPLY OFFICER AUTHORITY. The senior supply officer is authorized to contract for authorized items of ship's store stock up to \$25,000.00 which are not available from the Ship's store Automated Contract Bulletin (ACB) and Automated Ship's store Afloat Catalog Listing (ASL) or other NEXCOM procurement sources, ONLY under the following conditions:

- a. There is an emergency requirement for authorized supplies and services and scheduled operations will not permit procurement through shore support contracting activities
- b. All contracts are supported by the supply officer's written justification setting forth the facts and circumstances justifying the exercise of such authority. The original determination shall be attached to the sales officer's copy of the contract
- c. All transactions are made by an approved small purchase method providing for immediate delivery of material purchased

4302 CASH PURCHASES

1. CASH PURCHASES OF SHIP'S STORE STOCK ITEMS
 - a. General. When ship's store stock is required under emergency conditions from a vendor who will not accept a DD Form 1155,

procurement may be made using cash funds using the ROM emergency procurement process. The sales officer will prepare the following:

- (1) A DD Form 1155 will be prepared as outlined in the ROM User's Guide, except the senior supply officer will sign
- (2) A Public Voucher for Purchases and Services Other than Personal (Standard Form 1034) will be prepared and approved by the senior supply officer charging the Navy Working Capital Fund.

b. Payment to Vendor. The sales officer will give the disbursing officer the following:

- (1) The original and one copy of the DD Form 1155
- (2) The original and three copies of the vendors invoice
- (3) The original and all copies of the SF 1034

The disbursing officer will issue a check for payment of the items. The sales officer will give the check to the vendor. One copy of the vendor's invoice will be filed with the DD Form 1155.

PART D – SPECIAL ORDER PROCEDURES

4400 GENERAL INFORMATION

Special order requests for articles not listed in the ROM ASL/ACB database will be submitted to NEXCOM (Ship's Store Program) for procurement. Special orders of foreign merchandise will be processed as per Chapter 3.

4401 STANDARD SPECIAL ORDER PROCEDURE FOR INDIVIDUAL CUSTOMERS

1. PRIOR TO INITIATING SPECIAL ORDER. Prior to initiating a special order, the remaining on board time of the customer placing the order will be determined to ensure against detachment before receipt of merchandise.
2. PREPARATION OF THE SPECIAL ORDER. A request to NEXCOM will be prepared as outlined in this Chapter. Additionally, the following statement will typed and attached to a copy of the DD 1155:

SPECIAL ORDER

Name _____ Rate/Rank _____

Division _____ Transfer _____

Date/Date Enlistment Expires _____

3. DISTRIBUTION OF SPECIAL ORDER. The DD Form 1155 will be distributed following paragraph 4204.
4. RECEIPT OF MERCHANDISE. Receipts will be handled as receipts from purchase. Upon receipt of the merchandise the customer who placed the order will be notified that the merchandise can be picked up. The price of the special order merchandise will be computed as outlined in Chapter 2. The customer will pay the retail store operator for the merchandise. The purchase will be scanned at the register and included in the cash collected for the day.

4402 OPTIONAL SPECIAL ORDER PROCEDURE

1. GENERAL. If deemed necessary and based on the past experience the commanding officer may direct the sales officer to collect for special orders prior to placing the orders. The special order will be processed per para except as outlined in subparagraph 2 – 6.
2. PRIOR TO INITIATING THE ORDER. Prior to initiating a special order, the remaining on board time of the customer placing the order will be determined ensure against detachment before receipt of merchandise.
3. RESPONSIBILITY OF CUSTOMER PLACING THE ORDER. Before a special order is processed, the customer placing the order will pay the retail amount necessary to cover the entire retail value of the merchandise. The price of the special order merchandise will be computed as outlined in Chapter 2. The customer will pay the retail price on separate Navy Cash terminal. The Navy Cash report will be forwarded to NEXCOM to show that payment has been made.
4. PREPARATION OF THE SPECIAL ORDER. The special order PDF form will be created as outlined in this Chapter. The ship will keep a copy of the Navy Cash terminal payment to document who paid for the merchandise. In addition the ship may wish each person to provide the following information so that the merchandise can be provided to the customer upon receipt.

Name _____

Rate/Rank _____

Division _____

Transfer Date/Date Enlistment Expires _____

5. RECEIPT OF MERCHANDISE. Upon receipt of the merchandise, the customer who placed the order will be notified that the merchandise can be picked up. The customer will acknowledge receipt of the material by signing the certified copy of the Navy Cash report beside their name.

SECTION II – PROCUREMENT AND FUNDING OF OPERATING SUPPLIES, EQUIPMENT AND REPAIR SERVICES

PART A – OPERATING SUPPLIES

4500 OPERATING SUPPLIES

1. GENERAL. Operating supplies are items necessary to operate sales outlets are obtained using Ships Store profits. Supplies for service activities such as standard stock laundry supplies, barber clippers, combs, and disinfecting solutions will be provided by the ship using OPTAR funds
2. PROCUREMENT. If practical, service supplies will be requisitioned from other supply officers or transferred from general stores. If this is impractical, the required items may be purchased using Ship's store Profits with approval of the Commanding Officer.

PART B- EQUIPMENT

4501 EQUIPMENT

1. GENERAL. Equipment and fixtures are grouped into four classifications:
 - a. NAVSEA Installed Equipment. Major equipment and fixtures installed during construction of the ship and considered part of the infrastructure. The Naval Sea Systems Command has cognizance of these items and they are included in the ship's COSAL. This type of equipment includes night depository safes, washers, dryers, and presses, vending in the box dispensing systems, and coffee bars. Repair and replacement of these items would be from appropriated funded lines of accounting; not Ships Store Profits.
1. PROCUREMENT. Items of NAVSEA equipment will be requisitioned in accordance with NAVSUP Pub 485. Equipment will be procured using OPTAR funds and the appropriate TYCOM's subhead. Ship's store profits will not be used to procure equipment and fixtures under the cognizance of the Naval Sea Systems Command.
2. ADDITIONAL OR NEW COSAL EQUIPMENT. If the commanding officer desires an item of major equipment to be added to the COSAL, a letter request containing complete justification will be sent to the Naval Sea Systems Command via the TYCOM, NEXCOM (Ship's Store Program) and the Naval Supply Systems Command. The Ships Configuration Change Form (OPNAV 4790/CK) will accompany the letter.

Forwarding endorsements will indicate whether the item should be added to the COSAL. The request will be considered by the Naval Sea Systems Command in making the final determination. The Naval Sea Systems Command in making the final determination will consider these recommendations. If procurement is authorized, the equipment must meet the existing military specifications for electronic interference elimination, if applicable.

- b. Ships Store Replacement Equipment. Equipment ordered and installed by the ship. Vending machines, snack machines, coffee bar coffee brewers, vending machine CAD devices are examples of this equipment. Funding for this equipment would be ships store profits.
- c. ADP Equipment. ADP equipment used to support retail operations may or may not be included as part of the ships initial outfitting. Additional or replacement may be either OPTAR or ships store profits.
- d. Minor equipment. Minor equipment is those items which are under \$500.00 unit cost and are not included in the Ship's Coordinated Shipboard Allowance List (COSAL), such as adding machines or printers. Addition or replacement may be either OPTAR or ships store profits.

PART C – FUNDING

4520 GENERAL INFORMATION

1. SHIPS MAY USE OPTAR FUNDS OR THEIR SHIP'S STORE PROFITS, Navy depending on the circumstances and policies outlined in the applicable paragraph to fund the following equipment, repairs, or services. These items and services will not be purchased using the Navy Working Capital Fund.

| Item | Funding source | |
|--|----------------|-----------|
| | Primary | Secondary |
| Visual merchandising support services | SSPN | |
| Display aids | SSPN | |
| Moneybags | SSPN | |
| Vending Machine CADs | | |
| Dollar bill changers | | |
| Coin changers, coin counters and sorter/wrappers | SSPN | |

| | | |
|---|-------|-------|
| Repairs to ship's store | SSPN | |
| Replacement equipment | SSPN | |
| Minor equipment for retail outlets | SSPN | |
| Materials /Equipment for modernization or improvements to the Ship's store facilities | OPTAR | SSPN |
| Vending machines | SSPN | OPTAR |
| Repairs to vending machines | SSPN | |
| Laundry services | OPTAR | SSPN |
| ADP equipment used for store operations | SSPN | OPTAR |

2. PURCHASES USING SHIP'S STORE PROFITS, NAVY. These purchases will be charged to the individual ship's profits.

4521 PROCUREMENT IF USING SHIP'S STORE PROFITS, NAVY

1. PROCUREMENT OF EQUIPMENT. The ship will request procurement of the following through NEXCOM (Ship's Store Program):
 - a. Materials for modernization or improvements to ship's store facilities
 - b. Drink vending machines
 - c. Other vending type machines
 - d. ADP equipment used for retail store operations
2. PROCUREMENT OF SERVICES The ship will contact NEXCOM (Ship's Store Program) for procurement of the following:
 - a. Visual merchandising support services
 - b. Minor equipment
 - c. Repairs to vending machines
 - d. Laundry services from Navy Exchanges or commercial sources
 - e. Repairs to ADP equipment used for retail store operations
3. PROCESS. Upon receipt of the ship's notification, NEXCOM (Ship's Store Program) will procure the equipment or service requested, and notifies the

ship of cost. When the vendor has advised NEXCOM that they have shipped the items or completed the service, NEXCOM will send an email requesting the ship confirm receipt of the items procured or service provided. . Upon receipt of the equipment or completion of the service, the ship will send a confirmation email to NEXCOM (Ships Store program). The ship will not be charged for the equipment or service until DFAS has paid the invoice or vendor bill. Ships may view the status of all orders in the ROM Equipment Purchase section.

4522 ACCOUNTING INSTRUCTIONS

1. PAYMENT IN THE UNITED STATES. In the United States, the Defense Finance and Accounting Service, Cleveland, (DFAS), is the paying activity for all purchases using Ship Store Profits, Navy. Requirements will be forwarded to NEXCOM (Ships Store Program) for processing via Government Purchase Card as a charge to the ship's' profits. NEXCOM will enter the purchase into ROM. After paying the bill, DFAS will confirm the purchase in ROM and send the NEXCOM an Abstract Data Report (ADR) that documents the payment. NEXCOM ships store program will confirm and post the cost to the ship.
2. PAYMENT OUTSIDE THE UNITED STATES. Outside of the United States, purchases using Ship's store Profits, Navy will be paid by the ship's disbursing official, unless payment by another official is required. For all SSPN purchases, the ship must contact NEXCOM (Ships Store Program) so that the information can be entered into ROM. Complete documentation, e.g. item, quantity, cost, must be provided.
3. POSTING OF THE PAYMENT. When DFAS receives notification of the payment from the ship's Disbursing Officer or other paying activity, they will confirm the purchase and notify NEXCOM ships store program who will confirm and post the cost to the ship.

PART D- ADP EQUIPMENT

4530 ADP EQUIPMENT USED IN SUPPORT OF RETAIL OPERATIONS

1. GENERAL. ROM consists of ADP retail equipment in each of the retail outlets as well as in the ship's store office. This equipment was provided by appropriated funds for ships in the fleet and will be provided for new construction ships as part of the initial load out.
2. EQUIPMENT REPLACEMENT. If a ship desires to replace the equipment they should contact NEXCOM (Ship's Store Program) to ensure compatibility with existing equipment.

3. FUNDING. The cost of equipment replacement may be charged to the ship's OPTAR funds when approved by the supply officer. If OPTAR funds are not available, the cost of the replacement equipment may be charged to Ship's store Profits, Navy with written approval from NEXCOM (Ship's Store Program).

PART E – PROCUREMENT OF VENDING MACHINES AND RELATED ITEMS

4540 BUYING VENDING MACHINES GENERAL INFORMATION

NEXCOM (Ship's Store Program) is the control point for the procurement of various type dispensing machines and related items. The cost of machines, maintenance and repairs will be charged to the individual ship's profits. If the ship's profits are not sufficient to absorb the charge, a loan may be requested from NEXCOM (Ship's Store Program). Forces afloat will accomplish installation of the machines.

4541 AUTHORIZED MACHINES

1. LIST OF AUTHORIZED MACHINES. When authorized for installation afloat, the following list of machines will be operated as part of the ship's store operation:

| <u>Type of Machine</u> | <u>Authority Required From</u> |
|------------------------------|--------------------------------|
| Vending Machines: | |
| can drink | TYCOM |
| snack | TYCOM |
| phone card machines | NEXCOM |
| Vending Machine Coin Changer | see note 1 |
| Coin Counter and Sorter | see note 1 |
| Coin Counter and Wrapper | see note 1 |

Note 1: Automatically authorized if ship accepts cash on a regular basis. .

2. VENDING MACHINES. Vending machines purchases by NEXCOM (Ship's Store Program), regardless of the type of product vended, will be restricted to only those machines for which the manufacturer can show proof of conformance with the following standards:

- a. For all vending machines: Underwriter's Laboratories Inc.
- b. For drink vending machines:
Underwriter's Laboratories Inc.
UL541-1970-Vending Machines, Refrigerated
- c. For all vending machines for food products (including candy and cookie):
National Sanitation Foundation
STD No. 25-Food Vending Machines, or
National Automatic Merchandising Association Vending NAMA
Machine Evaluation Program

4542 PROCUREMENT PROCEDURES

1. INITIAL PROCUREMENT

- a. Submission of Request. A letter request will be forwarded to NEXCOM (Ship's Store Program) via the TYCOM for the initial procurement of all types of authorized machines. NEXCOM (Ship's Store Program) will prepare a purchase order and send the ship a copy.
- b. Information Required. In order to expedite procurement, a letter request for procurement of machines will include the following information:
 - (1) An inventory of all machines presently installed, with location and weight of each unit and the proposed location of the new machine
 - (2) A complete description of the machine desired, including make, model, capacity and size
 - (3) Accessory equipment desired, such as coin changer, repair parts, and other required items
 - (4) Other information necessary to ensure procurement of the equipment desired
 - (5) Date required (allow 21 days prior to the date required)
 - (6) Specific pier side delivery instructions
 - (7) For replacement machines only, a statement of the general condition of the machine being replaced, including date of acquisition and serial number of the equipment

- (8) For can drink vending machines, intended stowage space to be used for the supply of can drinks, including the capacity of these spaces and the anticipated consumption during periods at sea
2. PROCUREMENT OF ADDITIONAL SNACK MACHINES. A letter request for procuring additional snack machines will be forwarded to NEXCOM (Ship's Store Program) via the TYCOM. After approval, NEXCOM (Ship's Store Program) will prepare the purchase order and send the ship a copy.
3. PROCUREMENT OF OTHER ADDITIONAL MACHINES. A letter request for procuring additional machines not listed in subparagraph 2 will be prepared and submitted in the same manner as a request for initial procurement as outlined in subparagraph 1.
4. PROCUREMENT OF COIN CHANGERS AND OTHER RELATED ITEMS. Coin changers, coin counters, and sorters/wrappers are automatically authorized if the ship accepts cash/cons on a regular basis. The cost of these items will be charged to the individual ship's profits.

4543 ACCOUNTING INSTRUCTIONS

The cost of vending machines and related items will be charged to the individual ship's profits.

4544 REPLACEMENT OF MACHINES

1. REQUESTS FOR NEW MACHINES. Requests shall be sent to NEXCOM Ships Store Program.
2. DISPOSITION OF MACHINES BEING REPLACED. Machines to be replaced will be held pending instructions from NEXCOM (Ship's Store Program).

4545 REPAIR PARTS

Repair parts for permanently installed vending machines may be obtained by contacting NEXCOM (Ship's Store Program) who will purchase the item(s) for the ship.

4546 REPAIR SERVICES

The services of a Navy Exchange or commercial source may be procured to repair vending machines and related items. The cost of the service plus any parts furnished in making the repairs will be charged to the individual ship's profits. Ships will contact NEXCOM (Ship's Store Program), who will obtain the repair service for the ship.

PART F – INSTALLATION OF VENDOR OWNED VENDING MACHINES**4550 PERMANENT INSTALLATION OF VENDOR OWNED EQUIPMENT**

1. GENERAL. The permanent installation of vendor owned vending machines provided to ships at no cost will be limited to the authorized vending machines.
2. MEMORANDUM OF AGREEMENT PREPARATION. After approval has been obtained for the permanent installation of vendor owned vending machines, a Memorandum of Agreement will be prepared and issued to the vendor. The ROM Document library provides an automated version of this form. Vending machines being installed will be completely described including make, model, capacity and serial number, if any. No installation or rental charge will be paid and no security deposit will be authorized. The Memorandum of Agreement will contain a provision stating that there is no requirement that only the vendor's product will be dispensed. The senior supply officer will sign the completed memorandum.
 - a. The following statements should appear in the Memorandum:
 - (1) The U.S. Government assumes no supplies/services liability or loss/damage liability for vendor owned equipment.
 - (2) The vendor agrees to the terms that there is no charge for the machine or installation services.
 - (3) The vendor agrees to the terms and conditions stated in this Memorandum of Agreement.
 - b. The vendor will sign the Memorandum of Agreement
 - c. Enter name, rank and signature of the senior supply officer.
 - d. A copy of the memorandum will be filed in the Correspondence File (WF 3)

4551 TEMPORARY INSTALLATION OF VENDING SERVICES

1. GENERAL. Temporary acquisition of vending services is authorized when:
 - a. The ship is undergoing overhaul or repair
 - b. The vending machines onboard cannot be operated
 - c. At other times when determined necessary by the commanding officer

2. APPROVAL. Before placing a purchase order, the following conditions must be met:
 - a. At U.S. Navy installations, written approval of the commanding officer of the Activity where the ship is located is required. The activity's commanding officer may require the ship to utilize vending machine service from the local Navy Exchange.
 - b. At civilian installations, written approval of the supervisor of ships or U.S. Navy representative is required. If the local Navy Exchange is not used, and the ship desires to authorize a full contract type service, the ship must contact NEXCOM (Ship's Store Program) who will arrange the service.
3. NAVY EXCHANGE VENDING SERVICE
 - a. Most Navy Exchanges can provide vending machines on a temporary basis. Since this is an extension of Navy Exchange services and not a part of the ship's store operation, the procedure specified in paragraph 4421 is not required. This service would include multi-line-vending service. Normally, candy, coffee, milk, snacks, hot and cold food, ice cream, microwave ovens, and bill changers are available. The supply officer or sales officer should contact the local Navy Exchange General Manager to arrange for the type and number of machines required. A 30-day lead-time is recommended to ensure prompt placement. NEXCOM Ships Store Program can contact the Navy Exchange to arrange for the services, if desired.
 - b. The reimbursement rate is based on sales. For sales up to \$50,000, the ship will receive 5% of total sales. There will be a 1% increase for every \$10,000 in sales and the reimbursement rate is capped at 20%.
 - c. The reimbursement received will be accounted for as a contribution to Ship's Store Profits and reported on Line C04B of the NAVCOMPT Form 153.

PART G – PROCUREMENT OF LAUNDRY AND DRY-CLEANING SERVICES

4600 AUTHORIZATION FOR PROCUREMENT OF SERVICES

1. GENERAL. Laundry services may be procured from Navy Exchanges or commercial sources, when the ship cannot provide these services due to:
 - a. Overhaul or repair of the ship
 - b. Personnel or space limitations

2. Procurement Instructions. The primary funding source for procured laundry services will be appropriated funds. If sufficient appropriated funds are not available, the following policy shall be followed:
 - a. Personal uniform and clothing items may be charged to Ship's store Profits, Navy upon commanding officer approval. Procurement and accounting will be done as outlined in paragraph 4421 – 4422
 - b. Sheets, bedspreads, mattress covers, linens, and uniforms for food service personnel, organizational clothing and other similar non-personal items are chargeable to OPTAR funds.

SECTION III – MODERNIZATIONS AND IMPROVEMENTS

4700 MODERNIZATIONS AND IMPROVEMENTS

1. GENERAL. Modernization and improvement to ship's store facilities are designed to enhance the habitability and appearance of the spaces.
2. EXAMPLES. Some examples of improvements include:
 - a. Redesigning the interior layout of the space
 - b. Upgrading security measures (including replacement/installation of roll-up or scissors type security gates, alarm systems and security mirrors)
 - c. Replacement of shelving, showcases and storage cabinets
 - d. Replacement/installation of false overheads, false bulkheads and decorative storefronts
 - e. Replacement of barber chairs, sinks and storage cabinets
 - f. Replacement of barbershop waiting chairs, magazine racks and barber poles
 - g. Installation of coffee bar

4701 MOVES, EXPANSIONS OR ENLARGEMENTS.

Modernization should not be interpreted as permitting any move, expansion or enlargement of existing ship's store spaces. Moves, expansions or enlargements are ship alterations and require the approval of the Naval Sea Systems Command. After approval, NEXCOM (Ship's Store Program), through the Naval Supply Systems

Command, will coordinate with the appropriate ship logistics manager at the Naval Sea Systems Command. This is to ensure that space reservation, utility requirements, weight and other considerations are taken into account as required by NAVSEA/NAVSUP Instruction 9665.1 series (Planning and Outfit of Afloat Supply and Printing Facilities).

4702 MODERNIZATION REQUESTS.

If modernization of a retail store or barbershop is desired, a letter request will be sent to NEXCOM (Ship's Store Program) with a copy to the TYCOM. It should state the purpose of the request and will include the following enclosures:

- a. A rough sketch of the space to be modernized, with exact dimensions including height between decks
- b. Photographs of the area, if possible
- c. Location and size of immovable obstructions within the area

NEXCOM (Ship's Store Program) will then prepare a recommended layout of the area and provide cost estimates and procurement information to the ship.

4702 FUNDING.

The cost of materials for modernization and improvement may be financed from the ship's OPTAR funds when approved by the TYCOM. If OPTAR funds are not available, the cost of materials may be charged to Ship's store Profits, Navy with written approval of NEXCOM (Ship's Store Program). If desired, a loan to cover the cost of modernization may be requested from NEXCOM (Ship's Store Program). The normal loan payback period is normally up to three years.

1. PROCUREMENT USING OPTAR FUNDS. When OPTAR funds are used, materials for modernization and improvement will be made under local procurement regulations. All materials must meet the habitability standards in the Naval Sea Systems Command's Habitability Materials List. NEXCOM (Ship's Store Program), regardless of funding, will approve modernization plans.
2. PROCUREMENT USING SSPN
 - a. Approval by NEXCOM (Ship's Store Program). Material for modernization and improvement will not be charged to Ship's store Profits, Navy without written approval of NEXCOM (Ship's Store Program). All materials must meet the habitability standards in the Naval Sea System Command's Habitability Materials List.
 - b. NEXCOM (Ship's Store Program) cost estimate may be used to request authority to charge Ship's store Profits, Navy (SSPN). NEXCOM (Ship's Store Program) will authorize the charge to SSPN not to exceed a specified amount, provide accounting data, and provide a loan to cover the charge if requested. The layout package along with the funding authorization may then be submitted to the local

contracting activity for a contract to be negotiated for the project to be completed by a local contractor.

CHAPTER 5 – RECEIPTS AND INSPECTIONS
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CHAPTER 5 – RECEIPT AND INSPECTIONS

PART A – RECEIPT DOCUMENTS

5000 GENERAL

Material received aboard ship will require manually entering information on a variety of receipt papers depending upon the manner in which the material was requested, the issuing activity, and the modes of transportation used in delivery. Certain certifications are common to all manual receipt documents. Receiving personnel must:

- a. Date the document upon receipt
- b. Circle the quantity accepted
- c. Sign the document to indicate receipt (print the name and sign)

5001 RECEIPTS FROM OTHER SUPPLY OFFICERS

1. EXPENDITURE DOCUMENTS The expenditure document issued by a transferring activity in response to a requisitions to other supply officers will be one of the following:

- a. Issue Release/Receipt Document (DD Form 1348-1A)
- b. Requisition and Invoice/Shipping Document (DD Form 1149)

2. ISSUING ACITIVITIES.

- a. Combat Logistics force (CLF) ships
- b. Other Sales Officers (OSO)
- c. General stores/General Mess
- d. Marine Corps and other government departments

3. REQUISITIONED MATERIAL RECEIVED WITHOUT AN EXPENDITURE DOCUMENT. If material is received without the issuing ship's expenditure document, the receiving ship will immediately contact the issuing ship to request merchandise quantity and cost prices. Until the information is received, the receiving ship will be unable to process the receipt. The material will be physically received but the requisition will not be confirmed in ROM until quantity of items and cost prices are matched against the issuing ship's expenditure

document. ROM requires an expenditure number to process the receipt. If no expenditure number is provided by the issuing ship, the receiving ship will use its requisition number in its place

5002 RECEIPTS FROM COMMERCIAL SOURCES

A commercial vendor will normally provide a shipping invoice with the material they are providing. If the material arrives without a shipping invoice, the ship may use their receipt document to receive the items.

PART B – RECEIPT AND INSPECTION PROCEDURE

5100 RECEIPT ON BOARD

The sales officer is responsible for the receipt, identification and inspection of all incoming stock. However, the sales officer may delegate an officer or enlisted assistant as receipt inspector, provided the sales officer has noted in his division officer's notebook that the person is in process or has completed the PQS for Receipt Inspector. When stock is received on board, it will be assembled on the deck and checked. The sales officer will ensure that responsible personnel are posted in suitable locations to safeguard the stock until it is secured in a locked space.

5101 INSPECTION ON RECEIPT, ACCEPTANCE BY RECEIPT INSPECTOR

1. GENERAL. For all receipts the receipt inspector is checking the quantity received against an expenditure document or shipping invoice. For all receipts, other than transfers from CLF ships the actual quantity will be recorded on the receipt inspector's document. Receipt will be done by case count if the inspector can validate that cases counted equal the number shown on the shipping invoice. As all items are ordered as "each" the quantity of the items received should be the same as the quantity on the expenditure document. The quantity indicated on the outside of a container must be checked if the container has been opened.
2. RECEIPTS FROM PURCHASE.
 - a. General. Receipts will be by case count or quantity based on shipping invoice. If a shipping invoice is not available, the receipt inspector will use the copy of the purchase order. The receipt inspector will inspect the quantity and quality of all material received from commercial vendors. Material will be accepted only if the receipt inspector is satisfied that:

- (1) Cases counted equal the number shown on the shipping invoice or the quantity of the items received is the same as the quantity on the DD Form 1155.
 - (2) The quality of the items received is satisfactory (only material, which is received in a satisfactory condition, will be accepted). The liability of the Government of the material received will be governed by the terms of the purchase order.
- b. Acceptance. If the quality of material received from a vendor is satisfactory, the quantity may be accepted by the receipt inspector. If the quantity of items received is the same as the quantity ordered on the DD Form 1155, the receipt inspector will:
 - (1) Circle the quantity received or if it is not the same, write in the actual quantity received
 - (2) Print and Sign name and grade and date of receipt on the shipping invoice
 - (3) Forward invoice to recordskeeper

If the quality or quantity of the material is not satisfactory, the vendor should be immediately notified. If the quantity of items received is not the same as the quantity of items ordered, the receipt inspector may accept the lesser quantity. ROM will not allow the ship to receive from a commercial vendor more than what was ordered.
3. RECEIPT FROM CLF SHIP. The transferring ship will provided a DD Form 1348-1 for each item transferred. Ship will receive the quantity transferred at the standard cost. Any differences in quantity received and quantity on DD 1348 will be surveyed to NWCF.
4. RECEIPT FROM PRIME VENDOR.
 - a. General. Normally prior to ordering, the Combat Logistics Officer/CTF sends each ship a Prime Vendor catalog with item pricing which is used to create orders. In addition, the CLO /CTF also sends a DLA report to the ship that lists each item paid for by the CTF (STORES REPORT). The Prime Vendor delivery should include an inventory manifest or invoice with the material. Ships will match line items received onboard against the quantity shown on the vendor invoice and DLA report (shipping invoice and DLA items/quantities should be the same) and confirm the requisitions in the ROM system. Differences between the shipping invoice/DLA report and actual receipt by the ship should be surveyed to NWCF). Differences greater than \$100 should be reported to the CLO for review. The receipt price or cost should be taken from the catalog or CTF (STORES report). If it is not available, use the Prime Vendor's invoice and increase the cost for each line item by the DLA surcharge to avoid an unmatched expenditure. Ships should not create new stock record card for like items. ROM will adjust the cost of the item to reflect any new pricing.

- b. Reporting. Each requisition/item received must have an individual receiving report. The receiving report should show the quantity on the DD Form 1348 or Prime Vendor invoice. The cost will be either the DD form 1348 cost or (if from a Prime Vendor); the STORES report cost or the invoice cost increased by the DLA surcharge.
5. RECEIPTS FROM OTHER GOVERNMENT DEPARTMENTS. Receipts from other Government departments will be inspected for quantity and quality as prescribed above.

5102 RECEIPTS OF PARTIAL SHIPMENTS

ROM automatically assigns a receiving number and posts partial receipts entered in the ROM Receipts function to the Journal of Receipts. This process will be repeated until final shipment has been received for all items listed on the requisition or purchase order.

5103 RECEIPTS OF MATERIAL ORDERED UNDER FAST PAY PROCEDURES

Under Fast Pay Procedures, the vendor assumes responsibility and risk for supplies not received, damaged supplies, or supplies not in conformance with the Order for Supplies or Services/Request for Quotations (DD Form 1155). Replacement, repair or correction will be at the vendor's expense provided the vendor is advised within 90 days from date of delivery to a post office or common carrier (or shipment by other means to the point of first receipt by the Government) (180 days for overseas shipments). The vendor will be notified immediately of supplies that are not received, damaged, and/or not in conformance with the DD Form 1155 requirements. A copy of the DD Form 1155 should be included for identification purposes. Ship's store items received under Fast Pay or Certificate of Conformance Procedures will be processed in the same manner as other receipts.

5104 RECEIPT BY THE RESPONSIBLE CUSTODIANS

1. GENERAL. ROM does not allow receipts into sales outlets except for canned drink receipt which are received into holding/sales location 9800. All other receipts must be received into a holding location such as the bulk storeroom. The storeroom custodian will receive all material by quantity, not case count. The following procedures apply:
 - a. Circle the quantity of items received
 - b. Check the "Inspected", "Received" and (if quantity differences exist) the "Accepted, and conforms to the contract except as noted" blocks in block 26 of the DD Form 1155
 - c. Print and Sign name and grade in block 26 of the DD Form 1155

5105 CERTIFICATION OF ACCEPTANCE

When the receipt inspector and storeroom custodian sign their names to receiving documents, their signature certifies that they acknowledge receipt of items listed of which they hold themselves responsible to the U.S. Government.

The receipt inspector's copy is the accountable document for receipt. Any discrepancy between the counts recorded by the receipt inspector and storeroom custodian will be investigated. Any loss will be accounted for by a formal survey process as outline in Chapter 7 and supported by the discrepancy report.

Any merchandise found after the receipt is confirmed will be corrected by doing a spot inventory and accounting adjustment.

5106 ERRORS IN RECEIPT FROM OTHER SUPPLY OFFICERS

1. QUANTITY. A quantity error occurs when there is a difference between the quantity physically received and the quantity shown on the receipt document. When an overage or shortage occurs, the receipt inspector and storeroom custodian will indicate on the receipt document the actual quantity physically received. ROM uses an average to compute the cost of an item, i.e. the number and cost of stock on hand is averaged with the number and cost of the item being received. Care must be taken to determine the dollar amount of any shortage so that both the ship and customer is protected.
 - a. Shortages. A shortage occurs when the quantity physically received is less than the quantity on the receipt document, regardless of the quantity on the original requisition.
 - (1) Shortages from CLF ships. The total quantity at the value shown on the DD Form 1348-1A will be received and taken up on the stock record cards. The quantity that was shorted will be expended by survey as a charge to the Navy Working Capital Fund. The requisition number, date received and source of supply will be entered in block 9 of the Report of Survey (DD Form 200). An information copy of the DD Form 200 will be forwarded to the issuing activity.
 - (2) Shortages from OSO transfers when the material is not in a "face to face" situation. The total quantity at the value shown on DD form 1149 documents will be taken up on the stock record cards. The quantity that was shorted will be expended by survey as a charge to the Navy Working Capital Fund. The receiving ship will notify the transferring ship of the shortage. The requisition number, date received and source of supply will be entered in block 9 of the Report of Survey (DD Form 200). An information copy of the DD Form 200 will be forwarded to the issuing activity

- (3) Shortages from OSO transfers when the transfer of material is "face to face". There should be no shortages when both transferring ship and receiving ship are able to both validate the items and prices being transferred and received. All differences must be resolved before any transfer is confirmed.
- (4) Shortages from Prime Vendor. The Prime Vendor delivery should include an inventory manifest or invoice with the material. Ships will match line items against the CLO/DLA report sent to the Supply Officer and receive the quantity shown on the vendor invoice and confirm the requisitions in the ROM system. Differences should be surveyed to NWCF.
- b. Overages. An overage occurs when the quantity physically received exceeds the quantity stated on the receipt document regardless of the quantity on the original requisition. The receiving ship has the option of either returning the excess material or keeping it. If the ship elects to keep the material and is not charged for it the receiving ship will treat the items as a "bonus free item". The requisition must be modified prior to receipt to add the item to the requisition with the quantity of overage and changing the cost to \$0.00. The receipt document will show ordered amount as stated cost and the extra amount as "zero" cost. As an alternative, the ship may do a spot inventory to bring the items into inventory.

5107 ERRORS IN RECEIPTS FROM PURCHASES

- 1. QUANTITY. ROM allows only the quantity ordered or less to be received and posted. Payment will be made only for the quantity posted. Quantity errors for orders under Fast Pay Procedures will be processed as per paragraph 5101.
- 2. QUALITY. A quality error occurs when the condition of the material received is not satisfactory. Unsatisfactory material will not be accepted and material will be returned to the vendor.

PART C – DISTRIBUTION OF RECEIPT DOCUMENTS

5200 DISTRIBUTION OF RECEIPTS FROM OTHER SUPPLY OFFICERS

- a. DD Form 1348-1A. When a DD Form 1348-1A is used as a receipt document, the distribution will be as follows:
 - (1) The original, signed by the receipt inspector (name must also be printed on each receipt document) and returned to the issuing ship (if required by issuing ship)
 - (2) Copy of the DD Form 1348-1A and copy of the Receiving Report will be filed in the B05 (AO) File until the monthly transmittal to DFAS. This document should be transmitted electronically if possible
 - (3) Receipt inspector's copy, bulk storeroom custodian copy and copy of the Receiving Report will be filed in B05 (RK) File
- b. DD Form 1149. When a DD Form 1149 is used as a receipt document, the distribution will be as follows:
 - (1) Original copy from issuing ship will be dated, signed and quantities circled and returned to the issuing activity
 - (2) Copy of the DD Form 1149 and copy of the Receiving Report will be filed in the B05 (AO) File until the monthly transmittal to DFAS. This document should be transmitted electronically if possible
 - (3) Receipt inspector's copy, bulk storeroom custodian copy and copy of the Receiving Report will be filed in B05 (RK) File.

5201 DISTRIBUTION OF RECEIPTS FROM PURCHASES

UNITED STATES MERCHANDISE. Fast Pay Procedures Applicable. For United States merchandise, the DD Form 1155 will be distributed as follows:

- (1) Copy of Receiving Report will be filed in B01 (AO) File until the monthly transmittal to DFAS. This document should be transmitted electronically if possible.
- (2) Receipt inspector's copy, storeroom custodian copy and copy of the Receiving Report will be filed in B01 (RK) File

PART D – POSTING AND PROCESSING RECEIPT DOCUMENTS

5300 ENTRIES ON RECEIPT DOCUMENTS

1. RECEIVING NUMBER. ROM assigns a receiving number to each receipt entered and extends the receipt at cost price.
2. CHANGE TO THE COST. Change to the cost of an item is possible only at the time of receipt, before the receipt information is confirmed in ROM. Upon confirmation of the receipt of the merchandise, no change of the cost price is possible
3. TOTAL COST VALUE. All receipt data including transportation charges will be entered in ROM as outlined in the ROM User's Guide. ROM computes the total cost value of each receipt based on the data entered. The total dollar value of the receipt with cost of transportation will be posted to the Journal of Receipts.

For example:

| Item | Quantity Received | Unit Cost Price | Extended Cost Total Price |
|------------|----------------------|--------------------|------------------------------|
| MP3 player | 2 ea | \$29.75 | \$59.50 |
| Ear buds | 4 pk | \$ 5.00 | <u>\$20.00</u> |
| | | | \$79.50 |

| | | |
|----|---------------------------------|---------------|
| a. | Total cost value of the receipt | \$79.50 |
| b. | Plus transportation charges | <u>+ 4.00</u> |
| c. | Total dollar value of receipt | \$83.50 |

The total dollar value of the receipt is \$83.50 and this amount will be posted to the Journal of Receipts.

5301 POSTING DIFFERENT TYPE OF RECEIPTS

1. GENERAL. Receipt documents for all material are posted to the applicable stock record cards, as the material must be physically routed through a storeroom. The stock record card is the key data element in documenting ship's store transactions.
2. RECEIPTS DIRECTLY INTO A HOLDING LOCATION ROM will not allow receipts into sales or service outlet. All receipts must be received into a holding location such as the bulk storeroom with the exception of canned vending. .

3. RECEIPTS FROM OTHER APPROPRIATIONS. For material received from other appropriations (such as the general mess or general stores), the receipt will be processed following subparagraph 2. The amount of the credit expenditure will be subtracted from the amount reported on Line B10 of the NAVCOMPT Form 153. ROM will post receipts from other appropriations to all applicable records.

5302 POSTING RECEIPTS ON THE JOURNAL OF RECEIPTS

Each receipt recorded on the B01/B05 Report will be assigned a receiving number from a continuous series of numbers beginning each accounting period with the number one (1). ROM automatically assigns a receiving number to each receipt entered and posts the cost value of the receipt to the B01/B05 Report. Corrections to receipts posted in ROM will be made following procedures in paragraph 5304. At the end of the accounting period, ROM will total all receipts entered and posts the applicable sections to the NAVCOMPT Form 153.

5303 MONTHLY TRANSMITTAL OF RECEIPTS AND CREDIT MEMORANDUM DOCUMENTS TO DFAS

1. FORWARDING RECEIPTS/CREDIT MEMORANDUMS. Each month the sales officer will forward a summary letter, receiving reports for receipts from purchase, receipts form OSO, accounting adjustments and credit memos to DFAS Cleveland, OH. This transmittal should be sent electronically if possible.
 - a. Electronically. The preferred method of sending documents is electronically. Whenever possible, use the ship's scanner to scan all hard copy documents into a PDF file (DFAS systems cannot accept other formats such as TIF or JPEG etc.), attached the file to an email and send it to: shipstores@dfas.mil. In the subject line of the email, give ships name, UIC and month. If sending more than one email, number the emails.
 - b. Paper. The sales officer will forward copies of the documentation for the month. For complete mailing address see Chapter 9. Documents must be submitted to DFAS Cleveland, OH not later than seven calendar days after the end of the month. (This includes the last month of the accounting period. Receipt and credit memorandum documents will be forwarded to DFAS separately from the returns.). Documents should be securely packaged in envelopes or boxes. The following will be written in the upper left corner of each package:

UIC, Name and FPO Address of ship
"Receipt documents numbers _____ through _____ for the month of _____".

If two or more packages are used, the number of the package and the total number of packages sent will be included on the outside of the each package

2. SEPARATING RECEIPTS INTO GROUPS. Receipt documents will be separated into two groups as follows:

- a. Receipts from purchases (including original credit memorandum documents)
- b. Receipts from other supply officers of ship's store stock

A copy of the transmittal cover letter and copy of the itemized list of receipt documents will be filed with the retained returns. ROM will separate receipts into groups automatically. ROM will produce the cover letter and itemized list of receipt documents. The sales officer will compare the actual documents with the itemized list of receipt documents to verify that the total cost value posted in ROM equals the actual cost value of merchandise received.

3. NEGATIVE REPORTS. Negative reports are required. If there are no receipts during a month, a negative letter report must be provided to DFAS for that month. ROM will produce a Negative Report letter for submission to DFAS.

5304 ADJUSTMENT TO RECEIPT DOCUMENTS

Differences in the value of a receipt document will be corrected by an Accounting Adjustment, only if the difference is in excess of \$10.00. No Accounting Adjustment is necessary for differences of less than \$10.00. Differences less than \$10.00 should not have a significant impact on the ship's store operation. An Accounting Adjustment will be prepared for the differences between the amount of the receipt originally transmitted and the actual value. The difference, the original document number and the month transmitted will be included on the Accounting Adjustment. ROM will automatically assign the next available receiving number to each Accounting Adjustment. The value will show on Line B01 and on Line B22 of the NAVCOMPT Form 153. The value of the debit or credit will be reported on the Journal of Receipts for the current accounting period. This value will also be included in the monthly transmittal to DFAS. The DD Form 1149 will be distributed as follows:

- a. Receipts from Purchases
 - (1) Original will be filed in B01 (AO) File
 - (2) Copy will be filed in B01 (RK) File
- b. Receipts from Other Supply Officers

- (1) Original will be filed in B05 (AO) File
- (2) Copy will be filed in B05 (RK) File

5305 SHIP'S STORE UNMATCHED EXPENDITURE LISTING

1. THE SHIP'S STORE UNMATCHED EXPENDITURE LISTING This lists all unmatched expenditures (payments and OSO summaries) that have not matched with the corresponding receipt document. It is furnished to each ship on monthly basis and the sales officer must reconcile the listing and return it to DFAS within 30 days after receipt.
2. DOLLAR AMOUNTS. The listing contains expenditure differences for a one-month period. A cumulative listing is generated at the end of each four-month reporting cycle. Differences of less than \$10.00 do not appear when the expenditure is a payment made by DFAS or a disbursing officer. OSO Summary differences of less than \$10.00 appear for information purposes only on the listing and remain there until aged six months. OSO Summary differences of less than \$10.00 do not require adjustments.
3. SHIPS LISTING. An Excel spreadsheet of the Unmatched Expenditure Listing is forwarded to each ship. Upon receipt, the listing will be reconciled in conjunction with the ships retained returns, purchase order log and requisition log. Enter the applicable action codes (with information required to fill in the blanks) onto the listing and return the original to DFAS within 30 days and file the copy in WF 3.
4. SHIPS ACTION CODES:

| <u>CODE</u> | <u>EXPLANATION</u> |
|-------------|---|
| 1 | Material not received or shipments partially received. Vendor has or will be contacted. |
| 2 | Material received. Receiver's number ____ in the amount of \$ ____ forwarded in ____ transmittal of receipts. |
| 3 | Cannot identify transaction. If valid charge, furnish copy of paid OSO Summary/Voucher Invoice. |
| 4 | Discrepancy due to quantity difference. Copy of signed delivery ticket attached. Request DFAS recoup overpayment. |
| 5 | Discrepancy due to deduction of Credit Memo ____ in the amount of \$ ____ from receipt but not from payment. Copy of credit memo attached. Request DFAS take appropriate action on credit memo. |

- 6 Julian date/serial number appears to be incorrect. Receiver's number ____ in the amount of \$ ____ forwarded in the ____ transmittal under Order number _____. Request DFAS research and advise.
- 7 Ship's action code ____ information previously furnished on unmatched listing for _____.
- 8 Other (Specify details)
Note. For any unmatched expenditure with a date 30 Sept 2011 or earlier, enter "DFAS Action Item".
5. DEFINITIONS. Definitions used by DFAS on the Unmatched Expenditure Listing for receipt/expenditure types.
- a. RECEIPT TYPES
- | | |
|--------|------------------------------|
| PURREC | Purchase Receipt |
| OSOREC | Other Supply Officer Receipt |
- b. EXPENDITURE TYPES
- | | |
|--------|--|
| PAYEXP | Payment made to commercial vendor |
| DLAEXP | Payment of merchandise procured from Defense Logistics Agencies (DLA). (Prime Vendor payments) |
| COREXP | Correction on payment made to vendor |
| COLEXP | Collection voucher (credit memos and checks for refunds, offsets, etc) |
| 162EXP | Requisitions summarized by Other Supply Officers |

PART E – PROCESSING DEALER'S BILLS FOR PAYMENT

5400 PROMPT PAYMENT ACT

Under the provisions of the Prompt Payment Act (Public Law 97-177), federal agencies are required to pay interest penalties for late payment of a proper dealer's invoice. In the interest of better business relationships with vendors, improved efficiency of the bill paying functions and reduced cost of goods and service, all activities with procurement authority are required to certify and forward proper invoices promptly to the paying activity specified in the purchase order. For most purchases, payment is due within 30 days of the date of acceptance of material/services or receipt of invoice; whichever is later, unless another date is specified in the contract. In order for the paying activity to comply with the above time frames, all ships are required to submit invoices for payment within five working days following certification and acceptance of the goods or services.

5401 DEALER'S BILLS FOR UNITED STATES MERCHANDISE

1. FAST PAY PROCEDURES APPLICABLE

- a. Payment to Vendor. The Fast Pay and Certificate of Conformance Procedures are designed to expedite payment to the vendor. Under these procedures, a dealer's bill is paid when the vendor can certify delivery of the material to a post office or common carrier (or shipment via other means to the point of first receipt by the Government). The vendor agrees to replace, repair or correct supplies not received at the destination, damaged in transit, or not conforming to purchase requirements provided the vendor is advised within 90 days from date of delivery (180 days for overseas shipments). Payment for material and the cost of transportation will be made upon the submission by the vendor to the paying activity of the following:
- b. Checking Dealer's Bills. Upon receipt, the copy of a dealer's bill will be checked by the sales officer against the certified copy of the purchase order in the B01 (RK) File. The dealer's bill will be checked to ensure that:
 - (1) Items listed on dealer's bill are the same items received on purchase order
 - (2) Quantities billed are the same as the quantity of items received
 - (3) The prices listed on the dealer's bill are the same as the cost prices on the purchase order

Discrepancies in quantities or incorrect prices billed by vendor will be reported to the vendor to request corrective action.

- c. Document Distribution. After the copy of the dealer's bill has been checked, it will be filed with the retained copy of the DD Form 1155 in the B01 (RK) File.

5402 DEALER'S BILLS FOR FOREIGN MERCHANDISE

1. GENERAL. Payment of dealer's bills for foreign merchandise will be made under the terms of current contracts and following fleet and force commanders' instructions covering foreign purchases.
2. FAST PAY PROCEDURES APPLICABLE. When foreign merchandise is ordered from Navy Exchanges, Fast Pay Procedures are applicable. The bill from a Navy Exchange will be processed in the same manner outlined in paragraph 5401-1.

3. FAST PAY PROCEDURES NOT APPLICABLE

Disbursing Officer Makes Payment. When a dealer's bill is received from a foreign vendor, it will be paid by the ship's disbursing officer unless payment by another official is required. To support payments by the ship's disbursing officer, the sales officer will provide the following documents:

- (1) The original and one certified copy of the confirmed purchase order
- (2) The original and three copies of the dealer's bill
- (3) The original and all copies of the Public Voucher for Purchases and Service Other Than Personal (SF 1034).

Paying Activity Makes Payment. If payment cannot be made by the disbursing officer, the following will be forwarded under a letter of transmittal to the activity designated to pay the bill:

- (1) The original and certified copy of the confirmed purchase order
- (2) The original and three copies of the dealer's bill

5403 FOLLOW-UP ON DEALER'S BILLS

1. GENERAL. When purchased material has been received without a dealer's bill, the sales officer will take action to ensure that a dealer's bill is received.
2. UNITED STATES MERCHANDISE

- a. Fast Pay Procedures Applicable. The sales officer will contact the vendor if a copy of the dealer's bill has not been received by the time material is received on board.
- b. Fast Pay Procedures Not Applicable. The sales officer will contact the vendor if the dealer's bill does not accompany material with it is received onboard.

3. FOREIGN MERCHANDISE

- a. Fast Pay Procedures Applicable. The sales officer will contact the Navy Exchange Officer if a copy of the dealer's bill has not been received by the time the material is delivered onboard.
- b. Fast Pay Procedures Not Applicable. The sales officer will contact the vendor to ensure the dealer's bill is received onboard before the ship's departure from the area. If this cannot be accomplished, arrangements for payment will be made with a shore activity, local naval attachment, naval observer or consular officer. Arrangements will be made as follows:
 - (1) The local naval attachment or naval observer must be designated as a special disbursing agent.
 - (2) If there is no naval attachment or naval observer, or if there is no disbursing officer available in the area, arrangements may be made with the consular officer. The sales officer must submit a prepared Public Voucher for Purchases and Services Other Than Personal (SF 1034) with the original and certified copy of the confirmed purchase order to the consular office. If no arrangements can be made, the vendor will be informed that payment of the bill will be delayed due to ship movement and payment will be made promptly upon receipt of the bill in the mail.

CHAPTER 6 – STOWAGE, BREAKOUTS AND INTRA-STORE TRANSFER
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CHAPTER 6 – STOWAGE, BREAKOUTS AND INTRA-STORE TRANSFER

PART A – STOWAGE

6000 HOLDING LOCATION STOWAGE

1. SPACES. Holding locations are Group III spaces and will be secured as per Chapter 1. Ship's store stock will not be stowed in the same storeroom with other articles, which are not in the custody of the holding location custodian. In emergencies and when locked and separate spaces are not available, the commanding officer may authorize in writing other types of stowage. After the emergency has passed, the stock will be properly stowed again in a separate space.
2. MARKING. Each box or container will be clearly marked as follows:
 - a. Month and year of receipt for all items of ship's store stock with special emphasis on confections, food products, tobacco products, and can drinks.
 - b. Each box may have the stock number or a ROM generated barcode on the outside of the box to assist in the inventory of all items in the location. The ROM system will print labels showing the barcode for each item in stock.
3. ARRANGEMENT AND PRESERVATION. Holding location stock will be arranged in a neat and orderly fashion. Stock should be stowed by item, brand name, barcode and date or receipt to facilitate breakouts, inventories and proper rotation of stock. Case lots should be stowed on grating and not placed directly on the deck. Open space will be provided between individual cases and structural obstructions (such as steam pipes) to permit maximum ventilation. Stagnant air is detrimental to perishable items. Holding locations will be ventilated at least once a week, if practical.
4. ISSUING AND ROTATION. The oldest stock on hand in the holding location should be issued first. Generally, it's "first in, first out". However, when deployed overseas, stock may be received from Fleet Industrial Supply Centers and mobile logistics support force ships, which was manufactured before the stock loaded in the United States during load out. In this instance, the "new" stock received is actually older than the stock already in the holding location and should be issued first.

6001 STOWAGE OF CLOTHING

Clothing will not be stowed against bulkheads because of the possibility of bulkhead sweating. Loose clothing will be wrapped in plastic/paper to ensure it remains clean and saleable. Special care will be taken to keep white clothing clean and attractive. Grating will be used to keep shoe containers off the deck. Storerooms will be kept dry at all times and frequently inspected by the sales officer.

6002 STOWAGE OF FOOD PRODUCTS

Food products should be stored at 70°F. Cookies and crackers will be stored in a well-ventilated area. These items are subject to rapid deterioration and humidity greater than 75% and become stale and musty.

6003 STOWAGE OF CONFECTIONS

1. GENERAL. Confections keep reasonable well when stored in dry places. Cartons of candy should not be stacked higher than eight feet as the pressure and weight on the bottom cartons can damage the product. Other ship's store stock should not be stowed near confections. Dry goods protected with camphor, detergents or other products will spoil candy. Confectionery stock should be stowed so air can freely circulate. Hot spots can develop and cause these products to deteriorate.
2. TEMPERATURE AND HUMIDITY CONTROL
 - a. General. Temperature and humidity effect confections. Severe fluctuations in temperature or humidity can damage confections. Proper stock rotation will ensure the freshness of confections.
 - b. Chocolate. Chocolate should be stored and sold at 60°F to 65°F with a relative humidity of 50%. At temperatures above 70°F, the coca butter will melt and rise to the surface causing a white "bloom". Although edible, such chocolate is a poor sales item. When chocolate with nuts is stored at temperatures above 70°F for long periods, the oil in the nuts will become rancid.
 - c. Other Candy. Non-chocolate candies are not affected by temperature as much as they are by high or low humidity. Humidity will adversely affect the appearance and taste of non-chocolate candy. Marshmallows, nougat and fudge dry out when the relative humidity is fewer than 40%. Jellies, caramels and hard candies will sweat and become sticky when the relative humidity is over 63%.

6004 STOWAGE OF CAN DRINKS

Can drinks can be stored for a relatively long time with the exception of diet drinks. Proper rotation is essential to preserve the subtle characteristics of the drink. The sales officer will periodically inspect for damaged cans or cases to ensure limited damage and sanitary conditions.

6005 STOWAGE OF TOBACCO PRODUCTS

Tobacco products will be stored in a dry, well-ventilated space. Cigarettes should be stored in a cool place at 70°F to 75°F with relative humidity of 60%. Cigars and tobacco require dry storage of approximately 60°F.

6006 STOWAGE OF LAUNDRY SUPPLIES

Laundry supplies should be stored in accordance with the manufacturer's instruction if possible.

6007 STOWAGE OF FLAMMABLE SHIP'S STORE STOCK

1. GENERAL. The flash point of a liquid is the lowest temperature at which its vapor forms an ignitable mixture with the air. The flash point measures the risk of combustion when the liquid escapes its packaging. The flash point is not the same as the combustion temperature, which is when the liquid will actually burn.
2. Based on this criterion, the following authorized items of ship's store stock have been identified as flammable stock:
 - Fluid, lighter
 - Lotion, suntan
 - Lotion, after-shave
 - Mouthwash, antiseptic
 - Deodorant
 - Lotion, hair
 - Spray, hair
 - Perfumes / cologne
 - Polish, shoe, paste
 - Polish, metal
 - Spray spotter
 - Remover, grease
 - Spray sizing, aerosol
3. REQUIRED PRECAUTIONS. The following precautions will be taken to minimize the hazards of flammable ship's store stock:
 - a. Carefully estimate needs to prevent overstocking of flammable items. Limit retail store quantities to three days anticipated sales
 - b. Upon receipt, check flammable merchandise for condition, correct identification and proper marking/labeling
 - c. Do not concentrate flammable items in the retail store. Stow bulk Stocks in a paint and flammable liquid storeroom or NAVSEA approved flammable locker to provide containment upon potential spontaneous combustion.

- d. Post a copy of flammable listing in the storeroom adjacent to designated flammable area or on flammable item locker.
- e. Periodically examine flammable stock in the store and in storeroom for leakage.
- f. Ensure good housekeeping practices are strictly enforced in areas containing flammable stock.

PART B – BREAKOUTS

6100 GENERAL INFORMATION

1. GENERAL. Breakouts involve the movement of stock between holding locations and sales outlets. This includes items sold to customers and items consumed directly in the performance of a service for customers. The ROM breakout function allows authorized users to create, modify, print and confirm breakouts as well as view past breakouts.
2. RETAIL ITEMS. The term “retail items” is defined as any item of stock carried for sale in a sales outlet.
3. TRANSFERING CUSTODIAN. The accountable custodian is responsible for the picking, packing and delivery of stock from that location.
4. RECEIVING CUSTODIAN. The accountable custodian is responsible for the accurate receiving of stock at that location.
5. NON-EPOS COST OF SALES. To obtain the cost of sales for any Non-EPOS outlet the on hand merchandise is counted and on hand inventory entered into ROM. The difference between the inventory broken out to the site and the on hand will be counted as the cost of sales.

6101 NUMBER CONTROL

The ROM system automatically assigns the next available number for each breakout. The series of numbers do not reset at the beginning of a new accounting period.

6102 NAVSUP FORM 973

The NAVSUP Form 973 will list each item being moved from one location to another, the retail price of the item, and areas for the transferring custodian and receiving custodian to validate quantities. .

6103 BREAKOUT/ PROCEDURES

1. GENERAL. All movement/ of material to EPOS and Non-EPOS locations will be handled by the same procedure.
2. SELECTION OF ITEMS TO BE TRANSFERRED. The records keeper will generate a NAVSUP Form 973 of items to be transferred. The records keeper will sign each NAVSUP Form 973.
3. BREAKOUT OF STOCK. After preparation and signature, the records keeper will give the NAVSUP Form 973 to the transferring custodian, who will pick, pack and move the material. The transferring custodian is responsible for:
 - a. Locating and staging items listed on the NAVSUP Form 973.

- b. If quantity requested is the quantity transferred, the transferring custodian will circle the quantity requested. If the quantity is different, the transferring custodian will write the quantity transferred next to the item.
 - c. Signing the NAVSUP Form 973 to certify the accuracy of the delivery
 - d. Ensuring the NAVSUP Form 973 goes with the material to the receiving location.
 - e. Moving the stock to the receiving location
4. RECEIPT OF STOCK. Upon delivery of items, the receiving custodian is responsible for:
- a. Recording the quantities received next to each item listed
 - b. Resolving any discrepancy in quantities at time of delivery, if possible
 - c. Signing the NAVSUP Form 973 to certify the accuracy of receipt
 - d. Ensuring the NAVSUP Form 973 is returned to the records keeper
5. BREAKOUT COMPLETE
- Upon receipt of the NAVSUP Form 973 from the receiving custodian, the records keeper is responsible for:
- a. Ensuring there were no discrepancies in quantities delivered and received between the transferring and receiving custodians.
 - b. Ensuring both transferring and receiving custodians have signed the NAVSUP Form 973
 - c. Editing the quantities delivered (if required) and confirming the breakout/. Printing a confirmed NAVSUP Form 973 and filing both the original and confirmed copies in the RR 1 File.
6. UNRESOLVED DISCREPANCIES. If a discrepancy exists between the quantities transferred and received, an immediate inventory of the item concerned will be taken in the holding location before confirming the breakout. The result of this inventory will be compared with the quantities shown on the stock record card, the sales officer will initial the change on the NAVSUP Form 973 and increase or decrease the quantity listed to match bulk and confirm the transfer. To record any loss and to bring book inventories in line with actual inventories the sales officer will direct that a spot inventory for those items be taken at all locations. Should recurring discrepancies be discovered, more training will be given and more attention placed on functions and procedures in completing documents properly.

6104 USE OF PERSONAL DATA TERMINAL (PDT)

1. GENERAL. PDTs are used to create breakouts, receive merchandise and conduct inventories.
2. UPC MAINTENANCE. The PDT must be loaded with stock number and UPC data from the ROM system. This information is used by the PDT to scan and verify that the UPC is linked to a stock number. If a UPC is not linked to a stock number, the UPC will be added to the "UPC Not Found Report". Procedures for UPC Maintenance are contained in the ROM User's Guide.
3. MOVEMENT OF STOCK. There are several methods to determine breakout requirements for outlets and generate the breakout document. The outlet operator can provide a list to the records keeper. The record keeper can refer to the "Not In Store Report" and create a breakout document, or the outlet operator can use the PDT to generate a breakout request.
 - a. PDT Breakout
 - (1) Store operator uses a PDT to scan item(s) and enter quantities requested and return PDT to records keeper.
 - (2) PDT data is imported into ROM
 - (3) Records keeper creates new breakout document and imports PDT information to the document
 - (4) Normal process for movement of stock is followed

6105 COMMERCIAL SHELF LIFE CODING

General. Commercial manufacturers code shelf life on their products. The following are the most common shelf life terms. Food inspectors should use these guidelines with regard to shelf life extension.

- a. Package has a stated "Sell by" Date. This date tells the store how long to display the product for sale. If the date is reached, the product should be pulled from sale if at a store, or held at distribution points pending review by designated food inspection personnel. They may upon inspection extend the shelf life for up to 30 additional days.
- b. Package has a stated "Best if used by, (or Before)" or "Guarantee Fresh" dates. This date shows the date recommended for best flavor or quality. It is not a purchase or safety date. If no manufacture extension of shelf life guidance has been provided by NEXCOM and if the date is reached, the product should be referred to designated food inspection personnel. They may upon inspection extend the product for up to 30 days with additional reviews available. If NEXCOM

provides guidance, that information will be used to compute the extended shelf life and to establish a "sell by date".

- c. Package has a stated "Use By" date. The last date recommended for the use of a product while at peak quality. The manufacturer of the product has determined the date. If the date is reached, the product should be pulled from sale if at a store, or held at distribution points pending review by designated food inspection personnel. They may upon inspection extend the product for up to 30 days with additional reviews available
- d. Coded Dated Product. If the product only has a date on the package, it should be considered a "Sell By" date unless NEXCOM has provided additional shelf life guidance on the product. Inspectors will use the date on the package or the NEXCOM guidance; whichever is the later date, to determine the stated shelf life of the product. If the date is coded and inspectors cannot determine a date, contact Navy Exchange Service Command for information on how to read the product's code.

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CHAPTER 7 – EXPENDITURES

PART A – GENERAL INFORMATION

7000 EXPENDITURE DOCUMENTS

1. GENERAL. There are five ways to expend material from the operation other than selling it in a retail outlet.
 - a. Use of the ROM Transfer Process
 1. Transfer to Other Supply Officers. Expenditure of material within the same Navy ship's store financial account. The transferring ship will prepare an expenditure document (DD Form 1149) to transfer the material to a USS ship with a ships store.
 2. Transfer to Other Appropriation. Expenditure of material outside of the ship store NWCF financial account. The transfer may be to another DOD activity, the ship's Supply Officer or Food Service Officer or other government activity.
 - b. Credit Memorandum Process. Documents the expenditure of material to commercial vendors for cash refund or credit. Documents return of material to the Navy Exchange for cash refund,
 - c. Cost of Operations. Expenditure of material to the ship's stores own use.
 - d. Survey. Expenditure of material from the ship's financial records, ultimately to be destroyed or disposed. .
2. FORMS. ROM will generate the following forms are used for expenditure transactions, as appropriate:
 - a. Report of Survey (DD Form 200)
 - b. Requisition and Invoice/Shipping Document (DD Form 1149)

PART B – SURVEYS**7100 SHIP'S STORE STOCK REQUIRING REPORT OF SURVEY**

1. SURVEYS CHARGED TO NAVY WORKING CAPITAL FUND. A survey will be made immediately under the following conditions as a charge to the Navy Working Capital Fund (NWCF):
 - a. Loss of stock in shipment.
 - b. Stock damaged in shipment.
 - c. Loss of stock because of damage by water, oil, fire or other similar causes.
 - d. Receipt of merchandise with expired shelf life during underway replenishment. Items must have expired shelf life upon receipt or be out of date within 30 days of receipt.
 - e. Loss or shortage of merchandise, which occurs between receipt on pier (when receipt is by box count) and receipt by unit or issue by bulk storeroom custodian.
 - f. When directed by NEXCOM (Ship's Store Program).

Ships will use a Report of Survey (DD Form 200) to survey the material as outlined in the ROM User's Guide. The approval of NEXCOM (Ship's Store Program) is not required for surveys charged to the Navy Working Capital Fund under the above conditions. The total money value of the survey will be included on Line B15 of the NAVCOMPT Form 153. ROM assigns an expenditure number, expends the surveyed items from the electronic stock record cards, and posts the survey to the NAVCOMPT Form 153.

2. SURVEYS CHARGED TO SHIP'S STORE PROFITS OF INDIVIDUAL SHIP. A survey for ship's store stock charging SSPN will be prepared on a Report of Survey (DD Form 200) for the following circumstances:
 - a. Evident theft
 - b. Items that are shopworn or that have no resale value due to damage or deterioration regardless of dollar value. Instead of processing a markdown to zero cost, these items will be surveyed.
 - c. Food or beverage items with expired shelf life. Any item with an expired shelf life that has not been approved for continued sale by Medical personnel/ Army Vet, must be surveyed.

7101 SURVEY PROCEDURES

1. GENERAL. Surveys provide a report for administrative review of the following:
 - a. The loss or damage of material
 - b. The cause of the loss or damage
 - c. The responsibility for the loss or damage

A survey also provides authority to expend the material from records. A Report of Survey (DD Form 200) is required when surveying ship's store stock. All items are expended using average cost price.

2. RESPONSIBILITIES AND DUTIES

- a. Sales Officer. The Sales Officer will create a new Report of Survey (DD Form 200) for each survey. Block 9 will answer the questions of who, what, when and where along with the following:
 1. Condition of the material being surveyed
 2. Cause of the survey
 3. If responsibility can be determined.
- b. Medical/Veterinary Personnel. If the proposed survey is for food products no longer fit for consumption, a medical or veterinary representative must examine the material before survey and certify that the item were unfit. This certification will be attached to the unconfirmed copy of the survey form and be noted in Block 9.
- c. Appointing Authority. The Supply Officer
- d. Financial Liability Officer. This officer will be appointed in writing and will usually be a commissioned officer. Individuals who are accountable or responsible will not be appointed as Financial Liability Officer
- e. Responsible Officer. The responsible officer is the designated surveying officer who will conduct a review of the circumstances and items listed on the survey. The surveying officer will record the findings and recommendations of the review in block 15 of the unconfirmed DD Form 200. Along with the findings, the surveying officer will make recommendations for the disposition of the survey based on a personal evaluation of the findings and sign block 15j. The surveying officer will:
 1. Ensure the findings and recommendations do not contain any unsubstantiated opinions or stereotype phrases (the surveying officer's own words should be used to explain how the loss or damage occurred and to give recommendations.).
 2. Ensure findings substantiate or refute the statements made in block 9 of the DD Form 200. (The findings should be complete enough so others reviewing the report can readily determine responsibility without referring the report back to the surveying officer for further investigation or information). For surveys as a

result of receipt of items with expired shelf life, the survey officer must make a statement that they have verified that they have examined the products and the shelf life is expired upon receipt or within 30 days of expiration.

3. For SSPN surveys not requiring a Survey Officer the Sales Officer will type or hand write the following statement: in block 15 when preparing the survey "I have seen the above merchandise and ordered it destroyed". Either the Sales Officer or supply officer will sign in block 15 depending on delegated authority from the commanding officer.
 4. After the surveying officer completes the Report of Survey (DD Form 200), they will return it to the Sales Officer, who will forward the survey document to the approving Authority
- f. Approving Authority. The commanding officer has full responsibility for surveys. He may delegate, in writing, approving authority responsibility as follows:
1. Large Value Surveys; To the supply officer for survey of ship's store stock valued at less than \$10,000.00 provided the supply officer is not also the Sales Officer
 2. Small Value Surveys: To the Sales Officer for survey of ships store stock with a total value of less than \$500.

The approving authority appoints the survey officer (identified as the RESPONSIBLE OFFICER ON DD FORM 200) in writing. Individuals who are accountable or responsible for the material or supplies being surveyed will not be appointed as survey officers (for example, the Sales Officer). The survey officer must be a commissioned officer, warrant officer, or enlisted member in the grade E7 or above. A survey officer is not required for surveys to SSPN under the following circumstances:

1. Items that are shopworn or that have no resale value due to damage or deterioration regardless of dollar value
2. Food or beverage items with expired shelf life.

The approving officer will review the DD Form 200 and ensure the loss or damage is sufficiently explained. The approving officer may approve, modify, or disapprove the recommendations of the surveying officer. If the approving officer does not approve the surveying officer's recommendations, the Sales Officer and or responsible officer will take actions required to meet the approving authority's requirements and resubmit. Upon approval the Sales Officer will confirm the survey and provide the document to the approving authority for signature in block 14.

3. DD FORM 200 PREPARATION

The Report of Survey (DD Form 200) will be used to initiate a survey request. An original and two copies will be prepared.

| | |
|--|--|
| Title: | will show if survey is confirmed or unconfirmed and type of survey based on Sales Officer actions. |
| Block 1 | User chooses the date |
| Block 2 | ROM automatically inserts the expenditure number |
| Block 3 | User chooses the date |
| Block 4-8 | User chooses item and ROM inserts stock number. If only one item, ROM fills out blocks 4-8 based on selection of item by user. If more than one item, blocks 4-8 will be filled in with "Xs" and a complete list of items will be printed in an optional form 336. |
| Block 9 | Check the appropriate box. User gives a concise statement(s) of why the items are being surveyed. |
| Block 10 Actions Taken | User provides actions to correct cause of survey |
| Block 11 Appointing Authority | Signature of Sales Officer |
| Block 12 Responsible Officer | Name of person who was responsible for the material |
| Block 13 Appointing Authority | When the Supply Officer is not the Sales Officer or there is no personal responsibility involved, then the Supply Officer may be delegated in writing as the appointing officer. |
| Block 14 Approving Authority | Commanding Officer or Supply Officer or Sales Officer depending on dollar value to the items being surveyed |
| Block 15 Financial Liability Officer | Block to be completed with complete details of the loss. It must be completed if personal culpability is indicated. |
| Block 16 Individual Charged | Handwritten in the unconfirmed and confirmed copy. |
| Block 17 Accountable Officer | The Sales Officer. |

The DD Form 200 will not be confirmed until the approving authority has approved the survey. The DD Form 200 will be printed, signed by the Sales Officer in Block 17, and forwarded to the surveying officer. The surveying officer will use the printed DD Form 200 as a worksheet and return it to the sales officer prior to forwarding for approval to the Approving Authority. The

Sales Officer will type the findings in Block 15 and forward the worksheet and unconfirmed DD Form 200 to the approving authority. The DD Form 200 shall not be confirmed until the survey is approved

4. ACCOUNTING FOR SURVEYS. When the survey is confirmed ROM posts the Ship's store Balance Sheet and Profit and Loss Statement (NAVCOMPT Form 153) as follows:
 - a. Line B15 for surveys to NWCF of ship's store stock
 - b. Line B23 for surveys to SSPN, Retail
 - c. Line B27 for surveys to SSPN, Vending

7102 DISTRIBUTION OF SURVEY

1. DISTRIBUTION. After approval and confirmation of the printed DD Form 200 the recordskeeper will attach the DD Form 200 and the ROM confirmed copy and file as follows: :
 - a. For surveys to NWCF:
 - (1) Original file in B15 (AO) File
 - (2) Copy filed in B15 (RK) File
 - b. For surveys to SSPN:
 - (1) Original filed in B23 (AO) File for SSPN, Retail or B27 (AO) File for SSPN, Vending
 - (2) Copy filed in B23 (RK) File for SSPN, Retail or B27 (RK) File for SSPN, Vending

7103 DISPOSITION OF SURVEYED MATERIAL

1. GENERAL. The Supply Officer or Sales Officer will ensure that surveyed Ship's store stock is destroyed or disposed.
2. SCRAP. Items of clothing, which are surveyed, may be used aboard ship for wiping cloths or as considered appropriate, when in a sanitary condition.
3. DISPOSAL BY BURNING. The Report of Survey (DD Form 200) will contain a statement that a medical officer has determined that the clothing items are a menace to health and must be destroyed immediately.

7104 SURVEYED MATERIAL SUBSEQUENTLY RECEIVED

Ship's store stock previously surveyed as missing in shipment may be received by spot inventory. The value of the merchandise will be posted to Line B14 of the NAVCOMPT Form 153 as a Gain by Inventory.

PART C – TRANSFER TO OTHER SUPPLY OFFICERS**7200 TRANSFER TO OTHER SUPPLY OFFICERS (OSO)**

1. GENERAL. An activity may acquire items to sell in the ship's store from other activities, or from other appropriations. For example, two ships next to each other in port may procure merchandise from each other. The ship receiving the items will create a requisition, and the ship sending the items will create a transfer. The requisition and the transfer both list the quantity and agreed upon reimbursement price for each item. Before the ship may transfer any merchandise, it must receive a DD Form 1149 signed by the Sales Officer of the requesting ship. Upon receipt of the requisition, the Sales Officer of the transferring ship may approve the transfer and direct the records keeper to create expenditure DD Form 1149 (to be used as an invoice /manifest) as outlined in the ROM User's Guide and the holding location custodian to prepare the transfer, date and sign.
2. TRANSFER PROCEDURES Process Flow
 - a. The Requesting ship records keeper:
 1. Creates a requisition order (DD Form 1149) (but does not confirm the requisition), has the Sales Officer sign it and sends it to the transferring ship. The document will be unconfirmed until paperwork from the transferring ship has been received and validated. Prior agreement with the transferring ship will assist the process.
 2. Provides copies of the requisition to the receipt inspector and holding location custodian to enable them to receive the items
 - b. Transferring ship records keeper:
 1. Obtains approval from the Sales Officer to transfer the material
 2. Creates an expenditure document (DD Form 1149) (unconfirmed in ROM until approved by the Sales Officer who will confirm the transfer)
 3. Inserts the requisition number in ROM so that it prints in block 6 of the DD 1149 transfer document.
 4. Types or hand writes a line to the bottom of the expenditure document as follows: "I certify that the material has been expended".
 5. Sales Officer signs the printed copy of the expenditure document (block 10) approving the transfer and confirms the transfer in ROM
 6. The Expending Custodian signs the handwritten statement and in block 16 (issued by) certifying that they have transferred the material out of the bulk after they have validated the quantities to be transferred and circled the amount on the document. If the bulk custodian is not able to expend the quantities listed, they must notify the records keeper who will modify the transfer document with the correct quantities.
 7. Sales Officer validates requisition document with expenditure document and confirms the transfer in ROM
 8. Ship sends material and the expenditure document to requesting ship. If possible, the ship will send a PDF copy of the transfer document to the requesting ship.

- c. Requesting Ship upon receipt of the material and documents will provide the storeroom custodian the expenditure document and the receipt inspector the receipt inspection copy.
 1. The receipt inspector will receive the material on the ship's request document that also serves as a receipt document. If the receipt inspector notes quantity differences, they should resolve the difference at the pier if possible. If that is not possible, they will note the correct quantity on their receipt paperwork. They will:
 - a. Validate the quantity of each item by circling each quantity,
 - b. Printing their name and signing the document in block 18 (checked by)
 - c. Dating the document in block 18.
 - d. Forward the document to the record's keeper
 2. The storeroom custodian will have the transferring ship's expenditure document and will:
 - a. Validate the quantity of each item by circling each quantity,
 - b. Printing their name and signing the document in block 18 (checked by)
 - c. Dating the document in block 18.
 - d. Forwarding the document to the records keeper.
 3. Records keeper will compare the documents. If quantities and prices match, the records keeper will post and confirm the OSO requisition and receipt. If they do not match, the receipt will remain unconfirmed until the issue is resolved between both ships.

3. DOCUMENT DISTRIBUTION

- a. Requesting ship
 1. Original request to Transferring ship
 2. Receipt inspector copy and copy of transferring ship's expenditure document attached and filed in B05
- b. Transferring ship
 1. Original expenditure document attached with original request filed in B19 (RK) File
 2. One copy of expenditure document filed in B19 (AO) File

PART D – EMERGENCY TRANSFERS TO FOREIGN GOVERNMENTS OR MILITARY SEALIFT COMMAND**7300 OTHER TRANSFERS**

1. GENERAL. Except in cases of extreme emergency, requests for ship's store stock from another government department or a foreign government will not be honored if the request is not an official requisition containing the following:
 - a. The specific accounting data of the department, which will pay the cost
 - b. The signature of the fiscal officer of the other government department or the agency of the foreign government from whom reimbursement is to be obtained.
2. OTHER GOVERNMENT DEPARTMENTS AND SHIPS OPERATED UNDER THE MILITARY SEALIFT COMMAND. Every effort will be made to sell rather than transfer ship's store stock to other government departments (including the Army and Air Force) and to ships operated under the Military Sealift Command. If conditions prohibit local collection, the Sales Officer will contact NEXCOM (Ship's Store Program) for further guidance.
3. FOREIGN GOVERNMENT AND FOREIGN VESSELS OF WAR. Ship's store stock will not be transferred to foreign governments without the specific approval of the Naval Supply Systems Command. Ship's store stock will be sold at current retail price and cash will be collected at the time of sale. The transaction will be handled as a cash sale. Questions on procedures should be directed to NEXCOM (Ship's Store Program).

PART E –TRANSFERS TO OTHER APPROPRIATIONS**7400 TYPES OF TRANSFERS**

1. GENERAL. Transfers will be limited to the following:
 - a. For health and comfort
 - b. To the general mess
 - c. To ship's use (OPTAR)
 - d. To Marine Corps personnel
 - e. To survivors of marine and aircraft disasters
 - f. To merchant ships in distress
 - g. For burial of the dead

2. ISSUE PRICE. Transfers of ship's store stock will be made at cost price, except health and comfort items sold to military personnel in a pay status at retail prices at the retail store.

7401 HEALTH AND COMFORT ISSUES AUTHORITY AND PURPOSE

Health and comfort issues are authorized by NAVREGS. The purpose of these issues is to provide toilet goods, tobacco, clothing items and other necessities required for the health and wellbeing of personnel without sufficient funds to purchase them. Health and comfort issues may be made to personnel of the Navy, Marine Corps, Army, Air Force and Coast Guard and their respective reserve components.

7402 HEALTH AND COMFORT ISSUES TO PERSONNEL IN A PAY STATUS

1. GENERAL. These procedures apply only to personnel in a pay status who are not being paid on a regular basis. Personnel receiving bimonthly paychecks are not eligible for issues of health and comfort items and uniform issues via pay account deduction. Personnel in a non-pay status are covered under paragraph 7403.
2. ELIGIBLE PERSONNEL. Issues may be made to the following personnel in a pay status of the Navy, Marine Corps, Army, Air Force, Coast Guard and their respective reserve components:
 - a. Returned deserters or absentees
 - b. Personnel on first enlistment or first reporting for active duty prior to receiving clothing allowance
 - c. Personnel subject to the Uniform Code of Military Justice (10 U.S. Code 801-940) and confined in naval confinement activity.

Issues to personnel in confinement will be in accordance with the Corrections Manual (SECNAVINST 1640.9 series).

3. APPROVAL FOR ISSUES. The commanding officer, or delegated representative, will approve all health and comfort issues by signing the original and two copies of the Request and Receipt for Health and Comfort Supplies (DD Form 504) for issues of ship's store stock. Prior to approval, the member's name and pay status will be verified. In some cases, the member may have a temporary ID card.
4. AMOUNTS THAT MAY BE ISSUED. Issues of ship's store and clothing items to personnel without funds will be charged on the pay account of these individuals. Issues of ship's store stock items, other than clothing, will not exceed \$50.00 per month at retail price for any one individual.
5. ACCOUNTING FOR ISSUES. Prior to creation of the DD 504, the cognizant division of the person in a pay status will gather the information for the items, their costs and total from the ship's store. Upon creation of the DD 504, it will be presented to the Disbursing Officer. The Disbursing Officer will transfer the

value of the issue to a Navy Cash card in accordance with PAYPERS Manual for subsequent purchase in the ship's store. The purchase of the health and comfort items will be processed as a regular sale in the ship's store using the Navy Cash card.

7403 HEALTH AND COMFORT ISSUES TO NAVAL PERSONNEL IN A NON-PAY STATUS

1. GENERAL. Issues to naval personnel in confinement will be made in accordance with the Corrections Manual (SECNAVINST 1640.9 series). A person in a non-pay status is not being credited with any pay or allowances. Persons are considered to be in a non-pay status when they are:
 - a. Sentenced to forfeit all pay and allowances as a result of general courts martial conviction (see Department of Defense Military Pay and Allowances Entitlements Manual (DODPM))
 - b. Confined by U.S. military authorities awaiting trial by a foreign court (see DODPM)
 - c. Confined by U.S. military authorities or still serving a sentence in a confinement activity after discharge or expiration of enlistment or obligated active service (see DODPM).
 - d. Awaiting determination of separation because of fraudulent enlistment (see DODPM).
2. APPROVAL OF ISSUES. The commanding officer or delegated representative will approve all health and comfort issues by signing the original and five copies of the Request and Receipt for Health and Comfort Supplies (DD Form 504 is in the ROM document library) for issues of ship's store stock. Prior to approval, the member's name and pay status will be verified. In some cases, the member may have a temporary ID card.
3. AMOUNTS THAT MAY BE ISSUED. There is no specific limitation to the value of clothing items that may be issued for health and comfort. Issues of items, other than clothing, will not exceed \$50.00 per month at retail price for any one individual.
4. ISSUES CHARGEABLE TO CONFINEMENT ACTIVITY'S OPTAR
 - a. Issues of clothing items issued to a prisoner will be expended from the Navy Working Capital Fund as a charge to the confinement activity's OPTAR.
 - b. Other items authorized by the commanding officer for health and comfort of a prisoner in a non-pay status are chargeable to the confinement activity's OPTAR.

- c. Services (barber, laundry, tailor, etc.) furnished to a prisoner are chargeable to the confinement activity's OPTAR.
- 5. PRISONER UNDERGOING HOSPITAL TREATMENT. A prisoner undergoing treatment aboard a hospital ship may be issued the following:
 - a. Clothing items required
 - b. Health and comfort items that have been approved by the ward medical officer

The ward medical officer will determine whether the prisoner is able to receive the health and comfort items. The request, along with the certificate of the ward medical officer, must be approved by the commanding officer. The value of items issued will not exceed \$50.00 per month at retail price for any one individual. Issues will be charged to the hospital ship's OPTAR.

6. ACCOUNTING FOR ISSUES

- a. Processing Procedures.
For each issue, the records keeper will go to the ROM transfer section, choose Issue to Ship's Use as the type of expenditure, and create the DD Form 1149 with correct appropriation data. The Sales Officer will validate that the requesting form has the correct accounting line of data and confirm the transfer. ROM will assign an expenditure number and post the transfer to the NAVCOMPT Form 153 M. The DD Form 1149 and DD Form 504 will be distributed as follows:

| DD Form 1149 | DD Form 504 | Distribution |
|--------------|-------------|---------------------------|
| Original | Copy | B10 (AO) File |
| Copy | Copy | B10 (RK) File |
| Copy | Original | To the Supply Officer |
| | Copy | To person receiving issue |

- b. Monthly List of Issues. The Sales Officer will prepare a list monthly and submit it to the commanding officer showing the name and the value of the articles furnished each individual.

7404 HEALTH AND COMFORT ISSUES TO NON-NAVAL PERSONNEL IN NON-PAY STATUS

- 1. ISSUES TO MARINE CORPS PERSONNEL. Issues to Marine Corps personnel in a non-pay status will be charged in the same manner as issues to naval personnel.
- 2. ISSUES TO PRISONERS OF OTHER SERVICES. Issues of health and comfort items to members of the Army, Air Force, and Coast Guard who are held in temporary custody for return to their parent service may be made when

considered essential to the health and well-being of the individual. To minimize issues, the individual will be transferred to their parent service in the clothing worn at time of return to military jurisdiction, if feasible. The cost of the issues will be charged to the ship's OPTAR. A detailed statement of the purpose for the issue will be attached on an itemized DD Form 1149 and will be forwarded with other expenditure documents to DFAS, with the returns for each accounting period.

3. ISSUES TO CIVILIANS EMPLOYED BY OR ACCOMPANYING NAVAL UNITS AT TIME OF CONVICTION. Civilians employed by or accompanying naval units at the time of conviction and who are under confinement at naval activities as a result of conviction under the Uniform Code of Military Justice (10 U.S. Code 801-940) will be provided with all non-distinctive clothing items considered necessary by the commanding officer. In addition to the clothing items, a civilian prisoner will be allowed health and comfort items not to exceed \$50.00 per month at retail price. Issues will be approved by the commanding officer or delegated representative. The cost of maintaining civilian prisoners will be charged to the ship's OPTAR.
4. ACCOUNTING FOR ISSUES. Issues to non-naval personnel will be processed in the same manner outlined in paragraph 7408

7405 ISSUES TO GENERAL MESS

1. AUTHORIZED ISSUES. Only beverages and individual size servings of food items, when required for special meals may be issued to the general mess.
2. PREPARATION OF TRANSFER TO OTHER APPROPRIATIONS. Issues to the general mess will be expended at cost price from the bulk storeroom. The food service officer will provide the Sales Officer with a requisition citing the appropriation data, requisition number and items required. The Sales Officer will approve the expenditure and direct the records keeper to prepare the expenditure Requisition and Invoice/Shipping Document (DD Form 1149) as outlined in the ROM User's Guide's transfer section. ROM prints the following on the DD Form 1149.

Functional Account

| | |
|--------|-------|
| Credit | 51000 |
| Charge | 73170 |

3. DISTRIBUTION OF DD FORM 1149 The DD Form 1149 will be distributed as follows:
 - a. Original and one copy to B10 (AO) File
 - b. One copy to B10 (RK) File
 - c. One copy to food service officer
4. ACCOUNTING FOR ISSUES Upon completing and confirming of the Issue to General Mess the amount of the issue will be posted to Line B10 of the NAVCOMPT Form 153. When the DD Form 1149 is confirmed, ROM will

assign an expenditure number when the DD Form 1149 is created and post the data to the stock record card(s) and NAVCOMPT Form 153.

7406 ISSUES TO SHIP'S USE (OPTAR)

1. SHIP'S STORE STOCK. Other than emergent requirements when an alternative source of supply is not available, ship's store stock may be issued to ship's use. These items will normally be limited to flashlights, batteries, padlocks, and soap. Issues to Ship's Use are charged to OPTAR funds. .
2. EMBLEMATIC ITEM STOCK
 - a. General Policy. The use of OPTAR funds to procure emblematic items is limited by SECNAVINST 3590.4 series (Award Trophies and Similar Items in Recognition of Accomplishments) and fleet and TYCOM instructions. Authorized emblematic item stock (listed in chapter 3) will not be issued to ship's use for any reason other than those in subparagraph b-c.
 - b. Emblematic T-Shirts. T-Shirts bearing the ships identification may be issued to food service personnel as organizational clothing. ROM will print the following statement on the Requisition and Invoice/Shipping Document (DD Form 1149) when the user selects Issues to Use for the general mess:

"Organizational clothing items issued for use in the general mess"
 - c. Plaques. Ship's plaques will be procured for stock only after approval from NEXCOM (Ship's Store Program) as per Chapter 3. If they are stocked, plaques may be issued for ship's use as provided for in SECNAVINST 3590.4 series and fleet and TYCOM instructions.
3. INSIGNIA
 - a. Issues to ship's use of shoulder sleeve unit identification marks (UIM) will be made following in accordance with Chapter 3. Issues of all other items of insignia will be made following fleet and TYCOM instructions.
4. ACCOUNTING FOR ISSUES
 - a. Preparation of DD Form 1149, Issues to ship's use will be expended from a holding location on a Requisition and Invoice/Shipping Document (DD Form 1149). The Supply Officer will provide the OPTAR accounting data to the Sales Officer. ROM will print the following:

Functional Account

| | |
|--------|-------|
| Credit | 51000 |
| Charge | 13000 |

However the Sales Officer must hand write the following:

"This issue meets the criteria of SECNAVINST 3590.4 series and is to be used specifically for _____"
(Fill in as appropriate)

The Sales Officer will approve the issue and process the transaction.

- b. Distribution of DD Form 1149. The DD Form 1149 will be distributed as follows:
 - (1) Original to B10 (AO) File
 - (2) One copy to B10 (RK) File
 - (3) One copy to the Supply Officer
- c. Accounting Procedures. Upon completion and confirmation of the Issue to Ship's Use, the amount of the issue will be posted to Line B10 of the Ship's store Balance and Profit and Loss Statement (NAVCOMPT Form 153). ROM will assign an expenditure number when the DD Form 1149 is created and post the data to the stock record card(s) and NAVCOMPT Form 153 when the DD Form 1149 is confirmed.
- d. Special Command Representation Funds. The TYCOM may grant special command representation funds to the commanding officer during deployments. These funds may be used to procure emblematic items under the instructions provided by the TYCOM. The same procedures for processing issues to ship's use will be followed. However, the Supply Officer will provide the accounting data for the special fund to the Sales Officer.

7407 ISSUES TO MARINE CORPS

- 1. GENERAL. Articles required for use by a Marine Corps detachment, which will become the property of the Marine Corps, may be issued on the written request of the officer in command of the detachment. Clothing items will not be issued to Marine Corps personnel unless accompanied by a signed order from the individual's commanding officer, except the health and comfort issues. A Requisition and Invoice/Shipping Document (DD Form 1149) will cover all issues to the Marine Corps. The issues will be expended as follows:
 - a. For issues involving field allotments, the expenditure form will cite the Marine Corps appropriation, operating budget and functional account.
 - b. For issues involving an operating budget accounted for by Headquarters, U.S. Marine Corps, the headquarters commitment authorization number will be abbreviated as "HCA No." and show with other applicable accounting data. (When more than one headquarters commitment authorization number is cited on the same voucher, the amount applicable to each number will be shown.) Issues to the Marine Corps will be reported on Line B10 of the NAVCOMPT Form 153.

2. DISTRIBUTION OF DD FORM 1149. When issuing material to a Marine Corps detachment, the original and three copies of the non-confirmed DD Form 1149 will be forwarded to the officer in command of the detachment. The Marine Corps officer in command will sign for receipt and return the original and two copies of the DD Form 1149 to the Sales Officer. The Sales Officer will modify the DD Form 1149 (if necessary) and confirm the expenditure. The DD Form 1149 will be distributed as follows:
 - a. Original to the B10 (AO) File
 - b. One copy to the B10 (RK) File
3. ACCOUNTING FOR ISSUES. Upon completion and confirming of the issue to the Marine Corps, the amount of the issue will automatically post to Line B10 of the NAVCOMPT Form 153. ROM will assign an expenditure number when the DD Form 1149 is created and post the data to the stock record card(s) and NAVCOMPT Form 153 when the DD Form 1149 is confirmed.

7408 ISSUES TO SURVIVORS OF MARINE AND AIRCRAFT DISASTERS

1. CASH PAYMENT. Ship's store items may be sold for cash to survivors of marine and aircraft disasters if they have personal funds in their possession. The sale of clothing items to survivors who are non-naval personnel will be restricted to non-distinctive items. If the survivor is without personal funds, emergency issues may be made under subparagraph 2.
2. EMERGENCY ISSUES. Upon written order of the commanding officer, emergency issues may be made to a survivor who is without personal funds. Emergency issues will be restricted to the minimum items and quantities required for the immediate needs of health and comfort. Clothing items issued to survivors who are non-naval personnel will be restricted to non-distinctive items. Each survivor will sign a DD Form 504 acknowledging receipt of the items. A copy of the DD Form 504 will be forwarded by the rescuing ship to the commanding officer of the ship or station to which the survivors are transferred. This copy will be attached to a copy of the transfer orders of the survivor for consideration in adjudicating the claim of the survivor for reimbursement for personal property lost. An itemized DD Form 1149 covering the issues will be prepared. The DD Form 1149 will contain a detailed statement of the circumstances involved in the issue of the items and the date the items were issued. In the case of merchant ships, the name and address of the owner of the merchant ship will be included in the statement. Reimbursement to the Navy Working Capital Fund will be made by one of the following procedures, as appropriate:
 - a. Issues made to U.S. military personnel and U.S. civilians employed by the Department of Defense will be expended locally as a charge to the appropriate claims, Department of Defense
 - b. Issues made to other survivors will be expended locally as a charge to the ship's OPTAR.

7409 ISSUES TO MERCHANT SHIPS IN DISTRESS

1. AUTHORITY. In accordance with NAVREGS, Art 1144, when authorized by the senior officer present and upon written order of the commanding officer, merchant ships in distress may be issued items of ship's store stock including non-distinctive clothing. The order must set forth the pertinent circumstances.
2. CASH SALE. When practical, items will be sold for cash at retail price.
3. NON CASH ISSUE. When it is impossible to sell merchandise for cash, the items will be issued as upon receipt of a line of accounting data from the Supply Officer. Ships may contact NEXCOM (Ship's Store Program) for policy and guidance.

7410 ISSUES FOR BURIAL OF THE DEAD

Articles of clothing for burial of the dead will be issued on request of the commanding officer or medical officer. These issues will be expended directly from the Navy Working Capital Fund and charged to the appropriate OPTAR or Naval Medical Command subhead.

7411 CLAIMS FOR REIMBURSEMENT FOR PERSONAL PROPERTY (ISSUES IN KIND)

1. AUTHORITY. The authority for reimbursement for personal property lost, destroyed, damaged, captured, or abandoned as a result of military service is contained in Military Personnel and Civilian Employees' Claims Act of 1996, as amended (31 U.S.C., 3721). The government may pay repairs/replacement of clothing articles being worn while on a military installation or in the performance of official duty if loss is caused by fire, flood, hurricane, theft, or vandalism or other "unusual" occurrence. JAG INST 5890.1 (enclosure 5) further defines "unusual" occurrence. Common examples that are not considered "unusual" include tears, rips, snags, and stains on clothing or uniforms that result during the performance of duties.
2. SUBMISSION AND ADJUDICATION OF CLAIMS. The regulations governing the submission and adjudication of claims for reimbursement for personal property are published in the JAG INST 5890.1. Claims will be submitted to the nearest claims office serving the installation where the claimant is stationed or the nearest to the point where the loss or damage occurred.

PART F – COST OF OPERATIONS RETAIL**7500 COST OF OPERATIONS ELEMENTS**

1. FINANCIAL TRANSACTIONS The following financial transactions all contribute to the total dollar amounts shown on Line B22 on the Ship's store Balance Sheet and Profit and Loss Statement (NAVCOMPT Form 153).
 - a. The cost of products used in coffee / snack bars
 - c. Any transportation charge
 - d. Any difference between the stated average cost of an item and the amount of money received for that item when it was expended
 - e. The dollar value of all accounting adjustments to post an offset in order to correct a receipt from a previous monthly accounting period.
 - f. Automated Accounting Adjustments generated by ROM to keep the receipt and expenditure sides of the NAVCOMPT Form 153 in balance. Significant increases in AAA numbers can usually be traced to the following causes:
 - (1) Any change in opening inventory dollar value that is different from the last accounting period closing inventory
 - (2) Item conversion errors
 - (3) Rounding differences caused by the dollar cost averaging of line items that must be made to keep the credits and debits on the NC 153 in balance.
2. The B22 REPORT. The B22 report records all costs incurred by the retail operation (except canned drink vending) during the accounting period. The Sales Officer will review the B22 Report at least weekly to monitor the differences. Any significant change not able to be explained should be reported to the local NEXCOM Fleet Assist Team. The B22 report will be printed and filed in the B22 (RK) File.

PART G – MARKDOWNS OF SHIP'S STORE STOCK

7600 GENERAL INFORMATION

A markdown is a reduction in a previously established retail price of an item of merchandise. Markdowns are a necessary expense of retail operations and a very important procedure in turning the inventory of slow moving items or to create interest in the store. Markdowns will be taken as indicated in paragraph 7602 and 7603 and at other times when the merchandise will not sell at its present retail price. All markdowns will be prominently displayed so customers can easily see the markdown prices. To avoid large markdowns on any one item, markdowns will not be delayed or set aside. Merchandise that cannot be sold due to deterioration, damage or any other reason should be surveyed.

7601 AMOUNT OF MARKDOWNS

1. GENERAL. All markdowns will be made in an amount sufficient to promote sale of the merchandise. The initial markdown will be sufficient to create customer interest and be a fair value in return. The practice of taking markdowns progressively each week will tend to reduce profits since customers will wait until the item is marked down to practically nothing. Initial markdowns of 25% to 50% are not uncommon in the retail trade and should be taken when necessary to stimulate sale of the item. Slight interest is created when a \$10.00 item is marked down to \$9.00, however the same item marked down to \$7.50 may attract immediate sale.
2. EFFECT OF MARKDOWNS. Each item held in inventory has an average cost price, which does not change as a result of a retail price change. If the retail price is above the average cost price, the ship will make a profit on each item sold. If the retail price is below the average cost price, the ship will lose profits on each item sold. The gain or loss occurs at the time of sale. Accordingly, the Sales Officer may increase or decrease the retail price to reflect the ship's markdown policy and need to sell the merchandise. It is important to note that decreasing the retail price below the average cost has no effect on the ship's profit until the item is sold and the total loss will depend on the number of items sold below the average cost.

7602 BASIC MARKDOWN POLICY

Every effort should be made to sell every item at full retail price. If markdowns are required, the Sales Officer will determine the retail price that will motivate the crew to buy the item. Merchandise that has no further sales value or cannot be sold due to deterioration, damage or for any other reason should be surveyed to profits. The cost of the markdown or survey is chargeable to the individual ship's profits.

7603 MERCHANDISE MARKDOWN PLANNING

Any item carried in the ships store has the potential to be a slow seller and subject to markdown. A review of stock quantities and talking to the store operator is essential in learning what is not selling. Based on this information the Sales Officer should have a set plan on when to markdown stock. Key items to look for are:

- a. Season Merchandise. Determine if the stores have seasonal merchandise and take action to sell it before the end of the season.
- b. Foreign Merchandise or Deployment excess stock. Prior to returning to homeport, determine what items are in excess and will have low sales potential when in homeport. Take action while deployed to mark down and sell these items.
- c. Move slow sellers. Taking a markdown on slow sellers gets rid of the items that are taking space and not contributing to profit
- d. Orphan items. Often merchandise on the shelf has no sales value, as it is "one of a kind" left over, too big, too small, wrong color. Find these items, have a sale, and reduce workload associated with managing these "one each" items.
- e. Generate excitement. Having a sale will generate excitement on the ship and provides an opportunity for the S-3 to reduce excess stock and provide a "savings" to the crew.

7604 RETAIL PRICE CHANGE PROCEDURES

1. EPOS OUTLETS. To increase or decrease the retail price of an item in an EPOS outlet, the Sales Officer will confirm the change the retail price of the item to the new retail price on the stock record card. Sales Officers may increase or decrease the price of an item at any time to reflect the appropriate retail circumstances. The effect will be immediate to the store so appropriate shelf labels should be produced ahead of time. The cumulative effect of those price changes will be reflected on the Profitability Report.
2. NON-EPOS OUTLETS. To increase or decrease the retail price of an item in a Non-EPOS outlet, the following steps must be completed.
 - a. Conduct an inventory of the items in the Non-EPOS outlet
 - b. Change the retail price of the item on the stock record card
3. SPECIAL SALES OUTLETS (HANGER BAY/PIER SALES). In many circumstances, it may be necessary to increase or decrease the retail price of items for special sales outlets but not in any other retail outlet. To change the retail price for a hanger bay / pier sale without affecting the retail price in any other outlet, the following steps must be completed.
 - a. Make sure all EPOS sales outlets are closed.

- b. Change the retail price(s) on the items for the special sale
- c. Generate and confirm a breakout to the special sales outlet
- d. Conduct sales at the non-EPOS location.
- e. Conduct an inventory to determine sales
- f. Change retail price(s) to original price(s)
- g. Breakback the inventory to a holding location

Note: In ROM when a retail price is changed, it changes that price for all locations and it will remain that price until changed back.

7605 RETAIL MARKDOWNS

A retail markdown is a voluntary reduction in the retail price of an item to a price equal or below its average cost price. This reduction in retail price will reduce the gross profit of that item. If the retail price is below the average cost price, the item will generate a negative gross profit. Only the retail price of an item will be changed by the markdown. The cost price will not be changed.

7606 MARKDOWNS BELOW COST AND TO ZERO

1. **Markdown below Cost.** A markdown below cost is a voluntary reduction in the retail price of an item below its average cost price. ROM has a procedure to change the retail price to a price below cost. When an item is marked below cost, ships store profits will be charged for the difference between the new below cost price and the cost price when each item is sold.
2. **Markdowns to Zero.** If an item has no worth, the Sales Officer will use the Survey procedure to remove items from inventory.

PART H – CREDIT MEMORANDUM OR CASH REFUND**7700 GENERAL INFORMATION**

A credit memo is used for items received and then returned to vendor. Ship's store items may be returned to a vendor for a credit invoice. Before returning the items, the vendor must be willing to accept returns for ship's store stock both ship and vendor should have agreed on the price. All merchandise returned to vendors will be returned from a holding location. The credit memo will remain "unconfirmed" and the quantity returned will held in inventory until the ship receives their signed credit memo with credit invoice. At that time, the Sales Officer will confirm the credit memo which will expend the items from inventory. For items not received but for which the vendor was paid by DFAS. If the ship has an unmatched expenditure because of a short shipment by a vendor, the vendor may provide a credit memo for the difference. If the ship did not receive the missing merchandise, the ship should take no action other than sending the credit memo to DFAS.

a. Cash Refund. A cash refund is the preferred method to return ships store stock to a vendor and the only means when returning merchandise to a Navy Exchange. ROM does not have a bulk sale feature; procedures for returns for cash are outlined in paragraph 7705.

b. Timing of Liquidation. Sound business practice dictates that all credit memorandums and cash refunds should be liquidated promptly. If after 60 days, the refund check or vendor's credit invoice has not been received and difficulties are encountered, assistance from NEXCOM (Ship's Store Program) should be requested. Copies of all correspondence with the vendor should be included with the request.

c. No Exchanges. There are no provisions for exchange of merchandise for lesser, greater or equal value. If a new item is desired, the ship will issue a purchase order for the item.

7701 PREPARATION OF the CREDIT MEMO

The records keeper will create the DD Form 1149 in ROM by selecting the Inventory tab and then credit memo. The ROM user guide provided details. The price provided by the vendor may be different from the original cost. The records keeper must enter the price given by the vendor. Any dollar difference will be charged to the ship as a cost of operations. ROM prints the following statements depending if the refund is cash or credit:

"I acknowledge receipt of the above items returned for credit invoice/credit refund. [Vendor Name]
[Current Date]." AND "Credit Invoice # _____ dated _____ in the amount of _____ received on _____."

7702 ACCEPTANCE OF ITEMS BY VENDOR

The vendor, or authorized representative, will sign for receipt of the returned merchandise on the DD Form 1149. If arrangements are made with the vendor to return the merchandise via mail, the items will be sent by registered mail with two copies of the non-confirmed DD Form 1149 included with the merchandise. In this case, the registered receipt from the post office will be attached to the original non-confirmed DD Form 1149 pending return of one signed copy from the vendor.

7703 USE OF CREDIT INVOICES

Credit invoices provided to ships from vendors will be included in the monthly transmittal of receipts to DFAS. A copy of the DD Form 1149 associated with the credit invoice will be attached to the credit memorandum. The preferred method is to send scanned documents to DFAS. If the ship does not have a scanner, request the vendor send a scanned copy to the ship for re-transmittal to DFAS in the monthly submission.

7704 FILING OF THE CREDIT INVOICE AND CREDIT MEMORANDUM

LIQUIDATION. Upon receipt of the credit invoice from the vendor, the DD Form 1149 will be confirmed and distributed as follows:

- a. Original DD Form 1149 and original credit invoice to B01 (AO) File
- b. One copy of the DD Form 1149 and one copy of the credit invoice to B01 (RK) File

7705 MERCHANDISE RETURNED FOR CASH REFUNDS

1. EXPENDITURE OF MATERAIL. To expend the material to a vendor or Navy Exchange the Sales Officer will process a markdown to zero for the items being returned. The markdown to zero however will not be confirmed until a check is received. The markdown will reduce ship's profits, however when the check is received, those profits will be replaced.
2. RECEIPT OF CHECK. Upon receipt of the check, the Sales Officer will confirm the markdown to zero for the items and process the check as a "contribution to profits".
3. DOCUMENT DISTRIBUTION. :
 - a. Prior to check being received
 1. Original and all copies of Markdown to Zero (DD Form 200) to WF4 File until refund check is received
 2. One copy to the vendor

b. Receipt of Refund Check

Upon receipt of the refund, the mark down to zero will be confirmed. The records keeper will hand write the following information on the DD Form

:

Check # _____ dated _____ in the amount of \$_____ received and deposited with the disbursing officer on _____. Disbursing officer's collection voucher #_____ applies.

The refund check will then be turned over to the disbursing officer as a contribution to profits. The disbursing officer will assign a collection voucher number and return the copy of the DD Form 200 to the Sales Officer.

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CHAPTER 8 – SHIP'S STORE PROFITS

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CHAPTER 8 – SHIP'S STORE PROFITS

PART A – DESCRIPTION AND AUTHORIZATION

8000 SHIP'S STORE PROFITS, NAVY

Ship's Store Profits, Navy is a trust fund carried on the books of the Treasury Department. Monies in this account accrue from sales in ship's stores. The appropriation for Ship's store Profits, Navy is 17X8723.2301.

8001 SHIP'S STORE PROFITS, NAVY GENERAL FUND

Ship's Store Profits Navy, General Fund is maintained by the Naval Supply Systems Command. Monies for the General Fund accrue from the following sources:

- a. Assessment on cash received from retail sales by individual stores.
- b. Balance of ship's store profits remaining after the loss or decommissioning of a ship
- c. Repayment of loans

8002 ALLOTMENTS UNDER SHIP'S STORES PROFITS, NAVY

1. OPEN ALLOTMENT. An open allotment under Ship's Store Profits, Navy has been assigned for the following:
 - a. Authorized expenses of ship's stores
 - b. A reserve for markdowns and surveys incurred in the normal course of business
 - c. Payment of ship's store profits to the commanding officer for the recreation of the crew
2. GENERAL FUND. The Naval Supply Systems Command has authorized NEXCOM (Ship's Store Program) to charge Ship's Store Profits, Navy General Fund for the following:
 - a. Purchases of vending machines and associated accessories
 - b. Markdowns if the profits of the individual ship's store are not adequate to absorb the cost of the material marked down
 - c. Loans and Non-reimbursable grants
 - d. Improvements to ship's store facilities

- e. Disbursement to the Commander Navy Installations Command for the recreation of naval personnel in accordance with the provisions of 10 U.S. Code 7604
- f. Reimbursement to Navy exchanges for losses suffered in transactions in which Navy exchanges have purchased merchandise from ship's stores upon disestablishment of the ship's store, such as losses due to deterioration, hidden damage, or short pack (each case will be decided on its own merit).
- g. Travel and miscellaneous expenditures for NEXCOM (Ship's Store Program), Fleet Assistance Team and fleet personnel to support ship's store personnel.
- h. Cost for electronic media, catalogs, printing and display materials/assistance utilized by ship's store afloat in the conduct of business.
- i. ADP equipment and supplies used in support of retail operations.

8003 PROFITS ALLOWED

1. ALLOWED GROSS PROFIT. Gross profit after subtracting the cost of goods, shall be limited to:
 - a. Retail Store(s): A maximum of 20%
 - b. Drink Vending Machine(s): A maximum of 55%
2. EXTERNAL SOURCES OF PROFITS. Profits obtained from the following operations are authorized:
 - a. Exchange Catalog rebates
 - b. Navy Exchange Concession operations rebates
 - c. Contributions to ship's store profits
 - d. Other commission or rebate operations as approved by NEXCOM (Ship's Store Program)
3. GROSS PROFIT COMPUTATION. The following formulas will be used to determine gross profit. All captions will be obtained from the Ship's store Balance Sheet and Profit and Loss Statement (NAVCOMPT Form 153)
 - a. Retail Store: Retail Sales (Line C02) minus Cost of Retail Sales (Line B21), divided by Retail Sales (Line C02) equals percent of gross profit

- b. Drink Vending Machine: Drink Vending Machine Sales (Line C03) minus Cost of Vending Sales (Line B25) divided by Drink Vending Machine Sales (Line C03) equals percent of gross profit from drink vending sales

PART B – PROCUREMENT OF FUNDS

8100 SHIP'S STORE PROFITS

The profits from sales in the ship store are the basic source of funds available to the commanding officer for the ship's recreation fund. Recreation funds are available for expenditures for specific purposes under the regulations prescribed in the Operation of Morale, Welfare and Recreation (MWR) Programs Instruction (BUPERINST 1710.11 series). Profits generated by the ship during an accounting period will be transferred in accordance with paragraph 8300-8305.

8101 CONTRIBUTIONS

Contributions are not operating profits and will not be included in the amount taken up as cash received from sales in the ship's store. Contributions will be added to the individual ship's profits as outlined in the ROM User's Guide.

8102 LOANS AND NONREIMBURSABLE GRANTS

1. LOANS

- a. A ship's store may request a loan to cover the cost of the following:

- (1) Equipment (such as vending machines)
- (2) Modernization and improvement of ship's store facilities
- (3) Operating losses

An official letter request will be submitted to NEXCOM (Ship's Store Program) stating the purpose of the loan. After approval, NEXCOM (Ship's Store Program) will charge the amount of the loan to Ship's store Profits, Navy General Fund. To reimburse the General Fund, the individual ship store will make payments from local profits. NEXCOM (Ship's Store Program) will provide repayment instructions. Normally, a ship is required to repay a loan in three accounting periods. Ships having a complement of less than 350 may request authority to repay a loan in five installments. Loans to cover the cost of modernization may be requested for a period of up to a maximum of five years.

- b. Accounting. When NEXCOM Ships Store program approves a loan, they confirm the amount of the loan as a one-time entry on Line C05 on the NAVCOMPT Form 153 for the accounting period in which the loan is provided. The NEXCOM letter authorizing the loan will be filed in the C05 (RK) File. ROM automatically computes loan repayments

and reports them on Line C20 of the NAVCOMPT Form 153. When a purchase using ship's store profits has not been reported on a previous NAVCOMPT Form 153 as a liability assumed, the amount of any loan received during the current accounting period to cover the costs of a purchase will be reported as a liability assumed (Line C24A) until the purchase is reported on Lines C13 or C18.

- c. Repayment of Loans. Loans received from the General Fund will be repaid out of the profits. NEXCOM will set up a loan repayment schedule and ROM will repay the loan each accounting period following the instructions furnished by NEXCOM (Ship's Store Program) in the letter authorizing the loan.

2. GRANTS.

- a. General. All ships may request a non-reimbursable grant when alternative financial assistance is not suitable. .
- b. New Construction. New construction ships are authorized a non-reimbursable grant to cover the cost of equipment (such as vending machines). An official letter request is not required to be submitted to NEXCOM (Ship's Store Program). NEXCOM (Ship's Store Program) will charge the General Fund for the cost of the initial outfitting equipment. NEXCOM (Ships Store Program) will purchase the equipment, for new construction ships, charging the NEXCOM portion of Ships Store Profits, Navy, General Fund, advise the ship, by letter, that the items have been purchased, and request that the ship acknowledge receipt of the items.
- c. Ships Stores Operating Coffee Bars.
 - (1) Ships operating coffee bars are entitled to a grant for the CNIC portion of the General Fund Assessment on Coffee Bar sales.
 - (2) After preparation of the NC 153, at the end of the accounting period, a copy of the Front and Back of NC 153 Report will be forwarded to NEXCOM, Ships Store Program (Walter.Moore@nexweb.org) with a copy to the respective Type Commander.
 - (3) NEXCOM, Ships Store Program will compute the CNIC portion of the coffee bar (Store 9100) sales and return that amount to each ship in the form of a grant.
 - (4) The NC 153 reports must be received no later than 30 days after the end of the accounting period..

PART C – CHARGES AGAINST SHIP'S STORE PROFITS

8200 GENERAL INFORMATION

Ship's store profits will not be obligated unless funds are available to cover the expenditure. This includes all purchases made using Ship's store Profits, Navy as listed in Chapter 4. The charges authorized in paragraph 8201-8203 will be applied against ship's store profits before any profits are transferred to the recreation fund.

8201 GENERAL FUND ASSESSMENT

1. COMPUTATION. The General Fund Assessment for a ship is computed as a percentage of all cash received from retail sales. The General Fund Assessment is computed on the NAVCOMPT Form 153 by multiplying Line C02 by the applicable rate of assessment in subparagraph 3. Using the rate of assessment, ROM will automatically compute and post the GF Assessment Local to Line C14A and compute and post the GF Assessment Bupers to Line C14B.
2. ITEMS NOT INCLUDED IN COMPUTATION. The following are not included in the General Fund Assessment:
 - a. Cash from drink vending machine sales
 - b. Rebates from exchange catalog sales
 - c. Contributions to ship's store profits
3. RATE OF ASSESSMENT. The General Fund Assessment is derived from an assessment of the cash received from retail sales from individual ship's stores in accordance with the following tables:

| <u>Billets Authorized</u> | <u>BUPERS Percentage</u> | <u>NEXCOM Percentage</u> |
|---------------------------|--------------------------|--------------------------|
| 1,500 or more | 5.00% | .5% |
| 500 – 1,500 | 4.50% | .5% |
| Under 500 | 0.00% | .5% |

Of the total assessment received from all ships, an amount equal to ½ of 1% (.05%) of retail sales is allocated to Ship's store Profits, Navy General Fund Line C14A of the NAVCOMPT Form 153. The balance is disbursed to the Chief of Naval Personnel for the recreation of naval personnel, Line C14B of the NAVCOMPT Form 153. Billets authorized should be taken from the manpower authorization document OPNAV 1000/2 for enlisted and officers. Embarked personnel are not included in this personnel count. The Sales Officer should check to ensure that the correct crew size figure is entered in ROM, as this will affect the figures on Lines C14 of the NAVCOMPT Form 153.

8202 LOSS OR DAMAGE OF PERSONAL UNIFORM CLOTHING

1. AUTHORITY FOR REIMBURSEMENT.
 - a. When losses of or damage to personal uniform clothing occur through the operation of the laundry a claim for reimbursement may be submitted to the commanding officer or his designated representative via the Sales Officer.
 - b. For lost or damage of clothing other than laundry refer to Chapter 7..
2. AMOUNTS TO BE PAID. The amounts to be paid as reimbursement for loss or damage to personal uniform clothing will be determined by the commanding officer or his designated representative. The amount certified for payment will be based on the following factors:
 - a. Acquisition cost
 - b. Length of time the item has been in use
 - c. Whether or not the item is repairable, if damaged
 - d. Claims for loss of civilian clothing are not authorized
3. CALCULATION OF REIMBURSEMENT AMOUNT. Reimbursement will be based on a depreciation scale of 30% for the first year and 10% for each succeeding year up to a maximum of 70%.
4. PROCEDURES FOR HANDLING CLAIMS. The commanding officer has the authority to approve claims or may delegate this authority to the Supply Officer or Sales Officer. A locally prepared Claim for Loss or Damaged of Personal Clothing available on the ROM Library) will be used to process claims. An original and two copies of the claim form will be prepared by the claimant and forwarded to the approving official via the Sales Officer. After approval, the Sales Officer will enter the claim into ROM but leave it unconfirmed. The claimant will present all copies of the claim form to the disbursing officer for payment. For cash payments, the disbursing officer will obtain the payee's signature on the claim form under the space headed "Paid by Cash". After paying the claim, the disbursing officer will furnish the Sales Officer with one copy of the claim form and two copies of the SF 1034 and the Sales Officer confirms the payment in ROM. The Sales Officer will confirm the claim in ROM and distribute the forms as follows:
 - a. One copy of the SF 1034 filed in C13 (AO) File
 - b. One copy of the SF 1034 and copy of the claim form filed in C13 (RK) File
6. ACCOUNTING FOR CLAIMS. At the end of the accounting period, ROM summarizes the total amount of laundry claims and enters the figure on Line C13 of the NAVCOMPT Form 153.

8203 LOANS

Loans received from the General Fund will be repaid out of the profits

8204 TRANSFER TO/FROM THE RECREATION FUND

1. TRANSFERS TO RECREATION FUND. Ship's store profits remaining after the expenditures authorized in paragraph 8201 – 8203 have been made will be transferred to the recreation fund following paragraphs 8300 – 8305.
2. TRANSFERS FROM RECREATION FUND. The U.S. Government has first "claim" on any profits transferred to the ships recreation fund in error. When notified by the TYCOM, the ships recreation fund will issue a check to the Sales Officer made payable to U.S. Treasurer. The Sales Officer will deposit the check with the disbursing officer and account for the check as a contribution to profits.

PART D – TRANSFER OF SHIP'S STORE PROFITS TO THE RECREATION FUND**8300 LIABILITIES ASSUMED, ANTICIPATED EXPENSES AND PAYMENT OF PROFITS**

1. LIABILITIES ASSUMED. All liabilities assumed by the ship's store will be applied against ship's store profits before any profits are transferred to the recreation fund. Liabilities assumed will be entered on Line C24A of the NAVCOMPT Form 153. Liabilities assumed include:
 - a. All purchases using ship's store profits for which materials, services, or substantiating documents (Abstract Data Report) have not been posted (see Chapter 4)
 - b. When a loan has been received to cover the cost of purchase using ship's store profits and the purchase has not been previously reported on the NAVCOMPT Form 153, the amount of the loan only will be reported on Line C05 and as a liability assumed (Line C24A) until the materials, services and substantiating documents (Abstract Data Report) have been posted by NEXCOM (see paragraph 8102-1)
2. ANTICIPATED EXPENSES. Anticipated expenses by the ship's store will be applied against ship's store profits before any profits are transferred to the recreation fund. Anticipated expenses include markdowns, markdowns below cost, surveys and other operating losses. When such expenses are anticipated during the next accounting period, the amount will be entered on Line C24A of the NAVCOMPT Form 153.
3. PAYMENT OF PROFITS. Payment of the entire amount of the net profit to the recreation fund is not mandatory. Full payment will not be made when funds are required to cover anticipated expenses and liabilities assumed. Only the amount reported on Line C24B of the NAVCOMPT Form 153 will be

paid to the recreation fund. This payment will be disbursed to the recreation fund within 15 days following submission of the returns.

8301 PREPARATION AND DISTRIBUTION OF STANDARD FORM 1034

1. PREPARATION. The Sales Officer will prepare a Public Voucher for Purchase and Services Other Than Personal (SF 1034) in ROM covering the amount of ship's store profits to be transferred to the recreation fund.
2. PROCESSING SF 1034. The SF 1034 will be forwarded to the commanding officer with a copy of the NAVCOMPT Form 153. The SF 1034 will be signed by the commanding officer and then forwarded to the disbursing officer for payment.
3. DISTRIBUTION OF SF 1034. After the disbursing officer has issued a check payment of the ship's store profits to the recreation fund, the Sales Officer will obtain two copies of the completed SF 1034. The SF-1034 is distributed by the Sales Officer as follows:
 - a. One copy to the C22 (AO) File
 - b. One copy to the C22 (RK) File

8302 WHEN THE SALES OFFICER IS THE DISBURSING OFFICER

When the Sales Officer is also the disbursing officer, the Sales Officer will prepare and process the SF 1034 following paragraph 8301. The SF-1034 will then be paid by the disbursing officer who is also the Sales Officer.

8303 WHEN THE SALES OFFICER IS NOT THE DISBURSING OFFICER

When the Sales Officer is not also the disbursing officer, the Sales Officer will prepare the SF 1034. The Sales Officer will then forward the SF-1034 to the commanding officer for approval and then to the disbursing officer for payment. In no case will the Sales Officer, who is not also the disbursing officer, make disbursement of funds to the recreation fund.

8304 TRANSFER OF SHIP'S STORE PROFITS BEFORE THE END OF THE ACCOUNTING PERIOD

During an accounting period, if it is necessary to transfer ship's store profits to the recreation fund the sales officer must submit a letter or email request to NEXCOM (Ship's Store Program) with a copy to the TYCOM and DFAS. If possible the ship should send a PDF copy of the current NC 153. If this is not possible, the letter or email should show both current profit generated (the amount of profit shown on Line C25 and on C26) and profit brought forward (Line C01 minus Line C22). NEXCOM (Ship's Store Program) will respond with either approval or disapproval of the request and will copy the TYCOM and DFAS. If the request is approved, the Sales Officer will enter the amount transferred in ROM (as outlined in the ROM User's Guide) and process the transfer.

8305 RECREATION FUND

After ship's store profits have been transferred, these monies become part of the ship's recreation fund. The commanding officer is responsible for the administration of the recreation fund.

CHAPTER 9 – RETURNS
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CHAPTER 9 – RETURNS

PART A – INVENTORY PROCEDURES

9000 GENERAL INFORMATION

1. DEFINITION AND PURPOSE. A physical inventory is a process of identifying, counting and evaluating all stock on hand at a specified time. In a ship's store, a physical inventory is taken for the following purposes:
 - a. To determine the quantity of the stock on hand so the required financial reports can be prepared.
 - b. To check the accuracy of stock records and to adjust any differences that may exist between the stock records and the stock on hand.
 - c. To determine the dollar value of stock shortage due to pilferage or other losses not reflected on stock records.
 - d. To identify stock shortages and overages and to determine financial liability.
 - e. To serve as a management tool for stock control.
2. APPLICABILITY. The procedures in this chapter apply to all ship's stores. All items of ship's store stock will be included on the inventory. Cost of operations items on hand in activities other than the holding location storeroom will be excluded. (These include consumable supplies for the retail store, items transferred to the coffee bar and repair parts for vending machines.)
3. WHEN TAKEN. An itemized physical inventory will be taken as follows:
 - a. At the end of each accounting period sometime during the last week of business.
 - b. Upon relief of the Sales Officer.
 - c. Upon relief or rotation of the responsible custodian(s) in that specific location.
 - d. Upon evidence of an unauthorized entry into a Group III space, to determine if theft has occurred.
 - e. For ships with financial differences as set forth in paragraph 9102-3.
 - f. At any other time when directed by the TYCOM, NEXCOM (Ship Store Program), commanding officer, Supply Officer or Sales Officer.

9001 SPOT INVENTORIES

1. WHEN TAKEN. The Sales Officer will conduct spot inventories in the holding location storeroom and the retail outlets at unannounced times. Mandatory each week 5% of stock (when feasible, spot inventories will be taken after each breakout or issue.) In addition, spot inventories must be taken for each holding location issue refusal or quantity difference.
2. RECORDSKEEPING.
 - a. Gains or losses discovered will be investigated prior to confirming the inventory. Adjustments to the stock record cards as a result of spot inventories are made automatically when the inventory is confirmed. The Inventory Discrepancy Report listing all gains or losses resulting from a spot inventory will be filed with the corresponding Inventory Count Sheet and/or Inventory Count Report. The Inventory Discrepancy Report will be signed and dated by the Sales Officer and will be filed in B28 (RK) File.
 - b. Accounting for Gains or Losses. Gains or losses are posted to the NAVCOMPT Form 153 Line B14 upon confirmation of the inventory.

9002 ASSIGNMENTS OF PERSONNEL TO INVENTORY TEAMS

1. GENERAL. The Sales Officer is responsible for a complete and accurate inventory. In order to conduct an inventory, a Portable Data Terminal (PDT) or Inventory Count Sheet when a PDT is not available will be used to count all ship's store stock in the space. A Consolidated Stock Record Listing (B28) Report must be printed and accompany the inventory teams when a PDT is used for inventory. When scanning a UPC, if the UPC is not found, the Consolidated Stock Record Listing is used to input the stock number. All inventory teams will have two persons assigned; one person must be an E5 or above. The records keeper will not be assigned to an inventory team at any time; however the responsible custodian should be present during the inventory.
2. RESPONSIBILITIES OF THE INVENTORY TEAM:
 - a. Counter. The person assigned to count the items will:
 - (1) Verify the ROM generated barcode label (if used) on the box matches the description of the contents.
 - (2) Ensure each open case is counted individually. Manufacturer sealed cases count is acceptable.
 - b. SCANNER. The person assigned to scan will:
 - (1) Scan the UPC or ROM generated barcode label on each item or case if unopened. If the UPC is not found, the scanner will enter the stock number into the PDT either manually using the

stock record listing or by scanning the ROM generated barcode label.

- (2) Record the quantity provided by the counter
- (3) Provide quality control over the counter to ensure the best "first count" is made.

9003 MULTIPLE INVENTORY TEAMS

1. MULTIPLE OUTLETS. When a ship's store has numerous sales outlets and holding locations, an inventory may be taken by multiple teams. The number of teams will be determined by the Sales Officer. The Sales Officer will be the inventory supervisor. Each inventory team will be made up of one enlisted person in a supply rating E5 or above and one other enlisted person.
2. SINGLE OUTLETS. The Sales Officer normally will assign one inventory team (counter and recorder) to an accountable space. To expedite the counting of material, the Sales Officer may assign more than one team. Care must be taken to ensure the teams do not count the same areas.

9004 PRELIMINARY PREPARATIONS

1. LAYOUT SKETCH. To ensure accurate and expeditious inventories in sales outlets and holding locations layout sketches are helpful to show each fixture, bin shelf, showcase, etc.
2. INVENTORY PATTERN. Inventory patterns should be planned before the actual inventory count. For example, an inventory of a space should start on the left and work to the right, top to bottom of each section of the space. The layout sketches will help in establishing an inventory pattern.
3. ENTRIES ON RECORDS. Before the inventory, the Sales Officer must verify that all receipt and expenditure documents and breakouts have been confirmed if necessary.
4. STOCK.
 - a. Arrangement. Merchandise in each retail store and holding location will be sorted and be labeled (if necessary) with a ROM generated barcode label to facilitate scanning and counting.
 - b. Empty Cartons. Empty cartons will be removed from the retail store and storerooms, so they will not be accidentally included in the inventory
 - c. Open Cases. The contents of cases, boxes and containers from which items have been removed will always be counted individually. Under no circumstances will markings on the outside of previously opened containers be accepted in place of an individual unit count.

- d. Non-EPOS Activities. All snack vending, canned drink vending and other outlets which do not use a POS register must be prepared for an actual inventory to determine sales/cost of sales.
- e. End of Accounting Period. No breakout will be made to any outlet until the NAVCOMPT Form 153 is complete and the system is closed-out.

9005 INVENTORY COUNT SHEET

GENERAL. The PDT (Portable Data Terminal) will be used to record inventories. In the event that the PDT is damaged or not available, the Inventory Count Sheets will be used to conduct inventories.

- a. PDT Procedures. Prior to conducting an inventory, it is necessary to generate an Inventory Count Sheet. ROM requires this process to facilitate the downloading of inventory data from the PDT to the appropriate outlet Inventory Count Sheet. No Inventory Count Sheet should ever be created for any Non-EPOS outlet. Procedures for creating an Inventory Count Sheet are outlined in the ROM Users Guide.
- b. Manual Procedures (without a PDT). There is no pre-list function in ROM. The list is printed out by location. Procedures for creating an inventory are contained in the ROM User's Guide.

9006 COUNTING AND RECORDING

1. GENERAL. Each sales outlet operator and storeroom custodian should be present when their space is inventoried. Stock will not be moved from one space to another before completing the inventory. During the inventory, when the actual counts are not in progress, the Sales Officer will secure the spaces by replacing the locks and attaching a numbered car seal in the presence of the responsible custodian. The car seal number will be recorded in the Car Seal Number Log.
 - a. PDT Procedures. During the inventory, one person will count and one will record the quantities via the PDT using the method described in paragraph 9002 and 9004. Over-count errors entered on the PDT can only be corrected after the inventory counts have been imported to the applicable inventory count sheet (i.e. quantity physically in the space is 24 cases, but 240 cases was entered into the PDT. After the inventory is imported, the records keeper must correct the over-count on the Inventory Count Sheet). Under-count errors can be corrected by rescanning the item and adding the missed (undercounted) quantity to the PDT. An example would be if the quantity physically in the space is 24 cases, but 2 cases were entered into the PDT, the user would rescan and enter 22 cases on the PDT to give a total count of 24 cases). Care should be taken when entering quantities into the PDT to prevent over-count errors.

- b. Manual Procedures (Without PDT). Inventory Count Sheet(s) are printed. One person will count and one person will record quantities on the Inventory Count Sheet(s) using the method described in paragraph 9002 and 9004. All corrections will be made in ink with both individuals initialing the correction. Once the inventory has been completed, the records keeper will enter the quantities on the applicable Inventory Count Sheet in ROM.
2. INVENTORYING OUTSTANDING MATERIAL RETURNED TO VENDORS FOR CREDIT MEMORANDUMS AND CASH REFUNDS. All credit memorandums and cash refunds that are outstanding will be inventoried as part of the holding location inventory. Copies of all outstanding credit memorandums and cash refunds are contained in WF 4 and will assist the Sales Officer in adding the merchandise to the inventory.

9007 ACTIONS AFTER THE INVENTORY

Upon completion of the inventory the physical counts will be either entered into the applicable Inventory Count Sheet or imported from the PDT. Only personnel designated by the Sales Officer will perform this function. After the Inventory Count Sheet has been updated with the inventory, the Inventory Discrepancy Report will be printed. The inventory will remain unconfirmed until the Sales Officer validates all discrepancies from the Inventory Discrepancy Report. The Sales Officer will assign a team to verify items reported on the Inventory Discrepancy Report. Any corrections will be made to the applicable Inventory Count Sheet. A final Inventory Discrepancy Report will be generated after all corrections are made to inventory counts. This process will continue until the Sales Officer is confident that an accurate inventory count has been taken. Upon confirming the inventory, the stock record cards are adjusted and losses or gains are reported on Line B14 of the NAVCOMPT Form 153. The B14 report will be printed and filed in the B14 (RK) file.

9008 DISTRIBUTION OF INVENTORY COUNT SHEETS

After the inventory, the Inventory Count Report will be printed for each outlet inventoried. The Sales Officer and all members of the inventory count team will sign the Inventory Count Report. The signed Inventory Count Report and the Inventory Discrepancy Report will be filed in B28 (RK) File. Additional copies can be provided to accountable custodian if requested.

9009 BALANCING AN EPOS OUTLET

To obtain an accurate balance of an EPOS outlet, the financial difference must be determined. The financial difference is reported on the Back of 153 Report, titled Accounting Period Profitability, after the inventory is confirmed and all cash is posted. If differences exceed \$1,500.00 and 1% of Sales at Cost, the Sales Officer will follow instructions in paragraph 9102.

9010 BALANCING A NON-EPOS OUTLET

- a. Merchandise sold from a snack or vending machine. At the end of the month, the ship will conduct an inventory and post the on hand balance. ROM will report the sales (as recorded daily), compute the cost of sales and report any financial difference.
- b. All merchandise located in a Non-EPOS outlet, other than snack or vending, will be broken out to a holding location after an inventory is taken. All cash collections must be posted in ROM. Any financial difference is reported on the Back of 153 Report, titled Accounting Period Profitability, after the breakout is confirmed and the cash is posted.
- c. Differences. If differences exceed \$1,500.00 and 1% of Sales at Cost the Sales Officer will follow instructions in paragraph 9102.

9011 BALANCING THE ENTIRE OPERATION

Once all inventories have been confirmed and all cash is posted, ROM automatically adjusts the new counts on the stock record cards and updates the Back of 153 Report, titled Accounting Period Profitability, that shows the financial difference (gain or loss) by dollar amount and percentage. Any gains or losses are reported on Line B14 and ultimately absorbed as an operating expense on Line C12 of the NAVCOMPT Form 153. If the amount of the difference exceeds \$1,500.00 and 1% of Sales at Cost, the Sales Officer will follow instructions in paragraph 9102.

PART B – CLOSEOUT OF RECORDS**9100 CLOSEOUT OF INVENTORY**

ROM adjusts “on hand” quantities upon confirmation of an inventory. Upon closeout of the current accounting period, the ending inventory becomes the opening inventory for the new accounting period. Any gains/losses during the accounting period are reported on Line B14 of the NAVCOMPT Form 153 and will be examined by the Sales Officer. Inventory Discrepancy Reports are produced for each inventory conducted to aid the Sales Officer in identifying discrepancies.

9101 PROFITABILITY REPORTS

ROM will automatically compute the amount of the gross profit generated for each item and by each location based on sales. To determine the actual gross profit the report compares the dollar value of merchandise sold against the dollar value of cash collections.

9102 FINANCIAL DIFFERENCES

1. GENERAL. Financial differences are identified by reviewing the net difference column on the Back of 153 Report after confirming an inventory for EPOS and Non-EPOS outlets. A financial difference may be caused by a difference in inventory and/or cash. An inventory difference is a difference between the "book" inventory and the actual inventory, and a cash difference is a monetary difference between the Sales at Retail Figure on the Back of the 153 Report, titled Accounting Period Profitability, and the actual cash collected. The amount of the difference determines whether adequate controls are in place, and what further action is required.
2. LEVELS OF RESPONSE TO FINANCIAL DIFFERENCES
 - a. General. Financial differences are divided into three levels based upon monetary amount and actions to be taken by the ship.
 - b. Levels.
 - (1) Level 1 Difference (Concern). Any difference below one percent of sales at cost and \$1,500.00 is a matter of concern to the Supply Officer and Sales Officer.
 - (2) Level 2 Difference (Caution). Any difference above one percent of sales at cost and \$1,500.00 is an indication that procedures require managerial review to determine the cause of the difference and action if the ship is unable to resolve the difference.
 - (3) Level 3 Difference (Adverse). Any difference above three percent of sales at cost and \$3,000.00 is considered an adverse difference which mandates review and examination by the Supply Officer and or the commanding officer depending on the circumstances.
3. ACTION
 - a. Level 1 Difference (Concern). A Level 1 Difference for any outlet requires review by the Sales Officer to determine if procedures are being followed. Action should be taken to remedy and improve operations. If the Supply Officer and Sales Officer are satisfied with their examination of the issues, no further action is required. If they are not satisfied with the results of their review, they may contact the local Fleet Assistance Team for assistance.
 - b. Level 2 Difference (Caution). If a Level 2 Difference exists for an individual sales outlet or holding location, the entire ship's store operation will be inventoried and balanced to determine if a Level 2 Difference exists for the entire operation. If the difference in the individual outlets does not cause an overall Level 2 Difference, then the ship will conduct an internal review of procedures and no further

action is required. If the entire operation has a Level 2 Difference the ship must do the following:

- (1) Notify the Supply Officer of the difference
- (2) Verify all columns on the Back of the 153 Report, titled Accounting Period Profitability, for all outlets
- (3) Conduct a re-inventory and secure spaces
- (4) Reopen spaces when the Supply Officer is sure that an accurate inventory has been taken.
- (5) The ship has five workdays to resolve the difference. If they are unable to resolve the difference, the ship must contact the local Fleet Assistance Team for assistance.
- (6) The Fleet Assistance Team has ten days to examine the difference. A report with recommendations will be provided to the ship.
- (7) If the Fleet Assistance Team is not able to determine the cause of the difference, the Supply Officer will notify the commanding officer immediately concerning the difference and the final recommendations provided to the ship. The commanding officer may:
 - (a) Direct informal examinations of the loss, if theft or fraud is discovered during the examination, follow procedures listed in Chapter 1.
 - (b) Notify the TYCOM if recommendations indicate a higher level involvement
 - (c) Take any other disciplinary action IAW UCMJ if appropriate

- c. Level 3 Difference (Adverse). If a Level 3 difference exists for any individual sales outlet or holding location, the entire ship's store operation will be inventoried and balanced to determine if a Level 3 Difference exists for the entire operation. If after re-inventory, the difference in the individual outlet does not cause an overall Level 3 Difference, but does cause a Level 1 or Level 2 Difference, then follow the procedures listed above for that difference. If the entire operation has a Level 3 Difference the ship must do the following:

- (1) Notify the Supply Officer of the difference
- (2) Verify all columns on the Back of 153 Report, titled Accounting Period Profitability.
- (3) Secure spaces and conduct a re-inventory

- (4) The ship has five work days to resolve the difference or must contact the TYCOM or Fleet Assistance Team for assistance. If the assistance does not resolve the difference or an assistance visit is unable to be performed within a reasonable period of time, the ship should do the following:
 - (a) Establish a formal fact finding body in accordance with JAG Manual Chapter 2.
 - (b) Relieve the responsible individual when culpability on his/her part is indicated
 - (c) In the event of relief of the accountable officer, records will be closed out and the relieved officer will submit returns
 - (d) Reopen spaces after inventory and cash collections are verified by the Supply Officer and upon receipt of concurrence and recommendations from TYCOM or Fleet Assistance Team.
- (5) For a Level 3 Difference, the ship must notify in writing (letter or email, the TYCOM with a copy to DFAS. The document will explain the possible causes and corrective action taken to prevent the differences in the future. Submit any additional reports required by TYCOM.

PART C – RETURNS REQUIRED

9200 PURPOSE OF RETURNS

Ship's store returns serve the following purposes:

- a. Establish accountability
- b. Furnish operational information to the NEXCOM (Ship's Store Program) / TYCOM
- c. Establish the basis for the analysis, segregation and presentation of appropriation and cost accounting charges

9201 TYPES OF RETURNS

1. GENERAL. The Sales Officer will render returns on the Ship's store Balance Sheet and Profit and Loss Statement (NAVCOMPT Form 153) within 15 days following the end of the accounting period. Returns will be submitted to DFAS with substantiating documents as shown in Appendix B. Prior to rendering returns, the Sales Officer will ensure that all signed receipt and expenditure documents are reflected in the original returns and are balanced with the applicable lines of the NAVCOMPT Form 153. Non-receipt of documents that are required to support the returns should not delay submission of the returns (see paragraph 9204). Early submission of returns will assist DFAS in meeting schedules.
2. FOUR MONTH RETURNS. The Sales Officer will submit ship's store returns for four month periods ending 31 January, 31 May and 30 September or upon relief of the Sales Officer.
3. MERGED RETURNS. Returns may be merged, if the total of the normal accounting period and the merged period does not exceed five consecutive months. Returns for a fractional period may be merged with the returns for the previous or subsequent accounting period (except for the 30 September accounting period) upon written authorization from the commanding officer. When returns are merged ships will notify the following activities by E-mail:
 - a. The TYCOM
 - b. DFAS
 - c. NEXCOM (Ship's Store Program)

The original letter will be included with the merged returns submitted to DFAS. Returns may not be merged for the accounting period ending 30 September, without approval from NEXCOM (Ship's Store Program).

4. CORRECTIONS TO RETURNS. ROM does not allow any corrections to financial documents after the information has been "confirmed". No corrected

returns will be submitted to DFAS. DFAS, after reconciling the returns, will direct the Sales Officer on how to correct the current NAVCOMPT Form 153.

9202 DELAY AND DELINQUENCY IN SUBMITTING RETURNS

When returns cannot be submitted on or before the date required, the ship must notify via email, salts or naval message to DFAS, NEXCOM (Ship's Store Program) and TYCOM explaining the reasons for the delay and the anticipated mailing date.

9203 INSTRUCTIONS FOR FORWARDING RETURNS

1. BY EMAIL. (Preferred Method)
DFAS recommends NAVCOMPT 153's and supporting documentation be sent as PDF files via email to both the ship's auditor and to the Ship Stores Mailbox [shipstores@dfas.mil].

2. BY MAIL

a. Packing Instructions. Returns will be packed unfolded and flat. If returns are no larger than an ordinary letter, heavy envelopes may be used.

b. Addressing. In all cases, the following will be shown in the upper left corner of each package:

Sales Officer's Name
UIC, Name and Hull Number of Ship
"Ship's store returns for the period ending _____."

If two or more packages are used, the number of the package and a brief description of the contents will also be shown.

c. Shipment Method. Returns will be forwarded by first class mail for packages weighing 13 ounces or less, or Military Official Mail (MOM) for those weighing over 13 ounces to:

Service designator "V" and "R" ships:

Defense Finance and Accounting Service
ATTN: Accounts Payable, Ships Stores
Code JAQBDA, Room 2799
1240 E. 9th Street
Cleveland, OH 44199

9204 DOCUMENTS FORWARDED AFTER RETURNS HAVE BEEN SUBMITTED

Documents received after returns have been submitted to DFAS will be forwarded as prescribed in paragraph 9203 under a letter of transmittal. The documents will be labeled to indicate the accounting period to which they are applicable.

PART D – SHIP'S STORE BALANCE SHEET AND PROFIT AND LOSS STATEMENT**SECTION I – GENERAL INFORMATION****9300 GENERAL**

ROM produces the NAVCOMPT Form 153 upon request based on data entered for each transaction. As part of the validation process, the Sales Officer must verify the Information reported on the NAVCOMPT Form 153 against the reports and supporting documentation.

9301 AUTHORIZED INVENTORY

The Authorized Inventory is computed by multiplying the authorized billets (as reported on the manpower authorization document OPNAV 1000/2 for enlisted and officers) times \$102.00. For deployed ships, the Authorized Inventory is doubled.

Example:

Non-deployed ship: 500 (crew size) X \$102.00 = \$51,000.00

Deployed ship: \$51,000.00 X 2 = \$102,000.00

SECTION II – BALANCE SHEET**9310 RECEIPTS SECTION**

1. LINE B01 – RECEIPTS FROM PURCHASE. The total value of receipt from purchases as reported and itemized on the Journal of Receipts (B01/B05 Report). This figure should match the sum of the monthly transmittals of receipt documents.
 - a. Merchandise received and reported as a receipt in the current accounting period. This includes the dollar value of credit memorandums forwarded to DFAS.
 - b. Adjustments made to receipts that occurred in the current accounting period.
2. LINE B05 – RECEIPTS FROM OSO. The total value of receipts from other Supply Officers (OSO) as reported and itemized on the Journal of Receipts (B01/B05 Report). This figure should match the sum of the monthly transmittals of receipt documents.
 - a. Merchandise received and reported as a receipt in the current accounting period
 - b. Adjustments made to receipts that occurred in the current accounting period
3. LINE B08 – OPENING INVENTORY. The total value of all ship's store stock at the beginning of the accounting period is reported on Line B08. The

amount must equal Line B28 of the NAVCOMPT Form 153 from the previous accounting period.

4. LINE B09 – TOTAL RECEIPTS. The sum of the amounts reported on Line B01 through B08 will be reported on Line B09.

9311 EXPENDITURES SECTION

1. LINE B10 – ISSUES TO USE. The total value of Issues to Use as reported and itemized on the Issues to Use (B10) Report.
 - a. Dollar value of all issues listed in Chapter 7, except cost of operations issues and issues for health and comfort to personnel in a pay status.
 - b. Transfers to other appropriations (such as the general mess and general stores)
 - c. Receipts from other appropriations
2. LINE B14 – LOSS/GAIN BY INVENTORY. The total value of Gain/Loss by Inventory as reported and itemized on the Gain/Loss By Inventory (B14) Report. Gains and losses occur as a result of "spot inventories."
3. LINE B15 – SURVEYS TO NWCF. The total value of ship's store stock surveyed to the Navy Working Capital Fund as reported and itemized on the Surveys to NWCF (B15) Report.
5. LINE B19 – TRANSFERS TO OSO. The total value of ship's store stock transferred to other Supply Officers as reported and itemized on the Transfer to OSO (B19) Report.
6. LINE B21 – COST OF RETAIL SALES. The total value of ship's store stock sold at cost price as reported and itemized by retail location on the Cost of Retail Sales (B21) Report.
7. LINE B22 – COST OF OPS, RETAIL. The total value of Cost of Operations, Retail as reported and itemized on the Cost of Operations (B22) Report.
8. LINE B23 – SURVEYS TO SSPN, RETAIL. The total value of surveys charged to profits (except surveys of drink vending machine merchandise) as reported and itemized on the Survey to SSPN, Retail (B23) Report.
9. LINE B25 – COST OF VENDING SALES. The total value of Cost of Vending Sales as reported and itemized on the Canned Vending Profitability (B25) Report.
10. LINE B26 – COST OF OPS, VENDING. No longer used..
11. LINE B27 – SURVEYS TO SSPN, VENDING. The total value of surveys of can vending machine merchandise charged to profits as reported and itemized on the Surveys to SSPN Vending (B27) Report.

12. LINE B28 – CLOSING INVENTORY. The total value of all ship's store stock as reported and itemized on the Consolidated Stock Record (B28) Listing. This Sales Officer will compare the closing Inventory Count Reports against the B28 Listing to ensure both figures match.
13. LINE B30 – TOTAL EXPENDITURES. The sum of the amounts reported on Lines B10 through B29. The amount on Line B30 must equal the amount on Line B09.

SECTION II – PROFIT AND LOSS STATMENT

9320 RECEIPT SECTION

1. LINE C01 – FUNDS BROUGHT FORWARD. The amount as reported on Line C24 of the NAVCOMPT Form 153 for the previous accounting period.
2. LINE C02 – RETAIL SALES. The total cash received from sales in retail stores and all Non-EPOS outlets except canned vending machines as reported and itemized on the Retail Cash Collection (C02) Report. The Sales Officer will compare cash totals against the monthly Memorandum Cash Sales Invoice Deposit of Cash with the Disbursing Officer (DD Form 1149) to ensure both figures match. The Sales Officer will also ensure monthly totals in the Navy Cash Monthly Merchant Report match each monthly Cash Sales Invoice (DD Form 1149).
3. LINE C03 – VENDING SALES. The total cash received from can drink vending machines as reported and itemized on the Drink Vending Collection (C03) Report. This figure will be compared by the Sales Officer against the monthly Memorandum Cash Sales Invoice Deposits of Cash with the Disbursing Officer (DD Form 1149) to ensure both figures match. The Sales Officer will also ensure monthly totals in the Navy Cash Monthly Merchant Report match each monthly Cash Sales Invoice (DD Form 1149).
4. LINE C04A – REBATES. NEXCOM (Ships Store Program) will enter the dollar value of rebates provided to them by vendors. ROM automatically enters this figure when NEXCOM confirms the entry ashore and the value is replicated to the ship.
5. LINE C04B – CONTRIBUTIONS. The total value of all other contributions, regardless of source, as reported and itemized on the Contributions to Ship's store Profits (C04B) Report. This also includes monies collected as service charges. This figure will be compared by the Sales Officer against the monthly Memorandum Cash Sales Invoice Deposit with the Disbursing Officer (DD Form 1149) to ensure both figures match.
6. LINE C05 – LOANS. NEXCOM (Ships Store Program) authorizes and posts Loans. The total amount of all confirmed loans is posted on Line C05 as a one-time entry at the end of the accounting period in which the loan is received. The NEXCOM (Ship's Store Program) letter authorizing the loan may be referenced by viewing in the comment block. ROM automatically

enters this figure when NEXCOM confirms the entry ashore and the value is replicated to the ship.

7. LINE C06 – GRANTS. The total value of grants received as reported and itemized on the Grants Received (C06) Report. NEXCOM (Ship's Store Program) authorizes and posts non-reimbursable grants. The amount of a grant is reported on Line C06 at the end of the accounting period in which the grant is received. The NEXCOM (Ship's Store Program) letter authorizing the grant may be referenced in the comment block. ROM automatically enters this figure when NEXCOM confirms the entry ashore and the value is replicated to ROM.
8. LINE C08 – DFAS FUNDS ADJUSTMENT. If corrections to a previous NC 153 are required, DFAS will enter the dollar value, plus or minus, to this line. ROM automatically enters this figure when DFAS confirms the entry ashore and the value is replicated to the ship.
8. LINE C09 – TOTAL RECEIPTS. The sum of the amounts reported on lines C01 through C08.

9321 EXPENDITURE SECTION

1. LINE C10 – COST OF RETAIL SALES. The Cost of Retail Sales as reported on Line B21 of the current NAVCOMPT Form 153.
2. LINE C12 – OPERATING EXPENSES. The total value as reported on Lines B22, B23 and B14 of the current NAVCOMPT Form 153.
3. LINE C13 – LAUNDRY CLAIMS. The total value as reported and itemized on the Laundry Claims/Service Charges (C13) Report
 - a. Reimbursement Vouchers (Standard Form 1034) for settling claims for loss or damage of personal clothing in the ship's store service activities (see Chapter 8).
 - b. The Abstract Data Reports covering repairs to vending machines, repairs to ship's store stock and laundry service charges (see Chapter 4).
4. LINE C14A – GF ASSESSMENT, LOCAL. The General Fund Assessment reported on Line C14A will be automatically entered by ROM as a percentage of sales in accordance with Chapter 8.
5. LINE C14B – GF ASSESSMENT, BUPERS. The General Fund Assessment reported on Line C14B will be automatically entered by ROM as a percentage of sales in accordance with Chapter 8.
6. LINE C15 – COST OF VENDING SALES. The Cost of Vending Sales as reported on Line B25 of the current NAVCOMPT Form 153.
7. LINE C16 – COST OF OPS VENDING. No longer used.

8. LINE C18 – EQUIPMENT PURCHASES. The total value as reported and itemized on the Equipment Purchase (C18) Report. DFAS posts the value of each Abstract Data Report received for the current accounting period
9. LINE C20 – LOAN REPAYMENTS. The total value as prescribed by NEXCOM (Ship's Store Program) reported and itemized on the Loans Received (C05) and Loan Payments (C20) Report. ROM automatically enters this figure.
10. LINE C21 – BEGINNING LOAN BALANCE. The balance of the loan at the beginning of the accounting period as reported on Line C21A of the previous NAVCOMPT Form 153 or if repayment of the loan will begin in the same accounting period as the loan was received the value will be zero. ROM automatically enters this figure.
11. LINE C21A – ENDING LOAN BALANCE. The balance of the loan at the end of the accounting period after payments reported on Line C20 have been deducted.
12. LINE C22 – FUNDS TRANSFERRED TO THE RECREATION FUND. The total value of all Standard Form 1034 covering funds transferred to the recreation fund.
13. LINE C23 – TOTAL EXPENDITURES. The sum of the amounts reported on Lines C10 through C20 and C22.
14. LINE C24 – FUNDS AVAILABLE FOR TRANSFER TO THE RECREATION FUND. The amount reported on Line C09 minus the amount reported on Line C23.
15. LINE 24A – LIABILITIES ASSUMED AND ANTICIPATED OPERATING EXPENSES. The total amount of liabilities assumed and anticipated operating expenses as outlined in paragraph 8300. The Sales Officer will enter the liabilities assumed and anticipated operating expenses as outlined in the ROM User's Guide.
16. LINE C24B – NET FUNDS AVAILABLE FOR TRANSFER TO RECREATION FUND. The amount reported on Line C24 minus the amount reported on Line C24A.

9322 PROFIT COMPUTATION

1. LINE C25 – OPERATING PROFIT. The amount reported on Line C02 minus the amounts reported on Lines C10 through C14B.
2. LINE C26 – SOFT DRINK VENDING MACHINE PROFIT. The amount reported on Line C03 minus the amounts reported on Lines C15 and C16.

3. SIGNATURE. The Sales Officer will sign and date the NAVCOMPT Form 153 and all copies.

9323 OPERATION INFORMATION

1. EMBLEMATIC: The percent of emblematic inventory as a percent of total inventory. Each Type Commander sets a target cap on the maximum allowed.
2. STOCK TURN: The Monthly Stock Turn based on a rolling 12 month period.
3. TARGET INVENTORY: The maximum dollar amount of inventory computed for the number of personnel onboard the ship.

SECTION IV – COMPLETING NAVCOMPT FORM 153

9330 INFORMATION TO BE ATTACHED TO NAVCOMPT FORM 153

Sales Officers will include the Back of 153 Report, titled Accounting Period Profitability, with their submission of NC 153 and supporting documentation

9331 DISTRIBUTION

The NAVCOMPT Form 153 (DFAS Version) will be distributed as: Original and one copy to DFAS with substantiating documents as indicated in Appendix B.

PART E – SUBSTANTIATION OF SHIP'S STORE RETURNS/RETAINED RETURNS

9400 GENERAL INFORMATION

The chart Appendix B lists the documents, which are required to substantiate each line of the NAVCOMPT Form 153 and which documents are to be forwarded to DFAS and which documents are to be filed in the retained returns. All documents must be legible.

9401 MAKE-UP OF RETURNS

The original returns (submitted to DFAS) will be compiled from documents in the (AO) File. The retained returns will be compiled from documents from the (RK) File and will include (AO) documents that were not included with the original returns. Retained returns are to be held by the ship until advised by NEXCOM that they may be destroyed.

9402 ARRANGEMENT OF RETURNS

The original and retained returns will be arranged following the lines on the Ship's store Balance Sheet and Profit and Loss Statement (NAVCOMPT Form 153). Additional documents required for the retained returns will be filed at the bottom of the documents substantiating the NAVCOMPT Form 153.

9403 SUBSTANTIATING REPORTS

Substantiating reports are required for each line of the NAVCOMPT Form 153 when that line has a corresponding report available and the line is reporting a dollar value. The reports will be securely attached to the appropriate document(s) in a manner that will not cover any pertinent information.

9404 SUBSTANTIATION OF RETURNS AND RETAINED RETURNS

- a. For substantiation of ship's store returns submitted to DFAS and the retained returns, see Appendix B.
- b. Other documents required for retained returns:
 - 1. Retained Returns File #1: Original breakout documents with confirmed copy attached
 - 2. Retained Returns File #2: Copy of CO's Monthly Management Report for each month of accounting period

PART F – RELIEF OF SALES OFFICER**9500 INVENTORY**

When the Sales Officer is relieved, a complete physical inventory of the ship's store stock on hand will be taken following paragraphs 9000, 9002-9011. Both the detaching and relieving officer will certify the inventory as accurate. Distribution of the completed inventory will be the same as prescribed in paragraph 9008, except that one certified copy of the inventory will be given to the detaching officer. A Memorandum for the Record will be manually prepared using the template in the Document library for the money value of the ship's store stock on hand at the time of relief, as shown from the totals of the Inventory Count Reports. The original Memorandum For The Record will be submitted with the first set of returns submitted by the relieving officer.

9501 RETURNS

When a Sales Officer is relieved, the detaching officer and the relieving officer will conduct a complete inventory as outlined in paragraph 9500. Ship's store returns will be submitted at the end of the next accounting period jointly by both officers. If the relieving officer is not satisfied that accountability has been established the commanding officer may direct the detaching Sales Officer to close out all records and render returns.

9502 DISPOSITION OF RECORDS AND FILES

All ship's store records, files and documents of the detaching officer will be maintained by the relieving officer. The relieving officer will make any adjustments or settlements of previous transactions as necessary. If the relieving officer is not satisfied with the condition of the records, he will report the facts immediately to the commanding officer for such action as considered necessary. As per the Navy policy, ship's store returns will be kept on board until advised by NEXCOM.

9503 RELIEVING LETTER

When assuming the responsibility and accountability of the sales division, the relieving officer shall advise by letter of relief to the commanding officer the financial and material condition of the S-3 Division, noting all discrepancies and or deficiencies. At a minimum the letter should address outstanding liabilities such as loans, unmatched expenditures amount, if the operation is in sound financial condition and any equipment that is considered in poor repair or CASREP condition.

9504 SEA SWAP FINANCIAL CONSIDERATIONS**1. DEFINITIONS.**

- a. Operational debt is defined as negative profit as reported on the closing accounting period NC 153 report. Negative profit can occur due to reporting of unmatched expenditures, DFAS letters advising of

corrections to returns, mistakes in reporting expenses, or poor management practices.

- b. Infrastructure debt is defined as expenses incurred by a ship for ship's store modernization projects and expenses associated with the procurement of ship's store equipment such as vending machines, vending machine accessories, and ROM computer equipment.

2. NOTIFICATION OF A SEA SWAP.

- a. Ships will take all appropriate actions to resolve outstanding debt. Both ships involved with the swap will conduct inventories and submit returns to DFAS to establish the new accountable operations prior to the Sea Swap.
- b. Any unmatched expenditures will be resolved prior to the closeout of records and submission of accounting period returns. Upon relief and acceptance of accountability for the operation, any unmatched expenditures that are received after Sea Swap has occurred will be the responsibility of the receiving ship.
- c. When a Sea Swap occurs, a crew will take any operational debt with them to the new ship. After reconciliation of the closing NAVCOMPT 153, NEXCOM and DFAS will affect the transfer of debt and advise the ship of actions they must take. Infrastructure debt will remain with the ship that has received the infrastructure upgrade. Because the arriving crew will receive the benefit of the new equipment or modernization while assigned to the ship, they will be responsible to continue to pay the debt as if they had incurred the cost.

PART G – DISESTABLISHMENT OF A SHIP STORE

9600 REPORT OF DISESTABLISHMENT

Before the disestablishment of a ship's store, the commanding officer will report by letter to NEXCOM (Ship's Store Program) the authority under which the action is being taken. The letter will indicate the disposition or recommended disposition of stock, equipment and fixtures on hand. A copy of the letter will be forwarded to the TYCOM and DFAS. Outstanding loans due to NEXCOM (Ship's Store Program) will be paid in full. No profits will be transferred to the recreation fund until all expenses are paid.

9601 DISPOSITION OF VENDING MACHINES

1. DISESTABLISHMENT OF A SHIP'S STORE. Upon disestablishment of a ship's store, all vending machines (except AT&T Phone Card and leased vending machines) may remain on board under the control of the commanding officer if the ship is not being inactivated. Any cash received from sales will be used for recreation purposes. AT&T Phone Card machines and leased vending machines, if any, will be disposed of following subparagraph 3.
2. INACTIVATION OF A SHIP. Upon inactivation of a ship, all vending machines will be turned in on a Requisition and Invoice/Shipping Document (DD Form 1149) to the nearest shore supply support activity. The DD Form 1149 will contain the statement "Hold pending instructions from NEXCOM (Ship's Store Program)." The DD Form 1149 will contain the following information:
 - a. Date of purchase, if know
 - b. Manufacturer's name, model, type or number of selections/flavors
 - c. General statement of the condition
3. LEASED VENDING MACHINES. Upon disestablishment or inactivation of a ship store, all leased vending machines, if any, will be turned over to the respective vendors.

9602 DISPOSITION OF STOCK

GENERAL. Upon notification that the ship store will be disestablished, an inventory of ship's store stock will be taken immediately. A detailed examination of the stock status of each item will be made to determine which items are considered to be in excess of remaining requirements. The commercial procurement of all ship's store stock will cease 60 days before the disestablishment date. Action will be taken to sell or transfer all stock. Ship's store items which cannot be sold at full price will be marked down. Emblematic items will be marked down or surveyed as necessary to dispose of 30 days before disestablishment.

9603 FINAL RETURNS

Upon deactivation or decommissioning of a ship, the final returns will have the statement "Final Returns" entered in red ink on the Ship's store Balance Sheet and Profit and Loss Statement (NAVCOMPT Form 153). DFAS does not require receipt information contained in the B01 and B05 files held by the ship in their retained returns. Financial accountable documents from decommissioning ships, not resident in final returns or Business Logistics Applications (e.g. ROM) , specifically the B01 and B05 files for all fiscal years held by the ship will be forwarded to TYCOM N41 for collection and archiving in established document retention systems. All remaining retained returns may be destroyed.

APPENDIX A – DEFINTIONS OF SHIP'S STORE TERMS

ACB – The Ship's store Automated Contract Bulletin contains basic type items required to support the needs of the crew. It is published and maintained by NEXCOM (Ship's store Program).

ACCOUNTABILITY – Accountability is the personal obligation to render an accurate accounting of ship's store property and funds assign to them for safekeeping.

ACCOUNTABLE OFFICER – The accountable officer is the officer assigned responsibility for the ship store.

ACCOUNTING PERIOD – Any period for which returns must be submitted. It is normally a four-month period ending 31 January, 31 May and 30 September.

ASL - The Automated Ship's store Afloat Listing contains luxury and semi-luxury type items. It is published and maintained by NEXCOM (Ship's store Program).

AUTOMATED ACCOUNTING ADJUSTMENT – Computer generated financial figure added to Line B22 on the NAVCOMPT Form 153 to keep the receipt and expenditure numbers in balance.

AVERAGE COST PRICE – A ROM computed figure where the quantity and cost of stock on hand is averaged with the quantity and cost of the receipt.

BARCODE – A code consisting of a group of printed bars and spaces designed to be scanned into computer memory to identify the object it labels.

BONUS FREE ITEMS – Bonus free items are received from a vendor free of charge as a bonus for placing an order.

BREAKOUT – A transfer of material from one location to another.

BULK STOREROOM – A storage facility /holding location for all or part of the stock in a ship's store operation.

CUSTODIAN – A person who is responsible for a location. That location may be a holding location or a sales outlet.

CLOSEOUTS – A process completed at the end of each accounting period on the ROM System to update all applicable ship's store records.

COMBINED RESPONSIBILITY OPERATION – A ship's store operation in which one person is responsible for both a sales outlet and the bulk storeroom, which supplies that outlet.

COMPOSITE RECREATION FUND – 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.

CONFIRMED – A ROM term used when a process is finalized and cannot be changed.

CONSTANTS – Data maintained in ROM, which is utilized repetitively to produce various reports and forms.

COST ITEM – An item of ship's store stock carried for ultimate issue as cost of operations and cost of sales.

COST PRICE – The price of an item without a profit amount being added.

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 – Items carried for issue to a sales outlet. Cash is ultimately received for cost of sale items. They differ from retail items in that further processing is required before sale.

CREDIT INVOICE – A document received from a vendor, which gives credit to a ship for merchandise returned to the vendor.

CREDIT MEMORANDUM – An expenditure documents used to return merchandise to a commercial vendor for a credit invoice.

CUSTODIAN (RESPONSIBLE CUSTODIAN) – A person held responsible for the operation of a sales outlet and custody of the material in it.

DELIVERY ORDER – A delivery order is an order for material under an existing indefinite delivery contract. An item ordered from the ACB is procured via a delivery order.

DEPARTMENT CODES – Alphanumeric designation of stock into categories of merchandise

EMBLEMATIC ITEMS – Emblematic items are items bearing the ship's identification (such as ball caps, belt buckles, T-shirts, lighters, mugs, etc).

ELECTRONIC POINT-OF-SALE (EPOS) – A special cash register used to scan items at time of sale.

EXCESS PROFITS – Profits that exceed the policy limits.

EXCESS STOCK – Material by line item that exceeds expected sales. Dollar value of stock that exceeds authorized limits.

EXPENDITURE – Removal of stock from accountability of a custodian.

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 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.

F.O.B. ORIGIN – F.O.B. Origin on a purchase order or contract indicates the ship will pay transportation cost for material received.

F.O.B. OTHER – Same as F.O.B. Origin.

F.O.B. SHIPPING POINT – Same as F.O.B. Origin.

GUARANTEED SALES ITEMS – Items that may be returned to a vendor for cash refund check or credit invoice.

HEALTH AND COMFORT ISSUES – A health and comfort issue provide personnel toilet goods, tobacco, clothing items and other necessities required for the health and well being of personnel without sufficient funds to purchase them.

HOLDING LOCATION – Any location established in ROM where inventory is held. ROM assigns the numbering series 9900 to designate a holding location.

INVOICE – An itemized list of material or services rendered or received, including quantity prices, etc.

INVOLUNTARY PRICE CHANGES – Price changes, which are directed from higher authority, which are beyond the control of the sales officer. They include standard price adjustments and tobacco products.

ISSUE FOR USE – See Cost of Operations Issue.

LIQUIDATION – Liquidation is a settlement of the amount of an account.

MARKDOWN – A markdown is a voluntary reduction in the retail price of an item.

MARKDOWN BELOW COST – A markdown below cost is a voluntary reduction in the retail price of an item below its average cost price.

MARKDOWN TO COST – A markdown to cost is a type of retail markdown in which the retail price of an item is reduced so that it is equal to its average cost price.

MARKON – A markon is any increase in the established retail price of an item.

MARKUP – The markup is the difference between the cost price and retail price of a retail item.

MAX LIMIT – A Max 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 order and shipping time. (Equivalent to requisitioning objective.)

MIN LIMIT – A Min limit is the stock position, which signals the need to initiate replenishment action. It includes the sum of stock represented by the safety level and the order and shipping time. (Equivalent to reorder point.)

NON-ELECTRONIC POINT-OF-SALE (NON-EPOS) – Any retail outlet which does not use an EPOS cash register.

OPERATING LEVEL – 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 objectives (max limit and the reorder point/min level).

ORDER AND SHIPPING TIME – Time elapsing between the submission of an order and the receipt of the materials. (Equivalent to procurement lead-time.)

PORTABLE DATA TERMINAL (PDT) - Device used to capture SKU/UPC numbers and quantity for inventory / breakouts or used to receive merchandise.

POST - Used in the publication to signify that a process has been confirmed.

PROFIT – Amount of money remaining after all expenses and costs have been paid.

RESALE OPERATIONS MANAGEMENT (ROM) – A microcomputer-based record keeping system to assist ship's store personnel in administering the acquisition, management, and control of ship's store inventory and in procuring resale operations reports and returns.

PURCHASE ORDER – An order for material, which also establishes a one-time contract. An item ordered from the Ship Store Afloat Catalog is procured via a purchase order.

RDD – Requested Delivery Date

RECEIPT – The acceptance of the quantity and quality of material for accountability purposes.

RECORDS KEEPER – A person in charge of keeping ship's store records.

REFUND – Cash given back to a customer in exchange for merchandise that was previously brought from a sales activity.

REORDER POINT – 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 min limits.)

REQUISITION - An order for material sent to a government source. For example, other supply officers including another ship's store or shore supply support activity.

REQUISITIONING OBJECTIVE – 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, safety level and order and shipping time. (Equivalent to max limit.)

RESALE ACTIVITY – A sales outlet.

RESPONSIBILITY – Responsibility is the obligation to exercise care, custody and protection of ship's store money and materials.

RETAIL ITEM – Any item sold in exchange for cash.

RETAIL MARKDOWN – A voluntary price reduction in the retail price of an item to a price below its retail price.

RETAIL PRICE – The price at which an item is sold.

RETAIL STORE – A sales outlet where retail items are sold.

RETAIL STORE OPERATOR – 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, which provides supplies for the store.

SAFETY LEVEL – The quantity of material in addition to the operating level required on hand permitting continuous operations in the event of interruption of normal replenishment or unpredictable fluctuations in the issue demand.

SALE – Any expenditure of stock for which cash is received. Accountability is unchanged by a sale.

SALES OUTLETS – Sales outlets are retail stores and vending machines

SALES OFFICER – The officer in charge of the ship's store operation aboard a ship. The sales officer is the accountable officer.

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, which supplies that activity.

SERVICE ACTIVITY – A ship's store facility that renders a service. The barbershop and laundry are service activities.

SHIP'S STORE – A ship store contains both the sales outlet and service activities on board a ship.

SKU – Stock Keeping Unit; an identification, usually alphanumeric, of a particular product that allows it to be tracked for inventory purposes.

SPECIAL ORDER – 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.

STOCK TURN – The movement of stock through the ship's store operation. Stock is moved by expending it from the ship's store through sale.

SURVEY – An expenditure of stock for immediate disposal. Surveys reduce accountability.

TRANSMITTIAL – A group of documents or records sent to another activity for information or action.

TRANSFER – The movement of stock from the accountability of one sales officer to that of another.

UPC – Universal Product Code; a widely used barcode symbol for tracking products consisting of 12 numerical digits uniquely assigned to each product item; the UPC is the barcode mainly used for scanning of trade items at the point of sale.

UPC MAINTANENCE – The process of determining if an item's UPC code is linked to a SKU number.

VENDING MACHINE – A sales outlet where canned drinks, candy, cookies, and other retail items are sold.

VENDING MACHINE CUSTODIAN – The person in charge of the vending machine operation.

VISUAL MERCHANDISING – The display of merchandise in ship's store activities.

APPENDIX B DOCUMENT DISTRIBUTION

| NAVCOMPT 153 and Line Captions | Returns to DFAS (AO Documents) | Retained Returns (RK Documents) | NAVSUP Pub-487 Paragraph |
|---|--|--|--------------------------------|
| NAVCOMPT 153 and Line Captions | Returns to DFAS (AO Documents) | Retained Returns (RK Documents) | NAVSUP Pub-487 Paragraph |
| Files | | | |
| NAVCOMPT 153 | Original (DFAS Version) | (a) Original (Ship's Version) (b) Copy to TYCOM (c) Copy to Navy Supply Corps School (30 Sep) | 9331 |
| B01 Receipts from Purchases | Journal of Receipts (B01 and B05) Report | (a) Bulk Custodian & Receipt Inspector's copies of DD Form 1155 with Receiving Report showing quantity and date of material receipt and vendor invoice attached (b) Original of each credit memorandum DD Form 1149 with copy of dealer's credit invoice attached (c) Original of each accounting adjustment DD Form 1149 Ten purchase orders will be placed in numerical sequence in separate folders. (For example, purchase orders 9700 – 9709 will be placed in one folder, purchase orders 9710 – 9719 in another folder.) | 5201 5304 |
| B05 Receipts from OSO | Journal of Receipts (B01 and B05) Report | (a) Bulk Custodian and receipt Inspector's copies of DD Form 1348-1A or 1149 with Receiving Report showing quantity and date of material receipt. (b) Original of each accounting adjustment DD Form 1149 Ten requisitions will be placed in numerical sequence in separate folders. (For example, requisition 9900 – 9909 will be placed in one folder, requisition 9910 – 9919 in another folder.) | 5200 5304 |
| B10 Issues to Use | (a) Original DD Form 1149(Signed confirmed copy) (b) Original DD Form 504 | (a) Copy of DD Form 1149 (b) Copy of 504 (c) B10 Report | 7405 & 7406 |
| B14 Loss/Gain by Inventory | No document required | B14 Report | 9007 |
| B15 Surveys to NWCF | Signed/Confirmed Original of DD Form 200 | (a) Copy of DD Form 200 (b) B15 Report | 7102 |
| B19 Transfer to OSO | Two copies of DD Form 1348-1A or 1149 Signed/Confirmed copy of DD 1149 | (a) Original of DD Form 1348-1A or 1149 (b) B19 Report | 7200 |
| B21 Cost of Retail Sales | No document required | B21 Report | |
| B22 Cost of OPS Retail | No document required | B22 Report | 7500 |
| B23 Survey to Ship's Store SSPN, Retail | Signed/Confirmed Original of DD Form 200 | (a) Copy of DD Form 200 (b) B23 Report | 7102 |
| B25 Cost of Vending Sales | No document required | B25 Report | |
| B27 Survey to – SSPN, Vending | Signed/Confirmed Original of DD Form 200 | (a) Copy of DD Form 200 (b) B27 Report | 7102 |
| B28 Closing Inventory | No document required | (a) Original of Closing Inventory | 9008 |
| C02 C03 C04 | Two Copies of each monthly Cash Sales Invoice DD Form 1149 deposited with the Disbursing Officer | (a) Original of each monthly Cash Sales Invoice DD Form 1149 deposited with the Disbursing Officer (b) NAVSUP 469 and NAVSUP 470 (c) Navy Cash Reports (d) CO2-CO4B Report | 2232 |
| C05 Loans | Copy of NEXCOM letter authorizing loan | (a) Letter from NEXCOM authorizing loan (b) CO5 Report | 8102 |
| C06 Grants | -Copy of NEXCOM letter authorizing Grant | (a) Letter from NEXCOM authorizing loan (b) CO6 Report | 8102 |

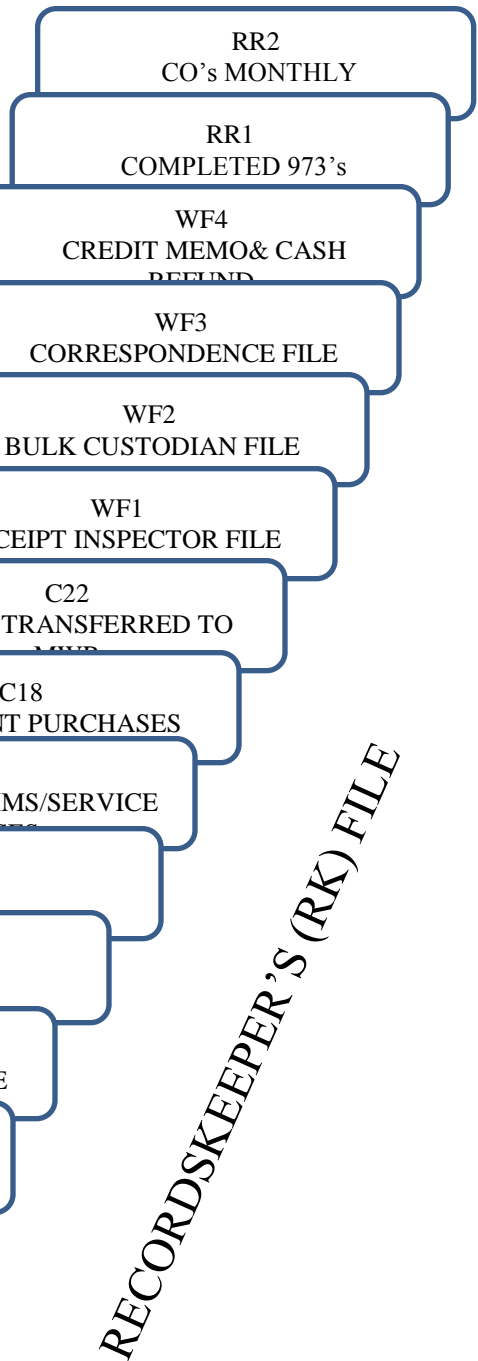
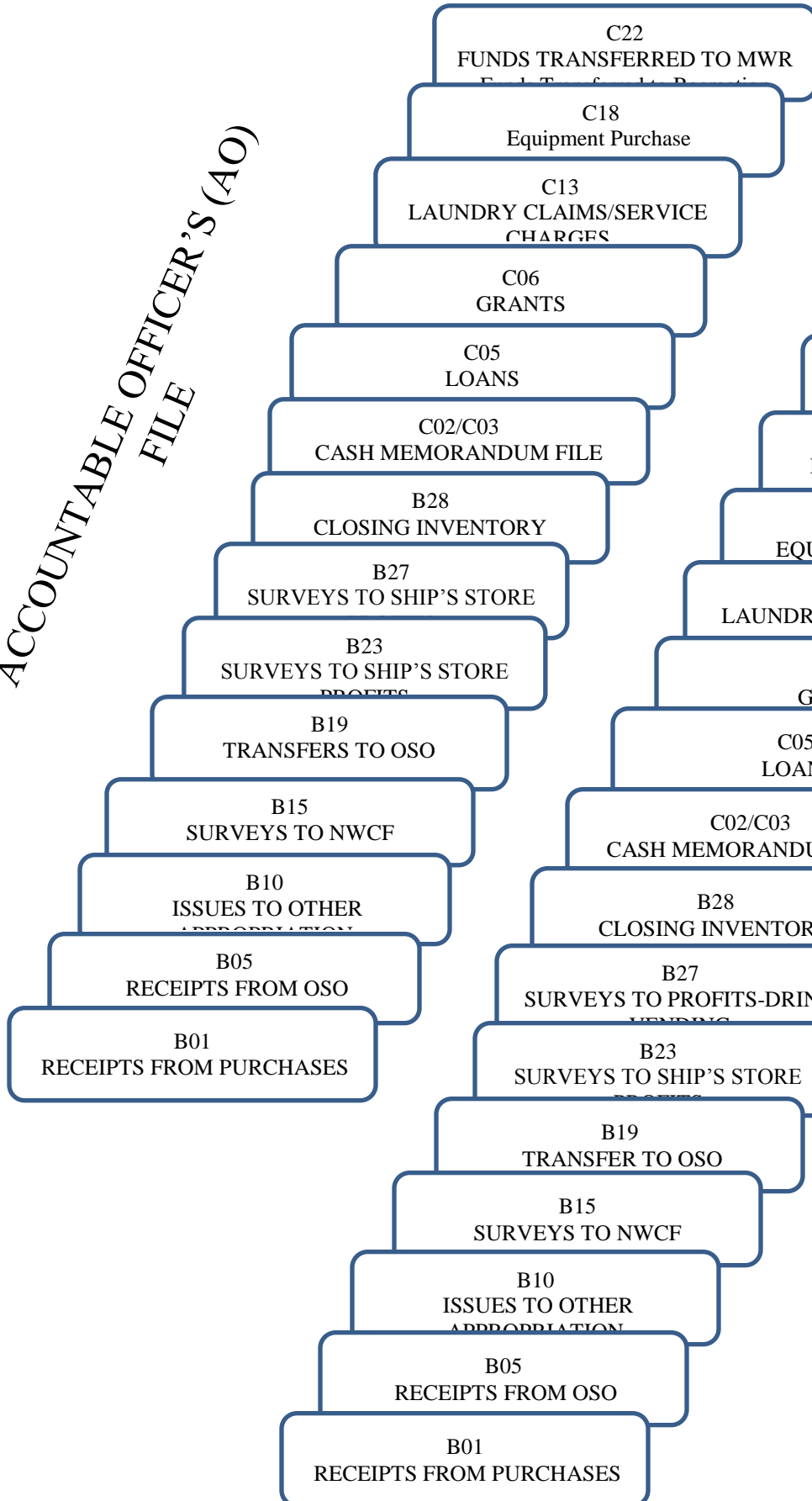
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| C13 Laundry Claims | (a) Laundry Claims – Copy of SF 1034 (b) Service Charges – Copy of Abstract Data Report | (a) Laundry Claims – Copy of SF 1034 with Laundry Claim (b) Service Charges –Dealers bill and copy of Abstract Data Report (c) C13 Report | 8202 |
| C18 Equipment Purchases | Copy of Abstract Data Report | (a) Over \$2,500.00 – Copy of DD Form 1155, dealers bill and copy of Abstract Data Report (b) Under \$2,500.00 – Copy of dealers bill and copy of Abstract Data Report | 4222 |
| C20 Loan Payments | No document required | Same as CO5 | 8102 |
| C22 Funds Transferred to Recreation Fund | Copy of SF 1034 | Copy of SF 1034 | 8301 |
| MISCELLANEOUS | | | |
| Change Fund Audit | No document required to be submitted to DFAS | Signed copy to WF3 | Appendix G |
| CO's Monthly Report | No document required to be submitted to DFAS | Retained Returns File #2 | 1106 |
| Credit Memorandum and Cash Refund | No document required to be submitted to DFAS | Non-liquidated copy to WF4 | 7706 7709 |
| Intra Store Transfer | No document required to be submitted to DFAS | Retained Returns File #1 | 6103 |
| Assignment Letters | No document required to be submitted to DFAS | Original to WF3 | 1106 |
| Sanitation Inspection Report | No document required to be submitted to DFAS | Signed copy to WF3 | 2304 |
| | | | |
| Unmatched Expenditure Listing | No document required to be submitted to DFAS as part of returns | Signed copy to WF3 | 5305 |
| Unsatisfactory Performance Report | No document required to be submitted to DFAS | Copy to WF3 | 1106 |
| Memorandum of Agreement for leased vending machines | No document required to be submitted to DFAS | Copies to WF3 | 1106 |
| Correspondences from Military and commercial activities | No document required to be submitted to DFAS | Copies to WF3 | 1106 |

Notes:

1. At the end of each accounting period, all documents (with the exception of items in the miscellaneous section) in the AO file are processed and electronically sent to DFAS for auditing.
2. At the end of each accounting period, all documents in the RK file are filed as the retained returns.
3. As per Department of Navy guidance, ships store returns will be retained on board indefinitely or until further guidance is received.

APPENDIX B DOCUMENT DISTRIBUTION

ACCOUNTABLE OFFICER'S (AO)
FILE



RECORDSKEEPER'S (RK) FILE

APPENDIX C – STANDARDS OF CUSTOMER SERVICE

Appendix C is published to outline the standards of customer service that normally may be expected from the ship store. These standards should be used by type commanders, commanding officers, supply officers and sales officers to evaluate the effectiveness of a ship store operation in terms of services offered to customers.

In order to make a realistic evaluation, the evaluating officer must take into consideration the facilities, equipment, space and personnel available to the individual ship's store operation and match these capabilities with 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 the chain of command to upgrade the capabilities of the ship to meet these standards.

With regard to customer service all ships with ship's store should order NAVEDTRA 10119-B1 (NSN 0502-LP-001-1770) entitled Navy Customer Service Manual. This manual is also available on the Sale and Service Resource CD. All ship's store personnel should be required to complete this self-study course in an effort to improve service to customers in afloat units.

| Section 1 – Customer Service | Standard Achieved | Remarks |
|---|-------------------|---------|
| A. GENERAL <ol style="list-style-type: none"> 1. Ship's store personnel present good personal appearance 2. Ship's store personnel are pleasant, outgoing and friendly 3. Ship's store personnel treats all customers with equality and fairness 4. Ship's store personnel are considerate of customers time | | |
| Section 2 – Retail Stores | Standard Achieved | Remarks |
| A. GENERAL <ol style="list-style-type: none"> 1. Retail stores are neatly maintained 2. Suggestion boxes conveniently located with adequate supply of "customer comment cards." 3. Sales officer furnishes replies to all authentic suggestions B. HOURS OF OPERATION <ol style="list-style-type: none"> 1. Store operating hours displayed to customers 2. 42 sales hours per week (underway) 3. 20 sales hours per week (inport) 4. Customers notified in advance of changes in store hours 5. Store hours provide the entire crew an opportunity to shop 6. Staggered hours for different retail stores to provide service after working hours. (This service is important in ships that provide night operations.) C. POLICY SIGNS <ol style="list-style-type: none"> 1. The following policy signs should be posted in the retail store <ol style="list-style-type: none"> a. Checks if following Appendix G(paragraph 2200-3) b. 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 sales officer will give it personal attention." c. Profits (paragraph 8100) | | |
| Section 2 – Retail Stores (Cont) | Standard Achieved | Remarks |

- d Refunds (paragraph 2204)
- e Cigarettes (paragraph 2005)
- f. Provisions of Purchase (paragraph 2000-3)
- g. Authorized Ship's Store Patrons (paragraph 2000-1)

D. MERCHANDISE

- 1. 100% in-stock position of mandatory items listed in the Merchandising and Stocking Guide (NEXCOM Pub 81)
- 2. For ships with women mandatory items listed in the Women at Sea section of the Merchandising and Stocking Guide (NEXCOM Pub 81) are carried in stock
- 3. Perishable items (candy, cigarettes, cigars are in a fresh saleable condition
- 4. Special order services available and promoted
- 5. Exchange Mail Order Catalogs provided for the crew

E. PUBLICITY

- 1. Sales are publicized by the following:
 - a. Plan of the Day
 - b. Signs and Flyers
 - c. Closed Circuit Television
 - d. Ship's Newspaper

F. PRICING AND MARKDOWNS

- 1. Selling price is on each item, shelf or bin
- 2. Surveys taken on all soiled or damaged merchandise
- 3. Markdowns are made available on an equal basis to all customers

Standard

| Section 2 – Retail Stores (Cont) | Achieved | Remarks |
|---|----------|---------|
| <p>G. DISPLAY</p> <ol style="list-style-type: none"> Display windows fully utilized and properly signed to present attractive and effective merchandise displays Displays changed frequently to stimulate customer interest All store 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, clean (this includes fixtures) Tops of showcases kept clear of vendor supplied merchandise cards/racks (walk-in stores) Ledges used to attractively display merchandise and not to store it Suitable sign holders used for wall signs, directory signs, merchandising signs, etc Special event signs used New items featured and so identified Visual merchandising support services requested from the Fleet Assistance Team in the area <p>H. GENERAL MERCHANDISE</p> <ol style="list-style-type: none"> Chocolate displayed away from soap, tobacco, and other items having strong odors Holiday/seasonal items removed from regular stocked merchandise the day after the holiday All merchandise displayed in a neat and appealing manner Outdated merchandise identified and either marked down or removed from sales area Cartons, instructions, books, warranty cards, and carrying cases for items displayed, stored in an appropriate place close to sales area Customers told electrical items purchased for use onboard ship must be safety checked prior to use All display models operate Customers allowed to handle display merchandise Batteries available for items that require them | | |
| | Standard | |

| Section 2 – Retail Stores (Cont) | Achieved | Remarks |
|--|-------------------|---------|
| <ol style="list-style-type: none"> 10. "Flowers by wire" services available to patrons on a special order basis 11. Color photos of sample bouquets available to help patrons make selections when ordering "flowers by wire." 12. Price tags affixed to personal leather goods so they do not mar or deface the leather 13. Greeting cards available for sale 14. Seasonal greeting cards removed after the holiday 15. All toiletries marked up 6% in accordance with NAVSUP Pub 487 16. Self-service merchandise displayed full face for easy product identification 17. Ethnic toiletries and combs available 18. Selection of current fashion trends in jewelry stocked at moderate prices 19. Watches, clocks, lighters, checked to determine if they work at time of sale 20. For items that include guarantees, the guarantee given to the customer with the item(s) purchased 21. Only approved sunglasses offered for sale 22. All sundries marked up 6% in accordance with NAVSUP Pub 487 23. Fragrances available for sale 24. Fragrances are kept to peak standards for quality and appearance 25. All uniform items and insignia offered for sale and marked up 6% 26. Sign posted informing customers of availability of direct delivery service on uniform items from the Uniform Support Center 27. Navy Uniform Catalog with order forms available 28. Ships ball caps available for sale 29. Clothing items neatly arranged according to size | | |
| Section 3 – Vending Machines | Standard Achieved | Remarks |
| A. GENERAL | | |
| <ol style="list-style-type: none"> 1. Exterior of vending machines and adjacent area kept clean | | |

| | | | |
|-----|---|----------|--|
| 2. | Prices and instructions prominently displayed on machine | | |
| 3. | Adequate lighting for displays | | |
| 4. | Adequate production selections | | |
| 5. | Sold out indicators operating | | |
| 6. | Glass free from breaks or cracks | | |
| 7. | Inside of machine clean | | |
| 8. | Outside machine finish in good condition | | |
| 9. | Product fresh and proper temperature | | |
| 10. | Safety devices installed and operating | | |
| 11. | Refunds made cheerfully with no delay | | |
| 12. | Customers reporting malfunctions treated courteously | | |
| 13. | Sign indicating person to contact in the case of a refund or machine malfunction | | |
| 14. | Malfunctioning machines properly serviced or repaired | | |
| 15. | Machine custodian properly trained in good customer relations | | |
| 16. | Trash receptacles available | | |
| 17. | Fully stocked at regular intervals to ensure production availability | | |
| 18. | Vendor flavor strips used vice hand written strips | | |
| 19. | Sanitation requirements posted | | |
| 20. | Vending machines inspected on a regular basis by a representative of the medical department | | |
| 21. | Safety note concerning vending machine tip over prevention on machine | | |
| | | Standard | |

| Section 4 – Barbershop | Achieved | Remarks |
|--|----------|---------|
| <p>A. GENERAL</p> <ol style="list-style-type: none"> 1. Adequate ventilation, cooling, heating, lighting and hot and cold water provided 2. “No Tipping” sign posted 3. Barbers indoctrinated in customer courtesy, identification, and complaint procedures 4. Shop attractive, clean, and tastefully decorated 5. Equipment in good condition and supply 6. If signup sheet is used, schedule is followed 7. Hours of operation prominently posted 8. Ships having less than 100 accommodations, portable bar shop utensils stored in a locker 9. Magazine rack and current magazine available. Reading material provided is in good taste <p>B. SANITATION</p> <ol style="list-style-type: none"> 1. Sanitary regulations posted and adhered to 2. Each barber before assuming duties must have a physical examination from the medical officer and annually thereafter 3. Barbers dressed in clean washable coats. Personal hygiene practiced by all barbers at all times 4. Barbers wash their hands and sterilize instruments before serving each customer. Deodorants and mouthwash made available and their use by barber encouraged 5. Each unit equipped with sponge or paper towels to wipe out the basin and back bar 6. Freshly laundered white towels or paper used for each customer 7. Haircloths kept clean at all times. New neck strip used on each customer 8. Bottles and jars kept closed when not in use 9. All instruments scrupulously cleaned immediately after use. Scissors, combs, clipper blades and other tools thoroughly washed with soap and hot water to remove film and debris, then dried with disposable tissues and sanitized | | |
| | Standard | |

| Section 4 – Barbershop (Cont) | | Achieved | Remarks | | |
|-------------------------------|--|----------|---------|-------------------|---------|
| 10. | Clippers kept clean at all times. After each use, foreign matter removed and clippers sprayed with clippercide | | | | |
| 11. | 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 department contacted for disinfecting procedures to be followed | | | | |
| 12. | Barbers having any infections or communicable diseases do not attend customers | | | | |
| 13. | Barbers do not smoke while attending customers | | | | |
| 14. | Only types of material approved by medical officer used to treat "nicks". These materials applied only with freshly laundered towels or sterile cotton | | | | |
| 15. | Common hair brushes, dusters and shaving brushes prohibited | | | | |
| 16. | Cut hair frequently removed from floor by dust less methods | | | | |
| 17. | Barbers are prohibited from shaving customers and treating pimples and ingrown hair | | | | |
| C. HAIR CUTTING | | | | | |
| 1. | Customers provided with the authorized type of haircut desired | | | | |
| 2. | All haircuts completed by talc dust | | | | |
| Section 5 – Laundry | | | | Standard Achieved | Remarks |
| A. GENERAL | | | | | |
| 1. | Twenty-four hour service – maximum three day service | | | | |
| 2. | Wash – 24 pounds per person 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 easily 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 ____) | | | | |
| | | Standard | | | |

| Section 5 – Laundry and Dry-Cleaning (Cont) | | Achieved | Remarks |
|---|---|----------|---------|
| 8. | Marking staples and tags removed from garments or stapled in such a manner as to not touch cloth belt loops, button holes, etc) | | |
| 9. | Policy to handle claims for lost or damaged customer goods in effect. | | |
| 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 an attractive appearance | | |
| 13 | Laundries will be inspected frequently by the medical department for proper sanitary methods of operation | | |
| 14. | Safety precautions for operating machinery will be prominently posted next to each machine | | |
| 15. | The requirements of the Navy's Heat Stress Program as contained in OPNAVINST 51000.20 adhered to (NAVSUP Pub 487 paragraph 2417) | | |

APPENDIX D – STANDARDS OF CONDUCT

SECTION I – General

Appendix D is published to emphasize that all ship's store personnel must adhere to the Standards of Conduct contained in DoD Directive 5500.7R, the Joint Ethics Regulation. This appendix is not a substitute for reading and understanding the requirements of the Joint Ethics Regulation.

SECTION II – Standards of Conduct

High ethical standards are a cornerstone of the Navy's Core Values system. As with all Navy personnel, individuals assigned to the ship's store must act in accordance with government regulations regarding ethical conduct. Adherence to principles of ethical conduct allows the service members we serve to have trust and confidence in our actions. Earning the trust and confidence of customers' means that ship's store personnel can carry out their assigned duties quickly and efficiently. Not only is compliance with standards of ethical conduct required by the Navy, it makes good business sense as well.

The specific rules and regulations regarding applicable standards of conduct are promulgated in DoD Directive 5500.7-R, the DoD Joint Ethics Regulation. Although the Joint Ethics Regulation is quite extensive, it is founded upon fourteen fundamental ethical principles, summarized as follows:

- a. As a member of the United States Navy, your public service is a public trust, which requires you to place loyalty to the Constitution, laws and ethical principles above private gain.
- b. Navy personnel shall not hold financial interest that conflict with the conscientious performance of duty.
- c. Navy personnel will neither engage in financial transactions using nonpublic government information nor allow the improper use of such information to further private gain.
- d. Navy personnel shall not, unless specifically allowed by an applicable law or regulation, ask for or accept any gift from any vendor or other entity doing or seeking to do business with the government.
- e. Navy personnel shall put forth-honest effort in the performance of their duties.
- f. Navy personnel shall make no unauthorized commitments or promises of any kind purporting to bind the government.
- g. Navy personnel shall not use public office for private gain
- h. Navy personnel shall act impartially and shall not give preferential treatment to any private organization or individual.
- i. Navy personnel shall protect and conserve government property and shall not use it for other than authorized purposes.

- j. Navy personnel shall not engage in outside employment or activities, including seeking or negotiating for employment that conflict with official duties and responsibilities.
- k. Navy personnel shall disclose waste, fraud, abuse, and corruption to appropriate authorities.
- l. Navy personnel shall satisfy, in good faith, their obligations as citizens, including all just financial obligations, especially those such as federal, state, or local taxes that are imposed by law.
- m. Navy personnel shall adhere to all laws and regulations that provide for equal opportunity for all Americans regardless of race, color, religion, sex, national origin, age or handicap.
- n. Navy personnel shall do their best to avoid any action creating even the appearance that they are violating the law or the Joint Ethics Regulation.

Though this appendix is not a substitute for reading and understanding the Joint Ethics Regulation, knowledge of the fourteen principles underlying the Joint Ethics Regulations will assist ship's store personnel in identifying potential ethical violations. Further advice can be obtained from your Command Judge Advocate or Legal Officer.

APPENDIX E – COFFEE BAR COST CARDS

Prices. The price set for each item to be sold must include the cost of all ingredients which are used to make up the finished product plus the serving container, lid, etc. Each item sold must have a cost control card for that item that reflects the cost, retail price and profit. Ships may compute these numbers either using a manual or electronic spread sheet.

Product sizes. The following information may be used to determine cost and are standard to the coffee bar products. Care must be used to ensure if a product size changes, the unit measure may change and a new serving size cost must be computed. The following is provided for information. The items that make up a serving may vary.

STARBUCKS coffee. Sold by the pound. Produces 64 “shots” per pound. Unit cost = Cost per pound divided by 64. Example: \$8.00 divided by 64 = 12.5 cents per shot; rounded to 13 cents.

STARBUCKS Fontana Syrup. Sold by the gallon. Gallon has 128 ozs. Unit cost = Cost per gallon divided by 128. Example: \$22.05 divided by 128 = 17 cents per oz.

STARBUCKS Mocha Concentrate. Sold 4 packages 63oz each to the case. Case of four packages has 252 ozs. Unit cost = Cost per case divided by 252. Example \$83.20 divided by 252 = 33 cents per oz.

Milk. Sold by the gallon. Gallon has 128 ozs. Unit cost = Cost per gallon divided by 128.

Cup. Sold by the case, 1000 ea per case. Unit cost = Cost of case divided by 1,000. Example: \$86.95 divided by 1,000 = 9 cents per cup.

Lids. Sold by the case, 1000 ea per case. Unit cost = Cost of case divided by 1,000. Example: \$35.50 divided by 1,000 = 4 cents per lid.

Sleeves. Sold by the case, 1200 ea per case. Unit cost = Cost of case divided by 1,200. Example: \$72.00 divided by 1,200 = 6 cents per sleeve.

Napkins. Sold by the case, 6,000 per case. Unit cost = Cost of case divided by 6,000. Example 59.95 divided by 6,000 = 1 cent.

Stir Sticks. Sold by the case, 1,000 per case. Unit Cost = Cost of case divided by 1,000. Example 35.00 divided by 1,000 = 4 cents per stick.

Sugar. Sold by the case, 1,000 units per case. Unit cost = Cost of case divided by 1,000.

Cost Cards

| | |
|---------------------------|---------------------|
| Product: Coffee Americana | 16 oz Cost per Item |
| Coffee per oz (3 shots) | |
| Milk per oz | |
| Cup | |
| Lid | |
| Cup Sleeve | |
| Sugar | |
| Misc Other | |
| Total Coffee Cost | |

| | |
|---------------------------|---------------------|
| Product: Latte | 16 oz Cost per item |
| Espresso per oz (2 shots) | |
| Milk per oz | |
| Cup | |
| Lid | |
| Cup Sleeve | |
| Sugar | |
| Misc Other | |
| Total Coffee Cost | |
| Flavor of Fontana Syrup | |
| Total Cost of Latte | |

| | |
|---------------------------|---------------------|
| Product: Mocha | 16 oz Cost per item |
| Espresso per oz (2 shots) | |
| Milk per oz | |
| Mocha Creamice | |
| Cup | |
| Lid | |
| Cup Sleeve | |
| Misc Other | |
| Total Mocha Cost | |
| Flavor of Fontana Syrup | |
| Flavored Mocha Cost | |

| | |
|---------------------------|---------------------|
| Product: Cappuccino | 16 oz Cost per item |
| Espresso per oz (2 shots) | |
| Milk per oz | |
| Cup | |
| Lid | |
| Cup Sleeve | |
| Misc Other | |
| Total Cappuccino Cost | |

Profit Per Beverage (with and without a cup)

| | | | | |
|-------------------|----------|--|-------------------|---------|
| Coffee American | With Cup | | Coffee American | W/o Cup |
| Retail Price | | | Retail Price | |
| Cost Price | | | Cost Price | |
| Profit | | | Profit | |
| Profit Percentage | | | Profit Percentage | |

| | | | | |
|-------------------|----------|--|-------------------|---------|
| Latte | With Cup | | Latte | W/o Cup |
| Retail Price | | | Retail Price | |
| Cost Price | | | Cost Price | |
| Profit | | | Profit | |
| Profit Percentage | | | Profit Percentage | |

| | | | | |
|-------------------|----------|--|-------------------|---------|
| Latte Flavored | With Cup | | Latte Flavored | W/o Cup |
| Retail Price | | | Retail Price | |
| Cost Price | | | Cost Price | |
| Profit | | | Profit | |
| Profit Percentage | | | Profit Percentage | |

| | | | | |
|-------------------|----------|--|-------------------|---------|
| Mocha | With Cup | | Mocha | W/o Cup |
| Retail Price | | | Retail Price | |
| Cost Price | | | Cost Price | |
| Profit | | | Profit | |
| Profit Percentage | | | Profit Percentage | |

| | | | | |
|-------------------|----------|--|-------------------|---------|
| Mocha Flavored | With Cup | | Mocha Flavored | W/o Cup |
| Retail Price | | | Retail Price | |
| Cost Price | | | Cost Price | |
| Profit | | | Profit | |
| Profit Percentage | | | Profit Percentage | |

| | | | | |
|-------------------|----------|--|-------------------|---------|
| Cappuccino | With Cup | | Cappuccino | W/o Cup |
| Retail Price | | | Retail Price | |
| Cost Price | | | Cost Price | |
| Profit | | | Profit | |
| Profit Percentage | | | Profit Percentage | |

Profit percentage is determined by Profit divided by Retail price

APPENDIX F – EMERGENCY PROCEDURES

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Failure of ship's LAN or Shipboard NIAPS server.

ROM 3 Contingency Plan

A. Purpose

This contingency plan provides information and guidance to Ship's Stores in the event of a planned or unplanned downtime of the ship's LAN and NIAPS server. ROM 3 resides on the Ship's NIAPS server, and will be affected if the Ship's NIAPS server is off-line or the Ship's LAN is down. During the duration of the downtime, the ships store will operate a virtual non-epos (Hanger Bay) outlet.

B. Preparation and Action

Ships must be prepared every day in the event that an outage occurs and the Point of Sale cash registers go "off line". Sufficient time must be allowed to complete actions that will keep the store operating and serving the customers.

C. Actions Required

- The Sales Officer will ensure that there is an up-to-date barcode list available for the ship's store operator to use to look up retail prices for each item.
 - The Sales Officer will ensure that there is a calculator available for ships store operator's use. A calculator with adding machine tape is recommended.
 - Operator has data sheet/log book to record individual sales.
- The Sales Officer or LCPO will ensure that there is a Navy Cash POS available in normal mode with the merchant set to ship's store and a ship's store operator is logged on.
- The Records Keeper will ensure that all PDT are updated weekly or upon receipt of new material.

D. Concept of Operations

In the procedures outlined below there is no physical movement of stock from the ship's store. The procedures create a "virtual" non-epos store (Hanger Bay Store) in the ships store. This allows items that are "sold" to be recorded as a transfer of material to the non-epos store; so that when the transfer is confirmed, the virtual store has the material. Then the Sales Officer takes an inventory of the virtual items (all have a quantity of zero) which in a non-epos store means that they have been sold. No accountability is affected as the ships store does not have the items, the virtual store does but then upon inventory, they are "sold".

E. Option #1 is the preferred method. As each outage may be a different time length, the Sales Officer has the authority to determine if the store will go to the Contingency Plan or wait until the LAN returns to service. In ROM there can only be one Hanger Bay store. For ships with two stores, option 1 and option 2 work because the user is breaking out merchandise from each real store to the Hanger Bay store. Option 3 does not work with two stores because it is a total store breakout and no means to separate the merchandise in the Hanger Bay store back to each store at the end of the event.

Option one: Standard Contingency Plan

1. Ship's Store Operator will create a breakout on a PDT from Ship's Store (9501) to Non-EPOS store (9400).
2. The Ship's Store Operator will scan all line items sold for each transaction using the PDT.
3. For each sales transaction, the Ship's Store Operator will use a barcode list to look up the prices for each item and a calculator to total the sales.
4. The Ship's Store Operator will manually enter the total amount of sales into the Navy Cash POS for each customer following chapter 7, para 7.7.2 of the Navy Cash PUB 727.
5. When connectivity has been restored back to the ROM 3 system, S-3 will do the following:
 - Records Keeper will download the PDT at the ROM 3 PDT Cradle.
 - Records Keeper will create, initiate, and confirm the breakout from Ship's Store (9501) to the Non-EPOS Outlet (9400).
 - Conduct an inventory of store 9400. User will insert a quantity of zero for all line items.
 - The sales transactions stored on the Navy Cash POS must be downloaded at one of the POS connection points or download boxes (i.e. ship's store, disbursing office, general mess, private mess, MWR or post office).
 - Review and compare the Navy Cash sales report to the cash Over/Short summary report.
 - Record Navy Cash collected amount as a Non-EPOS collection in ROM 3. (ROM 3 User's Guide 7.9).

F. Option two: If the ship has not taken the recommended preparation steps, they may have to go to totally manual operations.

The Ship's Store may choose to manually record all sales transactions.

1. For each sales transaction, the Ship's Store Operator will use a barcode list to look up the prices for each item, manually record the item stock number and list the retail price for each item sold on data sheet/log book. Use a calculator to total the sales.
2. The Ship's Store Operator will manually enter the total amount of sales into the Navy Cash POS for each customer following chapter 7, para 7.7.2 of the Navy Cash PUB 727.
3. When connectivity has been restored back to the ROM 3 system, S-3 will do the following:
 - Record Keeper will create and confirm a breakout using the items listed on data sheet/log book from ships store (9501) to Non-EPOS store (9400).
 - Conduct an inventory of store 9400. User will insert a quantity of zero for all line items.
 - The sales transactions stored on the Navy Cash POS must be downloaded at one of the POS connection points or download boxes (i.e. ship's store, disbursing office, general mess, private mess, MWR or post office).
 - Review and compare the Navy Cash sales report to the cash Over/Short summary report.
 - Record Navy Cash collected amount as a Non-EPOS collection in ROM 3. (ROM 3 User's Guide 7.9).

G. Option three: If the Ship's Store Officer receives advanced notice that the server will be off-line for extended period of time.

- 1. Prior to the network downtime; The Records Keeper will breakout all merchandise from the Ship's Store (9501) to Non-EPOS store (9400).**
- 2. For each sales transaction, the Ship's Store Operator will use a barcode list to look up the prices for each item and a calculator to total the sales.**
- 3. The Ship's Store Operator must manually enter the total into the Navy Cash device POS card reader for each transaction (NC SOP Ver. 1.15 Ch. 7, 7.7.2)**
- 4. When connectivity has been restored back to the ROM 3 system, S-3 will do the following:**
 - The Ship Store Officer will conduct an inventory of the Non-EPOS 9400.**
 - The sales transactions stored on the Navy Cash POS must be downloaded at one of the POS connection points or download boxes (i.e. ship's store, disbursing office, general mess, private mess, MWR or post office).**
 - Review and compare the Navy Cash sales report to the cash Over/Short summary report.**
 - Record Navy Cash collected amount as a Non-EPOS collection in ROM 3(ROM 3 User's Guide 7.9).**
 - Records Keeper will breakout all remaining stock from Non-EPOS (9400) to ship store outlet (9501).**

Procedures If There Is No Replications from Ashore to Ship

BACKGROUND. As part of workload reduction ROM 3 transferred the workload of special orders from the ship to ashore. However, if replication is not working and the ship requires merchandise obtained by the special order process, there is a mitigation process.

PROCEDURES. Procedures for the ship are provided below in a series of steps that must be followed.

Step 1. Ship determines what merchandise is desired and sends an email to mike.medley@nexweb.org.

Step 2. NEXCOM replies with the following information (ship will enter information into a Emergency Purchase Order – see step 3 below):

- a. Delivery FOB: OTHER (ensures shipping charges can be added if necessary)
- b. Shipping address
- c. Delivery date
- d. Vendor Information
- e. Cost Price
- f. Qty
- g. Buy U/I
- h. Sub CS/PK

Step 3. Ship goes into ROM 3 and creates a purchase order as an “Emergency Purchase Order” with the information provided by NEXCOM via email. This will allow the ship to receive the items after NEXCOM buys them. Ship confirms the Emergency Purchase Order and emails a copy to NEXCOM with the Supply Officer’s signature.

*****NOTE: Every Emergency Purchase Order will have Disbursing as the paying activity, DO NOT have disbursing make a check. NEXCOM will purchase the items*****

Step 4. NEXCOM will use the ship’s Emergency Purchase Order to order and pay for merchandise using the ship’s Purchase Order number.

Step 5. NEXCOM will provide the ship a copy of the invoice plus any shipping charges once merchandise has been shipped.

Step 6. When the merchandise arrives, the ship will receive the items on their ROM 3 Emergency Purchase Order and file IAW P-487.

APPENDIX G – CHAPTER 2 WITH CASH HANDLING**GENERAL OPERATING PROCEDURES**

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1. SALES GENERAL INFORMATION

CASH SALES. Cash will be accepted for sales in the ship's store as described below. Ashore ship's stores may offer credit cards sales when approved by NEXCOM (Ship's Store Program) and authorized equipment is installed. Only United States currency will be accepted for sales in the ship's store.

CHECKS. Due to the liability associated with personal checks, the Commanding Officer must approve the acceptance of checks by the ships store. Only personal checks from active duty and active duty for training personnel will be accepted in the ship's store. Two party checks will not be accepted. A personal check will be accepted only for the amount of the purchase. Personal checks must be on a United States bank account, stated in terms of United States currency, and inscribed with the printed name of the purchaser and magnetic ink bank account number. Personal checks will be made payable to "USS _____".

CHECK INFORMATION REQUIRED. Checks will bear the signature and duty station of the purchaser. The retail store operator is responsible for positively identifying the presenter of a check as an active duty or active duty for training person. The operator will compare the signature on the purchaser's Armed Forces Identification Card (DD Form 2) or (DD Form 2 (Reserve)) with that on the check.

FORMS. Cash Register Record (NAVSUP Form 469) and Cash Receipt Book (NAVSUP Form 470). are available on the Document Library. and may be downloaded.

2. RESPONSIBILITY FOR CASH

CASH REGISTER OPERATORS. Operators are responsible to the sales officer for all cash received from sales while such funds are under their cognizance. Operators will exercise care and diligence in all sales transactions and will be subject to disciplinary action for negligence or improper performance of duties. Access to cash registers will be limited to personnel approved by the sales officer. Operators are responsible for scanning the items correctly, collecting the correct amount and making change.

CASH COLLECTION AGENT. The cash collection agent is responsible to the sales officer for all cash collected from sales outlets and dollar bill changers while such funds are under the agents' cognizance. The cash collection agent will exercise care and diligence in collecting monies and is subject to disciplinary action for negligence or improper performance of duties.

SALES OFFICER. The sales officer is responsible and accountable to the Navy Department for official funds in the officers' custody as outlined in the P-487 Chapter 1. The sales officer is not authorized to make any disbursement other than to transfer ship's store funds to a disbursing officer.

3. CASH REGISTER AND CASH COLLECTION AGENTS SAFE

CASH REGISTERS. All cash from sales, or credit card transactions in sales outlets will be processed through a cash register at the time of sale. Cash registers provide an itemized receipt of items purchased. Cash registers will normally be procured with the ships' OPTAR funds. If OPTAR funds are insufficient, the sales officer may authorize the purchase using

individual ship's store profits. Access to cash registers will be limited to the assigned cash register operator.

CASH REGISTER RECEIPT. The cash register will produce a receipt, which can be provided to the customer at time of sale.

CASH REGISTER KEYS. The ship's store operator will maintain control of the cash register key. The duplicate key will be kept in a sealed envelope in the sales officers' safe.

CASH COLLECTION AGENTS SAFE. Until cash received from sales can be deposited with the disbursing officer, all collections will be kept in a safe which meets the requirements set forth in the DOD Financial Management Regulation, Volume 5, Chapter 3. If there is more than one cash collection agent, each agent will have a separate safe.

COMBINATION TO THE SAFE. Only the cash collection agent will have the combination to the safe. Placing the combination in a sealed envelope to be kept in the custody of the sales officer or any other person is prohibited. At a minimum, the combination to the safe will be changed once every six months and or upon relief of the cash collection agent.

EMERGENCY ENTRY INTO THE SAFE. When physically incapacitated and unable to open the safe, the cash collection agent, upon order of the commanding officer, may give the combination to a designated board of officers. In the event of death, unauthorized absence or mental incapacity as determined by competent medical authority, of the cash collection agent or when it is necessary to relieve the cash collection agent for any cause, including arrest or suspension, the commanding officer will follow procedures outlined in Chapter 1.

4. UNCOLLECTABLE CHECKS

RECEIPT OF UNCOLLECTABLE CHECK. When a check is returned to the sales officer, the disbursing officer will immediately be reimbursed in cash from the retail store cash register. The check will be placed in the cash register until collected by the cash collection agent. A separate entry will be made in the Cash Register Record (NAVSUP Form 469) as follows:

- a. Date – Enter date check returned to the store
- b. Under Column – Enter the amount of the check
- a. Amount in Figures – “UNCOLLECTABLE CHECK”

The entry will substantiate the difference between what should have been collected and the actual collected amount for that collection. Pending settlement of the check, the check will be kept in the cash collection agents safe. ROM treats un-collectable checks as a loss of profits until settled. The dollar amount will not be included on any inventory.

UNCOLLECTABLE CHECKS THAT ARE SETTLED. The sales officer will take immediate action to obtain settlement for the check. These actions will include as a minimum, contacting the individual personally or by telephone, forwarding a letter request for assistance to the commanding officer of the individuals' new duty station (if no longer part of ships' company), or contacting the individual at home by the most expedient means (if the individual is no longer in the military).

REIMBURSEMENT RECEIVED. When cash, certified check or money order is received for settlement, the un-collectable check will be returned to the originator. The reimbursement will be placed in the cash register and will be collected along with other cash received from sales for the day. A separate entry will be made in the NAVSUP Form 469 indicating the check has been settled and represents an overage in the collections. The amount will be included in the total figure collected and will be annotated on the NAVSUP Form 469 as part of the collection.

- (1) Date – Enter date check is settled
- (2) Over Column – Enter amount of settled check
- (3) Amount in Figures – “SETTLED CHECK”

CHECKAGE OF PAY. If normal collection efforts fail, the sales officer will request the disbursing officer to make a pay record checkage in accordance with DOD Financial Management Regulation Volume 5, Chapter 4. After the checkage has been made, the disbursing officer will remit the collection to the sales officer. The sales officer will place the amount in the cash register and return the check to the originator. A separate entry will be made in the NAVSUP Form 469 indicating the check has been settled and represents an overage in the collection. The amount will be included in the total figure collected and will be annotated on the NAVSUP Form 469 as part of the collection. **CHECK IS UNSETTLED AT THE END OF THE ACCOUNTING PERIOD OR UPON RELIEF OF THE SALES OFFICER.** Unsettled checks shall be filed in the cash collection agents safe until settled or determined to be uncollectable. The sales officer shall have the option of keeping the unsettled check for one additional accounting period if reimbursement is anticipated.

FINANCIAL DISPOSITION. Uncollectable checks will be accounted for as a reduction of gross profits. The total dollar amount will be absorbed in the retail gross profits as they represent a reduction of funds collected from sales. Any uncollectable check, which has been determined to be uncollectable, will be destroyed by shredding.

5. MONEYBAGS / NIGHT DEPOSITORY SAFE

MONEYBAGS. A retail store may be opened after regular working hours including weekends, when it is not practical for the sales officer or cash collection agent to collect cash. During these times, moneybags will be used to collect all cash in the register including the change fund.

MONEY BAG LOG. All moneybags will be numbered on the outside. A moneybag will be logged out at the time of issue in a locally developed log. Log entries must contain at a minimum:

- Date and time

- Signature of the person issuing the moneybag
- Signature of the person receiving the moneybag

The supply department duty officer or another commissioned duty officer will keep the log in their possession during the duty day.

KEYS TO MONEYBAGS. Moneybags are provided with two keys:

- One must be kept by the retail store operator
- The other key will be kept in a sealed envelope in the sales officer's safe. The sales officer and the retail store operator will sign the sealed envelope across the flaps

BASIC PROCEDURES. After closing the retail store, the operator will place the cash received from sales and the change fund in the moneybag. Moneybags will be locked and turned over to the supply department duty officer or another commissioned duty officer to be placed in a safe for safekeeping. The duty officer will sign for receipt of the moneybag in the moneybag log. The duty officer need not count the cash in the moneybag. Each subsequent transfer of the locked moneybag will be recorded in the moneybag log. Before the start of the next business day, the sales officer will determine if there was an overage or shortage of funds collected. The retail store operator will open the locked moneybag and the cash will be counted and collected by the sales officer or cash collection agent.

LOCAL PROCEDURES. Local instructions must be established by the sales officer to ensure that responsibility for custody of moneybags can be easily determined at all times. The Moneybag Log will be used to determine responsibility for the moneybags. The supply department duty officer or other commissioned duty officer and the retail store operator must have their responsibilities clearly explained to them.

PROCUREMENT OF MONEYBAGS. Moneybags are listed in Ship's store Visual Merchandising Guide (NEXCOM Pub 90-33). The cost of the moneybags will be charged to the individual ships' profits. Moneybags are procured as per paragraph 4420.

NIGHT DEPOSITORY SAFE. An approved night depository safe may be installed when sales outlets are opened after regular working hours, including weekends, when it is not practical for the sales officer or cash collection agent to collect cash. During these times, moneybags will be used to collect cash from the register including the change fund. Each sales outlet operator will deposit moneybags in the night depository safe.

KEYS AND COMBINATION TO SAFE. The money safe in the lower depository safe is dual controlled by a key and combination lock. Two keys are provided to the key lock.

- (1) One will be given to a person who does not have access or knowledge of the combination and will be responsible for opening the key lock.
- (2) The other will be kept in a sealed envelope in the sales officers safe.
- (3) The sales officer or cash collection agent will hold the combination to the depository safe. The combination will be recorded on a piece of paper, put into a sealed envelope and placed in the sales officer's safe. The sales officer and cash

collection agent will sign the sealed envelope across the flaps.

NIGHT DEPOSITORY SAFE LOG. The person appointed as the key holder for the safe will maintain a locally developed log. Each time the night depository safe is opened, both the appointed key holder and the person having the combination to the safe will sign a log entry of the date and time the safe was opened.

BASIC PROCEDURES. The procedures in Chapter 2 will be followed for moneybags used with night depository safes. The procedures concerning vending machine locked moneyboxes will be the same as sales outlets; the operator will deposit the locked moneybag or moneybox in the night depository safe. Particular care must be taken to ensure that the locked moneybag or moneybox is completely inserted in the depository safe. Before the start of the next business day, the authorized persons will open the night depository safe. Sales outlet operators will open their locked moneybag or moneybox. The cash will be counted and collected by the sales officer or cash collection agent.

PROCUREMENT OF SAFES. The cost of a night depository safe will be charged to the individual ship's OPTAR. The safe will be procured in accordance with the provisions of NAVSUP Pub 485, Chapter 3.

6. REFUNDS

GENERAL. All sales made in the ship's store will be final. Refunds may be made for defective merchandise under the following conditions:

- a. **MERCHANDISE COVERED BY A GUARANTEE.** Merchandise will be accepted and refunds made, providing the return date is within the manufacturer's guarantee or warranty period. Defective merchandise covered by guarantee will be returned to the vendor for credit or replacement under the terms of the guarantee.
- b. **MERCHANDISE NOT COVERED BY A GUARANTEE.** Merchandise that can be reasonably determined to have been defective at the time of sale may be returned for refund within 30 days of the purchase date. If attempts to secure replacement or repair from the vendor are unsuccessful that merchandise may be sold at a reduced price or surveyed as a charge to individual ship's store profits.

PROCEDURES. The retail store operator is authorized to accept merchandise and give the customer a cash refund with written authorization from the sales officer. Written authorization may be as restrictive as a signed memo for each refund or a refund policy established by the sales officer that outlines dollar value approval levels and specific authority for the retail store operator.

7. CHANGE FUND FOR ONE SALES OUTLET

At the beginning of each accounting period or when the sales outlet is reopened after being closed for more than 72 hours, the disbursing officer will entrust official funds to the custody of the sales outlet operator as a change fund. The fund will be the minimum amount necessary as prescribed by the commanding officer. An instruction on the change fund, including the amount of the fund as approved by the commanding officer, will be created and included in the supply department instructions. This instruction should also cover special occasions such as paydays, when a larger change fund is temporarily required. Usually the change fund should not exceed \$50.00 for each cash register in use. The disbursing officer will have the sales outlet operator sign a Statement of Agent Officer's Account (DD Form 1081) for the amount of the change fund issued. The change fund advanced will not be registered in the cash register but will remain in excess of cash received from sales. At the close of the business day, the sales outlet operator will return the change fund to the disbursing officer, at which time the DD Form 1081 will be destroyed. Change funds advanced by the disbursing officer may remain in the cash register overnight when the day's sales have not produced sufficient cash for change for the following business day. Normally, after cash is collected at the end of the business day, an amount of change less than \$50.00 may be left in the cash register.

8. CHANGE FUND FOR MULTIPLE SALES OUTLETS

On ships operating multiple sales outlets, the disbursing officer may entrust change funds to the custody of the sales officer or cash collection agent with the written approval of the commanding officer. The amount advanced will be the minimum considered necessary to provide a change fund for the sales outlets during periods of operation. The disbursing officer will have the sales officer or cash collection agent sign a Statement of Agent Officer's Account (DD Form 1081) for the amount advanced. Monthly, an officer, other than the sales officer, designated by the commanding officer will audit this change fund. The verifying officer will send a report of the change fund audit to the commanding officer with a copy to the sales officer and the disbursing officer. The sales officer will file the audit reports in the Correspondence File (WF 3). When the disbursing officer, sales officer or cash collection agent is replaced or the operation of the sales outlet is discontinued or change fund is not required, the change fund will be returned to the disbursing officer, at which time the DD Form 1081 will be destroyed. When operating under the provisions of this paragraph, the sales officer or cash collection agent under the procedures prescribed in Chapter 2 will advance funds to the sales outlet operators.

9. DEFICITS IN CHANGE FUNDS

GENERAL. In the event of a deficit in the change fund advanced to a sales outlet operator, sales officer or cash collection agent will take the amount of the deficit out of proceeds from sales before returning the change fund to the disbursing officer. The disbursing officer's accountability will not be affected as per DOD Financial Management Regulation Vol 5. To indicate the dollar amount reimbursed to the change fund, an entry will be made in the applicable Cash Register Record (NAVSUP Form 469) noting the difference.

LIQUIDATION. Upon written authorization from the commanding officer, custodian of the money may voluntarily commit personal funds to liquidate the deficit.

REPORTS. When the amount of a deficit is \$250.00 or less and the deficit is immediately liquidated under subparagraph 2, a report is not required to NEXCOM (Ship's Store Program). For all deficits where theft, fraud or other dishonest act is indicated, a report will be made per the P-487 Chapter 1..

10. CASH COLLECTION INFORMATION

RESPONSIBILITY FOR COLLECTION. The sales officer is responsible for collection and deposit of cash received from sales in the ship's store operation. However, if desired, the sales officer may have an officer or enlisted assistant designated in writing as a cash collection agent under DOD Financial Management Regulation, Volume 5, Chapter 3. The cash collection agent will not be assigned as the retail store or vending machine operator. The record keeper may be designated as the cash collection agent when sufficient personnel are not available. Also, when sufficient personnel are not available, the disbursing officer, deputy or agent cashier may accept collections at the sales outlet. Disbursing personnel may not be designated as cash collection agents, but by virtue of their position may accept collections from ship's store personnel.

DELIVERY OF CASH BY SALES OUTLET OPERATORS. When conditions make it impractical for the sales officer or cash collection agent to collect cash, the sales outlet operators will deliver cash from sales to the sales officer, cash collection agent, disbursing officer or agent cashier. The sales outlet operator will read vending machine cash totalizers meters upon fund collection. The cash collection agent will read and verify meter readings at the next normal collection.

11. CASH REGISTER RECORD (NAVSUP FORM 469) GENERAL INFORMATION

GENERAL. A separate page in the Cash Register Record (NAVSUP Form 469) will be used to record cash collected from each sales outlet. The NAVSUP Form 469 will be retained in the custody of the person making the collections. Cash collected from sales will be recorded each business day in the NAVSUP Form 469. The sales officer will compare amounts entered in the 469 and 470 and will compare with what is on the ROM C02/C03/C04 report at least twice weekly. The sales officer will investigate shortages and overages in excess of \$5.00. It is not necessary to start a new Cash Register Record because of a change of cash collection agents, sales officer or disbursing officer.

MANDATORY ENTRIES. For all collections, the following columns will be completed on the NAVSUP Form 469.

- a. Date – Enter date of collection
- b. Register Reading – For Non-EPOS Only - Enter meter reading number
- c. Actual Cash in Register – Enter actual cash counted less change fund (if any)
- d. Over / Under – For Non-EPOS Only – Enter the difference between cash collected and meter reading value
- e. Cash Left in Register for Change - Enter amount left in outlet for change fund

- f. Amount in Figures – Enter amount in numbers of collection
- g. Amount in Words – Enter amount in words of collection
- h. Signature of Sales Outlet Operator / Signature of Person Making Collection

CLOSING OUT NON EPOS OUTLETS

At the end of each month, the NAVSUP Form 469 will be closed out as follows and all totals entered on the last line of the page:

- Register Reading – Take the Ending Register Reading and subtract the Beginning Register Reading and enter the total
- Actual Cash in Register – Add all entries in the column and enter the total
- Over - Add all entries in the column and enter the total
- Under - Add all entries in the column and enter the total
- Cash Left in Register for Change - Add all entries in the column and enter the total
- Amount in Figures - Add all entries in the column and enter the total
- Amount in Words – Write out the total amount in figures in words
- Signature – Outlet Operator and Cash Collection Agent Signatures are required.
- The Ending Register Reading minus the Beginning Register Reading plus the total of the Over column minus the total of the Under Column must equal the total amount in figures of cash collected.
- The Total of Actual Cash in Register minus Total Cash Left in Register for change must equal the total in figures of cash collected.

CLOSING OUT EPOS OUTLETS– At the end of each month, the NAVSUP Form 469 will be closed out as follows and all totals entered on the last line of the page:

- Actual Cash in Register – Add all entries in this column and enter the total
- Amount in Figures – Add all entries in this column and enter the total
- Amount in Words – Write out the Total of the Amount in Figures in words
- Signature – Outlet Operator and Cash Collection Agents signatures are required

REVIEWS BY SALES OFFICER. When the cash collection agent is making the collections, the sales officer will review the NAVSUP Form 469 daily (if possible) or at least twice weekly.

12. CASH LEFT IN CASH REGISTER OVERNIGHT

Cash, not to exceed \$50.00, may be left in a cash register overnight except, when more than one shift is operated. When authorized by the TYCOM, cash not to exceed \$100.00 may be left in the register overnight, except when more than one shift is operated. When a retail store is closed for a period of more than 72 hours, all cash including the change fund will be collected on the last business day.

13. DEPOSITS WITH DISBURSING OFFICER GENERAL INFORMATION

Cash received from sales will be deposited daily with the disbursing officer. When it is impractical to deposit cash daily all cash on hand will be kept in a safe under the personal custody of the ship stores officer or cash collection agent. The total cash deposited with the disbursing officer will be entered daily in a separate Cash Receipt Book (NAVSUP Form 470). Deposits will be made directly to the disbursing officer, deputy or agent cashier whose signature will be obtained in the NAVSUP Form 470. The NAVSUP Form 470 will be retained in the custody of the person making the deposits. When the sales officer is the person making the collections and is also the disbursing officer, it is not necessary to keep a separate NAVSUP Form 470. During the accounting period, amounts deposited will not necessarily equal receipts from each day's sales because some cash will be retained as a change fund. However, total deposits made during the month must equal the total receipts from sales for the month. The sales officer will verify that all cash from sales, including change funds, is collected at the end of the month. The sales officer will verify that the total amount of cash collected and turned over to the disbursing officer equals the amount entered in ROM.

14. ACTION BY THE SALES OFFICER WHEN THE CASH COLLECTION AGENT COLLECTS AND DEPOSITS CASH

When the cash collection agent makes the collections, the following will be submitted to the sales officer daily if possible, or at least twice weekly.

- The Cash Register Record (NAVSUP Form 469) for each sales outlet
- The Cash Receipt Book (NAVSUP Form 470) covering deposits with the disbursing officer.

The sales officer will review all entries, check amounts deposited with the disbursing officer, and initial all entries in the NAVSUP Form 469 and 470 to indicate they have been checked. The sales officer will additionally verify cash collections are being entered correctly into ROM. The entries will also be verified any time a Memorandum Cash Sales Invoice Deposit of Cash with the Disbursing Officer (DD Form 1149) is prepared.

15. MEMORANDUM CASH SALES INVOICE DEPOSIT OF CASH WITH THE DISBURSING OFFICER

WHEN PREPARED. A Memorandum Cash Sales Invoice Deposit of Cash with the Disbursing Officer (DD Form 1149) will be prepared to substantiate cash receipts from sales:

- At the end of each month
- Upon relief of the sales officer
- Upon relief of the disbursing officer, or when cash is deposited with a different disbursing officer

PREPARATION. ROM will print the DD Form 1149 when required. Procedures for generating the DD Form 1149 are outlined in the ROM User's Guide.

DISTRIBUTION OF DD FORM 1149. The DD Form 1149 will be submitted to the disbursing officer on or before the first working day of the month. The disbursing officer will sign the certification at the bottom of the DD Form 1149. The record keeper will then distribute the DD Form 1149 as follows:

- Original – C02/C03/C04 (RK) File
- 2 copies – C02/C03/C04 (AO) File
- Three copies will be returned to the disbursing officer

16. CASH COLLECTION FOR EPOS OPERATIONS

Cash collection agent and retail store operator will count cash in register and record amount collected in the NAVSUP Form 469..

Retail store operator will conduct CLOSE REGISTER "Sales Register-Session Summary" at the POS register as per the ROM users guide.

Cash collection agent will enter ROM as Register Session Manager and View session Details and enter funds collected as per the ROM Users Guide the amount will match the figure in the 469.

17. CASH COLLECTION FOR MULTIPLE OPERATOR PROCEDURES

When more than one person is responsible for the operation of a retail store cash will be collected at the end of each shift..

18 MEASURING THE OVERAGE/SHORTAGE AT RETAIL OUTLETS

The system will determine the variance (over or short) amount by subtracting the system total from the amount entered by the Cash Collection Agent.

The sales officer will examine all overages and shortages of \$5.00 or more between system readings and cash collected by reviewing the Cash Over/Short Report at least weekly and take appropriate action as appropriate.

Shortages of money due to theft, fraud or other dishonest act will be reported and action taken as prescribed in paragraph 1205.

19. NON-EPOS OUTLET USING CASH REGISTERS

GENERAL. Any retail outlet which does not use EPOS cash registers to sell and record sales will be set up as a Non-EPOS outlet. Examples of Non-EPOS outlets are snack vending machines, hanger bay sales, pier side sales, etc.

CASH COLLECTION USING CASH REGISTERS. Non-EPOS outlets in which cash registers are used will be collected at the close of each business day or shift, except as authorized in paragraph 12Cash registers will be rung out and meter reading recorded at the end of each business day or shift. The difference between the current days meter reading and the previous days meter reading minus the cash left in the register for change should equal the

cash collected. Refunds and over-rings should be included in the formula when necessary. Amount collected will be recorded in the NAVSUP Form 469. When more than one shift is in operation, all cash from sales will be collected at the end of each shift.

WHEN TO COLLECT. It is not necessary to post daily collection amounts in ROM. Grand total amounts of cash collected will be entered into ROM prior to printing the Cash Sales Invoice or weekly NON-EPOS OUTLETS AUDITS. Cash meter readings will be recorded each time cash is collected. The meter reading will be entered in the NAVSUP Form 469 as per paragraph 11. The difference between the meter reading on the day cash is collected minus the previous day's reading will equal the cash from sales that should have been collected. If the meter reading and the cash collected do not equal, the outlet has an overage or shortage.

LOSS MORE THAN \$5.00. The sales officer will examine all overages and shortages of \$5.00 or more between meter readings and cash collected and take corrective action as appropriate. Overages and shortages of \$5.00 or more indicated on the NAVSUP Form 469 will be investigated and initialed by the sales officer as they occur.

SHORTAGES DUE TO THEFT, FRAUD OR OTHER DISHONEST ACT. Shortages of money due to theft, fraud or other dishonest act will be reported and action taken as prescribed in paragraph 1205.

20. VENDING MACHINE GENERAL INFORMATION

All vending machines, including those located in authorized messes, will be operated as a Non-EPOS sales outlet of the ship store.

21. VENDING MACHINE CASH COLLECTION

RESPONSIBILITY. All cash from sales in vending machines will be collected and recorded separately from sales in other sales outlets in ROM.

CASH COLLECTIONS.

AT SEA. When at sea, cash from vending machine sales will be collected and counted daily and prior to making any repairs to the coin mechanism or the machine, unless sales do not exceed a \$100.00 a day the machine must be collected no less than twice a week.

- **IN PORT (MONDAY – FRIDAY).** When in port, cash from vending machine sales will be collected and counted daily and prior to making any repairs to the coin mechanism or the machine, unless sales do not exceed \$100.00 a day the machine must be collected no less than twice a week.
- **IN PORT (WEEKENDS AND HOLIDAYS).** The supply officer will determine if the volume of business requires cash collections to be made.

The person making the collections from the vending machines will keep a separate Cash Register Record (NAVSUP Form 469). When more than one machine is operated, the cash collected from each machine will be recorded on a separate page of the NAVSUP Form 469.

USE OF LOCKED MONEYBOXES. When locked moneyboxes are installed in vending machines, the boxes will be numbered on the outside and issued to the vending machine operator by the person responsible for making collections.

DELIVERY OF MONEYBOXES. When conditions make it impractical for the sales officer or cash collection agent to collect the cash, the vending machine operator will:

- Record the meter reading
- Remove the locked moneybox for the vending machine and replace it with another locked moneybox
- The vending machine operator will deliver the locked moneybox with the meter reading to the sales officer or cash collection agent, disbursing officer or agent cashier. The cash will be counted in the presence of the vending machine operator and the sales officer or cash collection agent. The person making the collections will ensure that the vending machine collection agrees with the meter reading for each individual machine. When following the procedures for this subparagraph, the sales officer will ensure the collection agent or person designated to make collections personally reads each meter at least twice a week.

OPTIONAL DELIVERY PROCEDURE FOR MONEY BOXES. When the person designated to make the collections is not available to receive the cash (such as weekends or after regular working hours), one of the following may be used:

- The locked moneybox may be placed into a night depository safe
- The locked moneybox and meter reading will be turned over to the supply department duty officer or another commissioned duty officer for safekeeping.
- Moneybox Log. A locally developed Vending Machine Moneybox Log will be used. At a minimum, the log will contain the following entries:
 - (1) Date and time
 - (2) Number of the moneybox
 - (3) Car seal number installed over the moneybox opening
 - (4) The meter reading
 - (5) The signatures of the vending machine operator and supply department duty officer or other commissioned duty officer.

The duty officer receiving the locked moneybox will maintain the log. Each time an operator delivers a moneybox or receives it from the duty officer, an entry in the log will be made and signed by both persons. The following day, the cash will be counted and collected. The cash collected will be compared to the meter reading.

CAN DRINK VENDING MACHINE SALES. It is not necessary to post daily collection amount into ROM. Only the grand total amount of cash collected is entered into ROM prior to printing the Cash Sales Invoice or monthly.

CANNED DRINK COST OF SALES. The cost of sales is computed by taking an inventory. The computed cost of sales figure is stated on the Canned Vending Profitability (B25) Report

22. MEASURING THE OVERAGE/SHORTAGE OF INDIVIDUAL VENDING MACHINES

METER READINGS. Cash meters will be installed in each vending machine to monitor the efficiency of each machine. Meter readings will be taken each time cash is collected and a determination made as to whether or not the vending machine is functioning properly. The meter reading will be entered in the NAVSUP Form 469 as per paragraph 11. The difference between the meter reading on the day cash is collected minus the previous day's reading will equal the cash from sales that should have been collected. If the meter reading and the cash collected do not equal, the machine has an overage or shortage.

LOSS OVER \$5.00. The sales officer will examine all overages and shortages of \$5.00 or more between meter readings and cash collected and take corrective action as appropriate. Overages and shortages of \$5.00 or more indicated on the NAVSUP Form 469 will be investigated and initialed by the sales officer as they occur.

SHORTAGES DUE TO THEFT, FRAUD OR OTHER DISHONEST ACT. Shortages of vending machine monies due to theft, fraud or other dishonest act will be reported and action taken as prescribed in paragraph 1205.

APPENDIX H - SHIP'S STORE MANAGEMENT REPORTDate: Mo/Yr**1. FINANCIAL INFORMATION****Accounting Period to Date**

| | |
|---------------------------|----------|
| Sales in Store | \$ _____ |
| Drink Vending Operation | \$ _____ |
| Contributions | \$ _____ |
| Total Sales for the month | \$ _____ |

Unmatched Expenditures payments made by DFAS that if unresolved will reduce Ship's profits)

| | |
|--|----------|
| a. Potential Liability: Total dollar value of unmatched expenditures | \$ _____ |
| b. Potential "dollar "write offs") unmatched expenditures over 2 years | \$ _____ |

2. INVENTORY

a. I am meeting inventory goals: Yes No*

a. Over/Under Inventory

Total Authorized Inventory in port \$ _____

(\$102x # of personnel assigned to ship)

Total Authorized Inventory deployed \$ _____

(\$204 x # of personnel assigned to ship)

Current Book Inventory \$ _____

Over/Under \$ _____

b. I am meeting stock turn goals: Yes No*

| | Month 1 | Month 2 | Month 3 | Month 4 |
|--------|---------|---------|---------|---------|
| Actual | _____ | _____ | _____ | _____ |
| Goal | _____ | _____ | _____ | _____ |

c. I am meeting spot inventory goals Yes No*

Spot Inventory of Bulk Storeroom (Accuracy objective: 100%)

| | |
|-----------------------------|-------|
| Week #1 Accuracy in percent | _____ |
| Week #2 Accuracy in percent | _____ |
| Week #3 Accuracy in percent | _____ |
| Week #4 Accuracy in percent | _____ |
| Week #5 Accuracy in percent | _____ |

d. I have checked a minimum of 5% of total items. Yes No*

e. I have done a monthly inventory in:

| | | |
|-----------------|-----|-----|
| (Ships Store) | Yes | No* |
| (Soda Vending) | Yes | No* |
| (Candy Vending) | Yes | No* |
| (Vending-other) | Yes | No* |

f. Financial or inventory difference as shown on NC 153.

I have taken action IAW P-487 to resolve the following differences

| | | |
|--|-----|-----|
| Level 1 (less than \$1,500 and 1%) | Yes | No* |
| Level 2 (greater than \$1,500 and 1% of sales) | Yes | No* |
| Level 3 (greater than \$3,000 and 3% of sales) | Yes | No* |

g. I am within my authorized limits for Total Emblematic Inventory: Yes No*

Authorized Inventory (15% of total stock): \$ _____

On Hand \$ _____

Over/Under inventory: \$ _____

3. CASH COLLECTION NON NAVY CASH SHIP (Circle an answer)

a. I have audited the Cash collection agent at least twice weekly Yes No*

b. I have audited actual cash register readings at least twice weekly Yes No*

c. Non NAVY CASH Ships: I verified by the Cash Register Record (NAVSUP Form 469) that cash collections were made daily Yes No*

d. Non NAVY CASH Ship: I verified by the Cash Receipt Book (NAVSUP Form 470) that cash was turned over to the Disbursing Officer daily. Yes No*

e. I verified that Total monthly cash collected from sales as stated on the following Forms were verified against Disbursing Officer collections and posted correctly in the ROM system.

Cash Register Record (NAVSUP Form 469) Yes No*

Cash Receipt Book (NAVSUP Form 470) Yes No*

Memorandum Cash Sale Invoice of Cash Deposited w/ DISBO.
(DD Form 1149) All totals reported equal one another

Yes No*

4. NAVY CASH (Ships operating on Navy Cash)

a. I reviewed and compared Navy Cash end of the day, end of the month, and monthly transaction summary reports with ROM reports

Yes No*

b. All unresolved differences have a memo detailing the reason (known or unknown) for the difference signed by the Sales Officer and Disbursing Officer, filed in RK file CO2/CO3.

Yes No*

c. Supply officer has signed all Navy Cash end of day, end of month, and monthly transaction summary reports and I have filed them in the RK file CO2/CO3/

Yes No*

d. I have reviewed Cash Sales Invoice Memorandums (DD-1149) and ensured that they agree with Navy Cash end of month, monthly transaction summary reports and ROM reports.

Yes No*

5. RECEIPTS AND PRICING

a. I submitted all monthly transmittals for the last month to the Supply officer for signature.

Yes No*

b. I forwarded last month's monthly transmittals to DFAS by the 7th of this month.

Yes No *

c. I ensured that random spot check of prices (UPC validity) in the Retail Store(s) were accomplished during the month.

Yes No*

| | | |
|----------|--------------------------------|---------------|
| Week #1: | Number of items checked:_____; | Validity_____ |
| Week#2: | Number of items checked:_____; | Validity_____ |
| Week#3: | Number of items checked:_____ | Validity_____ |
| Week#4 | Number of items checked:_____ | Validity_____ |
| Week#5 | Number of items checked: _____ | Validity_____ |

d. I have verified that all DFAS letters on unpaid dealer's bills and other letters of reconciliation have been answered or are in the "chop chain" for approval.

Yes No*

e. I submitted End of Accounting Period Records for last accounting period to DFAS NLT 15th day following end of accounting period.

Yes No*

f. I have inspected all Ships Store spaces this month.

Yes No.

g. I have submitted my last accounting period records to the ATG.

Yes No*

h. I have reviewed the Back of the NAVCOMPT 153 report.

Yes No*

6. I have verified that all stores, storeroom and other spaces have locks and emergency entry procedures are posted as required by NAVSUP Pub 487. Yes No*

* Brief explanation of any items with "No" circled and other significant items, problems, etc.