



FLEET AND FAMILY READINESS PROGRAMS

COMMANDER, NAVY REGION MARIANAS
PSC 455 BOX 152
FPO AP. 96540-1000

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REGION MARIANAS FLEET AND FAMILY READINESS STANDARD OPERATING
PROCEDURE 001A

Subj: INVENTORY OF FOOD, BEVERAGE, SUPPLIES AND RETAIL GOODS

Ref: (a) BUPERSINST 1710.11C
(b) MWR Managers Desk Reference Vol. 3 and 4
(c) DOD Financial Management Vol. 13, Appendix C

1. Purpose. To establish standard operating procedures for conduct of accurate physical counts of all food, beverage and merchandise on the last business day of each fiscal period (monthly) in accordance with references (a), (b), and (c) within the Fleet and Family Readiness Program (F&FRP), Commander Navy Region Marianas.

2. Cancellation. F&FR SOP 001 is cancelled in its entirety and replaced with this SOP, version 001A.

3. Prior to conducting the Resale Inventory. As established by reference (a) and (c), all food, beverage, supply and resale inventories must be physically counted monthly.

a. Unless directed otherwise, the day of inventory will always fall between the close of business on the last day of the fiscal period and prior to opening on the first day of the new fiscal period (monthly).

b. The time of day for the inventory shall be dictated by the hours of operation, as arranged by the Accounting Technician and Facility Manager.

c. Sufficient personnel will be scheduled to perform the inventory. A minimum of two are required, one to call the inventory and one to record the inventory. The manager will designate an experienced person to conduct the inventory process.

d. The Accounting Technician will supervise the inventory, and act as a disinterested party.

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e. The accounting office will determine a specific cut-off time and date for delivery of goods, transfers and credit memos from vendors. This will be done in writing as needed.

f. All storerooms, coolers and freezers must have a consistent organized floor plan that is used at all times.

g. All storerooms, coolers and freezers shall be neat and clean with products organized.

h. Pre-inventory meetings must occur if the regular inventory personnel are not available.

4. Obtain Inventory Forms. The facility manager, assisted by the accounting department creates the master inventory sheets used for physical counts. The forms are updated on a continuing basis in order to reflect all resale goods purchased during the month and any price changes that may have occurred. Inventory forms must be used to record the physical count; this is the official record of the inventory. Employees should coordinate the storage room layouts with the listings on the forms to expedite the recording process.

5. Physical Count. The physical count refers to a physical accounting of all products and merchandise on the shelf after the close of business on the last day of the month. Reliance on electronic databases accounting for goods should be compared to the physical count and adjusted accordingly, but should not be used in lieu of the physical count.

Note: The last day of the month may be adjusted in the case of holidays that fall on the first/last day of the month. When these adjustments are made, it will be for all activities. Completed inventories are due to the accounting department on the eighth (8th) calendar day after the end of the month. Original count sheets must be maintained on file in the Accounting Office in case of an inventory discrepancy.

6. Extending the Inventory. The inventory must be signed by the person taking the inventory (caller), by the person entering the inventory, and by the person extending the inventory. All entries must be complete on the inventory, if there is no item to count, a zero must be used instead of leaving a line blank. All pages of the inventory must be numbered, to preclude the loss of a page.

7. Other Noteworthy References.

a. Transfer of goods. Always prepare transfer paperwork in advance of moving the goods. This will assist in timely submission of paperwork and prevent errors in cost of goods and services (COGS).

b. Procedures. Controlling inventory includes more than just taking a physical count when required. The following procedures should be reviewed and plans implemented in each facility so that an organized effort is made to account for all goods received, stored, and sold throughout each accounting period.

c. Section 7.2 of the MWR Managers Desk Reference. This section explains procedures for controlling various assets, including resale inventory. This section includes the procedures required to properly receive goods, protect the inventory, and transfer items from one area to another. By following the procedures in this section MWR operations will be in compliance with MWR policy and instructions. In lieu of stock record cards listed in step 16, the Asset Technician prepares all inventory sheets based on purchase records. This will be verified by the warehouse manager prior to the sheets being sent to the facility manager.

d. Section 7.3 of the MWR Managers Desk Reference. This section explains procedures for inventory of various assets, including resale inventory. Specifically, step one is a checklist of items that need to be planned prior to taking the physical count.

8. Variances in Financial Records. Once the accounting period is closed and financial records are available, reviews must include cost of goods sold percentages. These figures are a direct result of the purchases and physical inventory counts that are executed during the period. If there are variances larger than 5%, they must be investigated and corrected, or documented and monitored if the cause cannot be identified. If the variances persist, a plan of action must be developed to cause a change in the variance. The steps listed in sections 7.2 and 7.4 in the MWR Managers Desk Reference include information on solving potential deficiencies in controls over inventory and assets. The steps also identify common errors that are made that can affect inventory and cost of goods. Tasks 12.3 (Ensure Efficient Food Production and Service), 12.4

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(Control Food Cost), and 12.6 (Control Beverage Cost) give additional information on steps to take when financial reporting identifies variances in cost of goods sold. A central file will be kept in the business office documenting the follow-up actions based on monthly variances in cost of goods sold figures.

9. Action. Program Directors, facility managers, and accounting personnel will familiarize themselves with this SOP, indoctrinate appropriate employees as to its contents and ensure compliance.



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