

UNITED STATES

COAST GUARD

MORALE, WELL-BEING, AND RECREATION



NONAPPROPRIATED FUND

SECURITY

GUIDE

Office of Coast Guard Exchange and MWR

Chesapeake, VA

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SECURITY GUIDE

1. GENERAL

- A. Adequate and enforceable security policies and procedures are essential for protecting Coast Guard NAF assets. The purpose of this guide is to provide the basic procedures for safeguarding these assets.
- B. There are three general classifications of losses: theft by outsiders, employee theft, and inadequate security procedures or violations of established procedures. Losses, other than those caused by burglaries, holdups, fire damage, accidental breakage, hurricanes, and vandalism are called shrinkage. Shrinkage is the disappearance of inventory, either in the form of merchandise or money, through illegal actions. It is the amount of merchandise which is unaccounted for at the end of an accounting period or year, after verification of the beginning inventory, markup on purchases, sales, markdowns/surveys and the ending physical inventory. Shrinkage increases the cost of goods sold and decreases profits. A guideline for shrinkage ratios as a percentage of sales is 1%.
- C. Shrinkage is one of the paramount indicators of a manager's ability to control and blend all factors of a business into a smoothly operating, efficient, and productive unit. A low shrinkage figure tends to confirm the manager's leadership qualities and to reassure confidence in management and employees. There is an almost endless list of conditions which provide fertile grounds for high shrinkage; however, the greatest contribution to this excessive shrinkage is complacency on the part of management.

2. SHOPLIFTING PREVENTION

- A. Shoplifting. The stealing of merchandise or supplies, by a person not employed by the activity, is a major cause of shrinkage. Similar losses may also occur in warehouse and stockrooms where there is internal traffic by vendors, deliverymen, truck drivers, and servicemen who are permitted to roam about unsupervised. Losses may occur during remodeling or when stocking a new activity prior to opening. Control should always be maintained on loading docks, near restrooms, and exits. While all facilities have some controlled access, they will still have their share of shoplifters. The MWR Officer's most important resource in the prevention of such losses is a well trained and alert staff. Shoplifting techniques are:
 - 1. Palming. A simple method of removing small items from a counter.
 - 2. Secreting merchandise on the person. The stolen item placed in a coat or jacket.
 - 3. Shopping bags, umbrellas, large purses or "booster boxes." Small items can be easily brushed off a counter into a shopping bag or partially opened umbrella. "Booster" boxes are simply cardboard or wooden boxes covered in gift wrap paper. One end is cut to act as a "flap."
 - 4. Coats and raincoats. Some may have hooks sewn to the lining to hold stolen articles of merchandise.
 - 5. Between the legs. Shoplifters have been known to hide large items between the legs and still walk normally.
 - 6. Fitting rooms. It is a simple matter for a customer to enter, slip a garment under the clothes being worn or simply remove all ticketing and put on the new garment, leaving the old garments behind.
 - 7. Ticket switching. This method involves switching a ticket from a low priced item to one with a high price.

8. Counter theft. The method is to take an item from a display counter such as a handbag, costume jewelry, sunglasses, etc; remove the price tag and wear the item out.
9. Hideaway theft. The shoplifter selects a large item of luggage and hides smaller items inside or removes a low price item from a carton, secrete a high price item within and pays the carton price at the cash register.
10. Team shoplifting. This practice consists of two or more shoplifters acting in concert. Often, one member will create a diversion by fainting or starting an argument while the other team member steals the merchandise.

B. Actions which may be indicative of shoplifting:

1. Aimless walking up and down aisles.
2. Leaving store and returning in a few minutes.
3. Walking around exchange with unpaid merchandise.
4. Strained, nervous look.
5. Placing packages, purse or coat over merchandise.
6. Left – right glances without moving head.
7. Frequent, quick glances up from merchandise.
8. Studying other customers and sales persons instead of merchandise.
9. Looking in mirrors to see if they are being observed.
10. Handling a lot of merchandise at different counters.
11. Entering a fitting room with packages.

C. Preventive measures.

1. Serve or recognize customers as promptly as possible. A simple “Good morning” will do.
2. Fitting rooms must be controlled. Signs should state clearly the number of garments permitted in room. Inspect fitting rooms frequently for price tickets on floor or empty hangers left in stalls.
3. The showing of expensive items should be limited to two items at a time. Never leave customers alone.
4. Merchandise should be neatly arranged on shelves and display fixtures. Disorderly displays invite theft.
5. Cashiers should discreetly open luggage and purses and examine for “hideaway” merchandise.
6. Keep displays and fixture arrangements at minimal heights to eliminate “blind” spots and insure maximum visual control.

7. All packages could be stapled closed with the cash register tape stapled over the top of bag. Packages too large to bag should have an identifying label affixed to them.
8. Price marking equipment and supplies must be carefully controlled. Use different colored price tags for markdowns and special sales.
9. Merchandise price tickets should be machine printed. Handwritten tags are easily duplicated.
10. Cash registers must be locked when not in use during business hours. When in use, cash drawer must be closed after each transaction. Register drawer should be left in the open position after close of business.
11. Be aware of patrons wearing coats on a warm day, raincoats during fair weather or conversely no coat during inclement weather.

D. Procedures for handling shoplifters.

1. Persons should never be apprehended on the mere chance that they have stolen merchandise.
2. Keep any suspect under constant observation.
3. Summon the manager or security personnel authorized to detain a shoplifter.
4. The manager or security official authorized to detain a shoplifter should:
 - (a) Be certain the suspect still has possession of the goods.
 - (b) Wait until suspect has passed the central checkout or last register and exits from exchange, then stop the suspect and identify yourself by name and title.
 - (c) Allegations should not be made in the presence of others.
 - (d) Suspects should be invited to the manager's office; if the suspect refuses to accompany the official, inform suspect that he/she is believed to be in possession of merchandise for which payment has not been made. No accusation of theft should be made.
 - (e) If the suspect absolutely refuses to cooperate, attempt to make an identification by name tag, description or auto license number. Do not touch or attempt to forcibly restrain the suspect; allow the suspect to proceed and notify military or security police.
 - (f) If the suspect voluntarily proceeds to the manager's office or other designated private area, walk behind suspect to ensure that the stolen merchandise is not discarded.
 - (g) Inform suspect that he/she may be in possession of merchandise for which proper payment has not been made. Make no outright accusation of theft. A witness must be present during all conversations with the suspect; do not close the door to the office and never be alone with the suspect. If suspect is a female, witness must also be a female.
 - (h) Under no circumstances should the suspect be subjected to search by MWR personnel.
 - (i) Notify the military or security police and advise them of the suspected offense and request assistance.
 - (j) Merchandise involved in an incident of shoplifting will be turned over to military or security police against receipt.

(k) The MWR program is not a law enforcement or investigative agency.

3. INTERNAL THEFT PREVENTION

- A. It is generally acknowledged that employee theft constitutes between 65-75% of all shrinkage. There is no reason to believe it is any less within your operation. Management at all levels must be aware of their responsibilities. Disregarding an employee's dishonesty can influence other employees to become involved in similar activity.
- B. Policies and procedures for employee shopping, cash and merchandise controls must be stressed during indoctrination training and refresher training. There must be no question in every employee's mind as to management's concern for safeguarding the assets of MWR.
- C. Rules governing employees:
 - 1. Employees will not ring up or compute their own purchases.
 - 2. Cash register receipts, as in the case of all other customer transactions, should be affixed to the package.
 - 3. Employee will take purchase directly to designated storage area where it will remain until the end of employee's shift.
 - 4. No employee may buy markdown merchandise until the markdown has been offered for sale to exchange patrons for one full day.
 - 5. No employee shall prepare their own refund or make their own exchange.
 - 6. Personal belongings such as handbags and purses should not be permitted on the sales floor or in warehouse areas. Lockers should be provided for employees.
 - 7. Managers have the authority to conduct inspection of parcels, packages or other objects carried into or out of the activity by employees. This authority extends to the inspection of employee lockers in the presence of the employee and another witness.

4. FACILITY SECURITY

- A. The MWR Officer is encouraged to solicit the support of the unit security personnel to assist in determining security needs.
- B. All alarm systems, intrusion and duress, should be tested at least weekly.
- C. All accessible openings must be protected by adequate locking and security devices. Locking devices may be deadbolt locks, heavy duty hasps and padlocks, crossbars or a combination thereof.
- D. Any solid external door designated for employee entrance or exit and/or trash disposal should be equipped with a security glass view panel, or with a peephole to enable employees to identify person(s) outside prior to opening door.
- E. Where staffing permits, the opening and closing of and activity will be accomplished by the ranking supervisor and another designated employee.

- F. At the close of each business day, the supervisor will make a pre-closing inspection of the premises to assure that all safes, doors, windows, etc., have been secured and that no person is hidden in bathrooms, stockrooms, warehouse or any area of the exchange. The supervisor will set all alarms and exit the premises.
- G. Cashier cages in facilities not equipped with a vault should be arranged so that safes and cashier are visible to the public to avoid concealment of a possible holdup or burglary.
- H. Glass tops of display counters, where jewelry, photography and electronic items are displayed will be firmly fastened and sliding doors will be kept locked at all times when not under surveillance of a salesperson.
- I. An emergency notification decal should be affixed to the front entrance of all facilities. The decal will contain the telephone number of the appropriate military/security police office. The name and telephone number of responsible facility management will be made a matter of record at the appropriate military or security police office.
- J. Management will report to the notifying military/security police station and proceed to the scene with police officials when attempting to resolve an emergency.

5. COUNTERFEIT MONEY

- A. Cashiers and other personnel who handle cash should be trained in the detection of counterfeit money because the holder of bogus money is the one who takes the loss.
- B. By comparing a counterfeit bill with a genuine bill of the same type and denomination, several distinguishing differences may be detected. These differences are summarized below:

	<u>Genuine</u>	<u>Counterfeit</u>
<u>Portrait</u>	Stands out sharp and clear from oval background, facial features appear lifelike. Background is a fine screen of fine links.	Dull, smudgy, indistinct or unnaturally white. Oval background is too dark; lines irregular and broken, with portrait merging into the background. Fuzziness.
<u>Seals</u>	Sawtooth points sharp, even and regular.	Sawtooth points uneven, irregular and broken off.
<u>Serial</u>	Letters and numeral sharp, firmly and evenly printed, well spaced.	Figures poorly printed, uneven and badly spaced.
<u>Paper</u>	Scattered small, thin, red and blue silk threads, silk threads not noticeable on worn or badly soiled bills.	No silk threads; threads may be imitated by very small thin red and blue ink lines easily seen if examined closely.

- C. Markers are now available to test currency. Employees should be trained on how to use them.

6. NEGOTIABLE INSTRUMENTS

- A. Only personnel authorized by the MWR Officer or his/her designated representative may approve checks for cashing. When a check is presented, it should be examined carefully to ascertain that:
 - 1. It is written in ink or with indelible pencil and that there are no erasures or alterations on it.

2. It carries a current date (not over 90 days old).
3. The figures indicating the amount of the check correspond with the written amount.
4. The check bears a signature and that signature is legible; or, when the signature is not legible, person's name is printed on the check.
5. Persons presenting checks will be identified as authorized patrons prior to receiving cash or merchandise.

7. INTERNAL CASH CONTROL PROCEDURES

- A. The MWR Officer will establish written procedures for handling and safeguarding cash instruments and ensure familiarity with those procedures by all employees. Included in the written instructions will be procedures for reducing cash on hand to minimum and the control of alarm any system keys.
- B. The transporting of funds to or from banking facility should be accomplished by two employees or an employee with a security escort. Where possible, transporting of funds will be accomplished during daylight hours.

8. PROCEDURES FOR ROBBERY PREVENTION

- A. Two persons should open and close the facility. External doors should be kept locked until facility is opened for business or other operational purposes.
- B. Only authorized personnel will be permitted in the facility during critical periods at opening and closing times.
- C. Keep cash-on-hand at the registers to the minimum amount required for efficient purposes.
- D. Insure that all employees are familiar with any Standard Operating Procedures (SOP) to be followed, in case of a robbery. A copy must be posted. The SOP should provide instructions to:
 1. Alert responsible MWR and command officials.
 2. As soon as possible, write down all details about the robbery and a description of the robbers.
 3. Obtain or have an official obtain names, addresses, etc., of all witnesses and give information to military/security police.
 4. Comply with instructions of investigating authority concerning the incident.

9. KEYS, LOCKS, AND SAFES

- A. Adequate security can be maintained only if keys to MWR spaces are properly safeguarded.
- B. The person in charge of each space shall be responsible for the keys and for opening and securing that space. Keys will be issued on receipt bearing the notation, "Any loss or compromise of the keys will be immediately reported to the MWR Officer." This receipt, together with duplicate keys shall be kept in a safe designated by the commanding officer in a sealed envelope. This envelope shall be signed across the flap by both the MWR Officer and the responsible employee.
- C. Locks should be changed when the custodian of space is relieved, or when the keys are lost or compromised. Breaking of the envelope seal or use of the key by other than the accountable individual will be considered a compromise of security.

- D. An approved burglar, tool, torch, and fire resistant safe should be provided for the use of each person responsible for an MWR activity. Safes shall be properly secured by encasing in concrete or steel strapped to floor or wall supports when practicable. Safes should be protected by an alarm system connected to the unit police station.
- E. Safes shall be located in a properly secured area which should be illuminated at night and, where possible, visible to security patrols for checking when activity is secured.
- F. Safes should never be left in day-lock position with dial turned slightly off last combination letter for convenience.
- G. The combination of a safe under the direct control of the MWR Officer shall be known only by that individual. All safe combination shall be recorded, placed in an envelope, securely sealed in such manner that it cannot be opened without mutilating the envelope or seal, and delivered to the commanding officer. The commanding officer shall issue a receipt for the envelope.
- H. Combinations to safes shall be changed whenever responsibility for the safe changes (i.e., relief of exchange officer, reassignment of safe, etc), and when deemed necessary for other reasons.
- I. Safe combinations will be set only by an accountable MWR official. If a locksmith is used, management will ensure that the locksmith does not have access to the new combination numbers after it has been set.

10. WAREHOUSE SECURITY

- A. Pilferage by employees causes a large percentage of warehouse/stockroom accountability losses. A fundamental element of effective pilferage reduction is controlling the movements of employees and visitors, thereby, limiting access to warehouse merchandise and supplies. A pilferage method unique to warehousing is conspiring with drivers to steal merchandise by failing to completely unload an incoming conveyance or shipping out more goods than shown on the documentation. The determination of adequate physical security for warehouses is a management decision taking into consideration location, structural integrity of the building, value of assets involved, and periods of exposure (unmanned or unguarded). This section deals with the internal controls within warehouse facilities.
- B. Proper documentation is a very important factor in controlling shrinkage from warehousing facilities.
- C. Incoming shipments must be checked for accuracy. All shortages, overages, and damages must be noted and signed for before carrier leaves.
- D. All shipments must be posted to a freight register immediately upon receipt.
- E. Merchandise must be checked carefully against purchase order to determine correct prices.
- F. Activity and department managers will insure that price marking is accomplished accurately.
- G. All marking and ticketing of merchandise must be carefully controlled.
- H. Warehoused merchandise must be carefully arranged to preclude having the same merchandise in more than one location.
- I. Warehousemen must be instructed in the proper method of stacking and picking merchandise to prevent damage to merchandise and accidents to personnel.

11. PATRON AND EMPLOYEE REFUNDS

- A. Central refund desks (customer service areas) help reduce shortages, since the possibility of refund fraud is limited to the employees at the desk. Equally important, the central refund desk enables management reconciliation of refund vouchers with returned merchandise, making possible an excellent control system.
- B. Refund clerk qualifications should be based upon integrity and the ability to deal with the public. Refund personnel must be able to exercise independent judgment and deal pleasantly with problem situations.
- C. Refund/credit slips are to be consecutively numbered and issued numerically. Voided refund/credit slips are to be retained and turned into accounting at the close of business day.
- D. Refund check slips are to be filled out completely with an accurate description of the merchandise returned and a sales slip attached. Verifying the amount of the refund with the actual selling price in the exchange will reveal fraudulent practices.
- E. A refund may be issued for merchandise paid for by check only after at least seven working days have elapsed in order to insure that it has not been dishonored.
- F. Fraudulent refunds and credits issued to nonexistent persons or addresses can be a major loss. Refund customers may be sent a form letter enclosing self addresses stamped envelope. The letter should inquire if the refund was handled satisfactorily and the reason for return. Actual purpose of the letter is to determine if fraudulent refunds or credits are being issued.

12. VOID AND "NO SALE" PROCEDURES

- A. The area of a MWR activity that is most vulnerable to loss is the cash register. An effective loss prevention program must include the prevention of fraudulent voids and the careful monitoring of "no sales" or "zero" rings. It is important to enlist the help of the patron. A simple sign such as one of the following can provide results:
 - 1. "CASH REFUNDS WITH REGISTER RECEIPTS ONLY."
 - 2. "CASHIERS REQUIRED TO ISSURE REGISTER RECEIPT FOR ALL PURCHASES."
 - 3. "PLEASE RETAIN REGISTER RECEIPT FOR FUTURE ADJUSTMENT."
 - 4. "DID YOU GET YOUR REGISTER RECEIPT?"
- B. Supervisors should issue over-ring slips and authorize voids in the presence of customers and before transaction proceeds. Voided cash register receipt will be attached to the over-ring slip by a supervisor and placed in the cash register to be turned in with other media and cash at the close of the business day.
- C. The accounting staff should keep a record of void frequency for all cashiers.
- D. "No sales" or "zero" rings should be carefully monitored. Cashiers should have very little reason to open cash drawers during the day except when ringing a sale.

13. SPECIAL ITEMS FOR FOOD SERVICES AND CLUB OPERATIONS

- A. Each employee will be fully oriented by the activity manager as to meal privileges (if any), and established control procedures.
- B. Refrigerators should be kept locked except when food is being issued.
- C. Employees must be prohibited from removing leftover food from food service activity.

- D. Unauthorized personnel will not be permitted to enter the kitchen, storage, or storage area of a food activity.
- E. Personnel collecting cash will be provided with current price lists indicating items available for sale, selling price, and portion sizes. This to be retained at the cash register for review by the cashier and patrons upon request.
- F. Liquor storage rooms and cabinets will be secured at all times except when the manager must issue, receive, or inventory the merchandise.
- G. Liquor on the bar will also be secured at all times during non operating hours.

14. VENDING MACHINE LOSS PREVENTION

- A. Each MWR owned vending and amusement machine must have a number assigned so that all machines may be accounted for and controlled. Contracted machines should be listed on a locator sheet maintained at the MWR office.

15. STANDARDS OF CONDUCT

- A. The Coast Guard Nonappropriated Fund Instrumentality, as a government instrumentality, must adhere to standards of conduct which are beyond reproach. Any breach of ethics bring dishonor to the Coast Guard.
- B. NAF procurement and executive personnel, who by the nature of their positions are entrusted with spending large amounts of nonappropriated funds, must be especially cognizant of adherence to the standards of conduct and the avoidance of any conflict of interests.
- C. A conflict of interest exists when the person selecting items for procurement, selecting a contractor, placing an order, or awarding a contract has a financial interest in the business of the firm receiving an order or contract, or is in a position to benefit because of a family interest.
- D. MWR personnel must at all times in their dealings with contractors and potential contractors conduct themselves impartially and without personal prejudice or favor. Any conduct that may lead to the appearance of favoritism is to be scrupulously avoided. Any personal association with individual contractors or potential contractors must be limited to the normal courtesies extended to all firms.
- E. MWR Officers must exhibit “zero” tolerance of unethical practices. While it may be true that most employees cannot be “bought” for a lunch or a pair of theater tickets, the acceptance of these types of favors constitutes commercial bribery, which is illegal on the part of the giver and receiver. It disposes the receiver to view the vendor offering the gift in a more favorable light. Once a gratuity, no matter how insignificant, is offered and accepted, the employee loses the impartiality that enables the vendor’s merchandise service, or performance to be evaluated objectively.
- F. Personnel in positions of authority to include activity managers and assistants, warehouse supervisors, and department managers, etc., must be especially cautious in their dealings with vendors. It is not unknown for gifts and favors to be offered to persons not concerned with actual purchasing of goods or services, but who are in a position to show favoritism to one person’s merchandise or service over another’s.
- G. Personnel should contact their ethics advisor if they have any questions in this regard.

16. PROCUREMENT

- A. The following practices in the procurement area are considered acceptable when handled properly:
 - 1. One or two free items with a dozen type purchases are permissible providing the free goods are shown on the purchase order, priced properly, and sold.
 - 2. Mini samples for customer give-a-ways may be listed on the order and given to customers.
 - 3. Manufacturer's samples may not be solicited. However, if unsolicited small value items are received they will be picked up, priced, and placed on sale.
 - 4. The Department of Defense (DOD) publishes periodically a suspension/disbarment listing of vendors. These listings will be distributed as received to highlight possible variances in standard business practices. It is strongly recommended that the command cease dealing with these vendors. In instances where the command deems it necessary to continue the business relationship during the debarment period, the rationale for the exception shall be fully documented and maintained on file at the unit level.

17. CHECKS

- A. Forgery. When forgery or misrepresentation is suspected, request assistance from Coast Guard Intelligence Services (CGIS). If requested, the forged instruments should be released to CGIS upon obtaining a receipt for the instruments.
- B. The MWR Officer may also obtain listings of personnel transferring from the unit in order to obtain reimbursement from departing personnel who are indebted to MWR.
- C. These procedures are not intended to restrict management with respect to those individual instances where strict compliance with established policies and procedures may not be in the best interests of MWR or the patron. Such situations must be approached with discretion and responsible judgment. People directly involved in check-cashing and dishonored-check collection must be informed that all situations are not necessarily alike. Non routine matters must be referred to supervisors who will carefully review the circumstances and take necessary action.

18. SHOPLIFTING PREVENTION CHECKLIST

- A. Sales clerks familiar with the current procedures for handling shoplifter?
- B. Sales clerks know action to take when they observe a customer shoplifting?
- C. Activity well lighted?
- D. Display counters arranged to provide sales clerks with maximum area of observation?
- E. Blind spots are protected by mirrors?
- F. Merchandise on display counters presents a neat appearance?
- G. Empty cartons removed from shelves?
- H. Empty hangers removed from clothes racks?
- I. Dressing room supervised?

- J. Items of clothing are checked before customer enters dressing room?
- K. Items of clothing are checked when customer completes the fitting?
- L. Dressing room checked after customer completes fitting?
- M. Critical items such as cameras, watches, etc. displayed in show cases or on shelves inaccessible to the customers?
- N. Critical Items Register maintained and current?
- O. Sensitive items such as small transistor radios, lighters, rings, etc. displayed in show cases or on shelves inaccessible to customers?
- P. No more than two critical items shown to a customer at one time?
- Q. Clerks are on the sales floor observing customers?
- R. Cashier checkers familiar with latest price changes?
- S. All sales clerks and cashier checkers have received training in "Shoplifter Prevention"?
- T. Managers have received training in "Shoplifter Prevention"?
- U. Refund registers checked for repeated refunds by one customer?
- V. Bag stapling is in effect?

19. METHODS OF PILFERAGE AND PREVENTIVE MEASURES

- A. Cash register operations.

PILFERAGE METHODS

Failure to ring up a sale on the cash register. This is generally accomplished when a customer tenders the exact amount of sale. It is also possible if the clerk is operating with an open register drawer. Clerks may keep mental or written notes on an accumulate "Overage" which is removed later.

Under-ring a sale, but charge the customer the full sell price. This most often occurs during peak traffic periods. The register stub is discarded and not given to the customer. This practice is easier to accomplish when register windows cannot be viewed by the customer.

Short-ring a sale. A clerk deliberately fails to ring up one or more items and, when completing the sale, informs the customer of the "mistake." The clerk then writes the sell price of the omitted item(s) on the customer cash register receipt.

PREVENTIVE MEASURES

Perform frequent unannounced spot-checks of each cash register and maintain a log of results. (Immediately investigation of excessive or recurring cash shortages/overages is required.)

Require that cash register drawers be closed after each transaction.

Require management control of each "item correct", "void total", "no sale" or "zero ring." (zero rings must be controlled to minimize loss.)

Assure that the cash register transaction window(s) is/are visible to and unobstructed from customer.

The intentional overage accumulated in this manner is later removed from the cash drawer.

Overcharge a customer, but ring up the actual price of the merchandise. The overage accumulated is later removed.

Outright theft from a common cash drawer used by more than one employee. (Pinpointing responsibility for the resultant loss is extremely difficult, particularly on single-drawer cash registers.)

Theft from another clerk's cash drawer. This is frequently made possible by an employee's failure to lock the register drawer and remove the key when the register is unattended.

Theft from own cash drawer by use of fictitious refund or over-ring slips. This is made possible by lax control on authority to validate a refund or over-ring.

Theft from another clerk's cash drawer by use of a duplicate cash register key, e.g., the A or B drawer key of one register, or an entry code on a register may be memorized and used in the operator's absence.

Issue of a sales slip in lieu of cash register receipt for sale of a controlled item thereby intentionally failing to ring up the transaction and pocketing the sales amount.

Theft of total receipts rung-up on an extra or spare cash register put in use during peak sales periods without authorization or documentation.

When replacement registers are needed, careful consideration should be given to those models which have a display screen easily visible to customers.

Wherever possible, do not permit sales clerks to share cash drawers.

Insure that sales clerks lock their cash drawers and remove keys whenever they leave registers unattended. (To prevent damages in the event of a burglary, cash register drawers will be left open during non operational hours.)

Insure that blank refund vouchers issued to cash register locations are strictly controlled to prevent access by unauthorized personnel.

Permit only the manager or designated supervisor to approve over-rings; require approval prior to the customer's departure.

Maintain strict control over spare cash register keys. They must be stored in a secure area accessible only to authorized personnel.

Insure that employees are fully aware of the dangers of not keeping their entry codes confidential.

Maintain strict control over sales books/slips. Insure that cash register transaction numbers are used on all sales slips.

Registers should never be "zeroed" out; cumulative total should be recorded daily and opening readings subtracted from closing readings; difference is the daily total.

Maintain strict control over spare cash registers. They must be stored in a secure area accessible only authorized personnel.

	<p>When a register is moved to storage, transferred or loaned to another activity, a reading will be taken of each drawer for each sales category key. The reading is to be recorded in the permanent control log by register number and date. The recorded reading will be verified with the opening reading at the time the register is again placed in service.</p> <p>On transfer or loan of a cash register to another activity, the reading of each drawer for each sales category key will be annotated on the sales clerk's Daily Cash Report.</p> <p>Placing a register in operation. Discrepancies in readings will be immediately reported to the MWR officer.</p> <p>Assure that <u>only</u> the MWR Officer or designated representative take daily cash register readings of <u>all</u> cash registers. Cashiers should <u>never</u> be permitted to take register readings.</p>
<p>Theft of merchandise and removal from premises by concealment on person, in handbag or parcel, during lunch/rest break, or at any time the opportunity exists.</p>	<p>Closely monitor the entrance and exit of employees from the facility during operating hours.</p> <p>Restrict all employees to a single designated entrance/exit, other than through the stockroom.</p> <p>Require employees to keep personal effects in lockers or other secure area apart from selling and storage areas.</p>
<p>Theft of clothing, by putting on the garments under work clothing. (This practice is most prevalent when employees are permitted to shop, unsupervised, prior to opening hours.)</p>	<p>Employees should be permitted to shop only at specified times; i.e., lunch and just before or after shifts, (but not before exchange opening) and days off.</p>
<p>Theft and immediate consumption of consumable merchandise.</p>	<p>Assure proper supervision of employee's activities in the facility prior to store's opening and after business hours.</p>
<p>Deliberate soiling or damaging of merchandise to obtain a markdown for the employee's own or an accomplice's benefit.</p>	
<p>Deliberately discarding merchandise in the trash for later retrieval.</p>	<p>Require that all boxes and containers be flattened before they are discarded. (At close of business daily, periodically inspect trash-disposal area for concealed merchandise.)</p> <p>Insure adequate supervisory control over custodial and/or maintenance personnel.</p>

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Bagging merchandise and having it removed from the premises by another employee, relative or customer accomplice. (Frequently discarded cash registers receipts form bona fide sales transactions are stapled to bags containing stolen merchandise of equivalent value).

Paying a lesser amount than actual sales price for merchandise when permitted to ring up sales for themselves, relatives, or close friends.

-
In collusion with employees of other departments, undercharging each other for purchases. (This practice occurs more often when employee purchases are not properly controlled).

-
Putting false sales tickets on merchandise to reflect lower prices.

-
Hiding merchandise in backup stock areas, restrooms, corridors, trash containers or under counters for later theft.

-
In collusion with warehouse personnel, signing for more merchandise than actually received and splitting the profit or diverting the merchandise.

-
In collusion with vendors or carriers, signing for more merchandise than actually received in exchange for a gratuity.

-
Stealing merchandise received without invoice or shipping documents.

-
Customers, particularly relatives or friends of employee, must not be permitted in the retail facilities prior to opening and/or after the close of business. In addition, cashiers/checkers must not check out purchases for their relatives in any branch staffed by two or more employees.

Discourage employees' friends and relatives from loitering in the facility during employees' duty hours.

Avoid assigning relatives/close friends to closely related positions.

-
Assure strict control of directed price changes. (Insure that pricing and price making procedures are frequently checked by management.)

Restrict authority for controllable markdowns to responsible management personnel.

-
Conduct periodic premises checks for concealed merchandise.

Insure that access to stockrooms/security rooms/cashier cages/controlled areas is restricted to those persons whose official duties require their presence in the areas.

Where possible, prohibit the parking of employee vehicles near side or rear doors of the facility.

-
Assure that only responsible personnel count incoming and outgoing shipments, and that shipments are reconciled to shipping documents.

-
Assure that all incoming merchandise is promptly and properly posted to the receiving log.

-
Frequently check open-order and direct-delivery shipments to assure accuracy.

20. INTERNAL PILFERAGE PREVENTION CHECK LIST

A. General

1. Frequent accountability control training sessions conducted?
2. Employees aware of their responsibilities for accountability?
3. Employees cognizant of standard operating procedures?
4. An effective orientation program for newly hired personnel in effect?

B. Merchandise

1. Refund procedures in compliance with directives?
2. Refunded merchandise checked against listings recorded on the Refund Voucher?
3. Critical Items Register maintained and current?
4. Employee activities supervised in the facility during non-operating hours?
5. Management conducts spot checks of the premises to discourage concealment of merchandise by employees?
6. Friends and relatives of personnel discouraged from loitering in the facility during operating hours?
7. Sales personnel prohibited from making sales to relatives?
8. Trash disposal areas spot checked for evidence of pilferage?
9. Boxes, cartons, and containers flattened before disposal?
10. Authority for effecting controllable markdowns restricted to management?
11. Price changes verified by management?
12. Incoming/outgoing shipments properly checked/documentated?
13. Vendor receipts/returns verified by manager or designate?
14. All shipments received and recorded immediately?
15. Pricing procedures in conformance with directives?
16. Frequent checks of pricing performed by management?

C. Cash

1. Employees utilizing cash registers familiar with cash register procedures?
2. Employee personal effects kept in a location other than the selling/stock area?
3. Employees prohibited from making sales to themselves?

4. Employees purchases made during prescribed periods?
5. Employee purchases made in the presence of manager or designate?
6. Employee purchases bagged stapled, and cash register receipt affixed to bag?
7. Employee purchases stored in a central location and spot checked by management?
8. Each sales clerk has a separate cash drawer?
9. Cash register audit windows visible to customers?
10. Sales rung up immediately?
11. Sales clerk closes cash drawer immediately after sales?
12. Zero rings strictly controlled and affixed to daily clerk reports?
13. Customer purchases bagged and stapled?
14. Cash register receipts stapled to customer purchases?
15. Cash register readings made only by manager or designate?
16. Overrings authenticated by management?
17. Unannounced cash register spot checks made?
18. Log maintained to record surprise cash counts?
19. Excessive or recurring cash discrepancies investigated by management?
20. Sales personnel lock their register drawers and remove the key when leaving the cash register unattended?
21. Cash register area spot checked by management for evidence of manipulations?

21. LOSS PREVENTION SURVEY

A. External Security

1. Is outside security adequate (guards, lights, fences)?
2. Are all accessible openings adequately secured (doors, windows, vents, skylights, transoms, etc.)?
3. Are security screens, bars, gates, properly mounted and in good state of repair?
4. Are exterior doors of solid construction or adequately protected?
5. Are exposed hinge pins welded or bradded to prevent removal?
6. Are doors exiting to the outside provided with double locking devices?
7. Are locks, sliding bolts, hasps and receivers for padlocks, and crossbars properly installed?

8. Are soft walls between MWR premises and boiler rooms, outside rest rooms, or adjoining buildings adequately reinforced?
9. Are air ducts, heating shafts, trap doors, or similar apertures penetrating exterior walls, roof or floor, adequately secured?
10. Are intake/exhaust fans or air conditioners installed in outer walls adequately secured to prevent removal?
11. Are crawl spaces beneath buildings and in the interior between roof and ceiling adequately secured?
12. Are fire exit doors unobstructed and free of impediments during periods building is occupied?
13. Are fire exit doors equipped with a day alarm or similar warning device?
14. Are stockroom/service doors kept locked when not in use?
15. Are stockroom/service doors under security of a responsible employee when open?
16. Is the activity protected by an operable intrusion detection device?

B. Internal Controls

1. Do employees enter/exit through one designated door?
2. Are employees prohibited from taking purses, etc., onto sales floor/stockroom?
3. Are adequate locker facilities available and used by employees?
4. Are adequate background checks made on all employees?
5. Are weapons/ammunition secured in compliance with regulations?
6. Is a Critical Items Register maintained and up-to-date?
7. Are glass tops of critical items counters secured and display case doors locked?
8. Are critical items properly safeguarded during opening hours?
9. Are critical items properly secured during nonoperational hours?
10. Are customer identification requirements complied with?
11. Are adequate controls maintained for fitting booths?
12. Is merchandise/counters arranged to facilitate shoplifting detection?
13. Are all personnel familiar with the procedures for handling shoplifters?
14. Are employee purchases properly controlled?
15. Is adequate control and supervision being maintained over janitorial/custodial personnel?
16. Are authorized personnel kept from stockrooms and areas not open for the general public?

17. Are vendors, rack jobbers, etc., accompanied by responsible activity personnel when on MWR premises?

C. MERCHANDISE SECURITY

1. Are incoming shipments carefully checked for signs of pilferage, damage, etc.?
2. Are merchandise shipping and receiving procedures in compliance with directives?
3. Are incoming/outgoing shipments segregated from other stock?
4. Are shipments reconciled to shipping documents and posted immediately to the Freight Register?
5. Are all incoming/outgoing shipments accompanied by appropriate shipping documents?
6. Are van-type contractor trucks used exclusively to transport merchandise?
7. Where closed vehicles are not available, are tarpaulins or other suitable covers used?
8. Are cargo vehicles secured with adequate locking devices and sealed?
9. Are hinge pins on cargo vehicle doors modified to preclude removal?
10. Are numbered and controlled seals used and adequately safeguarded to preclude unauthorized access or use?
11. Are seals examined and compared to seal numbers listed on the trip ticket/seal control log by the receiving activity manager or his/her designee?
12. Are vehicles routed to arrive at destination during operating hours or arrangements made for parking in a secure area?
13. When vehicles are not in official use, are they parked at designated locations properly secured?
14. Are price marking procedures in accordance with applicable directions?
15. Are marking and ticketing supplies kept under control?
16. Are price changes verified by the manager or his/her designate?
17. Is all merchandise on display, understock, and in storage areas affected or marked?
18. Is adequate control maintained over write off merchandise to assure it is properly documented?
19. Are all cartons and boxes flattened before discarding in trash area?
20. Are periodic checks of trash disposal area performed by management?

D. CASH SECURITY

1. Are sufficient approved type safes available for storage of cash instruments?
2. Are safes equipped with an operable intrusion detection alarm (if required)?

3. Are safe combinations current and on deposit IAW unit policies?
4. If safe is visible from outside is it illuminated during nonoperational hours?
5. Are excessive accumulations of cash instruments avoided by using Base/Post night depository or central depository?
6. Are personnel transporting funds (change, daily receipts, etc.) provided adequate protection?
7. Are armed escorts provided when transporting substantial amounts of cash instruments?
8. Is the courier vehicle provided with an approved, properly installed safe?
9. Is any cashier cage adequately secured?
10. Is any cashier provided with an operable duress type alarm?
11. Are all change funds properly signed out and in?
12. Are clerks change funds reconciled daily?
13. Is excessive cash in registers collected during the day?
14. Are cash assets counted daily at close of business and a record kept in location other than safe?
15. Are cash receipts deposited in accordance with regulations?
16. Are check cashing procedures in accordance with regulations?
17. Are current ineligible check lists available to all check cashing personnel?
18. Are cash register audit windows unobstructed?
19. Are all cash registers in outlet accounted for on a daily basis?
20. Are all spare cash registers stored and properly controlled?
21. Is each sales clerk assigned a separate register drawer?
22. Are adequate unannounced cash register checks being performed by management and recorded?
23. Do clerks lock cash drawer and remove key when on break, etc.?
24. Are cash register readings performed by a person other than the sales clerk?
25. Are cash averages/shortages recorded properly?
26. Are zero rings supported by cash register receipts initialed by a responsible supervisor?
27. Are register drawer readings taken at the close of each shift?
28. Are cash register drawers left open during non operational hours?
29. Is a sales clerks' daily report prepared for each register drawer in use?

30. Are sales clerks' daily reports receipted by the manager or designee for turn in of cash?
31. Are initialed zero ring stubs, over-ring stubs and refund vouchers attached to the sales clerk's daily report?
32. Are refund procedures in accordance with applicable directives?
33. Are mobile units/vending route vehicles provided adequate means for cash security?

E. GENERAL SECURITY

1. Are internal keys secured during non operational hours?
2. Are pre-closing inspections performed immediately prior to securing the activity?
3. Is the manager or his designee responsible for securing the facility and lock-up keys?
4. Are adequate internal lights left on during non operational hours?
5. Are all external security lights turned on during hours of darkness?