



DEPARTMENT OF DEFENSE
Defense Commissary Agency
Fort Lee, VA 23801-1800

DIRECTIVE

Accountability for Commissary Resale Merchandise

DeCAD 40-21
August 17, 2009

Performance and Policy
OPR: DeCA/DOB

References: See Enclosure 1

1. PURPOSE. This Directive:

a. Replaces Defense Commissary Agency Directive (DeCAD) 40-21 (Reference (a)), and establishes DeCA Manual (DeCAM) 40-21.1 (Reference (b)).

b. Defines the process for monitoring accountability of DeCA resale assets and provides instruction to conduct physical inventory counts in commissaries, central distribution centers (CDC), and the Central Meat Processing Plant (CMPP). This Directive does not include policy or procedures pertaining to accountability or inventory of equipment or operating supplies. Refer to DeCAD 40-15 (Reference (c)) for equipment accountability procedures. Note, while this Directive primarily governs accountable inventory (AI), many of the procedures should be used for management directed inventories as well.

c. Is established in compliance with DOD Directive 5105.55 (Reference (d)).

2. APPLICABILITY. This Directive applies to DeCA activities and personnel involved in operations associated with accountability for commissary resale merchandise.

3. POLICY. It is DeCA policy that:

a. The Directorate of Performance and Policy (DO) shall develop and maintain operational policy and procedures regarding AI. The guidance will be provided to store directors and CDC managers who must conduct periodic physical inventories to determine the value of DeCA resale assets.

b. Responsible officers (RO) will use this Directive and a copy of the current performance work statement (PWS) which is available in DeCA Public Folder, Store Library, Inventory Information, Performance Work Statement (PWS).

c. PWS procedures will be used for both contract and in-house grocery inventories.

d. RO will use the following authorized variances by department for AIs, and also within the same department for monthly versus cumulative results of records of operations.

(1) Grocery department includes DeCA-owned bakeries: +/-1 percent.

(2) Meat department includes DeCA-owned delicatessen (deli) and seafood: +0.3 percent gain/no loss.*

(3) Produce department (all commissaries): +1 percent gain/no loss.*

(4) CDC (all areas; but excludes the Europe CMPP): +/-0.2 percent.

(5) CMPP: +0.3 percent gain/no loss.*

(5) Tobacco department: +/-0.85 percent.

e. *Authorized variances apply to both commissary and region levels. Region directors may desire to assign a commissary level account variance other than those shown for meat and produce to support operational needs. A written justification from the region director and approval from the Chief Financial Executive and Chief Operating Officer is necessary before any changes to the stated variances can be implemented.

f. Prior to beginning the inventory count, ROs or those involved in overseeing the AI shall review all AI preparations to ensure areas and functions directly affecting accountability are in order prior to beginning the inventory count. Sufficient time will be allowed to conduct a preinventory review to ensure necessary corrections are made without delaying or complicating the AI.

g. Validation for contract inventories will be conducted based on guidance provided in Reference (b).

h. Sixty days prior to the AI date and at intervals throughout the inventory period, store directors or CDC managers will notify individuals or groups of the date of the AI, of any curtailment of service or closure, and of how the AI will affect the individual or group.

i. No later than 15 days prior to the AI date, the RO will prepare a detailed written inventory plan (referred to as the Accounting Inventory Plan) and a detailed inventory floor plan/diagram (referred to as the Accountable Inventory Diagram), both of which will be used as a basis for further AI planning and preparations. Detailed instruction can be found in the current PWS located in DeCA Public Folder, Store Library, Inventory Information, Performance Work Statement (PWS).

j. In reference to inventory cutoff, store directors, CDC managers, and department managers will ensure all personnel involved in handling transactions affecting accounts make a clear distinction between all transactions accounted for as part of the current accountability period.

k. One week before the AI date, responsible officers shall ensure sufficient quantities of all equipment and supplies required to prepare for and to conduct inventory are available.

l. Following receipt of Inventory Certification, the Resale Accounting Division (RAD) or Accounts Control Business Unit (ACBU) determines the status of each account for which inventory results were reported, and officially reports account status to regions on an automated DeCA Form (DeCAF) 70-23, Consolidated Statement of Gain/Loss. Regions report account status to store directors or CDC managers on DeCAF 70-22, Commissary Accountability Variance Statement.

m. No later than 72 hours after official notification, the accountable officer shall initiate a management review of any account which was reported as out of variance by RAD or ACBU on a DeCAF 70-23.

n. In order to complete the accountability record for the accountability period (i.e., the period which ended at the AI cutoff), all other "Before Inventory" transactions shall be closed out.

o. Within 2 weeks of completing the AI, the RO shall conduct a meeting with key DeCA personnel to discuss results of the most recent inventory process. A record of this discussion shall be kept on file with other AI documentation, and used as a reference until after the next AI has been completed.

p. Contract Dollar Value inventories, which includes the grocery department, will be conducted at least once a year in accordance with guidance contained in an annual Resource Management AI memorandum as supplemented by region direction and guidance. This inventory, a physical wall-to-wall dollar value AI, is performed by commercial firms working within the terms of a contract PWS. It is mandatory to comply with the requirements set forth in the PWS for Dollar Value Inventory. The process does not include tobacco, meat, produce, or contractor owned inventory (i.e., deli, bakery, or seafood items). In DeCA Europe, the process does not include the DeCA-owned combined deli/bakery.

q. In-house inventories, which may include any or all of the following: grocery; meat; produce; tobacco; and DeCA-owned bakery, deli, and seafood departments within commissaries or meat products within the CMPP, will be conducted at least once a year in accordance with guidance contained in an annual Resource Management AI memorandum as supplemented by region direction and guidance. This two-count physical inventory is normally performed by DeCA personnel who are divided into count and validation teams and monitored by representatives assigned by DeCA management.

r. Record of Operations. Monthly departmental inventories, which may include meat, produce, and DeCA-owned bakery, deli and seafood departments, will be conducted at least once each month. The department manager will use the wall-to-wall method for all department inventories by counting all items in the order in which they are stored or displayed. The total monetary count is recorded on the approved Record of Operations inventory document which is located in the RAD/ACBU files and is automatically sent to the stores. The total for tobacco is on the tobacco log sent by headquarters to the region POC by the 10th of each month.

s. Commissaries that receive tobacco support from the Army and Air Force Exchange Service (AAFES) will conduct an annual inventory of tobacco products. Semi-annual inventories with the exchange are only required if the commissary was out of tolerance the previous year. Physical inventories will be conducted jointly by commissary and exchange personnel. AAFES accounting months/quarters will be sent every January to the commissaries.

t. NWS Charleston, Moffett Field, and Pearl Harbor commissaries receiving tobacco support from the Naval Exchange Service Command (NEXCOM) will conduct a 100 percent physical inventory of tobacco products at the end of each Exchange quarter. The scheduled dates of inventories are the last business day of the Exchange quarter after close of business.

u. DeCA requires all commissaries selling tobacco to conduct in-house inventories at least monthly. Commissaries will reconcile the Tobacco Document Log contained in DeCAD 40-5, Chapter 14 (Reference (e)), with the AAFES Transaction Code Report monthly.

v. Accountable inventory procedures for CDCs in Europe and Far East locations will be conducted in compliance with Reference (b).

w. Use of the AI checklist, which focuses attention on day-to-day operations most crucial to maintaining proper accountability, is mandatory. Upon completion of an AI, the completed checklist must be held on file with other accountability inventory materials until the completion of the next AI. The AI checklist may be found in Reference (b).

4. RESPONSIBILITIES.

a. Region Directors. Region directors shall:

(1) Be responsible for ensuring and monitoring compliance with policy and procedures stated in this Directive.

(2) Submit proposed AI schedules by location and type of inventory (contract or in-house) in accordance with the annual AI data call.

(3) Provide personnel to monitor AIs when stores have been out-of-tolerance for the prior period as deemed necessary.

(4) Take corrective action when inventory counts exceed authorized variances.

b. Zone Managers. Zone managers shall:

(1) Ensure store directors follow the inventory procedures as outlined in this Directive. Prior to the start of inventory, zone managers will review and approve calculations associated with the selection of validation sections to ensure section counts are accurate and conform to the requirements of the PWS.

(2) Provide direction for scheduling of inventories or for any follow-up associated with accountability problems revealed by inventory results.

c. Store Directors and CDC Managers. The store directors and CDC managers shall:

(1) Be responsible officers for all resale assets within the facilities they manage.

(2) Plan, prepare, and conduct inventories in conformance with the policy and procedures stated in this Directive.

(3) Be required to forward all accounting and financial information electronically to the RAD/ACBU.

d. Resource Management (RM). RM shall be responsible for developing and maintaining accounting and financial policy and procedures to day-to-day accountability and AIs.

e. Resale Accounting Division (RAD), Contracting Business Unit (CBU). RAD and CBU shall:

(1) With exception for facilities managed by DeCA Europe, process and maintain financial records for processing data specifically connected with AIs.

(2) Disseminate reports showing account status at commissary/CDC, region, and DeCA levels.

f. Contracting Directorate (AM). AM shall:

(1) Establish indefinite delivery contracts with commercial contractors to conduct accountable and management inventories.

(2) Follow receipt of inventory schedules from regions, negotiating and awarding task orders with contractors to perform inventories.

(3) Keep stores, regions, RM, and DO advised of status of contracting actions and award of task orders for specific inventories.

(4) Provide stores, RM, and regions notification of the availability of the task order on the Electronic Document Access at least 30 days prior to the scheduled inventory date.

(5) Provide DO input and assistance on the revision and maintenance of the PWS.

5. MANAGEMENT CONTROL SYSTEM. This Directive contains internal management control provisions subject to evaluation and testing as required by DeCAD 70-2 (Reference (f)).

6. RELEASABILITY – UNLIMITED. This Directive is approved for public release and is located on DeCA's Internet Web site at www.commissaries.com.

7. EFFECTIVE DATE. By order of the Director of DeCA, this Directive is effective immediately.


Wicki L. Archilet
Chief of Staff (Acting)

Enclosures

1. References
2. Definitions
3. Acronyms

ENCLOSURE 1

REFERENCES

- (a) DeCA Directive 40-21, "Accountability for Commissary Resale Merchandise," September 12, 2006, (hereby canceled)
- (b) DeCA Manual 40-21.1, "Accountability for Commissary Resale Merchandise Manual"
- (c) DeCA Directive 40-15, "Managing, Accounting, and Reporting of Government Property," September 4, 2001
- (d) DOD Directive 5105.55, "Defense Commissary Agency (DeCA)," March 12, 2008
- (e) DeCA Directive 40-5, "Grocery Department Operations," November 21, 2008
- (f) DeCA Directive 70-2, "Internal Control Program," December 17, 2007
- (g) DeCA Directive 70-6, "Financial Procedures for the Accounts Control Section and the Office of the Commissary Officer," January 1999
- (h) DeCA Directive 70-16, "Financial Management for Analysis and Reconciliation Business Unit," September 30, 1998
- (i) DeCA Directive 40-3, "Meat Department," December 10, 2007
- (j) DeCA Directive 40-4, "Produce Operating Department," February 11, 2009
- (k) DeCA Manual 40-4.1 "Produce Operating Department Manual," March 11, 2009
- (l) DeCA Directive 40-23, "Central Distribution Center Procedures," June 5, 2007
- (m) DeCA Directive 40-28, "Specialty Departments Deli, Bakery, Seafood, Plants, Etc.," January 31, 2008

ENCLOSURE 2

DEFINITIONS

accountable inventory (AI). A physical, wall-to-wall, dollar value inventory of all resale merchandise which establishes accountability. Only the results of an AI are used as a basis for computing account status and for adjusting financial records.

authorized variance. The range in which account status, indicated by comparison of book inventory value and physical inventory value, may vary from zero. The rationale for permitting these variances is to allow some flexibility in operation, and to account for unidentified “costs of doing business.” Usually described as percentage gain or loss compared to total sales recorded in an account, and expressed mathematically as +/-x percent.

contract dollar value inventory. Physical, wall-to-wall, dollar value accountable management inventory performed by commercial firms working within the terms of a contract PWS and in conjunction with DeCA management personnel. In such inventories, the Government is also required to conform to the terms of the PWS.

dollar/physical value inventory. A physical inventory performed to determine only the dollar value of assets, with no concern for recording the types of items being counted/valued or for finding item balances on hand.

grocery department, meat department, and produce department. Designations the Government uses to classify and account for items sold in commissaries. Items classified as “meat” are principally fresh and smoked beef, lamb, pork, and veal processed into retail cuts in the commissary. Items classified as “produce” are principally fresh fruits, vegetables, and plants. All items except those classified as “meat” and “produce” items are classified as “grocery” items. “Grocery” items include types of meat, such as packaged lunchmeats, bacon, sausage, canned hams, and poultry products.

in-house inventory. A physical inventory performed by DeCA personnel who are divided into count and validation teams and overseen by DeCA management personnel.

management inventories. A physical inventory (usually dollar value only) performed for a variety of reasons, none of which entail using the results of the inventory as a basis for the adjustment of financial records.

tobacco products. Includes cigarettes, cigars, chewing tobacco, and snuff products. The term “tobacco products” DOES NOT include smoking cessation items, such as Nicorette, etc., nor does it include items such as cigarette lighters or matches.

validation. The process by which inventory counts, performed by either contract or in-house inventory teams, are verified as correct within the range of a pre-established allowable validation variance.

validation team. A group of personnel who physically count items to validate an inventory count/value of the same items to verify the accuracy.

variance. Percentage of difference between a contractor’s initial count of a section and validation count of a section the Government allows before charging the contractor with an exception.

ENCLOSURE 3

ACRONYMS

ACBU	Accounts Control Business Unit
AAFES	Army and Air Force Exchange Service
AI	accountable inventory
AM	Contracting Directorate
CBU	Contracting Business Unit
CDC	central distribution center
CMPP	Central Meat Processing Plant
DeCAD	Defense Commissary Agency Directive
DeCAF	Defense Commissary Agency Form
DeCAM	Defense Commissary Agency Manual
deli	delicatessen
DO	Directorate of Performance and Policy
DoD	Department of Defense
NEXCOM	Naval Exchange Service Command
PWS	performance work statement
RAD	Resale Accounting Division
RO	responsible officer
RM	Resource Management