

NAVAL POSTGRADUATE SCHOOL MONTEREY CA F/G 5/9
A STUDY OF FINANCIAL MANAGEMENT TRAINING OF COAST GUARD JUNIOR --ETC(U)
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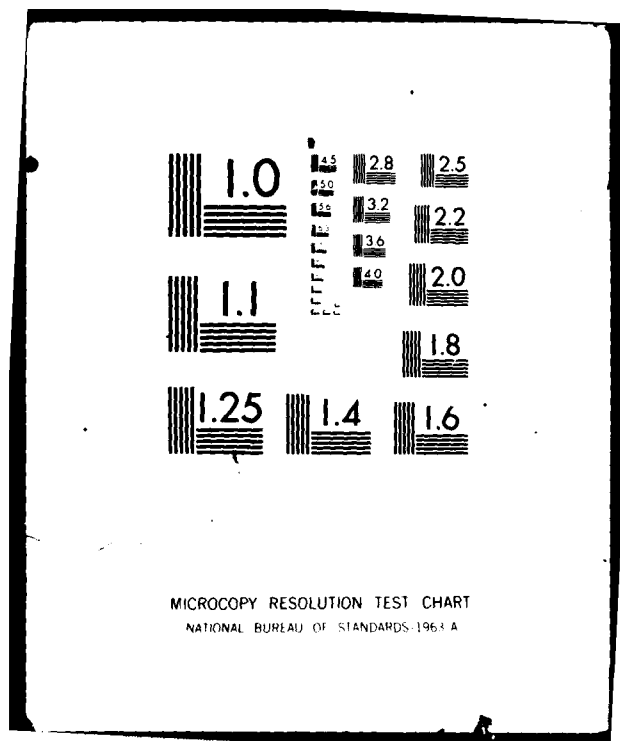
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NAVAL POSTGRADUATE SCHOOL
Monterey, California



THESIS

A STUDY OF FINANCIAL MANAGEMENT TRAINING
OF COAST GUARD JUNIOR OFFICERS
IN COMMAND AFLOAT AND ASHORE,

by

Douglass Scott Hertz

December 1980

Thesis Advisor:

R.A. Bobulinski

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28. (continued)

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A Study of Financial Management Training
of Coast Guard Junior Officers
in Command Afloat and Ashore

by

Douglass Scott Hertz
Lieutenant, United States Coast Guard
B.S., United States Coast Guard Academy, 1973

Submitted in partial fulfillment of the
requirements for the degree of

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ABSTRACT

This thesis contains the results of a financial management survey of Coast Guard Junior Officers in command positions. The thesis examines the financial management training and performance of Coast Guard Junior Officers. The results of the financial management survey are used to support the conclusions and recommendations regarding the financial management training needs of Coast Guard Junior Officers.

As part of the thesis recommendations, the author develops a Financial Management Guidebook for Junior Officers in Command Positions. The guidebook is developed in cooperation with the Department of Management/Economics at the Coast Guard Academy to improve the financial management training of Cadets. The objective of the guidebook is to better prepare Junior Officers to assume their financial management responsibilities associated with their command positions.

TABLE OF CONTENTS

I.	INTRODUCTION-----	9
A.	A PERSPECTIVE OF FINANCIAL MANAGEMENT AND A PROBLEM-----	9
B.	SCOPE AND OBJECTIVE-----	11
C.	METHODOLOGY-----	12
D.	THESIS ORGANIZATION-----	13
II.	BACKGROUND-----	14
A.	CG CONCEPT OF FINANCIAL MANAGEMENT-----	14
B.	BRIEF HISTORY OF THE U.S. COAST GUARD-----	19
C.	COAST GUARD FINANCIAL MANAGEMENT POLICIES, PROCEDURES, AND ADMINISTRATION-----	24
	1. Programs and Appropriations-----	24
	2. Administration and Control of Funds-----	29
	3. Coast Guard Budget-----	29
	4. Operating Expense Management-----	32
	5. District Programs-----	32
D.	SUMMARY-----	34
III.	SURVEY AND FINDINGS-----	36
A.	PURPOSE-----	36
B.	OBJECTIVE-----	36
C.	SURVEY TECHNIQUE AND METHODOLOGY-----	40
D.	SURVEY QUESTIONNAIRE DATA PRESENTATION-----	42
E.	FINDINGS-----	42

IV.	CONCLUSIONS AND RECOMMENDATIONS-----	59
A.	CONCLUSIONS-----	59
B.	RECOMMENDATIONS-----	61
APPENDIX A -	FINANCIAL MANAGEMENT GUIDEBOOK FOR JUNIOR OFFICERS IN COMMAND POSITIONS-----	65
FOOTNOTES-----		159
BIBLIOGRAPHY-----		161
INITIAL DISTRIBUTION LIST-----		162

LIST OF EXHIBITS

EXHIBIT		PAGE
II-1	Coast Guard Histogram 1790-1980-----	20
II-2	Direct Coast Guard Appropriation Descriptions-----	26
II-3	Coast Guard Organization-----	28
III-1	Financial Management Survey-----	37
III-2	Survey Results Rank, Years of Duty-----	45
III-3	Survey Results Previous and Present Duties---	46
III-4	Survey Results Previous and Present Duties---	47
III-5	Survey Results Questions 3, 4, 5-----	48
III-6	Survey Results, Questions 6, 6A, 7, 8-----	49
III-7	Survey Results Questions 9, 10-----	50
III-8	Publication Use Survey-----	51
III-9	Survey Results Questions 12, 13, 14, 15-----	52
III-10	Survey Results Questions 16, 17, 18, 21-----	53

LIST OF ILLUSTRATIONS

FIGURE		PAGE
II-1	Federal Budget Comparison -----	15
II-2	Flow of Funds -----	30
III-1	Survey Sampling Responses -----	43
III-2	Survey Sampling Distribution -----	44

I. INTRODUCTION

"In the eighties, the Coast Guard will have to continue to do more with less. We are going to have to look into every nook and cranny of the Coast Guard for management improvement."¹

Admiral Hayes, Commandant

A. A PERSPECTIVE OF FINANCIAL MANAGEMENT AND A PROBLEM

Financial Management can mean many things to many people. Unfortunately, people can come to view financial management as an unpleasant experience or task. This can be because balancing a checking account, paying bills, or formulating a budget are tedious and time consuming financial management chores. Coast Guard (CG) Officers, like other people, do not look forward to spending very much time on the financial management aspects of their jobs. In spite of possibly being unpleasant, financial management plays an integral role in every CG operation or activity, because CG units, regardless of their size, need financial resources to accomplish their mission. The effective management of financial resources is a common goal of every Commanding Officer (CO) at every level and location within the CG.² The successful attainment of CG missions is only possible if each CO is able to utilize thoroughly trained and well equipped personnel. Every CO must master the financial management aspects associated with carrying out the unit operational responsibilities.³

Every CG Officer exists in a military environment⁴ in which they must do more with less. This translates into a situation where a CO expects all junior officers attached to the command to effectively and efficiently manage essential resources, manpower, equipment, money, and materials. To accomplish this, an officer must properly use and execute accepted financial management practices.⁵ Accurate and effective accomplishment of essential financial management functions as detailed in Coast Guard directives and procedure manuals enhances the unit's operational readiness. Careful study of appropriate financial management instructions should be included as part of each CO's organizational goals and objectives.

Every Coast Guard Officer who accepts the challenge of being a CO is faced with the responsibilities and demands of being a manager of people and resources. The problems of being a manager in the CG are similar in many ways to that of counterparts in the civilian community. CO's, just as managers in private industry, must have the experience and access to information upon which decisions can be based. They must have effective control of the resources at their disposal in order for them to accomplish their missions.

The subject of this thesis will focus on the financial management aspects of the management skills utilized by a CO. Every CO is a financial manager.⁶ They routinely manage manpower, materials, and money. Successful financial manage-

ment of unit resources is the key to the accomplishment of Coast Guard missions. Without adequate financial planning, procurement and resource management by its CO's, the CG would not be able to meet its operational commitments.

B. OBJECTIVES AND SCOPE

Because of the importance of financial management on tightening fiscal purse strings, this thesis will examine financial management as it is viewed and practiced by junior officers in command positions. It will study financial management training and associated financial management responsibilities of junior officers. The objective of this study is to examine, evaluate, and draw supportable conclusions regarding the financial management preparation received by junior officers who are in or have been in command positions. In addition, recommendations for financial management training and education for CG junior officers in general will be addressed.

The scope of this study includes an overview of financial management policies, procedures, and administration in the CG. The study will otherwise be limited to examining financial management as it pertains to junior officers serving in the CG. Due to time and resource limitations this study is limited to surveying selected junior officers in the grades of Lieutenant Commander, Lieutenant, and Lieutenant Junior Grade. The study is not intended to include line officers who are

trained financial managers or commanding officers of large units who have a comptroller or designated staff to attend to financial management related work loads. This thesis is designed to study line officers who are not specially trained in financial management, but are called upon to demonstrate financial management skills in the routine performance of their duties.

C. METHODOLOGY

The first part of this study involved reviewing CG and Department of Transportation financial management related publications and directives. In addition, other information used by the Department of Defense Services and Agencies were reviewed and visits were made to several CG installations. This provides a general background of CG financial management.

The second part of the thesis involves the development of a financial management questionnaire which was sent to selected CG junior officers who are or have been in command positions such as CO's of Loran stations, patrol boats, buoy tender, or XO's of CG groups/stations or buoy tenders. All CG Naval Postgraduate students were included in the survey as well as randomly selected junior officers from small CG afloat and shore units.

The results of the questionnaire were analyzed, and survey conclusions, and recommendations were developed by the author. A suggested financial management guidebook for CO's

was also formulated based upon the comments and responses reported in the financial management questionnaire.

D. THESIS ORGANIZATION

Chapter I is an introduction to the thesis problem, background, objective, scope and methodology is explained.

Chapter II discusses general background material relating to financial management in the CG.

Chapter III presents the author developed financial financial management survey sent to junior officers in the CG. An analysis of the questions and collected survey data is explained and analyzed.

Chapter IV draws supportable conclusions and recommendations from the survey questions and responses. As stated earlier, the recommendations were used to develop a suggested Financial Management Guidebook for Junior Officers in Command Positions which is detailed in Appendix A.

II. BACKGROUND

The purpose of this chapter is to provide background information pertaining to financial management as it relates to Coast Guard (CG) junior officers. The chapter will present the CG concept of financial management, a brief history of CG, and CG financial management policies, procedures, and administration.

A. GENERAL CG CONCEPT OF FINANCIAL MANAGEMENT

The general Coast Guard (CG) concepts of financial management are contained in four CG published manuals. The Comptroller Manual CG-264, Manual of Budgetary Administration CG 255, and Planning and Programming Manual CG 411, provide the foundation of CG wide financial management information. Each CG District publishes a Comptroller's Supplement to the operating plan of the particular CG District. This supplement provides the commanding officer with detailed information regarding financial management concepts and procedures practiced within the CG District. The District Comptroller's Supplement and the three previously mentioned manuals provide the foundation for the following discussion of the CG concept of financial management.

As the smallest of the five military services and as depicted in Figure II-1, the one with the least dollars to spend, it is incumbent upon the CG to follow sound financial

Federal Budget Comparison of Total
Obligational Authority in Billions (\$)

<u>Service</u>	<u>FY 1965</u>	<u>FY 1970</u>	<u>FY 1975</u>	<u>FY 1980</u>
Army	11.5	25.1	23.6	34.3
Navy	13.3	22.6	25.4	42.6
Marines	N/A	N/A	2.8	3.4
Air Force	18.1	22.2	26.7	39.9
Coast Guard	.42	.58	.90	1.70

Source: Statistical Abstract of the U.S., U.S. Department of Commerce, Government Printing Office, 1979.

Historical Budget Data, Don. Office of Comptroller NCG-35, May 1980.

Figure II-1

management practices. The budget figures in Figure II-1 confirm that the CG must get the most it can from the few dollars available for use. However, how many CG officers in command positions really know very much about financial management? Do junior officers serving as Commanding Officers (CO's) know what financial management is and how it impacts on their command?

"The Commanding Officer shall ensure that his unit is operated economically and efficiently. He shall require that his subordinates comply with the rules and instructions relative to public property, including procurement, receipt, preservation, expenditure, and accounting procedure for all material."⁷

It is apparent that CG Regulations expressly charge COs with full responsibility for all financial management related activities associated with their units. Each officer attached to the command is expected to assist the CO in ensuring proper use and control of unit funds.⁸

What should be the meaning or scope of financial management to a CG Officer? Financial management is the use, by anyone in the organization, of economic data or information as an aid in making management decisions relative to planning, performing, or controlling a given mission or operation.⁹

Financial management decisions need not be done capriciously or by hunch. There are numerous specialized techniques available to the trained financial manager or comptroller that when tempered with experience can allow an officer to determine the best choice among alternatives. However, general research by

the author has indicated that fiscal techniques utilizing operations research, statistical studies, computer application or modelling are not part of a CO's training. Consequently, these techniques can be of little assistance in helping COs with the complex financial management aspects affecting a unit.

Financial management, for most CG Officers, represents the use of financial accounting and economic data, and reports that apply to decision-making relevant to their unit's needs. All officers at whatever level of the organization and in whatever functional capacity they serve, need to use financial information to enhance the performance of the mission. The CO must be concerned with the use of the financial information in making a decision that has an operational impact. The CO considers financial information as raw material from which decisions can be made. This is not a substitute for management, but a tool to be used in a decision-making process. Other tools in the process are planning, performing, and controlling of resources associated with the management process of an organization.¹⁰

Planning is the management responsibility for establishing a predetermined course of action as a requisite for performing and controlling. Planning means the predetermination of a course of action in such detail that every part of the organization may be guided by the plan." It implies recognizing problems and making decisions about them ahead of time.

It involves determination of alternatives that will yield optimal benefit to the unit.

A budget is a plan expressed in financial terms. A budget or any plan is effective when it rests on a foundation of integrated planning for the entire organization or operation.¹² The presence or absence of a plan is reflected in the effectiveness of the command in accomplishing its mission. CG financial management revolves around budget considerations. COs must understand their unit's goals and objectives which are expressed in the operating budget. Planning and budgeting are basic financial management tools of a CO.¹³ The author feels that without these elements the unit can not operate efficiently or effectively.

Performing is the COs responsibility for accomplishing those things included in their unit's budget or approved plan of action. Performance of the plan is the act of converting financial objectives into reality. Each officer is an extension of the CO. It is the responsibility of the CO to ensure that each officer is given clear direction as to their unit's financial objectives expressed in the plan. Without that direction, an officer is unable to fully assume the assigned responsibility associated with the organizational task.

Controlling is the COs responsibility for measuring actual activity against planned performance. It is the CO's task to recognize where deviations in the financial plan occur and take steps to correct unfavorable deviation by revision of

the plan or by changing the manner of performance. The essence of financial controlling is action which adjusts operations to predetermined standards.

In summary, CG Regulations establish the responsibility of the CO for the financial management of the command. The CO's responsibilities include the financial management functions of planning, performing, and controlling which are presented and discussed in detail in the Comptrollers Manual, Budgetary Administration Manual, and Planning and Programming Manual. These publications provide the background necessary to execute the Coast Guard's concept of financial management.

B. BRIEF HISTORY OF THE CG

The information presented in this section was taken from the following references: Coast Guardsman Manual, U.S. Coast Guard 1790-1915, by S.H. Evans, and U.S. Coast Guard, by Gene Gurney. A CG history summary is depicted in Exhibit II-1.

In 1789, Congress passed a law which transferred title for several lighthouses built by the Colonies along the Atlantic Coast to the Secretary of the Treasury. The Secretary of the Treasury was given the responsibility for building and maintaining aids to navigation established or authorized by Congress. In 1790, the first Secretary of the Treasury, Alexander Hamilton, requested Congress to authorize the construction of 10 revenue cutters. The cutters were needed to enforce the laws of the U.S. relating to the collection of

A Histogram of Various Key Events
in the History of the CG 1790-1980

<u>Date</u>	<u>Events</u>
1790	Tariff Act created United States Revenue Marine.
1812-1814	War of 1812 participated in by cutters.
1848	Mexican War. Cutters blockaded Mexican Coasts.
1861-1865	Civil War period with most cutters on side of North.
1867	Alaska purchased. Cutter placed on patrol for inspection, survey and provision of medical and judicial aid to isolated communities.
1871	Lifesaving Service authorized by Congress as a separate administrative organization within the Revenue Cutter Service. By Act of June 18, 1878 the Lifesaving Service became an independent unit of the Department of the Treasury and was operated separately from the Revenue Cutter Service until the Act of January 28, 1915, merged the Revenue Cutter and the Lifesaving Services.
1911	North Pacific Sealing Convention signed. Service assigned duties of patrolling sealing areas.
1912-1913	Titanic sunk; International Ice Patrol in North Atlantic assigned to cutters.
1915	The Lifesaving Service combined with Revenue Cutter Service by Act of Congress to form the Coast Guard.
1916	Coast Guard aviation authorized by Act of Congress.
1917-1918	World War I. Coast Guard integrated with Navy.
1919	Coast Guard returned to the Department of the Treasury.
1939	Bureau of Lighthouses transferred from Department of Commerce to the Coast Guard.
1941	World War II. Coast Guard assigned to Navy.
1942	Bureau of Marine Inspection and Navigation, which had originally been established in 1838, as Steamboat Inspection Service under the Department of Commerce, temporarily transferred to the Coast Guard.
1946	Coast Guard returned to the Department of the Treasury on January 1. Temporary transfer of Bureau of Marine Inspection and Navigation, which occurred in 1942, made permanent.
1949	A general reorganization and codification of Title 14, United States Code, covering the laws governing the Coast Guard, was prepared.
1950-1953	Coast Guard assisted the Department of Defense during Korean War.

Exhibit II-1

1967 The Coast Guard moved as one organization from
the Treasury Department to the newly-created
Department of Transportation.
1968-1973 Coast Guard assisted the Department of Defense
during Vietnam War.
1975 Coast Guard assigned enforcement of 200 mile
economic zone.

Source: Naumes, W. Cases for Organizational Strategy and
and Policy, W.B. Saunders Company, Phila. 1978
p. 257.

Exhibit II-1 (cont)

revenues from tariffs. Congress approved Secretary Hamilton's request and subsequently created the Revenue Cutter Marine. The cutters intended to patrol the coasts of the new nation with the primary responsibility of reducing smuggling by sea. The activities of the cutters were designed to force local merchants and foreign traders to pay the customs tariffs on traded goods. These tariffs were important to Congress, since they were the primary means to finance the operation of the newly created nation.

In 1915, the Revenue Cutter Service ceased to exist as an organization. The men and vessels became part of the "United States Coast Guard." The CG came into being with approximately 4000 officers and men, combining highly educated officers and trained seamen from the Revenue Cutter Service and the surfmen from the Lifesaving Service. Under this law, signed by President Taft, the CG became part of the military forces of the United States (U.S.) and would operate under the Treasury Department in time of peace and operate as part of the Navy in time of war or when directed by the President.

The Act to create the CG was to combine several agencies dealing with maritime law and safety. It integrated the government's maritime services in the CG and established the CG's responsibility for preventing the law enforcement functions previously held by other agencies.

Since the early days of 1915, the CG has undergone numerous changes, from a small force of 4,000 men to the present force of over 38,000 men and women, the CG performs critical and diverse functions as follows: search and rescue, aids to navigation, marine safety, marine environmental protection, ice breaking, law enforcement and military readiness missions. Utilizing over 240 ships and boats, 600 stations and over 200 aircraft, the CG operates around the clock and world ensuring the protection of life and property at sea.

The CG employs vessels, aircraft and shore units, strategically located along the coasts and inland waters of the U.S. to enforce laws and carry out its duties. The CG performs all acts necessary to rescue and aid persons and save property due to marine and aircraft accidents, floods, and other disasters.

A network of manned and unmanned aids to navigation is maintained along the coasts and on the inland waterways through the use of buoy tenders and shore support facilities. Electronic long range aids to navigation systems such as OMEGA and LORAN are operated in the United States and abroad to ensure safe passage of ships and planes.

The CG insures compliance with Federal statutes and regulations pertaining to the merchant marine industry by reviewing plans and specifications for the construction or alteration of merchant vessels, by periodic inspections, licensing and documenting vessels, by conducting marine casualty

investigations, and by setting standards, procedures, and practices under which merchant marine personnel are licensed and regulated.

Under the Federal Water Pollution Control Act, the Ports and Waterways Safety Act, and other related specialty laws and international agreements, the CG is assigned the task of prevention of damage to the marine environment and for enhancement of environmental quality. The CG also safeguards and secures American ports and waterways against environmental harm, damage, or injury.

C. CG FINANCIAL MANAGEMENT POLICIES, PROCEDURES, AND ADMINISTRATION

1. Programs and Appropriations

The Coast Guard exists to carry out functions, programs, and activities mandated by Congress. To accomplish these assigned tasks, the CG participates in the planning, programming, and budgeting process associated with program funding, resource allocation and the development of the federal budget.

The CG, like Department of Defense (DoD) military services, obtains funds through appropriations granted by Congress. The CG related appropriations granted by Congress are categorized into Operating Expenses (OE); Acquisition, Construction, and Improvement (AC&I); Alteration of Bridges; Retired Pay; Reserve Training; Research, Development, Test, and Evaluation; and Boating Safety.¹⁴ The appropriations

are depicted in Exhibit II-2. Funds are also obtained by payment by other Government Agencies for work performed for them by the CG.

The seven CG appropriations are reflected in the following seven strategic objectives and CG missions:¹⁵

1. To minimize loss of life, personal injury and property damage on, over and under the high seas and waters subject to United States jurisdiction.
2. To facilitate waterborne activity in support of national economic, scientific, defense and social needs.
3. To maintain an effective, ready, armed force prepared for and immediately responsive to specific tasks in time of war or emergency.
4. To assure the safety and security of ports and waterways and their related shoreside facilities.
5. To enforce Federal laws and international agreements on and under waters subject to United States' jurisdiction and on and under the high seas where authorized.
6. To maintain or improve the quality of the marine environment.
7. To cooperate with other governmental agencies and entities (Federal, state and local) to assure efficient utilization of public resources.

The Commandant, as the head of the CG is responsible for obtaining funds through the budgetary process and assuring the efficient and economical expenditure of available funds in the performance of the duties of the CG. Within the specific language of each of the appropriation acts, the Commandant has flexibility to make changes in the budget programs to meet emergencies that may arise.¹⁶

Direct CG Appropriations Descriptions

a. Operating Expenses. (OE) These funds provide for the operation and maintenance of all Coast Guard programs not otherwise specifically provided for.

b. Acquisition, Construction, and Improvements. (AC&I) These funds provide for the major acquisition, construction, and improvement of vessels, aircraft, shore units and aids to navigation, excluding minor acquisitions, alterations, additions, renewals, and replacements funded in the OE appropriations where estimated costs of a project are \$75,000 or less.

c. Alteration of Bridges. (AB) These provide for the Government's portion for the altering or removal of railroad or publicly owned highway bridges, so as to insure free navigation of waters of the United States.

d. Retired Pay. (RP) Provides for the retired pay of former military members of the Coast Guard, Coast Guard Reserve, and members of the former Lighthouse Service.

e. Reserve Training. (RT) Funding provided under this appropriation provides for all the necessary expenses for the operation and administration of the Coast Guard Reserve Training program.

f. State Boating Safety Assistance. (SBSA) These funds provide for financial assistance to state boating safety programs as provided for by the Federal Boating Safety Act of 1971, as amended.

Exhibit II-2

Funds for the operation of the CG contained in the OE appropriation are divided generally along functional lines rather than by programs. These separately administered fund accounts are called Operating Guides. (OG).¹⁷ The Commandant delegates authority and assigns responsibility for the administration and control of these OG's to specific Chiefs of Offices within the Headquarters organization. The Chiefs of various Offices at Headquarters, in turn, delegate authority and assign responsibility for administration and control of each OG to specific division chiefs within the office organization. Funds from specific Headquarters divisions flow to the various district program managers to complete the process. Exhibit II-3 depicts the CG organization.

OE funds are allotted to district and field units by quarter and OG rather than as a single all inclusive allotment. Each District Commander and CO of a unit under Headquarters control is responsible for the overall administration and control of funds allotted accordingly.¹⁸

The fund distribution to meet the operational requirements of the CG is restricted to prescribed administrators. Program planning, and execution are responsibilities of all organizational components. Although a program manager may control no funds, any significant change that may be needed in the program could affect other funds being administered and controlled by other offices. Therefore, the CG Headquarters Offices, District Commanders and COs of field units share

DEPARTMENT OF TRANSPORTATION U.S. COAST GUARD ORGANIZATION

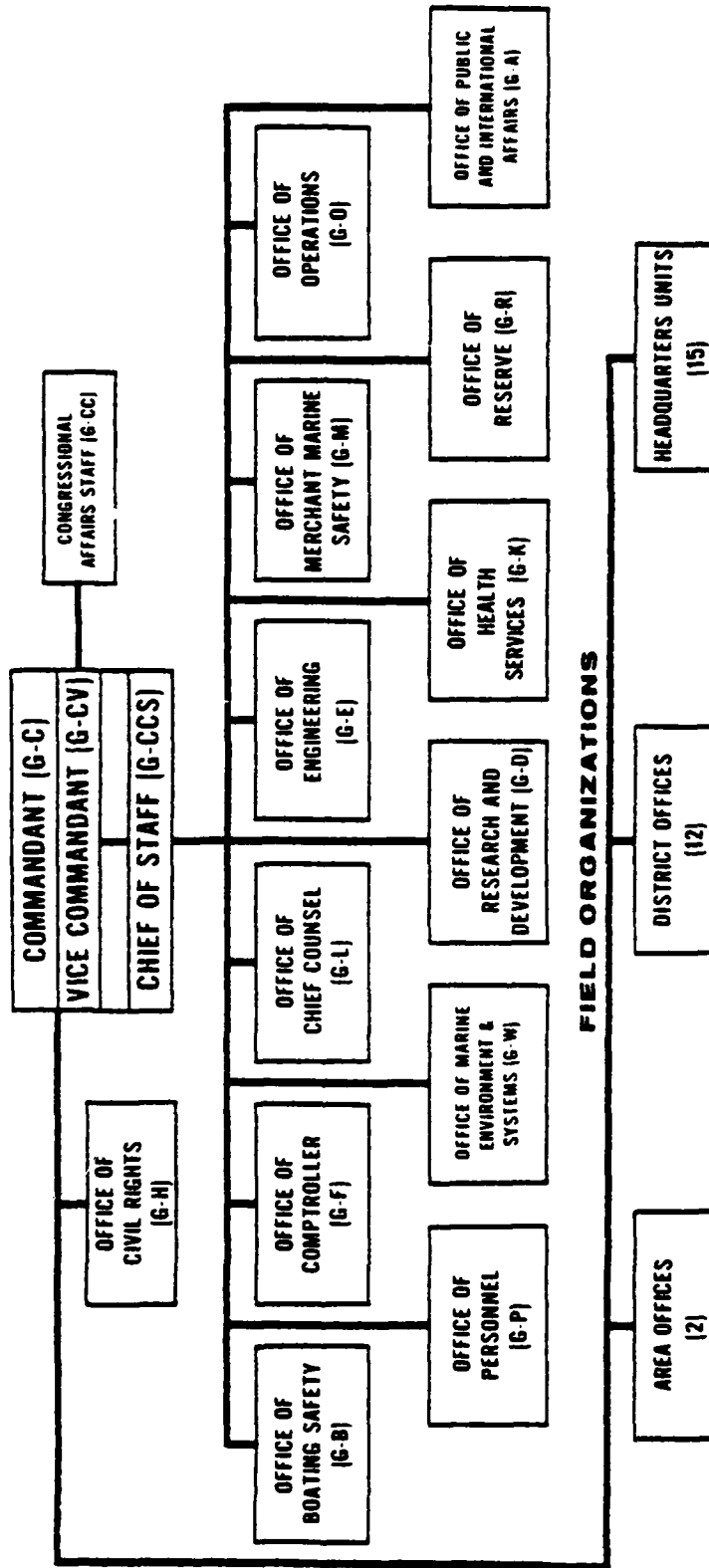


Exhibit II-3

the responsibility of assuring the most effective and economical utilization of funds whether they have specific fund control or not.

2. Administration and Control of Funds

Under the general direction of the Secretary of Transportation and as the head of the CG, the Commandant, through funds received through the CG's seven appropriations, is able to exercise management and control. The fund flow of CG appropriations is depicted in Figure II-2. The subdivision of funds is made along functional lines rather than program lines. This subdivision of funds is intended to parallel the responsibilities within the organization.

The CG fund administration at the headquarters level is program oriented. The various CG offices are function or hardware oriented, while major field commands and operating units are geographic area responsive. Administration of program oriented funds is complicated by the multi-mission aspects of OE appropriation. During the process of unit fund allocation resources are related to the CO's functional responsibilities and unit's operating programs. CG fund administrators and CO's reconciliation of different functional and organization program requirements complicate the continuous authority and responsibility for unit fund control.

3. Coast Guard Budget

The development of the CG Budget is the heart of the financial management process. Like any federal agency, the

FLOW OF FUNDS

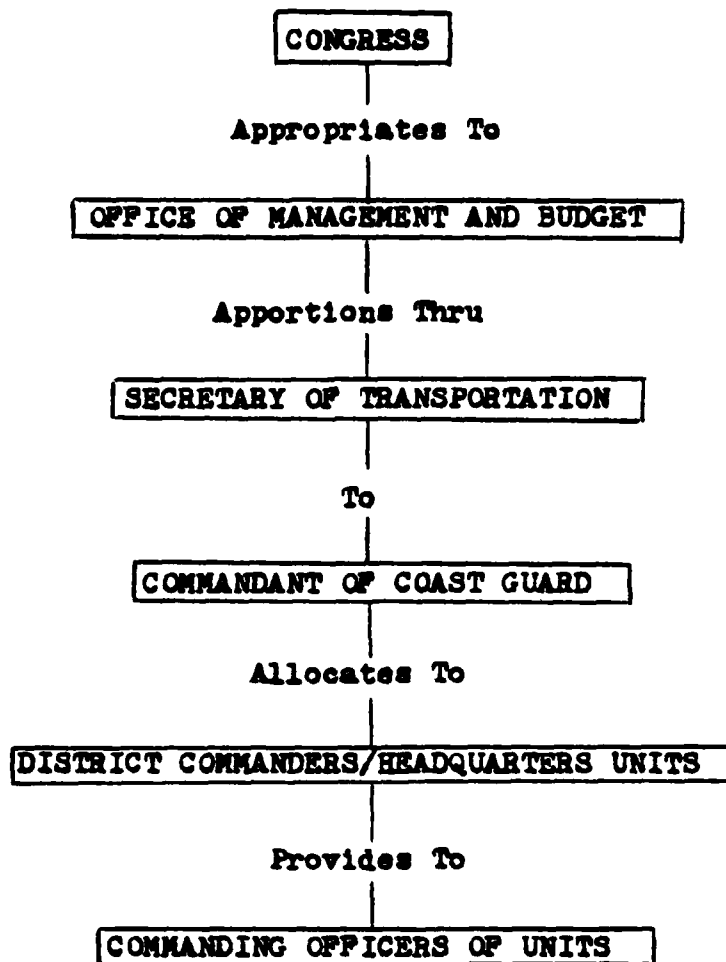


Figure II-2

CG budget process is a continuous effort. It differs slightly in procedure from other agencies. Subject to review and approval by the Secretary of Transportation, the CG, in the budget preparation phase, is given an idea of overall dollar targets and is furnished dollar targets by appropriation for the budget year by the President.¹⁹

In addition to the basic requirement that each appropriation be covered by an Act of Congress, there are laws that require an annual review of various aspects of the CG budget.²⁰ These laws require that procurement of vessels, aircraft or shore construction projects must first be authorized by Congress before funds can be appropriated for the program.

The jurisdiction over CG authorization and appropriation is assigned to various congressional legislative committees. The House Merchant Marine and Fisheries Committee and Senate Commerce Committee oversee the CG authorization process. Authorization hearings are held by the House Subcommittee on Coast Guard, Coast and Geodetic Survey and Navigation, and the Senate's Merchant Marine Subcommittee, the Senate and House Appropriations Committees also hold CG budget hearings. These committees decide on the amount of funding that the CG will receive to conduct its missions.

The annual budget submitted to Congress develops the cost of and the funds required for the programs to be carried out with the appropriations made directly to the CG. In order for the budget to present a total view of the CG operation,

COs of operating units are required to submit costs and resource needs anticipated to accomplish current programs. These estimates are compiled by the district and incorporated in the CG budget proposal at the headquarters level.

4. OE Management

With the many types and classes of units in the CG and with their complex and diverse missions it is important to establish and maintain a well developed financial management system. In a CG financial management system the responsibility for control and economy must be clearly defined.²¹ COs or staff officers delegated authority to administer and control funds are held responsible for assuring that the expenditures of funds against the O.G or unit operating target (OPTAR) funds they are administering are properly justified. Officers delegated authority for administration and control of funds also have the responsibility for economical utilization of these funds. Expenditures must be considered on the basis of their contribution to the CG's effectiveness in carrying out the programs for which funds were appropriated by Congress.

5. District Programs

In the normal budgetary process funds ultimately made available are many times less than what was requested. For this reason CG District Commanders are kept advised of developments at the various stages of the budget. A cut in appropriated funds will severely curtail district operations.

The annual allotment letter received from the Commandant is the basis for the establishment of the district fund accounts. The amount varies according to the size and number of operating units, the district's programs, and its administrative organization. Since this structure is tailored to the needs of the districts, District Commanders should keep Headquarters advised of changes from year to year.

The funds allotted to the districts are usually categorized into major OGs or subsidiary accounts. Subsidiary accounts are breakdowns of the main subhead accounts. It permits the subhead administrator to break main accounts down to major financial programs as necessary to assure the availability of funds for known programs.

To permit the necessary degree of flexibility in meeting changing operating requirements, District Commanders are authorized to make temporary or permanent transfers of funds between all subheads under which allotments are received. The administering and control of funds at the district level relies on the development of subhead requirements and the development of systems and procedures for the evaluation of program progress. The programs conducted by the various operating targets differ vastly in their nature. Consequently, different methods must be devised for the determination of requirements as well as evaluating progress.

In the early 1970's the CG instituted a fund administration policy that changed OG accounting. Essentially it

provided that each operating level was allowed to deal with only one subdivision of an appropriation and that all internal budgeting be on a cost basis. The purpose of this type of local fund administration was to decentralize control of routine costs to the lowest possible choice of alternatives on such items as repair or replacement of unit resources. The OG 30 system allows COs flexibility in making financial management decisions affecting their command. It forces all levels of the unit to be cost conscious and places responsibility for the effective economic utilization and management of the activity on the CO.

D. SUMMARY

This Chapter focused on the concept of financial management in the CG. It identified planning, performing, and controlling as essential duties of financial managers operating in the CG. The chapter briefly discussed relevant CG history and presented general background information related to the study of financial management in the CG. This chapter discussed CG financial management policies, procedures and administration topics that are of concern to the CO and the individual junior officer.

From a small Revenue Cutter Marine to today's total CG, financial management and its associated organization plays a valuable role in the development of the CG. In a time of increasing costs, inflation, and increasing responsibilities the CG and its COs will have to continue to accomplish its

duties with less personnel and funds. CG COs will continue to be required to pursue the most efficient and economical course of action. This can only be achieved through proper understanding of the concept of financial management and application of accepted management techniques by COs.

Chapter III examines how COs of small CG units and other junior officers understand the concept and process of financial management in the CG.

III. SURVEY AND FINDINGS

This chapter presents information collected from an author-developed financial management survey questionnaire, which will be used as the basis for drawing conclusions and recommendations in regard to financial management in the Coast Guard (CG). First the purpose and objective of the survey questionnaire is stated. Second, the survey technique and methodology is presented. Third, the survey questionnaire data and findings are discussed.

A. PURPOSE

The purpose of the survey was to collect and evaluate data concerning financial management duties and training of junior officers in the CG. The author-developed survey questionnaire is specifically designed to study junior officers in command positions at small CG units. The selection of this group is discussed further in Section C of this chapter. The survey questionnaire is depicted in Exhibit III-1 and is also discussed in detail in Section C of this chapter.

B. OBJECTIVE

The objective of the survey was to determine how CG junior officers in command positions perceive their financial management training and performance in accomplishing financial management related command responsibilities.

NAVAL POSTGRADUATE SCHOOL
MONTEREY, CALIFORNIA

SUBJ: FINANCIAL MANAGEMENT SURVEY

1. Rank: _____ Total Years as Officer: _____ Total Duty Stations: _____
2. Previous and Present Duties (check all held)
- | | | | |
|------------------------|-------|---------------------|-------|
| CO WLM/WLB/Group | _____ | Deck Watch Off. | _____ |
| CO WPB/Loran Sta. | _____ | Staff Duty HQ/Dist. | _____ |
| XO Any Unit | _____ | Morale Off. | _____ |
| Engineer Off./DCA/Stu. | _____ | Exchange/NAFA | _____ |

Commissary/Supply _____
Property/Survey Bds. _____
Audit/Cash Verif. _____
Dept.Head/Div. Off. _____

- | | YES | NO | N/A |
|---|-------|-------|-------|
| 3. When you graduated from CGA/OCS, did you receive any formal training concerning financial management aspects relating to the above duties?
If you answered yes above, what was covered? _____ | _____ | _____ | _____ |
| 4. Do you feel you were adequately trained/prepared at CGA/OCS to do the above duties? | _____ | _____ | _____ |
| 5. Did you feel confident about your ability to correctly perform the financial management/reporting aspects of the above duties? | _____ | _____ | _____ |
| 6. Have you ever submitted/prepared a budget for an OPTAR/O.G. 30 Funds?
If you answered no above, could you do it? | _____ | _____ | _____ |
| 7. Could you describe the Coast Guard's budget process? | _____ | _____ | _____ |
| 8. Do you know how the Coast Guard gets its funding from Congress? | _____ | _____ | _____ |

Exhibit III-1

	YES	NO	N/A
9. Do you feel confident about your ability to correctly perform all the financial management/reporting aspects of the duties checked in #2? If you answered no above, which duties did you lack confidence?	—	—	—
10. Have you ever conducted/participated in an inventory of Commissary stores/Exchange items/Eng spare parts/Deck supplies?	—	—	—
11. Check the following publications you have read or used: Manual of Budgetary Admin. CG255 Planning & Programming Man. CG411 C.G. Regulations CG300 Comptrollers Manual Vol. 4 Joint Travel Regs. Surf/Milstrip Manual CG447 Property Mgt. Man. CG262 NAFA Manual CG146 District Oplan Annex Q of Oplan	— — — — — — — — — — —		
12. Do you feel the above pubs. provide you with a good source of financial management info about your duties?	—	—	—
13. Do you feel these pubs. are written so that they can easily be used and clearly understood? If you answered no above, which are most confusing?	—	—	—
14. Would you classify most of your financial management experience as a product of on the job training?	—	—	—
15. Did you usually follow the procedures the person before you used in preparing reports/budgets/or maintaining records?	—	—	—

- | | YES | NO | N/A |
|--|-------|-------|-------|
| 16. If you had just received orders to be a CO/XO, do you feel you would benefit from attending a command management school designed to improve your overall management skills? | _____ | _____ | _____ |
| 17. Do you believe that the Coast Guard should have a management assistance team that would regularly visit units and provide training for officers in such areas as supply/ commissary, personnel, NAFA OPS, planning, and budgeting? | _____ | _____ | _____ |
| 18. Do you believe that your previous units would have significantly benefitted from a visit of a management assistance team? | _____ | _____ | _____ |
| 19. Briefly discuss any areas which you feel this survey overlooked. (use reverse if needed) | | | |
| 20. Do you have any advice for young officers with regards to problems you encountered involving financial management aspects of your previous duties? (use reverse if needed) | | | |
| 21. Would you like a guide to help steer you through your financial management duties? | _____ | _____ | _____ |

C. SURVEY TECHNIQUE AND METHODOLOGY

The scope of the survey involved studying selected CG junior officers in command positions. The survey population consisted of Lieutenant Commanders, Lieutenants, and Lieutenants (Junior Grade) who are or were in command positions as a Lieutenant or Lieutenant (Junior Grade). Specifically, the survey focuses on junior officers who are Commanding Officers (COs) of Patrol Boats, Loran Stations, CG Groups, Stations, and Buoy tenders; and Executive Officers (XO) of CG Bases, Groups and Buoy tenders.

Originally, the author had intended to personally interview a significant number of officers in preparing this thesis. However, time and travel money constraints severely limited the opportunity to conduct personnel interviews. Accordingly, the author developed and mailed a financial management survey to selected CG officers. The author conducted a limited number of interviews of CG officers in the Monterey and San Francisco Bay area who fell within the scope of the survey.

Judgemental sampling of the survey population was necessary because of the large number of officers involved, time, and resource constraints. The author mailed financial management surveys to 15 Lieutenant Commanders, 30 CG Naval Postgraduate School students, 20 Lieutenants, and 15 Lieutenants (Junior Grade). The Lieutenant Commanders all had previously been a CO or XO as a Lieutenant or Lieutenant Junior Grade. All the current CG Naval Postgraduate School students were

included in the survey because many of these officers had previously been CO's and XO's. They also represented a random pool of experienced junior officers, sent to graduate school because of their outstanding performance. Twenty Lieutenants and 15 Lieutenants (Junior Grade) who are currently or have served as a CO or XO of small units were also sent a survey. A total of 80 surveys were mailed in August, 1980 as part of the thesis research.

The survey was designed to obtain an inventory of the officer's current/past financial management experience. The "Yes" and "No" questions were designed to permit the surveyed officer to quickly and easily answer an assortment of questions pertaining to CG financial management. The "Yes/No" format also facilitated data collection and analysis. The free answer questions afforded the surveyed officer the opportunity to elaborate on specific topics if desired.

There were no major problems encountered in completing the survey. Several officers called by phone to talk about the survey. During these phone conversations much meaningful information was exchanged. The few face-to-face interviews conducted by the author produced similar additional comments and meaningful discussion. This type of uncontrolled interview technique pointed out the biased potential of conducting a survey based on interviews only. The surveys completed and returned by mail provided a structured response and avoided the uncontrolled nature of an interview.

D. SURVEY QUESTIONNAIRE DATA PRESENTATION

The survey sampling response is depicted in Figures III-1 and III-2. The survey results are displayed in Figures III-2 through III-10. The data corresponds to the questions in the survey questionnaire shown in Exhibit II-1. The graphs are organized to reflect the responses to the survey questions.

E. FINDINGS

Seventy-two percent of the officers sampled returned the survey questionnaire. A total of 58 responses were completed. The survey responses and comments provide the information to establish a data base on which to support the thesis study. The judgemental sampling technique employed by the author provided the author with responses from a sufficient cross section of CG junior officers. The survey responses provided the author with information and comments concerning CG junior financial management training, duties, and performance. Forty-five out of the 58 or 78 percent of the officers responding had command experience. These officers were or are COs or XO's of a small CG units as Lieutenants or Lieutenants Junior Grade. The survey responses as shown in Figures III-1 and 2 were comprised of eight Lieutenant Commanders, 40 Lieutenants, and 10 Lieutenants (Junior Grade), which represented 14, 69, and 17 percent of the responses respectively. The surveys were promptly completed by the officers. One third of the officers provided additional comments and information not specifically

Financial Management Survey
Sampling Responses

<u>Surveys</u>	<u>LCDR</u>	<u>LT</u>	<u>LTjg</u>	<u>Total</u>
# Sent Out	15	50	15	80
# Returned	8	40	10	58
% Returned	53%	80%	66%	72%

Distribution of Survey Responses

	<u>Number</u>	<u>Percentage</u>
LCDR	8 out of 58	14%
LT	40 out of 58	69%
LTjg	10 out of 58	17%

Figure III-1

Survey Sampling Distribution of Duties

Previous Duty as LT/Ltjg

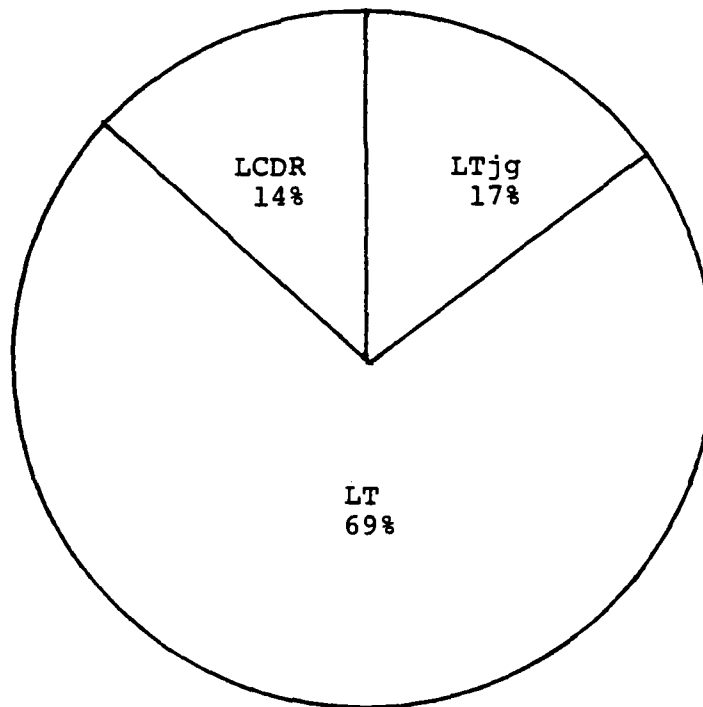
CO: Patrol Boat, Buoy-
tender Station,
Group, Loran
Station

XO: Base, Group
Buoytender

Current Duty

CO: Patrol
Boat
Loran
Station

XO: Group
Buoy-
tender



Current Duty

CO: Buoytender
Group
Station

XO: Base
Buoytender

Student NPS

Previous Duty

CO: Loran
Station
Patrol
Boat

XO: Buoy-
tender
Group

Staff Duty

Figure III-2

Financial Management Survey Results

Question
1 :

<u>Rank</u>	<u>Total Responses</u>	<u>Total Years as Officer (Average)</u>	
LCDR	8	LCDR	12
LT	40	LT	7.5
LTjg	10	LTjg	2.7

Total Duty Stations (Average)

LCDR	5
LT	4.6
LTjg	2.1

Exhibit III-2

Financial Management Survey Results

Question

2 : Previous and Present Duties.

	<u>LCDR</u>	<u>LT</u>	<u>LTjg</u>	<u>Total</u>
CO Buoytender/Group	3	6	0	9
CO Patrol Boat Loran Station	3	8	8	19
XO Any Unit	2	13	2	17
Engineering Officer/Student	0	3	0	3
Deck Watch Officer	8	37	10	55
Staff Duty Head- quarters or District	6	16	0	22

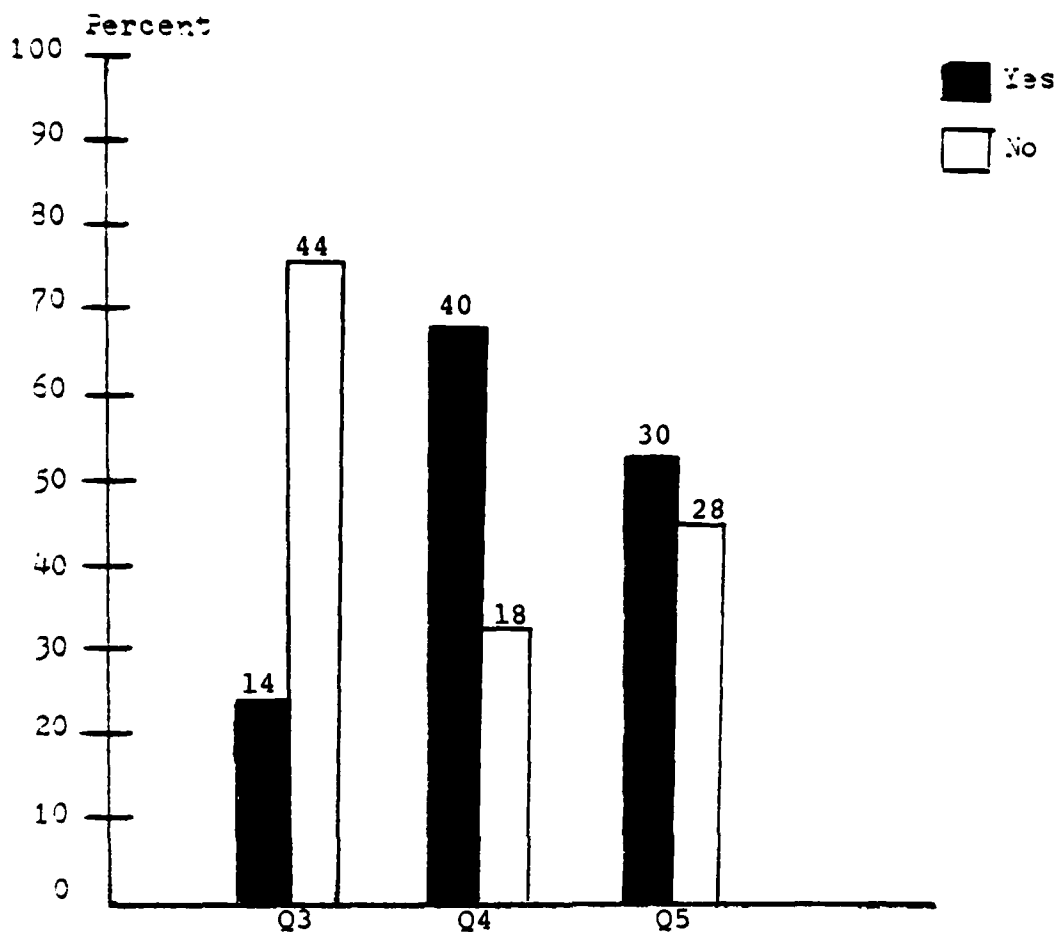
Exhibit III-3

Financial Management Survey Results

Question
2 : Previous and Present Duties.

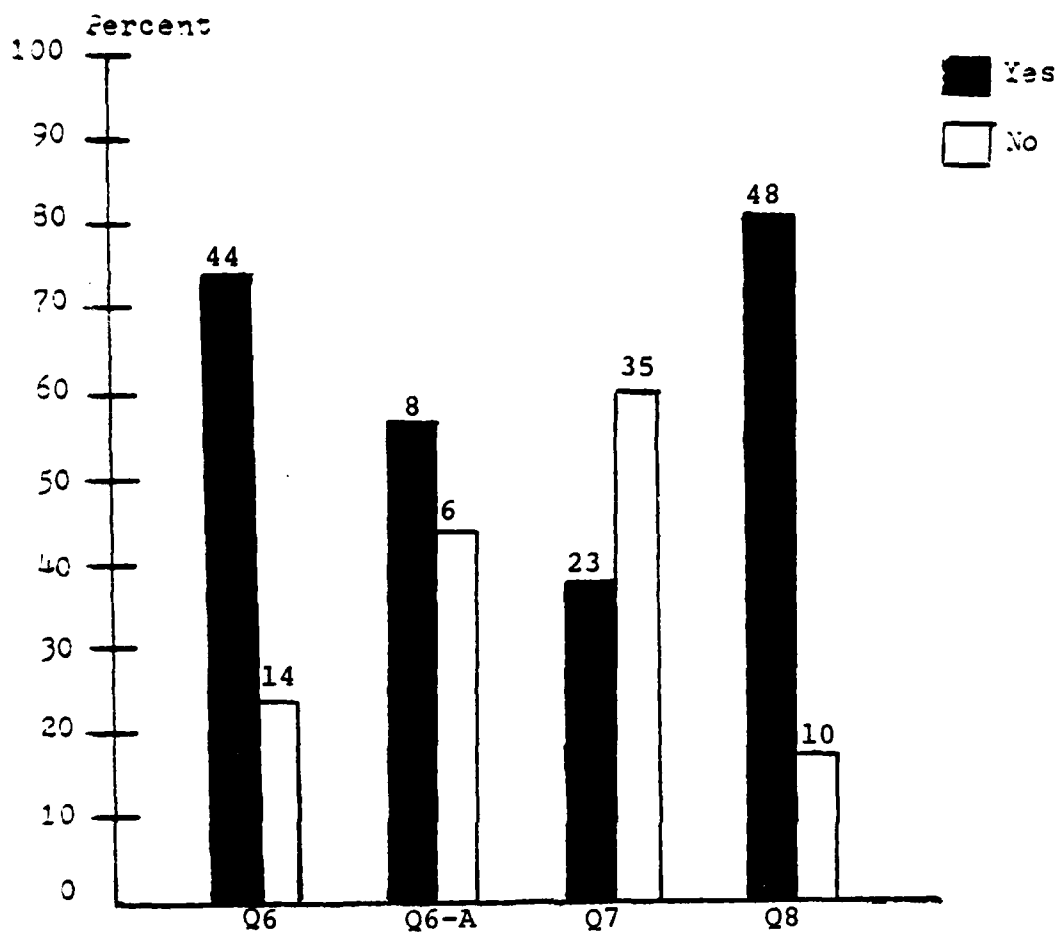
	<u>LCDR</u>	<u>LT</u>	<u>LTjg</u>	<u>Total</u>
Morale Officer	2	5	3	10
Exchange/NAFA (Non Appropriated Fund Activity)	1	3	2	6
Commissary/Supply Officer	3	11	5	19
Property/Survey Board	2	6	3	11
Audit/Cash Verification	4	11	3	18
Department Head or Division Officer	8	19	2	29

Exhibit III-4



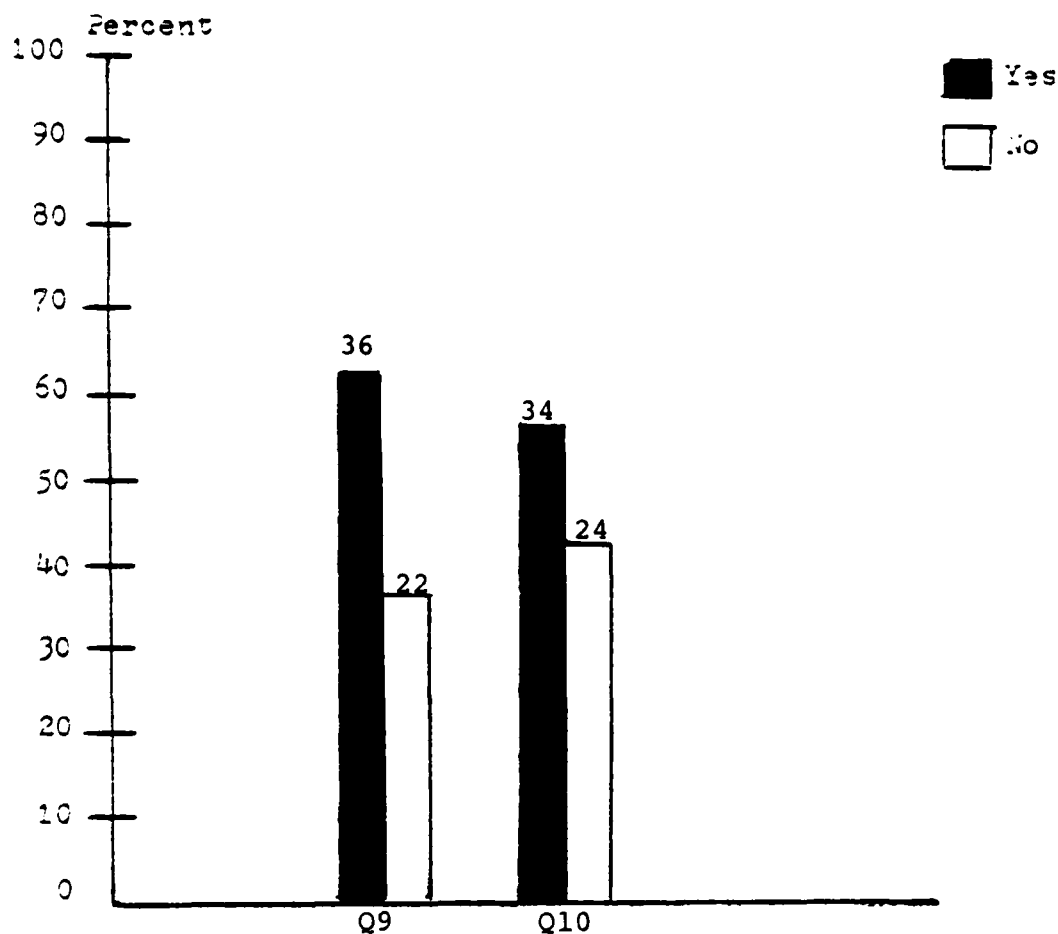
3. When you graduated from CGA/OCS, did you receive any formal training concerning financial management aspects relating to the above duties?
4. Do you feel you were adequately trained/prepared at CGA/OCS to do the above duties?
5. Did you feel confident about your ability to correctly perform the financial management/reporting aspects of the above duties?

Exhibit III-5



6. Have you ever submitted/prepared a budget for an OPTAR/
O.G. 30 Funds?
- 6.A If you answered no above, could you do it?
7. Could you describe the Coast Guard's budget process?
8. Do you know how the Coast Guard gets its funding from
Congress?

Exhibit III-6



9. Did you feel confident about your ability to correctly perform all the financial management/reporting aspects of the duties checked in #2?
10. Have you ever conducted/participated in an inventory of Commissary stores/Exchange items/Eng spare parts/Deck supplies?

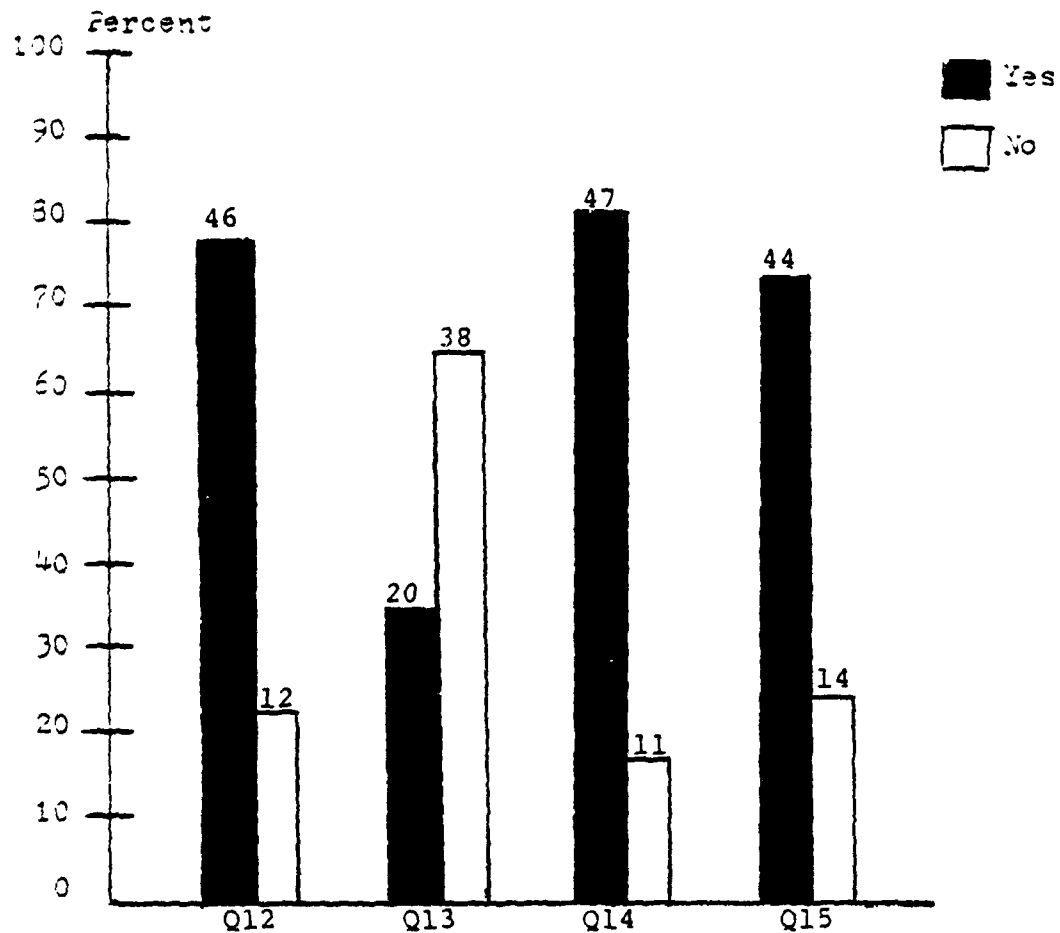
Exhibit III-7

Question

11 : Check the Following Publication you Have
Read or Used

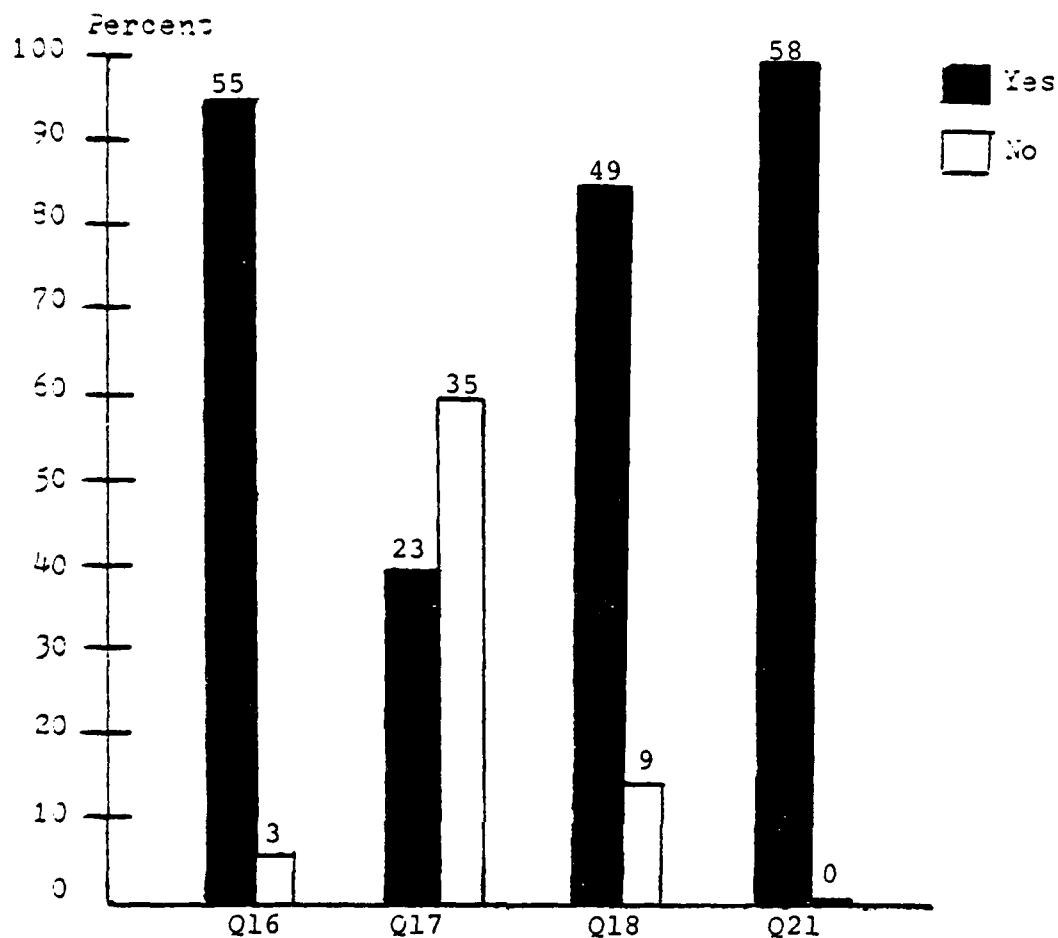
	<u>Total Responses</u>	<u>Response %</u>
Manual of Budgetary Administration	11	19
Planning and Program- ming Manual	11	19
CG Regulations	54	93
Comptrollers Manual Volume 4	47	81
Joint Travel Regulations	8	14
SURF/Milstrip Manual	16	28
Property Management Manual	7	12
NAFA Manual	8	14
District OPLAN	37	64
Annex Q of OPLAN, Controller's Supplement	26	45

Exhibit III-8



12. Do you feel the above pubs. provide you with a good source of financial management info about your duties?
13. Do you feel these pubs. are written so that they can easily be used and clearly understood?
14. Would you classify most of your financial management experience as a product of on the job training?
15. Did you usually follow the procedures the person before you used in preparing reports/budgets/or maintaining records?

Exhibit III-9



16. If you had just received orders to be a CO/XO, do you feel you would benefit from attending a command management school designed to improve your overall management skills?
17. Do you believe that the Coast Guard should have a management assistance team that would regularly visit units and provide training for officers in such areas as supply/commissary, personnel, NAFA OPS, planning, and budgeting?
18. Do you believe that your previous units would have significantly benefitted from a visit of a management assistance team?
21. Would you like a guide to help steer you through your financial management duties?

Exhibit III-10

asked for in the survey. These voluntary comments were very descriptive in nature and provided useful and valuable insight into the various financial management related command experiences of many of the officers.

The survey results indicated that 76 of the officers did not receive any formal training concerning financial management at the CG Academy or Officer Candidate School (OCS). Neither the CG Academy or OCS conduct any extensive training in this area. Students enrolled in the Economics/Management curriculum at the CG Academy do receive several classroom lectures about the CG budget process, but this instruction is limited to approximately 20 percent of the graduating class. OCS does not provide any financial management training for their officer trainees. Due to instructional time constraints neither the CG Academy nor OCS plan to add any financial management training to their curriculum.

Sixty-nine percent of the officers felt they were adequately trained or prepared at the CG Academy or OCS to accomplish their assignments. Seven officers commented that their cadet cruises and other summer programs provided them with an opportunity to learn about the basic duties of junior officers that included financial management. However, the officers were almost equally divided on their confidence to correctly perform the financial management aspects of their job. Several officers stated that their lack of confidence was attributed to being new on the job. They felt they

quickly increased their confidence level after being on the job a few months.

The vast majority of the officers, 81 percent, stated that most of their financial management experience was the product of on-the-job training. In many cases, they simply followed the procedures the officer before them used in preparing reports, budgets, or maintaining records. Several officers stated, that this was the easiest way to get the job done quickly so they could concentrate on other aspects of their command responsibilities that needed their attention.

Three quarters of the officers had participated in budget preparation at the operating unit level. Of those officers who reported that they never prepared a budget, 57 percent indicated that they could prepare a budget. Ten officers stated that when it came to preparing a budget, they usually looked at last year's figures and added a dollar amount they felt would cover additional operating expenses for the next year.

One of the surprising findings of this survey, was that only 39 percent of the officers claimed they could describe the CG budget process. During the survey interview process, the author asked the officers questions about the CG's budget process. Of the eight officers interviewed, seven could vaguely explain how the CG budget process worked. Four of these officers did not know the difference between the budget's appropriation and authorization process. Eighty-two

percent of the officers claimed they knew how the CG got its funding from Congress. However, during the interviews over half of the officers did not know the difference between the two basic congressional phases of the budget process. This represents a significant potential discrepancy in evaluating the data presented in survey questions seven and eight.

Sixty-six percent of the officers surveyed indicated that they felt that the CG financial management and other general information publications were not written so that they were easily used and understood. Four of the officers interviewed indicated that the Comptroller's Manual Volume 4, needed to be simplified. They felt that the Comptroller's Manual did not provide sufficient examples concerning the completion of the Commissary Report for small units. Additionally, 11 officer surveys also specifically mentioned the Comptroller's Manual as a publication that needed to be improved. Several officers commented that the publications do not contain a functional index that allows the user to quickly look up topics relating to their question or problem.

Ninety-five percent of the officers indicated that newly assigned CO/XO's would benefit from attending a Command Management School designed to improve overall management skill. All of the eight officers interviewed felt that the CG should have a Command School. Three of the officers stated that such a school would help prospective COs better prepare themselves to assume their responsibilities. Two of the surveyed officers

who felt the Command School was not necessary, mentioned on their surveys that officers selected for command positions should have demonstrated their management ability before being considered for command.

Eighty-five percent of the officers felt their previous units would have significantly benefitted from a visit of a Command Management Assistance Team. However, only 40 percent of the officers wanted CG management assist teams to regularly visit their units and provide training for officers in areas of supply, commissary, personnel, planning and budgeting. Six of the officers interviewed stated that the idea is good. However, they did not feel the present District Inspection and Audit Program would be compatible with the concept of the management assistance team. The officers felt the District Inspectors and Auditors are always looking for things that are wrong and seldom mention positive things in their reports. COs would be reluctant to ask for assistance because they would not want to have any surprise visits from the District Inspectors who heard about existing problems at units "through the grapevine."

All of the officers indicated they would like a guide or handbook to help steer them through the financial management duties associated with their duties. All of the officers interviewed and 14 of the surveyed officers commented that the guide should be easy to read and understand. They did not want a "how to do it book," but a "what I need to know and where do I find it," book.

This chapter has introduced a financial management survey conducted by the author. The survey responses and comments were graphically presented and discussed in the chapter. The survey findings will be used to develop survey conclusions and recommendations which will be presented in Chapter IV.

IV. CONCLUSIONS AND RECOMMENDATIONS

Chapter IV presents the conclusions and recommendations derived from the analysis of the survey results presented in Chapter III. The financial management training of Coast Guard (CG) junior officers is evaluated. Based on a limited survey of junior officers, the perceived performance of CO/XO's in accomplishing financial management duties and responsibilities is also evaluated. The conclusions provide the basis for the recommendations offered at the end of the chapter.

A. CONCLUSIONS

1. Formal CG Financial Management Training Should Be Included In The Professional Training of All CG Junior Officers.

Seventy-six percent of the officers surveyed did not receive any formal financial management training while attending the CG Academy (CGA) or Officer Candidate School (OCS). Currently, the professional development curriculum at CGA and OCS includes comprehensive classroom instruction concerning maritime law, navigation, ship handling, communications, and weapon systems. The survey results and comments revealed that the officers wanted financial management training to be included in their CGA or OCS professional development curriculum.

2. CG Junior Officers Receive Most of Their Financial Management Training Informally During Their CGA Cadet Summer Cruises and Other CGA/OCS Experiences.

The survey results concluded that CGA Cadets receive informal practical financial management training during summer cruises from recently commissioned officers serving on the training ships. The cadets learn by watching the junior officers who are exchange officers, morale officers, supply officers, and commissary officers.

3. Most Officers Rely on, "On-The-Job Training" to Learn CG Financial Management Policies, Procedures, and Administration.

Eighty-one percent of the officers reported that they used on-the-job training to learn financial management. The survey comments indicated that it took several months for most of the junior officers to learn their jobs. During the learning period there is an opportunity for resource losses due to management mistakes and confusion. The author feels that learning financial management on the job is very inefficient. This could be a significant problem if the previous officer was using incorrect procedures or methods in preparing reports, budgets or records.

4. Few Officers Felt the Financial Management Publications and Instructions Were Written so They Could Be Easily Used and Understood.

Sixty-six percent of the officers felt that the financial management and instructions were not easy to use and understand. This is a potential problem when many inexperienced officers rely on these publications combined with on-the-job training to learn their financial management duties. There

is a significant opportunity for command financial resources to be wasted or lost because of the lack of adequate financial management experience, or knowledge of appropriate financial management procedures.

5. That Many CG Units and COs Could Benefit from Improved Financial Training and Assistance.

Eighty-five percent of the officers surveyed felt that their previous command would have benefitted from improved training and assistance in areas of supply, commissary, personnel and unit financial management. The survey supported the finding that most units could improve management of command resources involving planning, controlling, and budgeting.

6. Most Officers Wanted a Special Management School for all Commanding and Executive Officers.

Ninety-five percent of the officers felt that every CO/XO would benefit from attending a command management school before assuming their duties. The school should be designed to improve a CO/XO's management skills. It would increase the effectiveness of officers in command positions and promote the efficient use of unit resources.

B. RECOMMENDATIONS

The objective of this thesis was to collect and evaluate CG financial management training and perceived performance of CG junior officers in command positions. The financial management survey was sent to selected junior officers to identify

perceived problem areas and weaknesses in the financial management training of junior officers. It was hoped that this study by the author would provide data that would indicate whether or not there is a need for improved financial management training for junior officers.

The author concluded from this thesis study that financial management training of CG junior officers in command positions needs to be improved. As discussed in Chapter II, CG officers in command positions need to be familiar with the basic CG concepts of financial management. The results of a financial management survey confirmed that many CG junior officers had not received any formal financial management training while attending CGA or OCS. The survey found that many CG junior officers wanted more financial management training information to be available to them. Therefore, based on the survey results presented in Chapter III, the following recommendations are provided.

1. That financial management training be included in the professional development curriculum of all CGA cadets and OCS candidates.

The CGA and OCS should include basic financial management training in the overall preparation of officer students. General financial management classroom instruction and practical experience should be incorporated in the summer cruise training of CGA cadets. OCS candidates should be provided with financial management lectures that would introduce them

to the basics of CG financial management policies, procedures, and administration. The development of a financial training program for CGA and OCS would be an excellent topic for future thesis research.

2. That CG junior officers selected for command positions attend a Command Management School.

The survey findings indicated that many of the junior officers felt they would benefit from attending a Command Management School designed to improve overall management skills. Presently the CG does not have a Command Management School for junior officers selected for command of small units. There is a need to develop a practical controller course for CO/XOs. The development of such a management school and practical controller course standardizing the financial management training for commanding officers would be an excellent future thesis topic to explore.

3. That the CG establish a Command Management Assistance Team to regularly visit small units and provide training and assistance to Commanding Officers.

Currently the CG requires that operating units be annually evaluated by District Inspectors and Audit Teams. The survey results indicate that the inspectors tend to report command discrepancies and do not attempt to help the command overcome the problems. The CG should modify the current inspection and audit concept to provide assistance teams to help commands improve the management of their resources.

Further research of the inspection, audit and assistance concept of the annual unit evaluation process is needed and could be a future thesis study of significant consequence.

4. That CG junior officers in command positions be provided with a handbook explaining the concept of CG financial management.

CG junior officers in command positions should have a basic understanding of CG financial management. The survey results indicated that junior officers desired to have a financial management guidebook to help them with their financial management duties. Appendix A contains an author developed Financial Management Guidebook for Junior Officers in Command Positions.

In conclusion this thesis has studied the financial management training and performance of junior officers in command positions. The author has concluded that there is a need to improve the financial management training of junior officers. The recommendations presented suggest ways to achieve the improvement of financial management training for junior officers. The author feels that there needs to be more emphasis placed on financial management training in the CG. Improving the financial management of CG resources during times of limited budgets should be a high priority of senior CG officials.

APPENDIX A

Preface

Financial Management is inherent in the responsibilities of command. The Commanding Officer is constantly faced with the problem of applying limited resources to accomplish Coast missions and objectives.

Today, the professional Coast Guard Commanding Officer is expected to be an operational specialist as well as an effective and efficient manager of resources. It is essential that the Commanding Officer understand his/her financial management responsibilities and be familiar with the financial management operations of their command.

The purpose of this financial management guidebook is to provide Junior Officers in command positions with a basic understanding of Coast Guard financial management. The information and material included in the guidebook represents the results of financial management surveys and interviews conducted by the author. It is intended that this guidebook be used at the Coast Guard Academy in the Cadet professional development training program.

The author acknowledges the assistance of Lt M. L. Shelton of the Management/Economics Department at the Coast Guard Academy in organizing and determining the material to be included in the guidebook. The professional assistance of LTJG C. J. Dickens and SKCS Belcher of Coast Guard Group Monterey

in the preparation of technical aspects of the financial management material included in the guidebook is appreciated.

It is hoped that the material presented in this Financial Management Guidebook for Junior Officers in Command Positions will provide Junior Officers with an introduction and foundation of knowledge of basic Coast Guard financial management responsibilities, concepts, and procedures. By using this guidebook in the Cadet training program, it is hoped that Junior Officers will be better prepared to assume their duties as Commanding Officers of small CG units.

TABLE OF CONTENTS

FINANCIAL MANAGEMENT FOR COAST GUARD JUNIOR OFFICERS IN COMMAND POSITIONS

- I. Coast Guard Financial Management
 - A. Introduction
 - B. Philosophy of CG Financial Management
 - C. What is Financial Management?
 - D. Where Does the CG get its Funds?
 - E. How Does the CG get its Funds?
 - F. CG Appropriations Structure
 - G. How do Funds get to Operating Units?
 - H. Financial Management Duties of a CO of a Small CG Unit
- II. Budgeting for Operations
 - A. Introduction
 - B. How Does the Unit Obtain Funds?
 - C. Development of an Operating Target (OPTAR)
 - D. Budgeting at the Unit Level
 - E. How Should a CO Formulate a Planned Obligation Plan (POP)?
 - F. How Does the District Provide Funds to Units?
 - G. Accounting for Unit Operating Targets (OPTAR)
- III. Commanding Officers Responsibilities
 - A. Introduction
 - B. Types of Responsibility

- C. When do These Responsibilities Begin?
 - D. What is a CO Expected to do?
 - E. Check List for Relieving Command
 - IV. Typical Financial Management Responsibilities of a Junior Officer in Command Positions
 - A. Introduction
 - B. Commissary Officer
 - C. Exchange Officer
 - D. Property Officer
 - E. Supply Officer
 - V. Summary
- Glossary of Terms
- Publication Reading List

List of Guidebook Exhibits

- A-1 Flow of Funds
- A-2 CG Organization
- A-3 CG Programs and Program Managers
- A-4 Operating Guide Modification
- A-5 Unit Annual OPTAR
- A-6 Unit Planned Obligation Plan (POP)
- A-7 Unit Planned Obligation Plan (POP)
- A-8 Unit POP Worksheet
- A-9 Unit OPTAR Request
- A-10 Unit Target Ledger
- A-11 Object Code Examples
- A-12 Unit Target Status
- A-13 Target Ledger Transmittal
- A-14 Provision Inventory Report CG 4261
- A-15 Provision Inventory Control Record CG 3469
- A-16 Issue/Sales Slip CG 2581
- A-17 Mess Operating Statement CG 2576
- A-18 Mess Operating Statement CG 2576
- A-19 Check List for Relieving the Commissary Officer
- A-20 NAFA Results Operations Summary
- A-21 NAFA Funds Statement
- A-22 Exchange Report Worksheet
- A-23 Check List for Relieving the Exchange Officer
- A-24 Controlled Property Record

- A-25 Local Property Report
- A-26 Informal Board of Survey
- A-27 Sample SURF card
- A-28 Unit SURF Order Form
- A-29 Commercial Procurement Request
- A-30 Unit Purchase Log
- A-31 Imprest Cash Purchase
- A-32 SF 44 Example
- A-33 Purchase Order DD-1155
- A-34 Blanket Purchase Agreement
- A-35 Check List for Relieving the Supply Officer

Financial Management Guidebook for Coast Guard Junior Officers in Command Positions

I. Coast Guard Financial Management

A. Introduction

Over the years, Coast Guard (CG) Commanding Officers (CO) have been primarily concerned with operational aspects of their command. Statistical reports indicating the number of lives saved, vessels inspected, and patrols completed were important to the CO's and headquarters' staffs. However, in this era of declining budget resources, CO's are expected to do more with less and still accomplish their mission. It is apparent that today's professional CG officer needs to be a "manager" as well as an "operator". CO's are becoming increasingly dependent upon their individual management skills and practical experience to effectively and efficiently meet their operational requirements.

B. Philosophy of CG Financial Management

The CG has founded its philosophy of financial management on the principle that the CO is responsible for the financial management of the unit. The CO has to ensure that the unit is operated economically and efficiently. CO's must require that subordinates comply with the rules and instructions pertaining to the financial management of appropriated and nonappropriated funds.

Because the CO is responsible for everything that the command does or fails to do, the CO must make the vital management decisions. The CO must recognize the power and necessity of financial management. Financial management is important to the CO because it can determine the means of timing of the mission accomplishment.

C. What is Financial Management?

Financial management at the small unit level is simply the proper control of the unit's funds. Proper control includes the economical use of funds to accomplish unit missions by assuring that higher priority needs are satisfied before lower priority needs. Financial management includes advance planning, budgeting, and performance responsibilities. CO's are responsible for examining their missions and deciding on the most economical plan to accomplish them. CO's are responsible for preparing budgets and ensuring that unit spending does not exceed the funds available. CO's are also responsible to ensure that records are maintained in order to account for the spending of unit funds.

D. Where Does the CG Get its Funds?

The Congress provides funds to the CG by means of annual legislation known as the Department of Transportation Appropriation Act. Before an appropriation act is passed, it must be preceded by an authorization act which establishes maximum amounts that may be appropriated for specific CG missions.

During the Authorization and Appropriation Hearings in both houses of Congress, the Commandant and other selected headquarters staff personnel testify before House and Senate Committees concerning the budget.

E. How Does the CG Get its Funds?

The CG is under the operating administration of the Department of Transportation (DOT). CG budget requests are included in DOT's budget which is incorporated into the President's budget submission to Congress each January. An overview of the CG budget process is illustrated below:

FY		
Minus 2	<u>DEC</u>	Rough budget estimates submitted to Office of Secretary of Transportation (OST) and Office of Management and Budget (OMB).
	<u>MAY</u>	Commandant prepares spring review of overview of the major issues to be discussed in the budget.
	<u>JUN</u>	Spring review submitted to (OST).
	<u>JUL</u>	OST sends departmental guidance to Commandant.
	<u>AUG</u>	CG budget estimates submitted to OST.
FY		
Minus 1	<u>OCT</u>	OMB budget hearings.
	<u>DEC</u>	President's budget prepared.
	<u>JAN</u>	Budget submitted to Congress.
	<u>FEB</u>	House and Senate Appropriations and Authorization Hearings begin.
	<u>MAY</u>	First concurrent resolution on the budget.
	<u>JUL</u>	Authorizations enacted by Congress.
	<u>AUG</u>	Second concurrent resolution on the budget.
	<u>SEPT</u>	Appropriations enacted by Congress.
FY	<u>OCT</u>	President signs budget. CG appropriations received from (OST) via (OMB).

The CG budget process is a continuous effort that gradually changes broad policy inputs into programs of specific actions approved and financed by Congress. The funding provided by Congress permits the CG to pay its personnel, purchase supplies and equipment, award contracts, and incur other obligations.

F. CG Appropriations Structure

CG funding is received in three broad categories called appropriated funds, revolving funds, and non-appropriated funds described below:

1. Appropriated Funds - are funds made available by acts of Congress called appropriations. An appropriation is a law authorizing a given amount of funds for certain described purposes to be used during a specific time period. Consequently, funds in one appropriation cannot ordinarily be transferred to, or otherwise used, in another appropriation. The CG receives the following seven appropriations:

a. Operating Expense (OE) Appropriation - This appropriation is for the normal operating and maintenance expenses of the CG. It is known as a one year appropriation, i.e., the funds must be used during the fiscal year for which they are appropriated or they lapse and are no longer available for CG use. The OE appropriation is divided into subcategories called Operating Guides (OG). Operating Guides are administrative classifications established by the Commandant to facilitate

fund management. The Commandant has the authority to transfer funds within an appropriation from one OG to another. The following are the OG in the OE appropriation.

1. OG 01 Military pay and allowances
 2. OG 08 Civilian pay
 3. OG 20 Permanent change of station costs
 4. OG 30 Operating and maintenance costs
 5. OG 41 Aircraft program - modification, alteration, and overhaul
 6. OG 42 Electronics program - procurement, repair, and overhaul
 7. OG 43 Shore unit program - major repair, construction, and alteration
 8. OG 45 Vessel program - major maintenance and repair of floating units
 9. OG 46 Ocean engineering program - aids to navigation, marine sciences, and maritime environmental protection
 10. OG 54 Ammunition and small arms
 11. OG 56 Personnel training and procurement
 12. OG 80 Reimbursements
- b. OG 90 Reserve Training (RT) Appropriation - CG

Reserve programs.

c. Acquisition, Construction, and Improvement (AC & I) Appropriation - This appropriation finances the major capital improvement programs of the CG. It is known as a multiple year appropriation since its funds remain available for CG use for more than one year. Ordinarily funds in this appropriation remain available for three years. The AC & I Appropriation is divided into subcategories called Project Numbers.

Project Numbers are administrative classifications established by the Commandant to facilitate funds management. The Commandant has the authority to transfer funds within an appropriation from one project number to another.

d. Research Development, Test and Evaluation

Appropriation (RDT&E) - A multiple year appropriation subdivided into Project Numbers.

e. Alteration of Bridges Appropriation.

f. State Boating Safety Assistance Appropriation.

g. Retired Pay Appropriation.

2. Revolving Funds - In simple terms, a revolving fund is a sum of capital of fixed amount which remains intact and available for a specific purpose. Theoretically, the fund never increases or decreases. If money from the fund is expended for an article, that article then becomes a part of the fund. The article can then be removed from the fund only by being purchased from it, thus maintaining the fund at a constant level. The following are the revolving funds of the CG.

a. CG Supply Fund - This Fund finances certain supply inventories.

1. Stores Account 81 uniform clothing
2. Stores Account 82 commissary provisions
3. Stores Account 83 operating and maintenance
stores
4. Stores Account 85 fuel

b. Oil Pollution Fund - Emergency pollution cleanup.

c. Coast Guard Yard Fund.

3. Non-Appropriated Funds - Funds not appropriated by Congress. These funds are generated by operation of exchanges, clubs, and recreation activities.

G. How do Funds get to CG Operating Units?

After Congress approves the CG annual budget request, it provides funds through appropriations previously described. The appropriations (funds) do not go directly into the CG accounts. Exhibit A-1 shows the process of how the CG receives its funds. The actual flow of funds looks confusing and complicated. However, the fund flow follows the chain of command and usually operates very smoothly without very much delay.

Once the Commandant of the CG receives the funds, he or she has the responsibility for managing all CG appropriations. The Chief of Staff coordinates the distribution of CG funds through the CG organization depicted in Exhibit A-2.

At Headquarters, CG appropriations are broken down by categories reflecting program areas, missions, and objectives. The various departmental offices and program managers are responsible for accomplishing the Commandant's program objectives by short and long range planning, programming and resource allocation. The program managers provide funds, policy and budgetary guidance to the District Commanders and

FLOW OF FUNDS

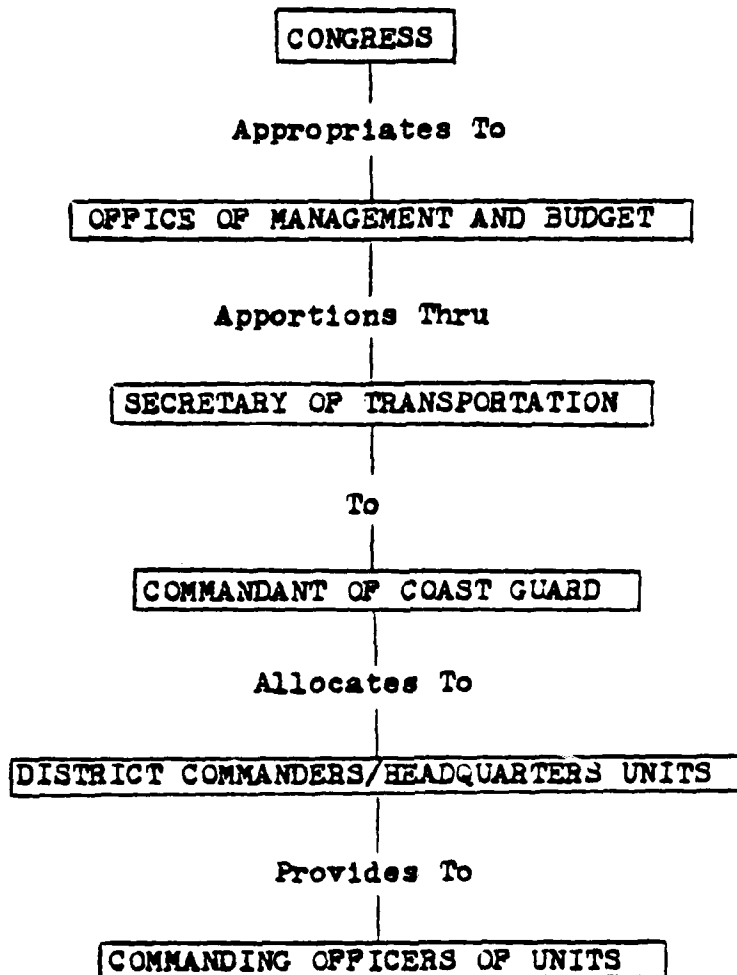


Exhibit A-1

DEPARTMENT OF TRANSPORTATION U.S. COAST GUARD ORGANIZATION

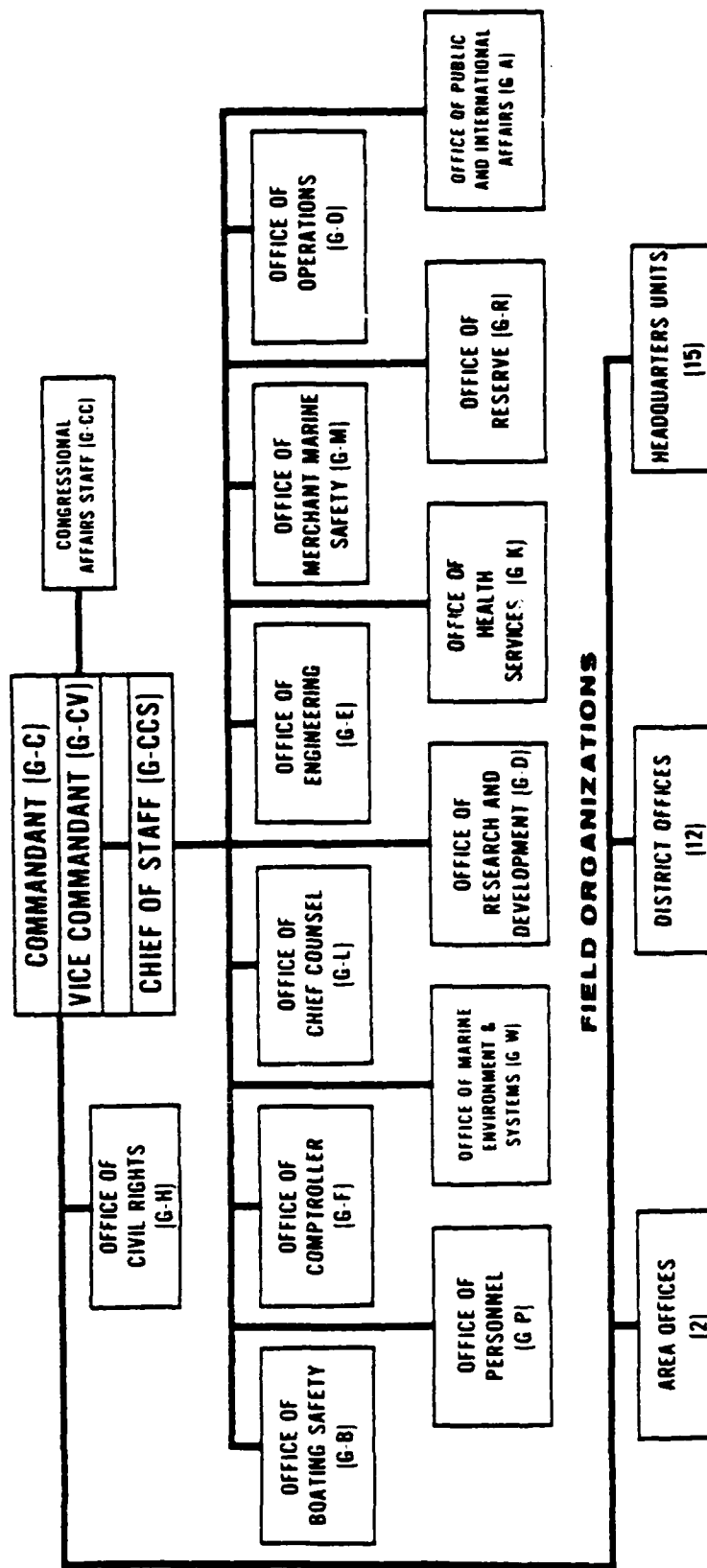


Exhibit A-2

CO's of headquarter units. These officers are responsible for passing funds to field level units to conduct the various CG programs. The District Commanders have staffs that provide technical assistance and program support for the CO's of units within their District. The District Commander and District Division Chiefs stand in the same relationship to the conduct of CG programs at the field level as their counterparts at headquarters. Exhibit A-3 depicts CG Programs and the responsible program managers.

H. Financial Management Duties of a CO of a Small CG Unit

CO's of small CG units are responsible for managing the funds provided by the District Commander to accomplish CG programs and missions. The junior officers who are assigned as CO of small CG units are faced with the challenge of managing unit financial resources. Often, these junior officers do not have previous financial management experience but they are responsible to perform various financial management functions and duties. Overcoming the lack of experience is not the only challenge facing these officers. Because of the limited number of commissioned officers assigned to small CG units, the CO may be the only officer onboard the unit. Subsequently, the CO will not have any other officers to assist him/her in accomplishing the unit's financial management functions and duties.

Program Responsibilities

<u>Program Area</u>	<u>Program/Missions</u>	<u>Program Manager</u>
Search & Rescue Aids to Navigation	Search & Rescue Short Range Aids to Navigation Indonavigation Aids	Chief, G-O Chief, G-W Chief, G-W
Obstructive Bridges Marine Safety	Bridge Administration Commercial Vessel Safety Recreational Boating Safety	Chief, G-W Chief, G-M Chief, G-H
Marine Environmental Protection	Port Safety & Security Marine Environmental Protection	Chief, G-W Chief, G-W
Ocean Operations	Polar Ice Operations Domestic Ice Operations	Chief, G-O Chief, G-O
Military Readiness & Operations	Marine Science Activities Enforcement of Laws and Treaties	Chief, G-O Chief, G-O
Reserve Training	Military Operations/Preparedness	Chief, G-O
	Coast Guard Reserve Forces	Chief, G-R
<u>Support Area</u>		
General Support	General Administration Personnel Training Engineering Comptroller Research, Develop, Test & Eval Medical Support Legal Support Safety & Health Civil Rights Public & International Affairs Retired Pay Intelligence & Security Communications Services	G-CCS Chief, G-P Chief, G-P Chief, G-E Chief, G-F Chief, G-D Chief, G-K Chief, G-L G-CCS Chief, G-H Chief, G-A Chief, G-P Chief, G-O Chief, G-O

Exhibit A-3

At large CG units, the CO has commissioned officers to accomplish specific financial management responsibilities involving unit budgeting, and duties of Commissary Officer, Exchange Officer, Property Officer, and Supply Officer. At small CG units the CO has to perform the financial management duties associated with these jobs as well as accomplish the rest of his/her command responsibilities.

Junior Officers in command positions at small units are responsible for planning and controlling the use of unit financial resources. Typical amounts of funds directly managed by the Junior Officers in command positions is shown below:

<u>Duty/Assignment</u>	<u>Average Total of CO Managed Operating Funds (Annual)</u>
CO Patrol Boat	\$ 50,000
CO Buoy Tender (Coastal)	150,000
CO Loran Station	75,000
CO CG Group (Small)	100,000
CO CG Group (Large)	140,000
XO Buoy Tender (Seagoing)	175,000
XO CG Base	125,000
XO CG Group (Small)	75,000
XO CG Group (Large)	125,000

Financial management of unit resources is an important aspect of every CO's responsibility. The financial management functions and duties of Junior Officers in command positions is addressed in the remaining chapters of this Guidebook.

Summary

The Commanding Officer is responsible for the financial management of the unit. Financial management at the small unit level is simply the proper control of unit funds. Congress provides resources to the CG to accomplish CG missions. By authorizing and appropriating funds during the annual federal budget process, CG funding is received in three broad categories: appropriated funds, revolving funds, and non-appropriated funds.

II. Budgeting for Operations

A. Introduction

The essence of budgeting is planning. A budget, in simple terms, is a financial plan stating the expected costs to be incurred over a specific period of time in relation to expected funds available during the same period of time. The most common time period for which budgets are developed is the fiscal year for the Federal Government, 1 October to 30 September.

Commanding Officers (CO) must take an active part in the budget planning and budget execution of their unit. CO's of small units participate with District Program Managers and District Support Managers in this effort. The District Program Manager is a staff member who is responsible for the implementation of a Coast Guard (CG) Program or Mission within the CG District. The District Support Manager is responsible for providing technical guidance to both the Program Manager and the unit CO. The effective management of the financial resources by the CO, Program Manager, and Support Manager includes cost review and analysis, preparation of planned obligations, and financial management of funds.

B. How Does the Unit Obtain Funds?

Each fiscal year the Commandant issues an allotment of funds to CG District Commanders for operations of units under their command. The Commandant notifies the District Commander

by letter which indicates total funds allotted by Operating Guide (OG) to the various accounts.

The Commandant is legally responsible for all aspects of fund management. Under Section 3678 and Section 3679 Revised Statutes, 31 U.S. Code 665, the Commandant is accountable by law to ensure that government funds appropriated by public law are solely applied for the purpose they were intended and that government spending does not exceed the amount available.

For administration, fund control, and identification the allotment from the Commandant is divided into various Operating Guides (OG) according to purposes for which the funds should be used. The District Commander is administratively responsible to ensure that allotted funds are spent for the purpose intended and that the amount of funds spent is not exceeded.

Every three months, the Commandant provides funds to the District Commander. The District Commander centrally manages the majority of the OG Fund Account. CO's of units are provided funds by the District Commander after the headquarters allotment is received by the District Commander. The CO is only held administratively accountable for the management of the unit's Operating Guide 30 Fund Account.

OG-30 fund management is the heart of financial management of CO's of small units. OG-30 funds are basically divided into two categories; unit controlled targets and District controlled targets. District controlled targets are

funds retained at the District level to fund costs such as utilities, fuel, and transportation services, which are necessary expenses, but cannot be effectively managed at the unit level. Unit controlled targets include funding for items such as local travel, housekeeping expenses, and unit maintenance.

C. Development of an Operating Target

An important aspect of OG-30 fund management is the development of an unit operating target (OPTAR). An OPTAR is an estimate, not an exact amount of OG-30 funds, to be given to a unit in a given fiscal year. The purpose of the target is to give the individual CO guidance as to how much money is available to meet operating responsibilities. During the course of the fiscal year, targets may be adjusted (increased or decreased) to meet changes in operation or to meet emergency needs. Notification is accomplished by mail or message. See Exhibit A-4.

The OPTAR is a budgeting framework upon which the unit CO is able to build a specific financially planned obligation plan (POP) for the fiscal year. The OPTAR identifies the total funds which are available at the unit level and provides a broad expenditure category breakdown of unit funds. See Exhibit A-5.

OPERATING GUIDE 30 TARGET MODIFICATION

FROM: Commander (F) 15th CG District

DATE: 3 Nov 80

TO : CG Station Hertz

Your OG 30 Unit Controlled Funds are hereby modified as follows:

OPTAR	FIRST QUARTER		THIRD QUARTER	
	INCREASE	DECREASE	INCREASE	DECREASE
30.00				

OPTAR	SECOND QUARTER		FOURTH QUARTER	
	INCREASE	DECREASE	INCREASE	DECREASE
30.00	500			

PURPOSE: To Fund Emergency Repair to Base Auxiliary Generator.

Exhibit A-4

FROM: Commander (F) 15th CG District
TO : CG STATION HERTZ

The Following Is Your Unit Annual OPTAR For FY-80 For
Unit Controlled Funds:

		QUARTERLY APPORTIONMENT				
DESCRIPTION/CODE	OBJECT FY-80 TARGET	1st QTR	2nd QTR	3rd QTR	4th QTR	
CUTTER MAINT. 2525	20,000	5,000	5,000	5,000	5,000	
ELECTRON MAINT. 2542	6,000	2,000	1,000	2,000	1,000	
SHORE UNIT MAINT. 2544	15,000	4,000	5,000	3,000	3,000	
BOAT MAINT. 2645	8,000	2,000	2,000	2,000	2,000	
HOUSEKEEPING 2634	10,000	2,500	2,500	2,500	2,500	
COMMUNICATIONS 2315	1,000	250	250	250	250	
MEDICAL 2647	1,000	500	200	150	150	
TOTAL UNIT CONTROLLED	61,000	16,250	15,950	13,900	14,900	

D.S. HERTZ, LT. USCG
Deputy Comptroller

Exhibit A-5

D. Budgeting at the Unit Level

Because the OPTAR is a broad expense category and quarterly spending breakdown, it should be regarded as the CO's basic framework for financial planning and budgeting for the fiscal year. Effective utilization of the OPTAR requires the CO to develop a more specific, detailed Planned Obligation Plan (POP). See Exhibits A-6 and A-7.

The POP is the CO's spending plan for the funds given to the unit by the District Commander. The POP consists of two parts: the annual plan upon which the initial OPTAR request is based prior to the beginning of the fiscal year and the quarterly plan which reflects the planned use of funds by quarter once the fiscal year begins. Both plans should project planned spending of the following types:

1. Fixed Costs - The unit spends funds every quarter for these items, the price may vary, but consumption varies slightly. Examples are cleaning supplies, rags, equipment rental and maintenance supplies.
2. Cyclic Maintenance - Routine maintenance items that occur on a reasonably predictable schedule but not with the same frequency. These costs include regular preventive maintenance and inspections, painting, and equipment overhauls.
3. Planned Repairs - Funds required to overhaul equipment based on preventive maintenance schedules.

QUARTERLY POP:

USCGC CAPE HERTZ

QTR: 2nd FY 80

Balance from prior Qtr: 211.00
 Current Qtr Allocation: 10389.00
 Total Funds Available: 10600.00

ITEM	EST. COST	DEPT
------	-----------	------

PRIORITY ONE

SUBPRIORITY

FIXED COSTS:

GSA Vehicle	1-7	400	Operations (OPS)
Cleaning Supplies	1-14	300	DECK
Lube Oil	1-2	150	Engineering (ENG)
Rags	1-15	35	ENG
Copier Rental	1-12	100	OPS

CYCLIC MAINTENANCE:

Oil Filters	1-5	20	ENG
Paint	1-16	60	DECK
Nuts/Bolts	1-6	25	ENG
Typewriter Cleaning	1-17	70	OPS

PLANNED REPAIRS:

Overhaul Water Pump	1-4	200	ENG
Repair Galley Stove	1-8	110	ENG
Overhaul Compressor	1-9	130	ENG

PLANNED EQUIPMENT REPLACEMENT:

Emergency Float Bags	1-10	90	DECK
Life Jackets	1-3	200	DECK
Galley Toaster	1-13	40	DECK
Wet Suits	1-11	100	DECK

FUEL COSTS:

SAR Patrols	1-1	3700	OPS
-------------	-----	------	-----

Exhibit A-6

QUARTERLY POP:

CGCGC CAPE HERTZ

QTR: 2nd FY 80

ITEM	EST. COST	DEPT
------	-----------	------

PRIORITY TWOPLANNED REPAIRS:

Mess Deck Tables	400
Deck Non Skid	110
TV Crews Lounge	150

PLANNED EQUIPMENT REPLACEMENT:

Winch Spare Parts	700
Surf Boat Motor	600

FUEL COSTS:

Boat Drills	1100
-------------	------

PRIORITY THREEPLANNED REPAIRS

Wardroom Sofa Cover	430
Mess Deck Toaster	100

PLANNED EQUIPMENT REPLACEMENTS:

Mess Deck Tiles	650
Food Slicer	190

PLANNED EQUIPMENT PURCHASE:

Mess Deck Stereo	460
Video Recorder	500

FUEL COSTS:

Dependent Cruise	410
------------------	-----

TOTAL AVAILABLE FUNDS:	106.00
Less Priority One Items:	57.30
Less Priority Two Items:	30.60
Less Priority Three Items:	27.40
Shortfall:	(930)

Exhibit A-7

4. Planned Equipment Replacement - Most equipment has an average usable life expectancy and funds required for replacement can be predicted.

All POP should consider the CO's priority for funding of each item using the broad priority classifications below:

1. Priority one (required): Items required to maintain operational capability or personnel safety.
2. Priority two (necessary): Items necessary to ensure continued operational capability.
3. Priority three (desirable): Items desired to improve the efficiency of the unit or improve habitability. Any of these items can be deferred without affecting operational capability or reliability.

E. How Should a CO Formulate a POP?

1. Scrutinize unit records to determine the purpose for which the unit's funds have been spent in the past and present. This will provide the CO with a dollar understanding of the unit's expenditure requirements. This process may also reveal items that do not stand up to the tests of common sense or cost-benefit analysis.
2. Identify all required, necessary, and desired expenditures by item and department. See Exhibit A-6, A-7, A-8.
3. Prioritize all items into three priority classifications.
4. Sub-prioritize all items within each of the three broad priority classifications.

OPERATING GUIDE 30

UNIT WORK SHEET

UNIT: CG Station Hertz

QUARTER: 2nd FY 80

DEPARTMENT: Engineering

ITEM #	DESCRIPTION	PRIORITY	ESTIMATED COST
1	Lube Oil Purchase	1	300.
2	RAGS-Repair Shops	1	35.
3	Oil Filters, Boats	1	20.
4	Overhaul Generator	1	130.
5	Surf Boat Motor, Spare Parts	2	600.
6	Winch Spare Parts	2	700.

Exhibit A-8

5. Determine type of expense, estimate costs, and devise a spending plan.

6. Prepare an OPTAR requesting funds from the District Commander. See Exhibit A-9.

7. Execute the POP when the unit OPTAR is funded.

8. Review the POP continuously.

9. Be flexible. The CO must recognize the many variables in the operation and maintenance of the unit. OPTAR funds must be available to satisfy urgent or unplanned needs.

F. How Does the CG District Provide Funds to Units?

The District Commander has overall authority and responsibility for providing funds to all units within the district. The District Chief of Staff is usually delegated the responsibility of financial management of the district's resources. The District Program Managers, who are part of the district staff, are responsible for implementing particular CG programs and missions within the district. Even though a unit may have multi-mission responsibilities, each unit's activities are identified with a particular program and are funded accordingly. The District Program Manager is responsible to the Chief of Staff for determining appropriate levels of funding for units within the program by reviewing CO's annual budget requests and quarterly POPs. The District Commander provides the units with an annual OPTAR and quarterly spending target after all District unit budget requests are reviewed by appropriate staff elements. See Exhibit A-6.

From: Commanding Officer USCGC CAPE HERTZ
To: Commander, 15th Coast Guard District

OG-30 OPTAR Allotment Request

FY: 80

UNIT Controlled Funds

PAGE 4 of 4

EXPENSE CATEGORIES	TOTAL	1st QTR	2nd QTR	3rd QTR	4th QTR
TRAVEL	600	150	150	150	150
CUTTER MAINTENANCE	9200	2000	2000	3000	2200
HOUSE KEEPING	7000	3000	1000	2000	1000
SMALL BOAT MAINTENANCE	300	75	75	75	75
FUEL	20000	5500	5000	8500	1000
VEHICLES	1600	400	400	400	400
SPARE PARTS	2400	600	1000	600	200
TOTAL	41100	11725	9625	14725	5025

Exhibit A-9

AD-A097 265

NAVAL POSTGRADUATE SCHOOL MONTEREY CA
A STUDY OF FINANCIAL MANAGEMENT TRAINING OF COAST GUARD JUNIOR --ETC(U)
DEC 80 D S HERTZ

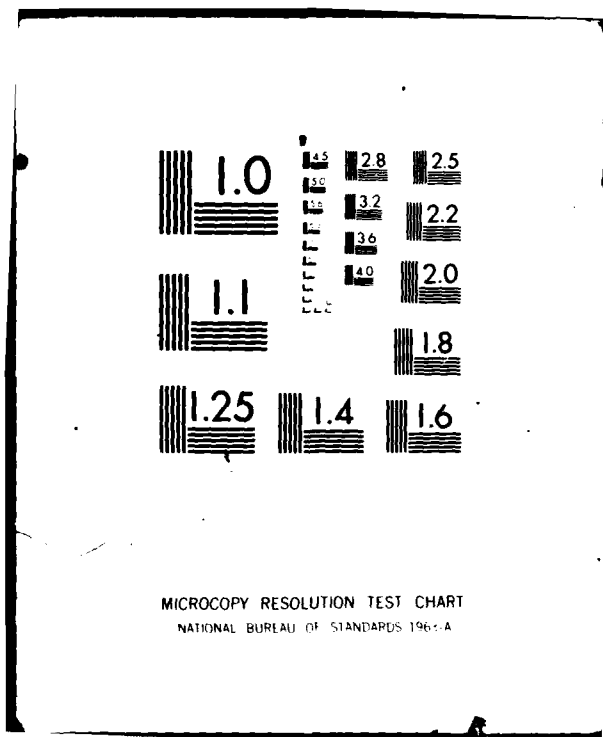
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G. Accounting for Unit OPTARs

The CO is responsible for all unit controlled expenditures. All expenditures of government funds must be properly accounted for to ensure that the funds are properly spent. Each unit maintains an accounting and reporting system that satisfies the requirements of CG fund management. The CO is responsible to ensure that all unit records keeping is accomplished.

Unit OPTAR accounting is maintained in a unit target ledger. Every financial transaction is recorded in this ledger as they occur. Entries in the target ledger include the following:

1. Purchase Orders
2. Government Requisitions
3. Target Modifications
4. Purchase Cancellations
5. Commercial Purchases
6. Term Contracts

Information required on the target ledger varies; however, all transactions that result in a charge to unit funds should be contained in the unit's target ledger. Normally, the information recorded on the ledger includes, transaction date and description, document number, object code charged, and unobligated fund balance. See Exhibit A-10.

The Object Code is the key element utilized for classifying the kinds of Costs such as Travel, Cutter Maintenance, Housekeeping, Fuel and Vehicles. Object Codes enable units to report expenditures according to standard cost descriptions.

UNIT TARGET LEDGER

UNIT : CG Station HERTZ
 MONTH: November 1980
 APR : 1st FY 81
 CG : 30

DATE	DOCUMENT NUMBER	TRANSACTION DESCRIPTION	CUTTER HOUSE- TRAVEL MAINT. KEEPING		FUEL VEHICLES	
			Object Codes	2111 2525 2112 2545	2667 2116 2668 2202 2671	TARGET LEDGER BAL.
11/1/80		Unit Budget Travel				10,000.
11/2/80	TONO 1235	LT Jones	100			9,900.
11/3/80	FR-00-1	Lawn Mower		220		9,680.
11/4/80	FR-00-2	Boat Parts		600		9,080
11/4/80	Credit Card 1122 33	Fuel			2000	7,080
11/5/80	PO-00-1	GSA Car Rental			800	6,280
11/7/80	FO-00-2	Furniture Purchase		500		5,780
11/7/80	TONO 1579	Travel Sgt Smith Cancelled	(400)			6,180
11/8/80	80-5630	Price Adjust- ment on Laundry Contract		200		5,980
11/8/80	81-6921	Supp Acquisition		980		5,000
11/9/80		Unit balance				5,000

Exhibit A-10

personnel responsible for coding procurement documents should be thoroughly familiar with Object Codes. It is important that procurement documents be coded properly so that financial data and other information essential for effective management of funds can be accurately developed. See Exhibit A-11.

The CO of small units must transmit a weekly summary of all financial transactions made by the unit. The weekly transmittal report provides financial data and information that enables the District Comptroller to control the master accounting files. The District Comptroller provides a monthly summary of unit spending and unobligated funds available to the unit. See Exhibit A-12 and A-13.

Summary

A budget is a financial plan stating expected costs and expected funds available to cover those costs. CO's are responsible for budget planning and execution. OPTARS are the basic budgeting frameworks of unit financial management. POP is a CO's detailed spending plan of unit funds and the unit target ledger is the CO's daily accounting record.

OBJECT CODE EXAMPLES

<u>Object Code</u>	<u>Description</u>
2111	Travel expense, local travel costs, travel and per diem allowances earned by military or authorized civilian personnel.
2112	Travel administrative purposes.
2525	Services, cutter maintenance and repair; including contractor furnished material, for maintenance and repair of cutters.
2545	Services, repairs and maintenance for small boats; services and contractor furnished material for maintenance and repair of small boats attached to shore units or cutters.
2634	Supplies and materials for housekeeping at shore units and cutters; supplies and materials required by shore units and cutter for every day housekeeping.

Exhibit A-11

UNIT TARGET STATUS

Date

FROM: Commander 15th CG District (F)
 TO : CG Station HEPFZ
 SUBJ: Summary status of CG 30 unit controlled funds for
 month ending 30 OCT 80.

OBJECT CODE	FUNDS OBLIGATED THIS MONTH	TOTAL FUNDS OBLIGATED THIS QUARTER	QUARTERLY BUDGET TARGET	UNIT FUNDS UNOBLIGATED
2111	100	500	1000	500
2634	700	1800	3000	1200
2545	1300	2000	4000	2000
2116	800	1300	1500	200
2567	2000	4200	5000	800

Exhibit A-12

TARGET LEDGER TRANSMITTAL

FROM: CG Station HERTZ
 TO : Commander, 15th CG District (F)

CG 30

Summary of Financial Transactions Week Ending 30 OCT 80

TRANSACTION DESCRIPTION	OBJECT CODE	DOCUMENT NUMBER	AMOUNT OBLIGATED	(ADJUSTMENT)
Travel	2111	TONO 1235	100.	
Replace Lawn Mower	2634	PR-00-1	220	
Boat Spare Parts	2545	PR-00-2	600	
Fuel Purchase	2667	1122 33	2000	
GSA Car Rental	2116	PO-00-1	800	
Furniture Replacement	2634	PO-00-2	500	
Travel	2111	TONO 1579	(400)	
Laundry	2634	80-5630	200	
SURF Requisition	2545	81-6921	980	

Exhibit A-13

III. Commanding Officers' (CO) Responsibilities

A. Introduction

The CO of a unit is responsible for the effective and efficient financial management of the unit. The CO must be concerned with budget preparation, execution, and performance. The CO must be aware of the different appropriation categories and operating guides (OGs), and the accompanying limitations and restrictions of use. To effectively manage the unit's financial resources, a CO must recognize the need for planning, as well as monitoring the progress in accomplishing the unit's mission and the rate at which unit resources are consumed.

The basis of the CO's responsibility for financial management is found in paragraph 4-1-9 of Coast Guard (CG) Regulations which states:

The Commanding Officer shall ensure that his/her unit is operated economically and efficiently. He/she shall require that the subordinates comply with the rules and instructions relative to public property, including procurement, receipt, preservation, expenditure, and accounting procedure for all material.

Though not expressly stated in the regulations, the CO may at his/her discretion delegate authority to subordinates for the execution of details. However, such delegation of authority shall in no way relieve the CO of the continued responsibility for the safety, well being and efficiency of the entire command.

B. Types of Responsibilities

The responsibility to ensure the most economical utilization of resources is particularly important. Basically, a CO has two types of financial responsibility:

Command. That responsibility paralleling the command's other responsibilities which tasks the CO with the control and administration of funds granted to perform CG Programs, Missions, and Objectives.

Legal. That responsibility not to over commit or over expend appropriated funds which is administratively placed on the CO by CG Regulations.

C. When do These Responsibilities Begin?

At the moment the CO assumes command, he/she takes over full financial responsibility of the previous CO, including the full financial responsibility for orders in effect at the time of the change of command. The new CO should fully acquaint him/herself with the status of all aspects of the financial resources for which the CO will become responsible. The new CO will be responsible for any over expenditure or over spending that occurs after assuming command. If after assuming command, the new CO discovers an apparent violation of regulations governing the administration of appropriated funds, he/she is compelled to report the suspected violation through the chain-of-command.

A CO being relieved should discuss with the relieving officer all the current records which reflect the status of

of the organization's financial resources. All other relevant information and reports relating to the financial administration and control of funds should also be provided so that the new CO can be fully apprised of the command's total financial posture.

D. What is a CO Expected to do?

Initially the CO should determine the source of funds. This will make a difference in the nature of responsibility. One should consider the following financial responsibilities:

1. Examine the mission and assigned tasks and determine the most economical means to accomplish them.
2. Accomplish the mission at the lowest cost. Prepare budgets as accurately as possible for accomplishing the mission and assigned tasks.
3. Budget for unit needs. Prepare a financial plan for utilization of the funds authorized in response to the budget request.
4. Plan the work. Ensure that funds are utilized in accordance with approved plans and directives of Higher Authority.
5. Work the plan. Ensure that funds are never over expended.
6. Keep track of how one spends. Never over spend. Maintain records showing the status and use of authorized funds and account balances.

E. Check List for Relieving Command

The following are suggestions reflecting financial management aspects of relieving command:

1. Make a thorough inspection of all spaces with one's predecessor. Ask questions concerning problems and conditions of the unit including equipment status.
2. Examine supply and property general files. Verify status of inventories and spare part allowances. Check records against actual inventory.
3. Examine general mess control records, inventory, and unit financial records. Take a complete inventory of commissary supplies and other unit spare parts or stores inventories.
4. Discuss the unit's budget and understand the previous CO's plans and assumptions with regard to the development and execution of the budget.
5. Examine and verify all cash funds, petty cash funds, mutual assistance and morale funds.
6. Examine the operation of the exchange and review its records and inventories.
7. Examine the system of preparation of supply requisitions, ordering process, and inventory accountability.
8. Review the last District Inspection and discuss the status of outstanding discrepancies.
9. Fully acquaint oneself with the unit's missions, programs, and objectives.
10. Do not relieve the previous CO until one is familiar with the management of the unit's financial resources and fully aware of the status of those resources.

F. Summary

Sound financial management within a command requires the continued involvement of the CO in the financial management process. Though the CO may delegate responsibility for unit financial management to subordinates, he/she is not relieved of the continued responsibility for the safety, well-being, and efficiency of the entire command.

IV. Typical Financial Management Responsibilities of Junior Officers in Command Positions

A. Introduction

The purpose of this section of the guidebook is to familiarize Coast Guard (CG) junior officers with their typical financial management command responsibilities. This section will discuss major financial management duties such as Commissary Officer, Exchange Officer, Supply Officer, and Property Officer. The material presented in this section is not intended to be a detailed job description of the duties, but to provide a general overview of the responsibilities associated with the assigned duties.

B. Commissary Officer

If one is assigned as Commissary Officer aboard a ship or at a shore unit he/she is not expected to be an expert on food preparation and service. However, one will be expected to manage the operation properly. To accomplish this, the experience of the commissary personnel must be used to the best advantage. One must maintain required reports so that financial control can be exercised. Supervision includes ensuring that sanitary and safety precautions are followed.

The organization and line of authority of a general mess is shown in Figure A-1. At small CG units, the Commissary Officer is either the CO or XO.

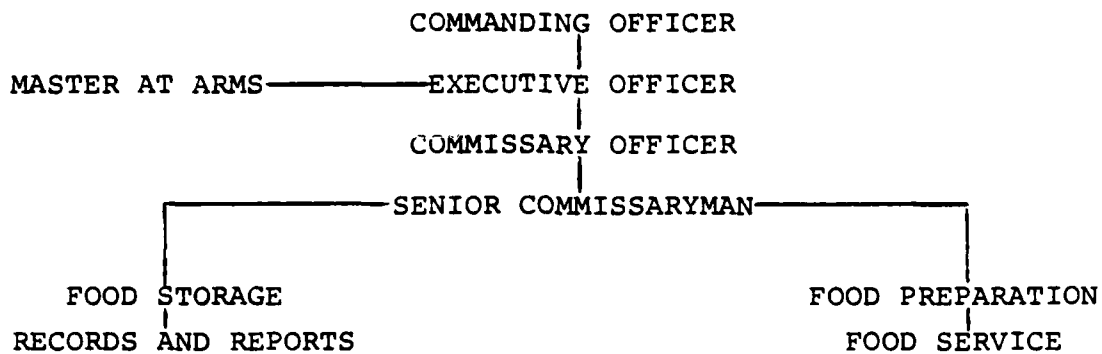


Figure A-1

1. Responsibilities of the Commanding Officer. The Commanding Officer (CO) has overall responsibility for providing local direction and supervision to see that personnel are properly fed, that expenditures are kept within allowances, and that the general mess is administered in accordance with current instructions. The CO will ordinarily delegate the duties of mess administration, in writing, to the Commissary Officer. However, the CO remains responsible for the mess as with all other functions of the command.

2. Responsibility of the Commissary Officer. The Commissary Officer is in charge of the actual operation of the general mess. He/she is responsible to the CO for the proper and efficient operation of the mess. He/she is solely responsible for protection against food poisoning and infection resulting from improper food handling and preparation.

3. Regulatory Instructions. The CG Comptroller Manual, Volumes 3 and 4, contain detailed instructions concerning the operation of a general mess. Volume 3 contains detailed supply

instructions concerning the operation of a general mess. Volume 3 contains detailed supply instructions for all CG units. Volume 4 is intended for use by small units without Warrant Officers of the Finance and Supply specialties. One should be familiar with the Comptroller Manuals and require strict observance of the regulations. One should also be familiar with Food Sanitation, Chapter 1 of the Manual of Naval Medicine (NAVMED P-5010-1). As the Commissary Officer one should be certain that the regulations in this publication on sanitation, storage, and the preservation and refrigeration of subsistence items are observed.

4. General Purchase Guidelines

- a. The first source of procurement for subsistence items is the nearest government supply activity.
- b. Commercial purchases are authorized when items are not available from a government source.
- c. Avoid buying too much food or expensive items.
- d. Procedures for receiving subsistence items should be established to prevent spoilage or loss.
- e. The Commissary Officer should routinely inspect subsistence items for quality and quantity.

5. Inventory and Stock Records. The CO is responsible for conducting inventories of subsistence items. He/she must take an inventory at the end of each month, and take additional inventories at any time it is necessary to maintain close control over the mess. In addition, inventories must be conducted

whenever the CO, Commissary Officer, or Jack-of-the-Dust are relieved.

When conducting an inventory use form CG-4261, Provision Inventory Report. See Exhibit A-14. Use a ball point pen to complete the form. Do not allow any erasures. All persons directly involved in the physical inventory should sign the form.

6. Provision Inventory Control Record. The total money value of each receipt and expenditure document must be posted to the Provision Inventory Control Record, CG Form 3469. See Exhibit A-15. Each transaction should be posted as it occurs. If the transactions are not performed, the result will be a large difference between the monetary value of the physical inventory and the value of the inventory according to the provision control record at the end of the accounting period. This is important because one needs to know the financial condition of the mess on a day to day basis to control operating costs.

7. Issues. Issues for the general mess may be made by the senior commissaryman. They are recorded on Form CG 2581. See Exhibit A-16. Since the cost of daily issues is the basis for computing the cost of operating the general mess, the importance of accurate records of issues can not be overstressed.

8. Security of Commissary Spaces. All of the financial control and planning will be a wasted effort unless proper security of commissary spaces is exercised. Keys to these

TREASURY DEPARTMENT U.S. COAST GUARD CG-4261 (7-75)	PROVISION INVENTORY REPORT (Continued)	OFFIC NUMBER	DATE OF INVENTORY OR ISSUE						
ITEM	SU	QUANTITY	UNIT PRICE	VALUE	ITEM	SU	QUANTITY	UNIT PRICE	VALUE
FOODS OILS AND FATS					ADDITIONAL ITEMS:				
Salted oil, 1 gal can	CS	2	4.90	9.80					
Salted oil, 1 qt can	CS								
Shortening compound, 5 1/2 lb can	CS	10	2.69	26.90					
SPECIALTY DIETARY FOODS AND FOOD SPECIALTY PREPARATIONS									
Diet can corn, w/o beans, 4 1/2 lb can	CS								
Dessert powd, gel., 2 1/4 can	CS								
Dessert powd, gel., 2 1/4 oz can	CS								
				COLUMN TOTAL					
C COLUMN TOTAL				36 70	GRAND TOTAL 4389 92				
CERTIFICATION INSTRUCTIONS									
A. Use for physical inventories taken by commissary officer or verifying officer(s). When relief involved, outgoing commissary officer signs A.									
B. Use for inventories taken from stock records when physical inventory waived by commanding officer, etc.									
C. Use when form prepared as a statement of issues to the general mess.									
D. To be completed by relieving (incoming) commissary officer.									
E. This certification to be signed by witness(es) to physical inventory taken when outgoing commissary officer detached too suddenly to permit conducting a joint inventory with his successor.									
F. To be signed by commanding officer when E used OR when inventory verified by officer(s) other than commissary officer.									
CERTIFICATION					SIGNATURE GRADE TITLE				
A. I (We) hereby certify the foregoing to be a true statement of inventory taken under my (our) personal supervision.					D.S HERTZ ENS USCG COMMISSARY OFFICER (OUTGOING)				
B. I hereby certify the foregoing to be a true statement of inventory taken from the general mess stock records.									
C. I hereby certify the foregoing to be a true statement of issues to the general mess.									
D. Received the provisions listed in this inventory, for which I hold myself accountable.									
E. I (We) witnessed the foregoing inventory and hereby certify it to be true and correct.					J.A. LEWIS ENS USCG COMMISSARY OFFICER (INCOMING)				
F. Examined and approved on _____ (Date)									

Exhibit A-14 (cont)

TREASURY DEPARTMENT U. S. COAST GUARD CG-3469 (Rev. 7-63)		PROVISION INVENTORY CONTROL RECORD				MEMORANDA	MONTH AND YEAR		PAGE NO
DATE	EXPLANATION	DOCUMENT NUMBER	RECEIPTS (1)		EXPENDITURES (1)		OTHER	OTHER	BALANCE
			PURCHASES	PRICE GAINS	OTHER	INJURY TO MESS	SALES STUPEL	OTHER	
1	Brought Forward				NOTE A		15 30	NOTE B	4750 45
	WARD ROOM	74566				140 30			
	GEN. MESS	79410				150 10			
	CABIN	78820							4444 15
2	SURVEY	15-80					34 15	37 80	
3	WARD ROOM	74566			NOTE C				
	GEN. MESS	74415				135 40			4236 90
4	NSC Norfolk	135-142	2598 10						
	KING DAIRY	149	50 40						6910 00
	S + H BAKERY	150	24 60						
5	CABIN	78321					12 42	NOTE D	
	WARD ROOM	78322					45 13		
	GEN. MESS	78323					129 15		6723 30
					NOTE E				
	Totals		2673 10			426 30	236 15	37 80	6723 30

Exhibit A-15

PROVISION INVENTORY CONTROL RECORD CG3469

NOTES

- A. RECEIPTS FROM OTHER GEN'L MESSES, INVENTORY GAINS, ETC., ENTERED IN THIS COL.
- B. TRANSFERS TO OTHER GEN'L MESSES, INVENTORY LOSSES, SURVEYS, ETC., ENTERED IN THIS COLUMN.
- C. MAINTENANCE REQUIREMENTS FOR CG-3469 ARE SET OUT IN PAR. 4EO3002-2a & 4.
- D. "BALANCE" REPRESENTS ACTUAL VALUE OF INVENTORY ON LEDGER SHEETS OR STOCK CARDS AND ON HAND AT UNIT. ANALYZE DIFFERENCES TO ASCERTAIN CAUSE.
- E. INSERT BRIEF IDENTIFICATION OF "RECEIPT" AND "EXPENDITURE" SOURCES; DOCUMENTS MAY BE LOTTED AND POSTED BY LOT TOTAL.

Exhibit A-15 (cont)

PREVIOUS EDITION VY BE USED.

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114.

spaces should be entrusted only to those who need them in the performance of their duties. Usually the Commissary Officer and Senior Commissaryman carry keys and periodically the locks should be changed to protect the control system.

9. Control of the General Mess. There are three areas of vital information necessary to exercise financial control of the general mess:

1. How many men are authorized to be fed?
2. How much money is allowed for each man?
3. What is the total money value of subsistence items actually used each day?

Within each of these areas, there are forms, records, and controls which are explained in detail in Volume 4 of the Comptroller Manual. The reporting system is designed so that the general mess can not exceed its monetary allowance without the knowledge of the Commissary Officer.

10. The Mess Operating Statement. The Commissary Officer must render a report of the financial worth of the mess at the end of each month and in sufficient time to reach the district office by the 10th of the next month. The required form for this purpose is the mess operating statement, Form CG 2576. Detailed instructions for its preparation are found in Volume 4 of the Comptroller Manual. See Exhibits A-17 and 18. The statement contains a compilation of all the information the Commissary Officer had at his/her disposal during the previous month for the financial management of the mess.

8. PURCHASES (List and subtotal separately by Navy, United States Government Department and Commercial. Attach additional sheet if required.)					
NAME OF VENDOR OR ACTIVITY	DOCUMENT NO.	AMOUNT			
H & H MEAT	253	\$00.60			
GREEN FARM PRODUCE	155	79.00			
BIG LOW DRY	241	210.01			
NAVY SUPPLY WSC	111	779.17			
Total (Line 3, Block A)		1568.78			

N. RECEIPTS FROM OTHER CG UNITS			
NAME OF UNIT	INVOICE NO.	AMOUNT	
VSSCG SUK1	235235	140.00	
Total (Line 2, Block A)		140.00	

L. TRANSFERS TO OTHER CG UNITS			
NAME OF UNIT	INVOICE	AMOUNT	
VSSCG REDCLAWA	1211	56.00	
Total (Line 7, Block A)		56.00	

J. APPROVED SURVEYS			
NUMBER	AMOUNT	NUMBER	AMOUNT
R0-1	14.30		
Total (Line 5, Block A)			14.30

CERTIFIED TRUE AND CORRECT DATE	EXAMINED AND APPROVED DATE
30 NOV 80	1 DEC 80
SIGNATURE (Commanding Officer) D.S.HOTCHENS USCG	SIGNATURE (Examining Officer) J.A.LEWIS LT USCG

Exhibit A-18

Check List For Relieving Commissary Officers

It is recommended that a new Commissary Officer on assuming the duty check the following during the course of the relief. References can be found in Volume ⁴~~2~~, Comptroller Manual.

1. Conduct a joint physical of inventory of provisions.
2. Examine the following daily forms and ensure they are being maintained:
 - A. Ration Memorandum CG 3123
 - B. Daily Ration Cost Record CG 3471
 - C. Provision Ledger CG 4246
 - D. Provision Inventory Control Record CG 3469
 - E. Issue/Sales Slip CG 2581
3. Is the correct ration allowance being used?
4. Are stock limitations within normal requirements?
5. Are purchases controlled and purchase orders properly prepared?
6. Are spaces properly secured?
7. Are provisions properly stored?
8. Check commissary files to ensure they are maintained as required.
9. Review training program for commissary personnel.
10. Has the Commissary Officer provided written instructions and standing orders for commissary personnel?

Exhibit A-19

If records are kept properly and accurately, making the report is a simple mathematical process.

See Exhibit A-19 for a check list for relieving the Commissary Officer.

C. Exchange Officer

All CG units rely on non-appropriated funds to provide morale and recreation funds for unit personnel. The profits from CG Non-appropriated Funds Resale Activities (NAFRA) Program is the source of the funds for recreation and morale accounts. The goals of the NAFRA in the CG are threefold:

1. To provide a convenient and reliable source from which authorized patrons may obtain low cost merchandise and services.
2. To provide, through profits, a source of funds to be used for morale and recreational purposes.
3. To provide, through profits, funding for construction, expansion, and improvement of morale and recreation facilities.

In general, large CG facilities have resale activities that include: exchanges, grocery stores, gas stations, clubs, and package liquor stores. Each activity is operated as a separate profit center under a central NAFA management concept. At this level the enterprise is headed by a designated NAFA officer or NAFA paid civilian.

At small CG units, there is usually only a small exchange that provides basic merchandise such as candy, cigarettes, soda, and personal items. Many times the small exchange operation is a satellite of a nearby CG parent exchange. The

CO appoints a junior officer to serve as the unit's Exchange Officer. At small units, depending on the number of officers assigned, the CO or Executive Officer (XO) is usually the Exchange Officer.

The Non-Appropriated Fund Activities (NAFA) Manual CG-146 establishes proper operating procedures and reporting requirements for all NAFA activities. The Exchange Officer at small units must be designated in writing by the CO. No active duty exchange officer receives compensation, however exchange employees are compensated at an hourly rate.

1. Merchandise Authorized for Sale. The NAFA Manual lists those items which may be sold by CG Exchanges. Price limitations are imposed on items sold and changes to these limits are published by the Commandant. Procedures regarding receipt, stowage, inventory and sales of cigarettes are covered in detail in the NAFA Manual. Special attention should be given to sale of these items.

2. Security. Because of its nature an exchange is a natural target for larceny and pilferage. Security is best provided by insuring that:

1. Adequate stowage is provided for merchandise.
2. Stowage spaces are properly secured after each use.
3. Key control is maintained.
4. Cash on hand is kept to a minimum.

The most vital aspect of security is cash control. This can be assured both by providing an adequate place in

which to keep exchange funds and also by minimizing the cash on hand at any one time. The NAFA Manual sets requirements regarding cash control for exchange operations.

3. Records. NAFA Manual Chapter 2 covers the maintenance of exchange accounting records. It is very important to make journal entries on a daily basis so that the books will always be current. Preparation of the monthly report is greatly facilitated by this practice. Transfers of goods from exchange profits to the unit morale fund is prohibited. Only funds may be transferred. This procedure, although sometimes seemingly cumbersome, provides a complete record of transactions and full accountability of funds.

4. Exchange Reports. The forms comprising the exchange monthly reports are contained in the NAFA Manual Chapter 2. Examples and detailed guidance for preparation of the reports are provided in the NAFA Manual. Exhibits A-20 through 22 are examples of the monthly required reports for small units. See Exhibit A-23 for a check list for relieving the Exchange Officer.

C. Property Officer

Property management is an important aspect of a CO's responsibility. The Comptroller Personal Property Management Handbook (COMDTINST M7320.2) requires the COs to ensure that no employee or member of the CG use or authorize the use of government property for other than official purposes; and that

NAFA RESULTS OF OPERATIONS-SUMMARY

DISTRICT/UNIT _____ No. _____

PERIOD _____

CONSOLIDATED RESULTS	ACTUAL THIS PERIOD	BUDGET	SAME ACTUAL PERIOD YEAR	
			LAST YEAR	TO DATE
A. 1. Sales				
2.a.Beginning Inventory				
b.Plus: Purchases				
c.Less: Ending Inv.				
D.Total Cost of Goods				
3.a.Gross Profit				
b.G.P. %				
4.a.Personnel Expense				
b.P.E. %				
5.a.Other Direct Exp.				
b.O.D.E. %				
6.a.Total Direct Profit				
b.D.P. %				
7. Other Income				
8. General & Admin Exp.				
a.Personnel				
b.Other G&A				
c.Depreciation				
d.Total				
e.% of Total Sales				
9.System Expenses				
a.HQ NAFA O/H				
b.Satellite Payments				
c.Other				
d.Total 9a + 9b + 9c				
e.% of Total Sales				
10. Other Expense or Loss				
11.a.Final Net Profit				
b.F.N.P.% of Total Sales				
12. Profit Retained & Distributed				
a.Retained- 35%				
b.CG Trust Fund %				
c.District Morale %				
d.Unit Morale %				
e.Excess Retained %				
13. Unreserved Net Worth				
a.Unres. brought forward				
b.Profit Retained (12a+e)				
c.Unres. Net Worth-End.				

Exhibit A-20

3. Statistics-End of Period \$ _____
1. Increase (Decrease) in Cash _____
2. Quick Ratio
(Cash/Current Liabilities) _____
3. Current Ratio
(Current Assets/Current Liabilities) _____
4. Total Capital Expenditures this Period \$ _____
5. Planned Capital Expenditures Next Period _____
6. Assets Provided by Approp. Funds this Period _____

Prepared by: (NAFA Officer) Date: _____

Reviewed by: (Commanding Officer) Date: _____

Exhibit A-20 (cont)

NAFA FUNDS STATEMENT
FOR PERIOD: _____

UNIT _____
DISTRICT _____

A. SOURCES OF CASH ASSETS

1. FINAL NET PROFIT FOR PERIOD	\$ _____
2. EXPENSES NOT REQUIRING CASH OUTLAY:	
a. LIABILITIES ACCRUED BUT NOT PAID DURING PERIOD	_____
b. EXPENSES PREPAID AT BEGINNING OF PERIOD	_____
c. DEPRECIATION EXPENSE	_____
d. OTHER (SPECIFY) _____	_____
3. LOANS RECEIVED	_____
4. GRANTS RECEIVED	_____
5. OTHER NONOPERATING RECEIPTS	_____
6. TOTAL CASH PROVIDED THIS PERIOD	\$ _____

B. APPLICATIONS OF CASH ASSETS

1. ACCOUNTABLE FIXED ASSETS ACQUIRED WITH NAF	\$ _____
2. OTHER PROPERTY/CAPITAL EXPENDITURE PAYMENTS	_____
3. TRANSFERS TO SPECIAL SERVICES PROGRAM	
a. HEADQUARTERS TRUST FUND	\$ _____
b. DISTRICT MORALE FUND	_____
c. UNREIMBURSED UNIT SPECIAL SERVICES ADMINISTRATION COST	_____
d. UNIT MORALE FUND	\$ _____
e. TOTAL TRANSFERS	\$ _____
4. LOANS MADE	_____
5. INCREASE (DECREASE) IN MERCHANDISE INVENTORY	_____
6. INCREASE (DECREASE) IN ACCOUNTS RECEIVABLE	_____
7. PREPAYMENT OF NEXT YEARS EXPENSES	_____
8. PAYMENT OF EXPENSES PREVIOUSLY ACCRUED	_____
9. DECREASE (INCREASE) IN ACCOUNTS PAYABLE	_____
10. LOAN PAYMENTS	_____
11. FUNDS RESERVED FOR ASSET REPLACEMENT	_____

Exhibit A-21

11. FUNDS RESERVED FOR ASSET REPLACEMENT	_____
12. OTHER OUTLAYS: _____	_____
13. TOTAL CASH APPLIED THIS PERIOD	\$ _____
C. <u>NET INCREASE (DECREASE) IN CASH ASSETS</u>	\$ _____
D. <u>TOTAL CASH ASSETS BEGINNING OF PERIOD</u>	\$ _____
E. <u>TOTAL CASH ASSETS END OF PERIOD</u>	\$ _____

PREPARED BY (NAFA OFFICER): _____ DATE: _____
 REVIEWED BY (COMMANDING OFFICER): _____

DATE: _____

Exhibit A-21 (cont)

EXCHANGE REPORT WORKSHEET

A. CASH ON HAND:

STORE-CHANGE FUND
VEND. MACHINE
GAS STATION
PETTY CASH
OTHER: _____

REGISTER _____
IN MACH. _____
REGISTER _____
E.O. SAFE _____
TOTAL _____

B. ACCOUNTS RECEIVABLE:

TOTAL: _____

C. ACCOUNTS PAYABLE:

TOTAL: _____

D. BANK BALANCE:

BANK STATEMENT _____
UNRECORDED DEPOSITS _____
OUTSTANDING CHECKS _____
CHECK BOOK BALANCE _____
VERIFIED CHECK BOOK BAL. _____

Exhibit A-22

E. LIST OF OUTSTANDING CHECKS:

_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

TOTAL: _____

F. LAST CHECK WRITTEN:

No. _____

DATE OF OLDEST OUTSTANDING
CHECK:

DATE: _____

G. INVENTORY REPORTED: _____ INVENTORY VERIFIED:

Exhibit A-22 (cont)

Check List For Relieving The Exchange Officer

Upon relieving, it is recommended that a relieving exchange officer review the following references:

- A. Manual for non-appropriated fund activities (CG-146).
 - B. Comptroller's supplement to annex 2 of district OPLAN.
1. Have the exchange officer and exchange employee authorized in writing by the CO?
 2. Have the exchange operators signed for all cash, stock or other exchange assets which are in their custody?
 3. Is each employee provided with secure spaces?
 4. Conduct a joint inventory with exchange officer being relieved of all stock, cash, and exchange property.
 5. Verify the change fund/petty cash fund.
 6. Reconcile the checking account and the most recent bank statement.
 7. Verify accounts receivable, accounts payable, and purchase order files.
 8. Learn how to prepare and maintain the following records:
 - A. Daily exchange journal (CG-4529)
 - B. Analysis of daily exchange transactions (CG-4530)
 - C. Exchange analysis of revenue from operations (CG-4531)
 - D. Exchange statement of financial condition (CG-4533)
 - E. Sales and collection record
 - F. Cash receipt book

Exhibit A-23

each CG unit shall maintain an effective property accountability and control system.

1. What is Property Management?

Property management means to control the procurement, use, safekeeping, and disposal of property. The management of property includes:

- a. Establishment of accountability to insure against loss or theft.
- b. Proper use to prevent abnormal deterioration and damage.
- c. Regular inspection and maintenance.
- d. Procurement of the most economical property which will efficiently meet the requirement.
- e. Proper storage.

2. Who is Responsible?

The CO is responsible for the custody, care preservation and proper use of all property assigned to and acquired by the unit. The CO designates a Property Officer to be responsible for the effective administration and maintenance of the property accountability and control system within the unit. Property Custodians are responsible for use and custodial control of specific property items.

3. What Must an Effective Accountability and Property Management System Include?

- a. Physically record all property for which accountability and control is required.
- b. Assign responsibility for property control, use, care and protection.
- c. Keep track of each item from time of receipt to final disposition.
- d. Facilitate and support the maintenance of financial records and accounts.

4. Types of Management

CG wide property management is exercised by Headquarters and District Offices through the following principal means:

- a. Allowance Lists. The basic types and maximum quantities of property determined to be required for the effective performance of a unit's mission.
- b. Technical Guidance. The retention, rotation, replacement, and requirements for inspection and maintenance.
- c. Budgetary Control. Through the budgetary process of approving and disapproving unit budget requests for outfitting and maintenance programs.

At the unit level, property management must provide storage, handling, and the means for the safekeeping of property. Exhibit A-24 depicts a local control property card designed to accomplish adequate property control.

Regardless of the amount of property management exercised by the various command levels, good property management practices are essentially the responsibilities of the custodians. However, this responsibility can easily be met by following published instructions and guides, applying good judgment, common sense, and being cost conscious. The unit must assure, within its means, the training of personnel in the proper use of property.

5. Responsibilities

The CO is responsible for all matters involving property. The CO must require proper care and economical use of all property and systematic maintenance of the prescribed

property records. The CO designates a Property Officer in writing and ensures periodic evaluations of system performance and effectiveness.

The Property Officer designated by the CO is responsible for the following:

- a. Effective administration and maintenance of property accountability and control.
- b. Designation of property custodians for specific items.
- c. Maintenance of property records.
- d. Regular physical inventories.
- e. Survey reports for lost, damaged, or destroyed property.
- f. Training and development of local property procedures.

Property Custodians are responsible for:

- a. Maintaining current custodial records for property in use.
- b. Initiating documents affecting the accountability or custody.
- c. Continuing surveillance to assure the property is accorded proper care and protection.
- d. Ensuring the prompt submission of survey reports.
- e. Assisting in the taking of physical inventories.

Individual Property Users are responsible for:

- a. The proper use, care, and protection of government property entrusted to their custody or care.
- b. Ensuring that government property is used only in the conduct of official government business.

6. What Items are Included in the Property Management System?

All items that have an acquisition cost of \$300 or more must be included. The command may add other items that may

facilitate local property control. Optional items may be designated because they have popular appeal, are difficult to control, are easily misappropriated for personal gain, or for other reasons which justify their accountability. See Exhibit A-25 for an example of a local property report.

All CG owned property should be well marked. CG Item markings should be accomplished by numbered paper decals, etching, stencilling, painting, or tagging.

7. Disposal of Property

CG property may be disposed of in one of two ways; either through a board of survey or through a report of excess property. The Comptroller Manual Volume 3 contains detailed instructions concerning the above actions.

8. Types of Property Disposal Actions

A board of survey is an administrative procedure where property is investigated to determine the present condition of the property and to determine the cause of the condition.

There are two types of board of survey.

- a. Formal. In a formal survey a board of survey is officially appointed to conduct the investigation and report its findings and recommendations.
- b. Informal. In an informal survey a department head or custodian reports the condition of property and recommends actions.

9. When are Surveys Required?

Formal surveys are required:

- a. There is loss of plant property, weapon, allowance list item, boats, or theft.

PROPERTY REPORT
80/06/18

OFFAC 12 36268
CUSTODIAN: ADMINISTRATION

SERIAL NO	FSC	DESCRIPTION	TOTAL COST	QUANTITY ON HAND	YR ACQ
22770-7618		MOSLER SAFE	250	1	75
J2976954	7420	TYPEWRITER ELEC REMINGTON	350	1	70
26-2491534	7430	IBM SELECTRIC TYPEWRITER	350	1	77
3655444	7420	TYPEWRITER MANUAL OLYMPIC	215	1	76
14851	3610	MACHINE DUPLICATING	250	1	70
	7110	DESK METAL DBL PEDESTAL	200	6	76
55523	6730	READER MICROFICHE	210	1	75
S40151653	3590	LAMINA FOR ID CARD	263	1	76
3214743		SAXON 3 COPYING MACHINE	80	1	78

DONALD R. SANDS, YN1, 7/14/80

375-2278 EXT: 11

J. F. BELCHER
PROPERTY OFFICER

Exhibit A-25

- b. There is damage to plant property due to reasons other than fair wear and tear.
- c. There are inventory losses of \$100 or more per single line item.

Informal surveys are required:

- a. There is a need to obtain authority and/or instructions for the disposal of property being recommended for replacement.
- b. It is desired to recommend to the CO that property be determined excess to unit needs.

See Exhibit A-26 for an example of a informal board of survey.

10. Report of Excess of Property

Excess property is any property held by a unit which is determined to be unnecessary for its needs, or to carry out the responsibilities of that unit. Excess property can be transferred for the excess property. A board of survey is required to declare items excess property.

11. When Should Property be Inventoried?

An inventory of property is required when the CO or custodian is relieved. Inventory should be done annually if the CO or custodian have not been relieved during the period. An inventory should also be done if there is a question about the status of property held by a custodian.

12. Relief of Personnel

a. Custodian. A joint inventory should be taken by the custodian being relieved and the relief. The custodian's property records should be used for this purpose. If circumstances prevent a joint inventory, the new custodian should inventory the property and submit a letter report to the CO.

SURVEY REQUEST, REPORT AND EXPENDITURE
 NAV. 1. AND 2. FORM 134 (REV. 8-58) S/N 3100-LF-500 3801

DATE 21 Oct 80 NUMBER 36268-001-31

ACTIVITY
 USCG GROUP MONTEREY

ORIGINATOR (Signature and title)
 SM1 D. E. MARTIN, MAA

REQUEST FOR SURVEY

ITEM	STOCK NO. AND DESCRIPTION	QUANTITY	UNIT PRICE	TOTAL VALUE
01	KENMORE DRYER SERIAL NO. H93801097	1 EA	210.00	210.00
02	SPEED QUEEN WASHER SERIAL NO. A253770	1 EA	240.00	240.00
03	3510 00 892 3933 WHIRLPOOL WASHER SERIAL NO. 32683K0005	1 EA	250.00	250.00

DISPOSAL AUTHORITY	GP	STOCK DATA (Name, date of receipt, etc.)
		APPROX AGE 5 YR

ACTION BY COMMANDING OFFICER OR DELEGATE

TYPE OF SURVEY	SURVEY TO BE MADE BY	SIGNATURE (C.O. or delegate)	DATE
☐ FORMAL	1. _____		10/21/80
☒ INFORMAL	2. _____		
	3. _____	G. J. DICKENS, LTJG, USCG	

SURVEY REPORT AND RECOMMENDATION

- CONDITION CODE: X FOR ALL THREE ITEMS
 WASHERS AND DRYERS HAVE BEEN REPAIRED THREE OR FOUR TIMES AND STILL DO NOT OPERATE PROPERLY. WASHERS AND DRYER ARE BEYOND ECONOMICAL REPAIR
- RECOMMEND WASHERS AND DRYER BE EXPENDED FROM RECORDS AND TRANSFERRED TO NEAREST DPDO SITE
 - REPLACEMENT ARE NEEDED
 - ITEMS TRANSFERRED TO DPDO FT ORD VIA CG TRUCK

☒ THIS FORM REQUESTS ☐ TRANSFER TO S-SPG ☐ TRANSFER TO NAVY COMB. CODE (S _____)		(All report sent)
FORMS SURVEYED IN ACCORDANCE WITH NAVY REGULATIONS BY: (Signature) (1) _____ (2) _____ (3) _____		
REVIEW OF SURVEY REPORT		
☒ APPROVED ☐ DISAPPROVED	SIGNATURE (C.O. or delegate) G. J. DICKENS, LTJG, USCG, KD	DATE 10/22/80
ACCOUNTING DATA		
DISPOSABLE	EXPEND. ACCOUNT	BUREAU APPROVAL
DISPOSED OF AS INDICATED J. P. BELCHER, SKOS, PROPERTY OFFICER		
		DATE 10/22/80

U. S. Government Printing Office: 1979-405-076/8476 2-4

Exhibit A-26

The acceptance of responsibility by the relieving custodian is accomplished when the Property Officer's copy of the property record is signed noting any discrepancies.

b. CO or Property Officer. The signed property records retained by the property officer serve as the basis for the CO's statement to the successor or Property Officer's letter report to the CO of the status of the unit's property records.

E. Supply Officer

The CO is responsible for procurement of supplies, equipment, and services necessary for the operation of the unit. All personnel involved with procurement and related activities should conduct their business dealings in a manner above reproach in every respect. Transactions relating to expenditure of public funds require the highest degree of public trust to protect the interest of the government.

1. Small Purchase Regulations

Small purchase regulations are established in the Procurement Handbook for the Small Field Unit (COMDTINST. M 4200.16). The handbook covers the basic procedures and policies for units authorized to effect small purchases of \$5,000 or less from commercial sources and other authorized procurement of supplies and services.

2. Types of Purchases

Units with small purchase authority are not authorized to enter into contracts by formal advertising. Individual

units exercise their local purchase authority to the extent that it promotes prompt and effective purchase service and maintains sound, economical purchasing.

Units with small purchasing authority are authorized to make the following types of purchases:

- a. To make small purchases in the open market not to exceed procurement authority and subject to availability of funds.
- b. To place orders under delivery type contracts subject to funds limitations and availability.
- c. To order from government sources of supply, regardless of cost but subject to availability of funds.

3. Sources of Supply

A source of supply is established for each item used by the CG with a recurring or anticipated demand. The Directives, Publications, and Reports Index (CG-236), the Comptroller Manual (CG-264) and other current supply procedural instructions, list the various catalogs, stock lists, contract bulletins, and other supply source information required by a small unit. The sources of supply information include CG, other government agencies, or local procurement from commercial sources. The CG utilizes government agency sources of supply to the maximum extent possible. Commercial procurement should be utilized when a government source of supply is not available or when emergency conditions exist and a government source of supply cannot meet the requirement.

The following listing is the preferred source of supply in the order of precedence:

- a. Excess CG Material
- b. Excess Department of Defense (DOD) or General Services Administration (GSA) Material
- c. CG Stocked Material
- d. GSA Stocked Material
- e. DOD and Navy Stocked Material
- f. Commercial Contracts
- g. Commercial Sources.

4. Procurement from Government Sources

Requisitions within and between the CG and other military services, Defense Supply Agencies and GSA are submitted in accordance with the Comptroller Requisitioning Handbook for (MILSTRIP/SURF), (COMDTINST M 4400.8) as supplemented with District directives.

At the unit ordering level, the CG supply system is Simplified Unit Requisition Followup (SURF). The SURF procedure is a standard, service-wide requisitioning system utilized by units ordering from federal supply sources. SURF is essentially an electronic punch card requisitioning system that simplifies the job at the unit level of obtaining material. Detailed procedures of SURF are contained in the SURF Manual (CG-447). The primary objective of SURF is to reduce the unit's manual workload associated with processing requisitions and develop an economical central supply system.

Under SURF and MILSTRIP (Military Standard Requisitioning and Issue Procedures) requisitions are not sent directly to the federal source of supply. Requisitions are sent to the requisition processing point (RPP) located at the District

Office. The RPP uses the unit's requisition to produce requisitions in the form of data processing cards. The district sends all card requisitions to the supply source. Pre-punched SURF cards are provided by the RPP for recurring items. See Exhibits A-27, A-28 for examples of SURF documents.

5. Procurement from Commercial Sources.

Commanding Officers of small units are delegated small purchase authority by the District Commander. CO's may make purchases not in excess of \$500 per transaction and subject to the availability of funds. Small purchase authority is exercised using only Purchase Order-Invoice Voucher (SF-44) which is restricted to over the counter type procurement, and the Imprest Fund type transaction for routine purchases under \$150. Purchasing authority is further restricted to the local area. Units requiring commercial purchase in excess of their procurement authority must use a procurement request. See Exhibit A-29 for an example of a commercial procurement request.

6. Competition in Small Purchase

Small unit purchases not exceeding \$500 may be accomplished without securing competitive bids or price quotes. Purchases over \$500 require price quotations from three suppliers. The CO must assure that the procurement is to the advantage of the government and that the lowest price quote is utilized. The CO should ensure that all small purchases are distributed equitably among qualified suppliers.

GSD 7510009264026 RD0001023626890115810RZ71112BGE 9015113

END SINGLE LINE ITEM
REQUISITION SYSTEM (ALPHABETIC CHARTER)

STOCK NUMBER										QUANTITY	NAME	FUP	DISTRICT	PROJECT	REMARKS	DATE	QUANTITY
1 2 3 4 5 6 7 8 9 10										11	12	13	14	15	16	17	18
11 12 13 14 15 16 17 18 19 20										21	22	23	24	25	26	27	28
21 22 23 24 25 26 27 28 29 30										31	32	33	34	35	36	37	38
31 32 33 34 35 36 37 38 39 40										41	42	43	44	45	46	47	48
41 42 43 44 45 46 47 48 49 50										51	52	53	54	55	56	57	58
51 52 53 54 55 56 57 58 59 60										61	62	63	64	65	66	67	68
61 62 63 64 65 66 67 68 69 70										71	72	73	74	75	76	77	78
71 72 73 74 75 76 77 78 79 80										81	82	83	84	85	86	87	88
81 82 83 84 85 86 87 88 89 90										91	92	93	94	95	96	97	98
91 92 93 94 95 96 97 98 99 100										101	102	103	104	105	106	107	108
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571 572 573 574 575 576 577 578 579 580										581	582	583	584	585	586	587	588
581 582 583 584 585 586 587 588 589 590										591	592	593	594	595	596	597	598
591 592 593 594 595 596 597 598 599 600										601	602	603	604	605	606	607	608
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631 632 633 634 635 636 637 638 639 640										641	642	643	644	645	646	647	648
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671 672 673 674 675 676 677 678 679 680										681	682	683	684	685	686	687	688
681 682 683 684 685 686 687 688 689 690										691	692	693	694	695	696	697	698
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721 722 723 724 725 726 727 728 729 730										731	732	733	734	735	736	737	738
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741 742 743 744 745 746 747 748 749 750										751	752	753	754	755	756	757	758
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781 782 783 784 785 786 787 788 789 790										791	792	793	794	795	796	797	798
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811 812 813 814 815 816 817 818 819 820										821	822	823	824	825	826	827	828
821 822 823 824 825 826 827 828 829 830										831	832	833	834	835	836	837	838
831 832 833 834 835 836 837 838 839 840										841	842	843	844	845	846	847	848
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851 852 853 854 855 856 857 858 859 860										861	862	863	864	865	866	867	868
861 862 863 864 865 866 867 868 869 870										871	872	873	874	875	876	877	878
871 872 873 874 875 876 877 878 879 880										881	882	883	884	885	886	887	888
881 882 883 884 885 886 887 888 889 890										891	892	893	894	895	896	897	898
891 892 893 894 895 896 897 898 899 900										901	902	903	904	905	906	907	908
901 902 903 904 905 906 907 908 909 910										911	912	913	914	915	916	917	918
911 912 913 914 915 916 917 918 919 920										921	922	923	924	925	926	927	928
921 922 923 924 925 926 927 928 929 930										931	932	933	934	935	936	937	938
931 932 933 934 935 936 937 938 939 940										941	942	943	944	945	946	947	948
941 942 943 944 945 946 947 948 949 950										951	952	953	954	955	956	957	958
951 952 953 954 955 956 957 958 959 960										961	962	963	964	965	966	967	968
9																	

READ INSTRUCTIONS ON REVERSE

NO CARBON REQUIRED

PAGE 1 OF 1 PAGES

DEPARTMENT OF TRANSPORTATION PROCUREMENT REQUEST PROCESS RAPIDLY				PROCUREMENT REQUEST NO 30469-0025-73 DATE RECEIVED	
NAME, PHONE NUMBER AND ADDRESS OF PERSON TO CONTACT SEA'S CONTRACT SALES 1002 S. MAIN ST SAN JUAN, CA 93901				1. TYPE OF REQUEST (Check one) A. ☒ NEW REQUEST B. ☐ CHANGE TO PENDING PR NO C. ☐ MODIFICATION TO CONTRACT OR ORDER NO.	
2. ADDITIONAL INFORMATION (Required unless otherwise indicated) USCG STATION MONTEREY 100 LIGHTHOUSE AVE MONTEREY, CA 93940				3. COMMERCE AND DESTINATION COMMANDING OFFICER USCG STATION MONTEREY 100 LIGHTHOUSE AVE MONTEREY, CA 93940	
4. APPROVALS				7. DATE(S) REQUIRED 16 March 1979	
APPROVING OFFICIALS (a) D. S. [Signature] (b) _____ (c) _____		ROUTING SYMBOL (a) 30 (b) _____ (c) _____		INTERNAL ROUTING (a) _____ (b) _____ (c) _____	
5. DESCRIPTION OF ITEMS OR SERVICES					
ITEM NO	ITEM OR SERVICE (Include Specifications and Special Instructions)	QUANTITY	UNIT	ESTIMATED COST	
1	26010 Table cloths - bronze	1	dz	97.07	97.07
TOTAL				97.07	
10. ACCOUNTING DATA (Required unless otherwise indicated)				11. OBLIGATION AMOUNT	
CHECK APPLICABLE QUARTER ☐ 1ST QUARTER ☐ 2ND QUARTER ☐ 3RD QUARTER ☐ 4TH QUARTER				OBLIGATION AMOUNT 97.07	
ACB PROJECT NO OR (a) 30469 (b) 2634				PROCUREMENT CONTROL NUMBER 0025	

FORM DOT F 4200.1.1 (3-79)

Exhibit A-29

7. Purchase Record Log and File

The Supply Officer at small units with commercial procurement authority should maintain an ordering record book which briefly summarizes purchase transactions. The log should include a purchase order number, date of order, source of supply, description of item ordered and special remarks. The log is intended to assist the Supply Officer in controlling the supply process. See Exhibit A-30 for a sample unit purchase log.

8. Imprest Fund Procurement Method

Imprest funds are monies provided to unit Supply Officers for payments of limited cash or COD payments for small quantities of supplies or services. Imprest funds are utilized for small purchases where direct cash payment does not exceed \$150 for one transaction. Types of imprest fund purchases: purchase of supplies, repair of equipment, perishable subsistence items, parcel post, or COD purchases. See Exhibit A-31 for an example of an imprest fund purchase.

9. Purchase Order Invoice Voucher (SF-44) Method

The standard form 44 (Purchase Order Invoice Voucher) is designed primarily for over-the-counter purchases by authorized individuals. It is a multi-purpose form which can be used as a purchase order, receiving report, and supplier's invoice. This purchase method is used when the imprest fund method is inappropriate or not available.

Over-the-counter purchase means that the SF-44 is presented to the vendor at the place of business, the item is

UNIT PURCHASE LOG

<u>ORDER NUMBER</u>	<u>DATE OF ORDER</u>	<u>SOURCE OF SUPPLY</u>	<u>DESCRIPTION OF ITEMS</u>	<u>REMARKS</u>
1-80	1 FEB 80	GSA	PAINT, DECK GRAY	
2-80	6 MAR 80	NAVY STOCK	COMPRESSOR, AIR	HIGH PRESSURE AIR PUMP
3-80	14 APRIL 80	CG	FLIGHT JACKETS	
4-80	1 MAY 80	GSA	FILE CABINET	FIRE PROOF, REPLACE
5-80	15 MAY 80	SEAR	TOOL KIT	200 PIECE TOOL KIT
6-80	13 JUNE 80	H&H SUPPLY	FOOD MIXER	
7-80	1 JULY 80	GSA	DESK	4 DRAWER, WOODEN DESK

Exhibit A-30

Standard Form 1165
7 GAO 5100
1165-108

RECEIPT FOR CASH—SUBVOUCHER

(To be used when invoice is not available)

Subvoucher No. 73528-C-0187-80
Date 26 JUNE 1980

Received in cash from USCG GROUP MONTEREY AGENT CASHIER

*****THIRTY DOLLARS***** and 00 (\$ 30.00) for the following:

QUANTITY	ARTICLES OR SERVICES	AMOUNT
	REPAIR SAFE	30.00
	TOTAL	\$*30.00

Vendor CHET'S LOCKSMITH
Address 1271 10th STREET
MONTEREY, CA 93940

By Ralph LEWIS
(Signature of Vendor/Agent)
Title OWNER
(DO NOT SIGN IN DUPLICATE)

PURPOSE (Project, etc.)

FOR ADMIN

APPROPRIATION AND ACCOUNTING CLASSIFICATION

40 C 1 0 12 30 00 BK 7628 2534(a)

Exhibit A-31

removed from stock, and the purchaser takes delivery at that time. SF-44 use is authorized for transactions not in excess of \$250 and the supplies or services are immediately available and the vendor is in the local area. See Exhibit A-32 for an example of an SF-44.

10. Purchase Order (DD-1155) Method

Purchase Order (DD-1155) is used by units to purchase materials and supplies over the \$250 limit. Preparation and use of form DD-1155 is set forth in the Comptroller Manual. See Exhibit A-33 for an example of DD-1155.

11. Blanket Purchase Agreements

Supply Officers may enter into Blanket Purchase Agreements (BPA) for general supplies and services. When the need arises to make numerous small purchases for miscellaneous material from a single vendor. The BPA is established for a specific time period and limit of total purchase authority not to be exceeded. The Comptrollers Manual contains the instructions for BPA. See Exhibit A-34 for a sample Blanket Purchase Agreement.

The Supply Officer should insure that persons authorized to make purchases with a BPA are aware that they do not abuse the purchasing authority. Supply Officers should review the delivery tickets and invoices to learn if needed items are being purchased. Adequate control over BPA is important to prevent unauthorized purchases of items that could be purchased from other sources.

Date of order, delivery or performance by supplier.

FY series serial No. assigned by unit or by other authority.

Name and address of ordering unit.

The quantity, complete description, unit, and extended price of supplier or services.

Authorized ordering officer's signature.

Include appn, allot. symbol, unit cost code, obj. of expenditure.

Employee receiving material will complete this section for all deliveries.

Signed and returned by dealer, then sent to cognizant acct. office for payment. Exception: When dealer retains copy 1 to submit unsigned with his own invoice. (See instructions to seller, copy 2).

Forwarded promptly (copy 1, or copy 1 and dealer's invoice) by the ordering activity to the accounting office.

EMERGENCY PURCHASES require an explanation on the reverse of all copies, except COPY 2.

Standard Form 44a
JUNE 1964

U.S. GOVERNMENT
PURCHASE ORDER—INVOICE—VOUCHER

DATE OF ORDER: 1 June 1975
ORDER NO.: WLR-285-175/75

PRINT NAME AND ADDRESS OF SELLER (Number, Street, City, and State):
Diamond Egg & Poultry Co.
13 River Street
Cairo, Illinois 62118

FURNISH SUPPLIES OR SERVICES TO (Name and address):
Commanding Officer
USCGC FOXGLOVE (WLR-285)
Market St. Piers, Cairo, Illinois 62118

SUPPLIES OR SERVICES	QUANTITY/UNIT PRICE	AMOUNT
Eggs, fresh, large, grade A, Request Delivery	20 Dz .80	16.00
Prior to 11 A.M. 3 June 75		

AGENCY NAME AND BILLING ADDRESS:
U. S. Coast Guard
Commanding Officer
USCGC FOXGLOVE (WLR-285)
USCG Base, St. Louis, Mo. 63111

TOTAL: 24.00
DISCOUNT TERMS: NET 10
DATE INVOICE RECEIVED: 3 June 1975

ORDERED BY (Signature and title):
CWO JOHN SNERHA, Commanding Officer

PURPOSE AND ACCOUNTING DATA:
General Mess Provisions
20x4535, Coast Guard Supply Fund
02-82 02-15303 8520

PURCHASER—To sign below for over-the-counter delivery of items:
RECEIVED BY: U. P. Dodge
TITLE: CS2, USCG
DATE: 3 June 1975

SELLER—Please read instructions on Copy 2

☐ PAYMENT RECEIVED \$
☒ PAYMENT ACCRUED \$24.00

NO FURTHER INVOICE NEED BE SUBMITTED

BY: W. S. Barber, Mgr.
(Signature)
DATE: 3 June 1975

I certify that this account is correct and proper for payment in the amount of \$
DIFFERENCE \$

these spaces used only by authorized certifying officer

DATE PAID
VOUCHER NO.

1. SELLER'S INVOICE
(See instructions on Copy 2)

2. SELLER'S COPY OF ORDER

3. RECEIVING REPORT—ACCOUNTING COPY

4. MEMORANDUM COPY
(Optional Use)

Exhibit A-32

DD FORM 1155

150

12. Unauthorized Purchases

Procurement actions by individuals who have not been delegated procurement authority or purchases in excess of their authority are unauthorized procurements. The government assumes no responsibility to pay the bill unless the Supply Officer certifies that the purchase was made during emergency conditions. The person who makes the unauthorized purchase becomes personally responsible to settle the bill with the supplier. Personnel making such purchases are subject to administrative and criminal penalties.

13. Relieving the Supply Officer

Junior Officers relieving the Supply Officer should recognize their responsibility for the unit's procurement of supplies, equipment, and services. The relieving Supply Officer should ensure proper procurement and fund accountability procedures are followed as well as authorized purchases from authorized sources are made. See Exhibit A-35 for a check list for relieving the Supply Officer.

Check List for Relieving Supply Officers

It is recommended that new Supply Officers on assuming the duty check the following during the course of the relief.

References can be found in the Comptroller Manual and Procurement Handbook for Small Field Units.

1. Examine system for preparing requisitions and maintaining inventories.
2. Examine system of obtaining supplies and equipment from commercial and government sources.
3. Are supply publications and instructions up to date?
4. Are small purchases utilizing SF-44 and imprest funds accomplished according to regulations?
5. Does the Supply Officer verify the purchase record log?
6. Are proper purchase order and Blanket Purchase Agreements procedures followed?
7. Does the Supply Officer verify purchases to ensure unauthorized purchases are not made?
8. Are unit credit card purchases monitored by the Supply Officer and proper safeguards observed?
9. Do supply personnel receive training?
10. Has the Supply Officer provided written instructions and standing orders for supply personnel?

Exhibit A-35

V. Summary

Financial Management is an important aspect of a Commanding Officers (COs) responsibilities. The purpose of this Financial Management Guidebook is to provide Junior Officers in command positions with information about their financial management responsibilities and duties. The material included in the Guidebook is designed to better prepare Junior Officers to accomplish their command responsibilities. It is essential that the CO of small units understand his/her financial management responsibilities and be familiar with the financial management operations of their command.

The material presented in this Guidebook is intended to provide Junior Officers in command positions with an introduction and foundation in the basic Coast Guard (CG) financial management responsibilities. Proper control includes the effective, efficient, and economical use of funds. For a CO to be a good financial manager, he/she needs to know how to obtain, manage, and control funds. The CO is constantly faced with the problem of applying limited resources to accomplish the unit's mission and objectives. Financial management is particularly important in times of tightening fiscal purse strings. Successful financial management by junior officers in command positions requires effective and efficient resource management combined with utilization of thoroughly trained and well equipped personnel.

It is important for junior officers in command positions to understand the financial management decisions need not be done capriciously, but should follow accepted management techniques and procedures. By using financial accounting data, budgets, and reports the CO is able to make appropriate decisions that will enhance the performance of the unit. There is no substitute for good financial management.

By using the information and suggestions provided in this Guidebook as a reference, a junior officer who has been assigned a command position should be better prepared to assume command. Even with adequate preparation, a CO should continually strive to obtain additional professional knowledge and experience in order to improve the financial operation of his/her unit. Essential to the successful financial management of a command is an awareness of the resources available to the CO and the capability to use those resources to achieve the desired result.

Glossary of Terms

Allocation - An amount of funds set aside by the Department of Transprotation in a separate appropriation or fund account for use by the Coast Guard to carry out the purpose of the appropriation.

Allotment - A subdivision of an apportionment which provides the funding authority to accomplish a specific function or mission.

Apportionment - A determination made by Office of Management and Budget which limits the amount of obligations or expenditures which may be incurred during a specified time period.

Appropriation - A statutory authorization to make payments out of the treasury for specified purposes.

Audit - A systematic examination of records and documents.

Authorization - Basic substantive legislation enacted by Congress which sets up or continues the legal operation of a federal program or agency. Such legislation is normally a prerequisite for subsequent appropriations.

Budget - An orderly plan for the achievement of goals through application of resources.

Budget Year - The fiscal year for which the annual budget estimates are prepared and submitted.

Coast Guard Objectives - Broad statements of purpose which define the aims of the CG.

Disbursements - The amount of checks issued and cash payments made to pay for obligations incurred.

Estimates - Forecasts of resources required (personnel, materials, facilities and funds) to carry out a planned program.

Execution - The operation of carrying out a program as contained in an approved budget.

Financial Plan - Allocation of funds to operating guides (OG) or projects by quarter; the plan supports initial apportionment and is in turn a summation of the annual allotment of funds.

Fiscal Year - The period beginning October 1 and ending September 30. The fiscal year is designated by the calendar year in which it ends.

Imprest Fund or Petty Cash Fund - Fixed amount of cash used to make minor expenditures for local commercial purposes. Payments from the fund are reimbursed from time to time to maintain a fixed amount in the fund.

Non-Appropriated Funds - Monies derived from sources other than congressional appropriations; primarily from sales of goods and services in support of morale, welfare, and recreation activities.

Obligation - The amount of an order placed, contract awarded, service received or other transaction which legally reserves a specified amount of an appropriation for expenditure.

Operating Guide (OG) - An administrative subdivision of funds under annual appropriation accounts.

Operating Target (OPTAR) - An operating budget of an activity stated in terms of expense categories relating resources to functions.

Program - A major Coast Guard endeavor, mission oriented, which fulfills statutory requirements.

Program Manager - The staff officer at headquarters designated by and responsible for detailed management of a Coast Guard Program.

Reimbursements - Amounts received by an activity for cost of material, work, or services furnished to others, for credit to an appropriation or other fund account.

Revolving Fund - A fund established to finance a cycle of operations to which reimbursements and collections are returned for reuse in a manner that will maintain the principal of the fund.

Total Obligational Authority - Total amount of funds available for programming in a given year.

Publication Reading List

The Commanding Officer should be familiar with the following

Financial Management Publications:

Coast Guard Regulations (CG 300)

District Operation Plan, Comptroller Supplement

Comptroller Manual CG 264 Volume III, IV

Comptroller Personal Property Management Handbook
(COMDTINST. M 7320.2)

Comptroller Requisitioning Handbook for MILSTRIP/SURF
(COMDTINST M 4400.8)

Procurement Handbook for Small Field Unit
(COMDTINST M4200.16)

SURF (Simplified Unit Requisition/Followup) Manual
(CG 447)

Directives, Publications, and Reports Index
(CG 236)

Non-Appropriated Fund Activities Manual
(CG 146)

FOOTNOTES

1. Admiral J. B. Hayes, Commandant of the Coast Guard, State of the Coast Guard Address, January 16, 1979, Washington, D.C.
2. U.S. Coast Guard Regulations Manual, Washington, D.C., Paragraph 4-1-9.
3. IBID, paragraph 4-1-9.
4. Drucker, Peter F., The Practice of Management, New York: Harper and Brothers, 1954, p. 1.
5. Executive Handbook for Financial Management, U.S. Army Institute of Administration, USAF pp 252-1, 1977, Preface.
6. U.S. Coast Guard Manual of Budgetary Administration, Washington, D.C. p. 6-2.
7. U.S. Coast Guard Regulations, Washington, D.C., paragraph 4-1-9.
8. IBID, paragraph 4-1-9.
9. Anthony, R.N. and Herzlinger, R.E., Management Control in Nonprofit Organizations, Richard Irwin, Inc., 1980, p. 15.
10. IBID, p. 14.
11. Naval Postgraduate School, Practical Comptrollership Course Student Text, Naval Postgraduate School, December 1979, p. c-4.
12. IBID, p. c-4.
13. IBID, p. c-4.
14. Coast Guard Manual of Budgetary Administration, Washington, D.C., January 1979, p. 1-5.
15. U.S. Coast Guard Its Missions and Objectives, Government Printing Office, Washington, D.C. 1977, p. 1.
16. Coast Guard Manual of Budgetary Administration, Washington, D.C., January 1979, p. 2-3.

17. IBID, p. 2-7.
18. IBID, p. 2-11.
19. IBID, p. 3-1.
20. IBID, p. 3-15.
21. U.S. Coast Guard Regulations, Washington, D.C., paragraph
4-1-9.

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- Gracey, James S., Vice Admiral, "Planning and Programming The Budget in a Multimission Organization." Defense Management Journal, September 1978.
- Paine, F. J. and Naumes, W., Organizational Strategy and Policy, Philadelphia: W.B. Saunders Company, 1978.
- U.S. Coast Guard, Coast Guard Manual of Budgetary Administration, Department of Transportation, 1978.
- U.S. Coast Guard, Coast Guard Organization Manual, Department of Transportation, 1979.
- U.S. Coast Guard, Coast Guard Planning and Programming Manual, Department of Transportation, 1979.
- U.S. Coast Guard, Coast Guard Regulations, Department of Transportation, 1979.

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