



DEPARTMENT OF THE ARMY
US ARMY COMMUNITY AND FAMILY SUPPORT CENTER
4700 KING STREET
ALEXANDRIA, VA 22302-4406

CFSC-FM-I

28 March 2003

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Risk Management Program (RIMP); Loss Prevention

1. The following information is provided to reiterate management's role in the risk management process and the prevention of losses in MWR, lodging and other nonappropriated fund (NAF) programs.
2. In addition to operating their programs, managers and supervisors at every level have additional responsibility for detecting conditions that could lead to the loss of NAF assets and taking actions that will help to mitigate the chance of loss. Identifying the exposures to loss is the first step in the risk management process. This includes both exposures to loss to NAF property and to patrons. Management must be aware of what can go wrong in the operations of business activities and be on the look out for weaknesses in internal controls and physical security. Many losses occur when internal controls become lax. Several questions need to be asked. Are surprise cash counts being conducted? Are periodic inventory counts being done? Are deposits being made and Daily Activity Reports filed timely? Is there adequate separation of duties? There are many considerations when assessing the potential for loss.
3. What about patron liability? Part of management's responsibility is providing a safe environment for patrons who use NAF facilities. Known hazards must be corrected right away in order to prevent injury to patrons. Every year the RIMP pays claims for injuries to patrons caused by slip and fall accidents. Whether it is water on the floor, snow or ice on the steps or torn or raised carpets, these hazards contribute to serious injuries that result in large claim settlements.
4. As an example of a pro-active approach to loss prevention, the Management Control & Assistance Branch, Europe Region MWR Single and Oversight Funds actively monitors and tracks losses which helps them identify irregularities in operations. When there was a recent cash discrepancy at a bowling center, they offered a surprise assistance visit to investigate and help identify deficiencies in management practices. The recommendations of the Management Control & Assistance Branch were quickly implemented by the Financial Management Division and together they were successful in preventing a possible loss by taking immediate actions to protect NAF assets.
5. Management should encourage high ethical standards by creating an atmosphere of professionalism and integrity. Take losses seriously and show employees that losses

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will not be taken lightly. Follow through with investigations and seek restitution from responsible parties when possible. Not all losses can be prevented but a pro-active approach to identifying deficiencies in management practices can help reduce the loss of NAF assets and keep patrons safe as well. Sound management practice is good risk management.

FOR THE COMMANDER:

//SIGNED//

JEFFREY R. DALBEY
Chief Financial Management
Officer

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Garrison Commanders

Region Directors, Installation Management Agency

Nonappropriated Fund Managers