

PROGRAM MANAGEMENT ANNUAL ASSESSMENT
AND
LIABILITY/BONDING COVERAGE PAYMENT CALCULATIONS
FOR FY-12

1. Program Management Annual Assessment. All CMWR activities are required to pay an annual program management assessment based upon total revenues generated by each respective CMWR activity during the fiscal year being reported. For those operating in AIMS/SAP, 1 percent of the previous month's revenue will be automatically downloaded by CNIC financial personnel in Millington, TN by the 10th of each month. However, for those CMWR activities not yet operating in AIMS/SAP, program management assessment will be calculated by multiplying 1 percent of the total revenue entered on line 16 (Total Cash Receipts) of the CMWR Financial Statement (to obtain copy of the Financial Statement, visit our website at: <http://navymwr.org/mwrprgms/civilian.htm>. In not in AIMS/SAP, the annual program management assessment payment shall be included with the annual report package submitted to CNIC (N92C1).

Examples of annual/monthly program management assessment are as follows:

<u>TOTAL OR MONTHLY CASH/REVENUE</u>	<u>TOTAL OR MONTHLY ASSESSMENT</u>
\$ 1,000	\$ 10
\$ 10,000	\$ 100
\$ 50,000	\$ 500
\$ 100,000	\$ 1,000
\$ 1,000,000	\$ 10,000

2. Property and Liability Insurance. Per DOD Regulation 7000.14-R Vol.13 and CNICINST 5890.1, CMWR activities must maintain property and liability insurance coverage and personnel responsible for the custody of non-appropriated funds must be bonded. At a minimum, CMWR activities shall purchase coverage for NAF-purchased furniture, fixtures, and equipment (as recorded on NAF control records), merchandise inventory, NAF-purchased vehicles, and its non-appropriated funds and securities in financial institutions. CMWR activities may obtain insurance coverage through a commercial insurance company or through the Navy CNIC MWR's Self-Insurance Program. If the CMWR activity has elected to purchase commercial insurance coverage rather than to participate in Navy CNIC MWR's Self-

Insurance Program, a copy of the commercial insurance policy cover letter must be submitted along with the annual report package. Note that the minimum liability coverage of \$500,000 per person and \$1,000,000 per occurrence is required. Historically, insurance purchased through the Navy CNIC MWR's Self-Insurance Program is less expensive than purchased from a commercial underwriter.

3. Calculating Property and Liability Payment. To establish the cost for NAF property and liability insurance coverage, the CMWR activity must determine the current (depreciated) value of NAF-purchased furniture, fixtures, equipment, and vehicles, and add that figure to the actual value of merchandise/stock inventory currently on-hand.

4. Calculating Bonding Coverage and Payment. To determine the amount of bonding insurance, identify the number of positions to be covered, and the total amount of bonding sought for each position. The number of CMWR personnel bonded and to what level each is to be bonded is a local decision. CMWR activities are only covered for the amount of bonding insurance purchased and losses greater than that amount must be absorbed by that activity. Therefore, careful consideration should be given to the amount of bonding insurance required by the CMWR activity. Basically, those handling cash need to be bonded.

5. Total Cost for Coverage. Once the property values and bonding insurance requirements have been determined, add those amounts together. The result represents a total of the CMWR activity's insurable assets. Identify the appropriate asset range below and use the corresponding multiplier to determine the CMWR activity's cost for obtaining coverage through the Navy CNIC MWR's Self-Insurance Program:

a. 0.75 percent of value of covered assets and revenue for activities equal to or greater than \$1,000,000.

b. 1 percent of value of covered assets and revenues for activities between \$100,000 and \$999,999.

c. 1.25 percent of value of covered assets and revenues for activities less than \$100,000.

6. Example. The following example is provided to assist you in calculating your CMWR activity's annual assessment and insurance/bonding payments for this fiscal year:

- Total cash receipts = \$92,000 (Fund Financial Statement - Line 16 or AIMS/SAP Executive Summary Total Revenues)
- Depreciated NAF property (office equipment) = \$2,000
- Current stock inventory = \$2,400
- Bonding insurance coverage for two people who have access to no more than \$5,000 at any time.

a. To determine the correct cost for liability and bonding insurance coverage, add together your total cash receipts, the total value of your property and inventory, and the amount of bonding you have determined. In this case, it totals to \$106,400. Now multiply \$106,400 by the corresponding multiplier (determined from the appropriate asset range in paragraph 5 above), which in this case is 1 percent, to determine the amount you owe for insurance ($\$106,400 \times 1\% = \$1,064$ - annual amount owed would be \$1,064). See paragraph 6c below for further breakdown of this example.

b. To determine the CMWR program management assessment payment due for your activity, take the total cash receipts (Line 16 of the Financial Statement) or the Total Revenues listed on the AIMS/SAP Executive Statement for the activity (\$92,000) and multiply by 1 percent to determine the amount of program management assessment owed. In this example, $\$92,000 \times 1$ percent, the amount due is \$920. To determine the overall total amount due to CNIC, add your insurance costs and program management assessment together, in this case it equals \$1,984.

c. Example Breakdown:

Total Cash Receipts	\$92,000
Total NAF Property (includes equipment/stock inventory)	4,400
Bonding (2 people @ \$5,000)	+ 10,000
Total Insurable Assets	= \$106,400

Multiplier is 1% ($\$106,400 \times 1\%$) (equals insurance premium)	= \$1,064
Plus Program Management Assessment	+ 920
Total Due (Assessment & Insurance)	\$1,984

7. Payment. If your CMWR activity is operating in AIMS/SAP, program management assessment, liability insurance, and personnel bonding payments will automatically be downloaded in SAP by CNIC financial personnel in Millington, TN. However, if

your CMWR activity is not operating in AIMS/SAP, ensure program management assessment, liability insurance, and personnel bonding payments are included with submission of your CMWR annual report package. Request submission of two checks; one for liability insurance/bonding coverage and the second for program management assessment fee. However, if all payments are submitted on one check, include a breakdown of the assessment and liability insurance/bonding coverage payments (in the example above, \$920 was for program management assessment and was \$1,064 was for liability insurance and bonding coverage for two people).