

# Best Practices in Auxiliary Services: Bookstores

Authored by the NACAS Professional Development Committee

# Best Practice Recommendations - Bookstores

## Accounts Receivable

- Controls for writing off receivables require authorization by the manager and the supervisor to avoid misappropriation of assets by employees. The person initiating the write-off should not be able to approve.
- Depending upon the size of the bookstore, interdepartmental billings (service billings) require signatures by manager of purchasing department and independent party in purchasing department. If charges are showing up on departmental statements there needs to be oversight.
- Obtain recent Account Receivable Aging Report, Is there adequate follow-up on past due items?
- Generate and review a report of aging accounts receivables and take actions to secure payment or identify bad debt on any invoices greater than 90 days old.

## Audit

- Use a consultant to conduct surprise audits of each operation. The first audit should be preannounced, subsequent audits are not, unless extenuating circumstances exist.
- Annual audit of correct classification of taxable/nontaxable merchandise.

## Background Checks

- Credit checks on all cashiers, store managers and supervisors as well as background criminal checks

## Bank Deposits

- Bank Deposit Policy in place
- Deposits are locked in safe at all times until deposited
- Do not cashing of payroll checks
- All deposits are sent in a locked bag and picked up by an Armored Car service when possible

## Books

- Students can obtain textbook information through the registration portal that provides a link to the store website. Have an FOIA policy regarding the distribution of the text list to third parties.

## Bookstore Contract Requirements

- If a contracted operation, the University can ban people from the site
- If a contracted operation, Full clean up at end of contract – hold last payment and use it to clean up as needed
- If a contracted operation, University has hiring input on all managers and supervisors
- If a contracted operation, No allocated charges. For example – no 2% for marketing. Contractor will only proceed with these after approval from the University
- If a contracted operation, No non-competes for any of the staff
- Online sales agreements should be in place.
- Contract store web sites often point sales to a main web site. Contract should include wording commissions on these sales. If they go to a main site (not so much for campus decorated merchandise but for books), significant revenue can be lost.
- Textbook rental agreements should be in place.

- Commission sales agreements. Stores sell several items with commission deals rather than traditional revenue streams. Agreement should outline how/if that revenue transfers to the campus. Class rings, diploma frames, custom college/university chairs, and custom regalia come to mind. Commission on these items can be significant. But they don't show up as "sales" to the campus. This can be significant lost revenue if not included in the agreement. All revenue that comes through the store should be reported regardless of commission. It enables the institution to better plan for the next cycle after the agreement expires.
- Some contract stores point their textbook rental programs to non-campus-specific sites. Potential for significant lost revenue unless covered in contract.

## Campus Outreach

- Are you regularly engaging various campus community groups, keeping them informed of the services you provide.

## Cash

- Is all cash stored in a safe?
- Is the safe locked at all times?
- Is their a petty cash system in place for paid outs?

## Cash Handling

- Cashiers must go through a supervisor to buy change, they cannot buy from another register. Cashiers may not ring themselves up for sales. If a discount is tied to a membership (faculty, staff, employee) the person receiving the discount must present their ID and that ID is entered into the system. Coupons on reviewed for compliance.

## Cash Management

- If the store is contracted, the Operating Fund and daily Bank Deposit(s) are secured and locked in the safe at all times. look for items that do not belong (employee payroll checks for past pay periods, miscellaneous cash, credit cards/student ID cards left behind by customers). If such items are found, an explanation should be sought from the staff member responsible for the safe and funds.
- Money must be deposited into the bank within the written procedures
- The following information is on the front of all checks:
  - -Store Number (if a contract store),
  - -Customer Phone Number,
  - -Student ID or Driver's License number

## Cash Register

- Are drawer overage/shortages excessive?
- Cashiers verify drawer balance when register is received and report variances to management. Have at least 2 people present when drawers are counted at the end of the day and the cashier and counter initial the cash values.
- Staff members may not ring their own sales or make their own change.

## Cashier Audit

# Best Practice Recommendations - Bookstores

- Are the registers locked with a key or code if left unattended?
- Are register readings taken and a new register change bank issued when cashier assignment changes.
- Management performs periodic surprise audits

## Communication

- Bookstore manager to attend division meetings to discuss HEOA, textbook adoption, services to students, etc.

## Credit Cards/Training/Cashier

- All employees with access to card info complete PCI training (virtual and/or physical)

## Customer Satisfaction

- Annual customer satisfaction survey conducted
- Active suggestion box in place
- Feedback routinely solicited from customers
- Have a “secret shopper” scoring system
- Bring excitement to buyback and rush with the long lines, i.e., random drawings, entertainment, free samples of snacks/smoothies, etc.
- Engage students and staff through contests, holiday service projects, and social media.

## Customer Service

- Refund policies for merchandise are established and clearly communicated to customers. Refund policy on back of cash receipt
- Signage is clear and uniform professionally printed.
- Displays are dynamic, appealing and timely
- If managing multiple locations including a website is your pricing consistent across all locations. If you are out of stock in one location do you have a process to move merchandise in a timely manner.
- Do you have a social media site and if so are you regularly engaging your customers.
- Do you provide good, better best pricing?
- Paths are clear and ADA compliant with signage where appropriate.

## Financial

- All orders adhere to the budget or explanations of variance are documented
- Budget reconciliation is done monthly. Conduct annual full inventory with periodic spot inventories of high dollar volume departments.
- Inventory is conducted Monthly
- Weekly/Monthly Operation Reports used to monitor the P and L
- You have a policy in place to handle markdowns on a regular basis.
- All contracts and agreements for purchasing of goods or services are reviewed on an annual basis to confirm the best pricing is being received.

## Higher Education Opportunity Act

- System in place to ensure compliance with Higher Education Opportunity Act (HEOA). Procedures must be in place to ensure

compliance. Allow ease of convenience for faculty adoption process to ensure compliance with HEOA. Have a link on the college website that can be easily accessed by faculty to enter their course material requirements. Integrate the bookstore’s adoption software into the college’s faculty blackboard system.

- Requires institutions to, as practical, provide students with accurate course material information including ISBN and retail price, online. If the price and book information is not available, the online site may note that it is “to be determined.” Providing this information on a bookstore web site is acceptable as long as the link is clearly and prominently located on the institution’s Internet course schedule.
- Requires that if printed course schedules exist, the online site on which book information can be found must be provided. If a printed schedule does not exist, the school does not have to create one.
- Encourages institutions, faculty, booksellers and publishers to work together to reduce course material costs.
- Encourages institutions of higher education to inform students on how to save money on textbooks (including used books, cash back programs, etc.)
- Requires a new Government Accountability Office study in 2013 to review the implementation by institutions, bookstores, and publishers, as well as the cost, and benefits to institutions and students of the textbook provisions.
- Work with faculty to get course and book information as soon as possible allowing us to pay students more for their unwanted books.
- Actively seek used textbooks from the national used book markets and we post course and book information on the bookstore website as soon as we receive it and verify its accuracy.
- Check for state specific HEOA requirements

## Human Resources

- Succession planning - do you have one in place.

## Internet

- There is a scalable (Mobile ready) internet site available
- Internet site should list hours of operation, dates of extended hours of operation, i.e. rush, buyback, all course materials should be accessed indicating the medium of availability, i.e. new, used, rental, digital. Does the website allow for use of financial aid? Is the website PCI compliant for credit cards usage? Does it promote related college items, clothing, etc.?
- If you have a website is it compatible on multiple devices.
- Internet Customers have the ability to order course materials, apparel, supplies, reference, and gifts from your website.
- Internet orders are monitored for possible fraudulent transactions. The site needs to be PCI compliant.

## Inventory

- Physical inventories are conducted monthly
- Authorization for write-offs should be approved by the business manager/accounting department as well as the inventory manager in order to reduce the risk of defalcation

# Best Practice Recommendations - Bookstores

## Inventory Management

- A perpetual inventory of items is maintained. Actual quantities match to items identified in the inventory.

## Licenses

- All appropriate “business” licenses must be displayed in conspicuous areas within the store. Develop a list of all required licenses and determine if all licenses/permits that are displayed are currently valid.

## Loss Prevention

- Keys to the store and the safe combination are restricted to authorized employees (management staff and supervisors).
- Store Alarm Codes are restricted to employees who require access and must be deactivated whenever an employee’s status is no longer active. Alarm codes are handled by Security Department on Campus
- Cameras provide sufficient visual coverage to monitor activity in store and recordings are maintained for an appropriate length of time.
- If possible, have someone in place at the door during rush to check receipts (like a Sam’s, Costco, etc.) to deter textbook theft.
- Add extra Campus Police and personnel during peak hours. Have Police Officer patrolling the bookstore.

## Marketing

- Marketing plan cycle in place and are being used
- Offer a % discount to staff on non-textbook and convenient purchases
- Offer special promotional sales during holidays to sell off apparels
- Use events to bring students into store

## Merchandise

- Yearly review of all merchandising contracts to ensure ROI and re-negotiation if necessary. Meet with the various faculties and athletics to ensure branding changes and fashion trends are current for their apparel needs.

## Merchandise Payable

- A policy is in place on which shipment provider is used, and that provider is used for all shipments under four hundred (400) pounds, and an authorized freight carrier for all shipments weighing more than four hundred (400) pounds.
- Merchandise ordered using the Purchasing Card is correctly received and entered into the system

## Metrics

- Inventory on Hand to Total Sales Ratio
- Stock Turn (or Inventory Turnover)
- Textbook Return %
- Margin on general textbooks
- Margin on specialty textbooks/bundles
- Margin on general merchandise
- Margins on technology
- Textbook Requisition Adoption % (one week before classes start)
- Sales per square foot

- Conversion Rate (Sales/gross foot traffic)
- Sales Count (# of in-store transactions)
- Average transaction value
- Profit Margin
- Product Returns
- Sell through % (# units sold/Beg Inv)
- Gross Margin ROI (Gross Margin/Avg Inventory Cost)
- Monitor existing industry benchmarks and how they relate to your institution

## Operations

- Insure appropriate stocking levels-Shelves always appropriately stocked
- Proper staffing of Cashiers and staff during normal business hours
- Book Selection Committee Meetings are held as appropriate
- Store is organized and neat including the backroom and office area
- Work closely with the student finance and financial aid offices
- Conduct annual or bi-annual assessment of operations
- Electronic textbook requisition in place

## Payroll

- Are efforts taken to minimize overtime?

## Payroll and Human Resources

- Personnel Files are stored in a secured location (locked cabinet, secured office) with access restricted to authorized employees.
- “Personnel Files should be maintained for all active employees. The following signed forms (copies are acceptable with the exception of the I-9) must be included in the file:
- Employment Application, New Hire Data Form, Tax forms [W-4, and State forms as required], I-9, Harassment Policy, Ethics and Business Related Code of Ethics, Temporary Employee Acknowledgment (if hired into Temp status). Voluntary Self Identification Sheet”
- Employees are in compliance with mandatory meal breaks in accordance with State and Federal regulations. If a time clock system is available, employees must punch out and then punch back in to evidence their meal break period.
- Full time and part time employees are working hours that approximately mirror their “scheduled” hours.
- “All Federal and State required signs/posters are displayed in the store. All postings must be displayed in an area common to all employees.
- Some of these forms may include:
- -Federal “All in One” Employment poster
- -State “All in One” Employment poster
- -Workers Compensation poster (must indicate Insurance Company)
- Harassment Policy sign
- -Anti-Money Laundering Poster

## PCI Compliance

- The Point of sale server is located in a locked room with physical access limited to authorized employees. If not then the server is housed in a secured cabinet with the keys secured.

# Best Practice Recommendations - Bookstores

- “All paperwork containing credit card information is destroyed after use, or the maximum of 180 days (this is the time allotted by the Credit Card Companies for chargebacks).
- - If the store is shredding documents “in house”, verify that they are using a cross-cut shredder.
- - If the store is using an on-site shredding service, verify that they store is maintaining copies of the invoices/certificates of destruction.”
- All paperwork containing credit card information is stored in a secure location (safe, fire rated lock box or file cabinet).

## Physical Inventory

- A sampling of audits should be completed to insure the inventory is being counted correctly. Make sure all sales are posted, all refunds have been completed and all goods have been entered into your inventory control system.

## Policies

- If you have a copy center make sure you are clearly and completely following copyright infringement laws.

## Retail

- Confirm that clothing for sale is not made in a sweatshop.

## Revenue

- Work with the alumni Department on getting an email list so that alumni are also receiving any coupons and promotions.

## Safe

- Upper Level Management has the safe combo in a sealed envelope

## Safety

- Quarterly Health and Safety inspections of the store and the shipping/receiving areas.
- Employees are trained in proper lifting techniques, how to climb ladders and use of box knives.

## Safety Program

- Workers Compensation Claims Process in Place
- Annual Risk audit occurs and documented

## Security

- Obtain proper identification from all visitors prior to permitting access to the store files and safe

## Staff Sales

- Staff sales rung by manager

## Training

- Provide All Staff training: Customer Service, New Programs, Policies and Procedures, other topical info
- More than one person fully understands the point of sale system and can run reports
- Customer Service
- How to handle an upset customer

- Hold regular Management Meetings
- Employee Recognition Program in Place as appropriate depending on store size
- Provide developmental pathways for student associates to grow in progressively more responsible Lead positions. This includes orientation, job shadowing, cross-training, leadership development courses, campus training courses, promotional opportunities, and similar.

## Written Policies

- Cashier policy and procedures in place and being used.
- Site specific policies
- Uniform policy in place and followed
- Electronics / radio policy
- Fraternalization policy
- Clearly communicate refund policy in multiple ways, multiple times (web, printed, signs, etc.)
- There should be a campus policy about faculty selling books back to the bookstore. In most cases, those are sample books. If the faculty member doesn't want a sampled book, it should go the department or campus library--not sold for the faculty member's financial gain.
- The campus should choose their threshold for signatures.
- Is there a petty cash policy in place?
- A paycheck distribution policy be set and utilized to ensure paychecks are being delivered properly for those not utilizing direct deposit
- Open to Buy practices are followed for purchases for resale.
- Policy for orders not picked up