

Copy No. \_\_\_\_\_

**Accounting Policy and Procedures – Plant**

Accounting Department  
Container Graphics Corporation  
200 MacKenan Court  
Cary, North Carolina 27511

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## 000.00.01: Endorsement

This manual has been written to document plant accounting policy and procedures at Container Graphics Corporation. Its purposes are to:

- Provide an easily-referenced source of information;
- State and clarify policy and procedures;
- Define duties, responsibilities, and authority;
- Standardize operations; and
- Facilitate communication between the Chief Financial Officer and other personnel.

All documents in this manual are approved by the Chief Financial Officer. Any and all revisions to the manual also will require written approval by the same before distribution. Distribution will be on a need-to-know basis. A "registered holder" of the manual will be designated. Specific responsibilities for this individual are outlined on the Acknowledgment of Document Transfer/Assignee's Responsibility form.

All personnel are responsible for adhering to CGC policies and procedures. It is the task of managers and supervisors to ensure that this responsibility is carried out. This manual is a tool for administering these policies and procedures, and should be used for training and enforcement purposes.

Information regarding the maintenance of this manual is included in the "How to Use This Manual" section. Distribution information for this and other company manuals may be obtained from the manuals coordinator. This manual may not be revised or altered.

## 000.00.02: How to Use This Manual

This manual is divided into the following sections as outlined in the Table of Contents (Sec. 000.00.01):

- Capital Expenses
- Accounts Payable
- Travel & Entertainment
- Billing
- Accounts Receivable
- Inventory
- Payroll
- Financial Reports
- Appendices
- Revision Records

Each section consists of a series of related documents detailing current accounting policies and procedures. Within each section is a detailed Table of Contents specific to that section. Each table of contents lists document numbers and titles. These document numbers and titles correspond to a footer in the lower right-hand corner of each page. We have used these in place of page numbers to make revisions and additions easier.

### Maintenance of the Manual

The Accounting Policy and Procedure Manual should be maintained in a red 3-1/2 inch ring binder. We often refer to the manual as the “red book,” so no change in binder color is permitted.

The manual documents should be maintained in the order outlined in the Table of Contents.

### Accounting Policy and Procedure Updates

The registered holder of the manual is responsible for ensuring that all Manual Update Documents are placed in the Manual, and that all old Documents are returned to the Manual Coordinator.

#### Update Cover Letter

Policy and Procedure Updates will be accompanied by a cover letter that gives specific instructions for additions and/or deletions to the Manual. The following steps are to be completed each time an update is received:

1. Sign the original cover letter.
2. Copy the original cover letter.
3. Send the original cover letter and any deleted documents to the Manual Coordinator.
4. Place the copy of the cover letter in the section “Revision Records.”

Periodically, the Manual Coordinator will send a list of recent updates to each registered manual holder. The registered manual holders should verify that all updates have been received. Contact the Manual Coordinator if there is a discrepancy.

### 000.00.02.01: Numbering System for Documents

All documents are assigned a three-digit Master Document Number. This number will be determined by corresponding accounting codes for the area of responsibility. Master Document Numbers are followed by two-digit Section and Subject Numbers. Each division of the document number is separated by a period.

EXAMPLE:                               503.02.01

Master Document Number: 503, Inventory  
Section Number:           02, Physical Inventory Counting  
Subject Number:           01, Returned Materials

Master Document Numbers for the same area of responsibility are identical for Plant and Staff (e.g., Master Document Number 500 is Inventory for both manuals).

Alphabetic codes are assigned to all Master Document Numbers. These codes indicate the type of manual.

EXAMPLE:                               S500: Inventory, Policy and Procedures: Staff  
  P500: Inventory, Policy and Procedures: Plant



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<u>160.05</u>	<u>Disposition of Assets</u>
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## 160.01: Fixed Assets

An asset is defined as an item whose purchase price is over \$500.00 that is to be capitalized for depreciation over a specified period of time.

Capital Equipment / Improvement Requests must be filled out completely and have all proper approvals BEFORE purchase is made.

**NOTE: The threshold for requiring capitalization is US\$500. You must convert to US Dollars before deciding to capitalize.**

### 160.01.01: Capital Equipment / Improvement Request

A properly completed Capital Equipment / Improvement Request (Appendix A: Form 160.01) must include the following information:

- Requester
- Plant
- Department
- Description
- Supplier
- New or Replacement item
- Useful life of the item
- Cost of the item
- Payment terms
- Justification

Fill out the Capital Equipment / Improvement Request form completely. Be sure to indicate the department so that the monthly depreciation will be charged to the correct department. Depreciation can be split between departments by indicating the department numbers and percentage of the depreciation allocated to that department:

EXAMPLE: Dept. 01 – 75%  
              Dept. 02 – 25%

Obtain proper approval: The signatures of the General Manager and the Regional Manager are required.

Forward the Capital Equipment / Improvement Request to the Secretary to the President, who will maintain a log of the date of receipt of the request and the date of the required signatures of Staff personnel. All Capital Equipment / Improvement Requests require the signature of the Chief Financial Officer, the Vice President of Manufacturing and Engineering, and the President.

## 160.01.02: Instructions to Complete Capital Equipment / Improvement Request

1. Requester: Whoever initiated the request.
2. Description: If capital equipment, then tell what it is. If it is an improvement, give complete description of work to be done. If replacement equipment, tell what is being replaced. If additional space is needed, attach additional sheets.
3. Supplier: Who is providing the goods or services.
4. New or Replacement: Check whichever applies.
5. Cost: Give total cost, including, but not limited to, freight charges, rigging charges to get item in, and any other installation charges required, such as electrical or plumbing charges. Especially make sure that your numbers are correct for capital improvement, because any amount that may be needed above this initial request will need to be approved.
6. Terms of Payment: Try to negotiate the longest terms of payment with your potential supplier.
7. Useful Life: How long do you expect the asset to last?
8. Justification: Give the reasons that this request should be approved.
9. How will this investment reduce costs? Give details.
10. How will it benefit customers? Give details.

Requests with original signatures of General and Regional Managers and any appropriate attachments are to be forwarded to the Secretary of the President at Staff. Upon approval by the appropriate Staff managers and final approval by Neil Saunders, a copy will be faxed to Regional and Plant Managers.

### 160.01.03: Fixed Asset Account Numbers and Descriptions

When coding invoices for fixed assets your plant has purchased, please refer to the account numbers, descriptions, and criteria listed below:

<u>Account #</u>	<u>Description</u>
XX-90-162-000	<u>Leasehold / Building Improvements</u> – expenditures over US\$500 which add to the value of rental property or building and not spent to maintain the property. USEFUL LIFE: remaining life of building or life of lease and options.
XX-90-163-000	<u>Machinery &amp; Equipment</u> – used in a production department, has a useful life of greater than 1 year, and a value greater than US\$500. USEFUL LIFE: 7 years.
XX-90-164-000	<u>Computer Software</u> – software expenditures over US\$500. USEFUL LIFE: 3 years.
XX-90-165-000	<u>Furniture &amp; Fixtures</u> – office equipment, furniture, fixtures, etc. with a useful life greater than 1 year and a value greater than US\$500. Examples: desks, telephone equipment, copiers, facsimile machines, etc. USEFUL LIFE: 7 years.
XX-90-166-000	<u>Computer-driven Machinery</u> – machinery that is used in the production department that is actually computer-driven, useful life over 1 year, and a value greater than US\$500. Examples: lasers, Kongsberg machinery, Data Tech plotters, Imagesetters, Linotypes, etc. USEFUL LIFE: 7 years (over US\$100,000 - 10 years with approval).
XX-90-167-000	<u>Computer Equipment</u> – actual computer hardware with a useful life greater than 1 year and a value over US\$500. Examples: computers, monitors, printers, hard drives, etc. USEFUL LIFE: 5 years.

#### 160.01.04: Repair and Maintenance Expense Accounts

- 682 Repair and maintenance to your building or leased property.
- 683 Repair and maintenance to machinery and equipment used in production departments. Also use this account for repair and maintenance to computer-driven machinery used in production.
- 684 Computer software updates less than US\$500.
- 685 Repair and maintenance to furniture and fixtures. (This includes repair and maintenance to copiers.)
- 687 Repair and maintenance to computer hardware.

#### Other Expense Accounts

- 632 Supplies
- 634 Perishable Fixtures – items that are not actual supply items but do not meet the US\$500 requirement to capitalize as assets. Examples: calculators, small file cabinets, chairs, etc.
- 641 Perishable Tools – small tools used in the production departments costing less than US\$500.
- 659 Inter-company asset relocation

#### Maintenance Agreements

If the amount of the maintenance agreement is over US\$500, the invoice should be charged to prepaid expense XX-90-133-000. You should also send a copy of the invoice to Staff so that the invoice can be written off over the correct number of months.

### 160.01.05: Asset Tag Numbers

Asset Tag Numbers are assigned at Staff. A letter is sent to the plant with each asset tag. The asset should be properly tagged and a copy of the letter initialed and returned to Staff. This letter should also be used to verify information regarding asset purchases:

- This is your chance to correct errors: If an asset tag already has been received for this asset, it could indicate asset was paid for twice.
- Was the correct department charged?
- Is the cost of the asset more or less than expected?

## 160.05: Disposition of Assets

An asset is defined as an item whose purchase price is over US\$500.00 that is capitalized for depreciation over a specified period of time. All assets should be assigned an asset tag number.

Any Container Graphics asset disposed of in any way must be processed through the proper channels.

"Dispose" is defined as (1) discard, (2) transfer (inter-company), (3) sell, or (4) donate.



### 160.05.01: Approval of Disposition

Obtain prior written approval for disposal of any CGC asset.

- All asset disposals must be approved by the General Manager and the Chief Financial Officer. The CFO will consult with the Engineering department and obtain their approval. (Engineering will assist in the assignment of disposal/transfer values.)
- Any asset whose original purchase price was US\$1,000.00 or more requires approval by the Regional Manager also.

Please have asset tag number available when you call Staff.

## 160.05.02: Request for Disposal of Assets

Complete the top portion of a Request for Disposal, Transfer or Sale of Fixed Assets (See Appendix A: Form 160.05). Please give all required information except Actual Disposal/Transfer Date. **The Actual Disposal/Transfer Date must be reported to Staff when transferred (See Section 160.05.03).** The required information is as follows:

- Requester: name of individual requesting disposal
- Date requested
- Plant: current location of the asset
- Asset department
- Type of transaction: disposal (discard), transfer, sale, or donation
- Asset Tag number
- Description
- Reason
- If a transfer, new location
- If a donation, appraised value; attach a written appraisal
- Selling price amount
- If item to be replaced, indicate if a Capital Request has been approved

Obtain the following information from the Staff Accountant:

- Purchase date
- Purchase price
- Book value

Enter this information in the appropriate blank on the bottom portion of the form.

Obtain proper approval: signatures(s) of either the General Manager or both the General Manager and the Regional Manager, whichever is required.

Forward the Request for Disposal, Transfer, or Sale to the Chief Financial Officer. The CFO will consult with the Engineering department regarding disposal of the item. A Transfer Value will be assigned.

The Staff Accountant will provide Disposal/Transfer Accum. Dept. and Disposal/Transfer Book Value.

If approved, the CFO will forward a copy to the Staff Accountant and return the original to the requester.

Please include the purchase price on the bottom portion of the form if it was necessary for you to obtain this information from Staff.

### 160.05.03: Actual Disposal

At the time of disposal, record the Actual Disposal/Transfer Date on the approved Request for Disposal form.

- Send a copy of the completed, approved request to the Staff Accountant.
- If the asset is disposed of in any manner other than a transfer to another CGC location, remove the asset tag from the item and attach it to the copy of the completed, approved request that is sent to the Staff Accountant.

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## 200.00: Accounts Payable Payment Policy

### 200.01: What We Pay

1. Container Graphics pays invoices relating to CGC business.
2. Container Graphics pays original invoices only.
3. Container Graphics does not pay service charges or late fees.
4. Container Graphics does not pay from monthly statements only. Each invoice on the statement should be processed separately. If the statement is for credit cards, reconcile the statements with the receipts, but attach the receipts to the expense reports.

#### Payments to Employees

- Payments made to employees through Accounts Payable are for reimbursement only. These should be recorded on an expense report with appropriate substantiation attached (Sec. 255.00).
- Payments for subcontract work or employee incentives must be processed through payroll. (See Sec. 607.00.)

### 200.02: How We Pay

1. We pay from Staff. It is important that all invoices to be paid be entered through the automated A/P system because it helps us to track the payment.
2. Certain payments can be made from your plant checkbook. (See Sec. 206.00)

### 200.03: When We Pay

#### a. Weekly Check Run

We pay credit card, utility bills, and other approved “Pay Fridays” on each Friday check run. A general list of “Pay Fridays” is in Sec. 200.04. Each plant may have specific vendors who are considered “Pay Fridays.”

When these checks are run, the checks are “released” and mailed that day.

#### b. Monthly Check Run (10th Check Run)

All outstanding vouchers are paid monthly on the 10th check run (printed around the 7th or 8th.) When these checks are run, the check release dates must be manually entered. Release dates vary, depending on the vendor type.

**Terms Discount Invoices** - released on the 10th of the month

**Freight Invoices** - released on the 15th of the month.

**All other invoices** - generally paid within 45 days after the invoice date. These checks will be released two days before the end of the month.



200.04: "Pay Fridays"

1. "Pay Fridays" are invoices to be processed for quick payment, usually credit card and utility payments. A list of general and specific "Pay Friday" vendors follow.
2. Approved "Pay Fridays":
  - a. General

cellular phone	lease payments
credit cards	paggers
country clubs	telephone
invoices over 45 days old	utilities
  - b. Specific

Airborne Express	Marco Wood Products
American Express	MCI International
Federal Express	Eugene Piette
First Union Visa	Sprint
Henderson Manufacturing	UPS
Ikon Capital	Pitney Bowes
IBM	

This list is a general list. Each plant will have different vendors who are "Pay Fridays."

3. Processing "Pay Fridays":
  - a. Write "Pay Friday" in the REMARKS section of the apron.
  - b. Put "Pay Friday" invoices in a separate batch. DO NOT INCLUDE OTHER INVOICES IN THIS BATCH.
  - c. Answer "Y" to Pay Friday field when entering into the computer.

**NOTE:** If an invoice needs to be paid as a "Pay Friday" but is processed in the 10th Check Run, please send a separate fax or E-Mail to Staff requesting that the check be released on the 10th.

## 201.00: Purchase Orders

### A. General Policy

1. Everything must be purchased with a purchase order - no verbals.
2. Regularly recurring expenses such as telephone or utility bills will not have purchase orders.
3. Purchase orders must be marked “for resale” or “not for resale.” (Sec. 203: Sales Tax Liability)
4. Purchase Orders must be signed by authorized person.  
Department managers may sign the purchase order for direct material orders. The general manager must sign for anything else.

### B. Procedures to Process Purchase Orders

1. Complete the purchase order.
2. When a quoted price is received, put the date quoted, price quoted, and the name of the person who gave the quote.
3. Inventory numbers and item cost for inventory items must be recorded on the purchase order. Use Form 500.01.01 to request a new inventory item. Add the new inventory number to the purchase order later.
4. Accounts Payable at each plant will maintain open and closed P.O. files.
5. Accounts Payable will receive the yellow copy of the P.O. and file in the P.O. files.
6. Shipping/Receiving will receive the white copy of the P.O.
7. Shipping/Receiving will forward the white copy of the P.O. to Accounts Payable at the plant when the material is received. The packing slip should be attached.
8. The person in Shipping/Receiving checking in the material should sign and date the packing slip and record the amount received. The packing slip is proof of delivery - a necessary document.
9. Accounts Payable matches the yellow copy of the P.O., packing slip, and invoice, verifies quantities and amounts.

**All invoices must be accompanied by a purchase order and a packing slip. If a packing slip is not received at the time of delivery, a CGC packing slip must be completed and forwarded to Plant A/P with a copy of the P.O.**

## 202.00: Vendor Numbers

Vendor numbers are required for all vendors we pay. Staff assigns vendor numbers in alphabetical order.

Staff generates and distributes a Vendor Master List quarterly. This list provides the following information:

- Vendor Number
- Vendor Name
- Vendor Remittance Address

## 202.01: Request for Vendor Numbers

Obtain vendor numbers for new vendors from Staff when items are ordered.

Fax a Request for New Vendor Number (Appendix A: Form 202.01) to Staff. Include the following information:

- a. Vendor name.
- b. Vendor's remittance address, including the zip code.
- c. Taxpayer Identification Number (TIN). This should have nine digits.
- d. Organizational structure.
  1. Corporation
  2. Partnership **Please provide name of first partner.**
  3. Sole Proprietorship **Please provide name of owner.**
  4. Individual

Direct materials (inventory items) purchased from new vendors require new vendor numbers before New Inventory Number Requests are sent to Staff. Inventory numbers cannot be assigned without a vendor number.

### **Definition of a Taxpayer Identification Numbers (TIN).**

- They are the same as Federal ID Numbers.
- They are unique, identifying numbers of a person or business.
- They are issued by the federal government.
- Everyone has a TIN – for individuals, they are social security numbers.
- Just because a company has a TIN does not mean that the company is incorporated. You must ask.

## 202.02: Form 1099

Form 1099 - Miscellaneous Income is filed each calendar year for each person, other than corporations, to whom has been paid the following:

- At least \$10 in royalties or broker payments in lieu of dividends or in lieu of tax-exempt interest or
- At least \$600 in rent, services (including parts and materials), prizes, awards, and other income payments.

**EXCEPTION:** If the payments of at least \$600 are for medical or health care, a Form 1099 must be filed, even if the medical provider is incorporated.

The Social Security Number or the Federal Identification Number (or TIN) for each Vendor should be entered on the Request for Vendor Number (Form 202.01). The IRS requires Container Graphics to withhold 31% of the payment for taxes if this information is not provided.

### 202.03: Vendor Credit Applications

All credit applications for potential vendors must be sent from the plants to Staff for completion.

To apply for credit, please follow the following steps:

1. Record the plant's address as the billing and shipping address on the application.
2. Indicate a credit limit needed.
3. List local contacts for Accounts Payable and Purchasing (at the plant).
4. Note that we do require purchase orders.
5. Submit the application to Staff Accounts Payable for completion. Be sure to put a note on the application telling Staff which plant is applying for credit. No special form is needed.

**Staff will not complete any credit applications received without information regarding who submitted the application.**

## 203.00 Sales Tax Liability

Container Graphics Corporation is required to pay sales tax on certain items. Laws for the state in which your plant is located and the intended use of an item determine your sales tax liability on purchases.

We are required to have a Sales Tax Exemption Certificate on file with any vendor from whom we purchase non-taxable items. See Section 203.03: Request for Sales Tax Exemption Certificates for procedures to follow when obtaining exemption certificates.

### 203.01: Determining Sales Tax Liability

To determine the taxability of a purchase, refer to Appendix B: Sales Tax Liability Summary Sheets. These summary sheets detail per state the taxable status of commonly purchased items.

If uncertain about whether a purchased item will be taxable, call the Staff Accountant.

### 203.02: Tax Liability Accrual for Unpaid Sales Tax

If a vendor does not charge sales tax on items for which we are required to pay tax, accrue the tax. To accrue the tax, calculate the tax amount using your state's tax rate. Enter on the A/P apron a two line entry:

- Debit the expense account for the amount of sales tax to be accrued.
- Credit the tax amount to the account number 90 - 238 for your plant.

The vendor receives payment for only the amount billed.

Crediting the 238 account provides a record of our tax liability that will be remitted to the proper state.

### 203.03: Request for Sales Tax Exemption Certificate

1. When items are purchased from a new vendor, request an exemption certificate from the vendor. If you are unable to obtain a certificate from the vendor, contact the Staff Accountant.
2. Complete Form 203.03: Request for Sales Tax Exemption Certificates (Appendix A)
3. Forward completed Form 203.03 and exemption certificate to Staff Accountant

## 204.00: Approvals

All invoices must have proper approval before payment.

The General Manager (G.M.) must approve all invoices before submitting for payment.

### **Exceptions:**

- a. If the G.M.'s signature is on the Purchase Order for production material or supplies, and if the prices were extended correctly, then the Production Manager may approve the invoice.
- b. In (a.) above, if the invoice prices differ from the Purchase Order prices, the invoice will require the G.M. signature.

## Delegating Approval Authority

If the G.M. is unavailable to approve invoices (sick, vacation, etc.), the G.M. should delegate the responsibility to another individual. The notification of delegation should meet the following requirements:

1. Be written.
2. Detail who is to approve and for what time period.
3. Be sent to Staff A/P in a timely manner.

## 204.01: Signature Cards

1. Signature cards are required for all personnel authorized to approve.
2. Whenever authorization to approve changes, signature cards need to be updated. Request new standard rolodex cards from Staff A/P (for consistency).
3. The following information should be included on the signature cards:
  - a. Name of individual
  - b. Types of purchases
  - c. Limitations / Restrictions
  - d. Individual's signature and initials
  - e. General Manager's signature and initials
  - f. Date



## 205.00: Accounting Distributions

The proper Accounting Distribution number(s) is required on all invoices processed for payment. Accounting Distribution numbers are included on the Apron (or check request form) attached to the invoice.

Accounting Distribution numbers consist of the following:

- Plant Number – Two-digit number for the plant charged with the expense.
- Responsibility Center – Two digit number indicating the department or general area of cost that the expense is charged to.

Responsibility Center numbers are as follows:

- 01: Printing Plates
- 02: Cutting Dies
- 05: CAD/CAM - Laser
- 30: Materials
- 40: Sales – requires Source Code
- 41: Shipping\*\* – requires Source Code
- 60: Administration
- 80: Regional – requires regional Source Code
- 90: Assets and Liabilities - Fixed Costs

\*\* The "41" department was created to get a better indication of how well we are doing in recovering all of our shipping costs. Any costs associated with delivering our products is to be coded to department 41. Any employees who are on the payroll exclusively as delivery people should be set up in the 41 department. You can allocate time for payroll or other costs to various source codes using the 41 department.

- Account Number – Three digit number indicating a specific category or area of cost that the expense is associated with.
- Source Code – Three digit number indicating the individual responsible for incurring the expense.

EXAMPLE: 01-01-500-000 = Plant number (Toledo) – Responsibility Center (Printing Plates) – Account Number (Direct Material) – Source Code (no source code required for direct material expenses)



205.01: Frequently-used Account Numbers

<b>Account Description</b>	<b>Printing</b>	<b>Cutting</b>	<b>Material</b>	<b>Sales Source Code</b>	<b>Shipping</b>	<b>Admin.</b>	<b>Regional</b>
Direct material purchased	01-500	02-500					
Freight on material	01-501	02-501					
Employee welfare	01-629	02-629	30-629	40-629	41-629	60-629	80-629
Supplies	01-632	02-632	30-632	40-632	41-632	60-632	80-632
Perishable Tools for Own Use	01-641	02-641					
Perishable Fixtures	01-634	02-634	30-634	40-634	41-634	60-634	80-634
Rental – Building	01-650	02-650	30-650	40-650	41-650	60-650	80-650
Rental – Vehicle	01-651	02-651	30-651	40-651	41-651	60-651	80-651
Rental – Equipment	01-652	02-652	30-652	40-652	41-652	60-652	80-652
Utilities – Heat	01-670	02-670	30-670	40-670	41-670	60-670	80-670
Utilities – Electric	01-671	02-671	30-671	40-671	41-671	60-671	80-671
Utilities – Water	01-672	02-672	30-672	40-672	41-672	60-672	80-672
Repair & Maintenance – Building	01-682	02-682	30-682	40-682	41-682	60-682	80-682
Repair & Maintenance – Machinery	01-683	02-683	30-683	40-683	41-683	60-683	80-683
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205.02: Charges to International Plants

Any charges to International Plants should be coded to 88 - 90 - 199.

Denote on the A/P Apron which International plant Staff should charge for the expense.

205.03: Electronic Fund Transfers

The following vendor is paid electronically:

United Parcel Service                      Vendor # 73504

Each plant should process the invoices as usual, but net the total to account 90-252 as illustrated below:

	<u>Plant</u>	<u>Dept.</u>	<u>Account</u>	<u>Source</u>	<u>Amount</u>
expense	01	40	749	910	100.00
EFT	01	90	252		<100.00>

205.04: Marco Wood Products Credits

Marco Wood Products will be issuing checks to Container Graphics for any credits. However, each plant should continue to process the credit as usual, netting the total to account 90-111 as illustrated below:

	<u>Plant</u>	<u>Dept.</u>	<u>Account</u>	<u>Source</u>	<u>Amount</u>
material	01	02	500		<500.00>
receivable	01	90	111		500.00

205.05: Other Special Accounting Distributions

The following vendors are paid by Staff, but processed by each plant:

Sprint    Vendor # 65355  
First Union Visa                              Vendor # 00750

Each plant processes the invoices, netting the total against account 90-241, as illustrated below:

	<u>Plant</u>	<u>Dept.</u>	<u>Account</u>	<u>Source</u>	<u>Amount</u>
expense	01	40	778	910	100.00
accrued exp.	01	90	241		<100.00>

## 205.06: Vendor Discounts

### General Rule

We take all discounts.

**Exceptions:** Currently we are not taking any discounts on invoices from the following vendors because we cannot process their invoices in time. These vendors **always** bill back for the unearned discount:

- a. Kapco
- b. Turnquist

If you **always** get a discount on an item, regardless of the quantity you purchase, then the cost of that item includes the discount.

If you **only** get a discount on an item when you purchase a certain quantity (or if the cost exceeds some set dollar amount) then the cost of the item must not include the discount. The discount should be coded as a negative amount to the same department and 810 account. This is detailed in Sec. 205.06.01.

## 205.06.01: Different Types of Discounts

### Terms

Terms discounts are extended to encourage prompt payment. An example would be 2% 10, net 30. We take all terms discounts. Some vendors will bill back for unearned discounts. Forward these invoices to Staff.

Vendors who extend terms discounts include National Steel Rule, Marco Wood Products, and Monroe Rubber.

### Quantity / Volume Discounts

Quantity discounts are given for large purchases. Some quantity discounts are per purchase order. Others are for every order based on the year's purchases.

For example, C.U.E. gives a 3% discount for purchase orders exceeding 100 blankets. C.U.E. does not list this discount separately. You must determine the discount amount and encode accordingly.

Anderson International Trading gives a 5% Volume Discount for orders totaling at least \$1,500.

### Accounting

The discount must be coded to the 810 account. The amount of the purchase, without reflecting the discount, should be coded to the direct material account, 500.

An invoice from C.U.E., totaling \$2,910.00 including a 3% discount. Code the invoice as follows:

<u>Plant</u>	<u>Dept.</u>	<u>Account</u>	<u>Amount</u>
01	02	500	\$3,000.00
01	02	810	<\$90.00>
			<u>\$2,910.00</u>

### Other Discounts

Some vendors give discounts per item. These are not terms discounts, nor are they quantity discounts. The vendor gives the same discount on the item purchased every time that item is purchased, regardless of the quantity purchased or when the item is paid.

A vendor who gives such a discount is J.F. Helmold.

### Accounting

Code the invoice without regard for the discount.

**Exception:** Henderson Manufacturing extends a 20% terms discount stated in dollars. Although this is a terms discount, we always take the discount, so use accounting code 500 for the cost of the items less the discount.

### 206.00: Items Paid by Plant Check

The maximum amount that any plant check can be written for is \$500.

Plant checks may be written for the following expenses:

1. CGC Expense Report reimbursement/Personal Mileage Report (Form 252.00)
2. Petty Cash Report reimbursement
3. Collect shipments received
4. Postage machines and postage services

All other checks must be approved by the Accounting Manager.

### Payments to Employees

Payments made to employees by Plant Check are only for reimbursements. All payments for subcontract work or employee incentives must be processed through payroll. (See Sec. 607.00).

### Approvals

The normal approval process must be followed for any and all expenses paid for by plant checks. The General Manager's approval is required before a check is written.

### Additional Checks

If you need additional checks, contact Staff. Please try to anticipate when you will need more checks before the last one is written.



## 206.01: Plant Checkbook Procedures

Plant checks are two-part: an original and a carbon copy.

### Writing Checks

- a. Always use the carbon copy when writing a plant check.
- b. Record the reason for the check in the “memo” section of the check.
- c. Separate the check from the check carbon copy.
  1. Do not write on the check carbon copy.
  2. Do not attach an A/P apron to the check carbon copy.  
**The check carbon copy will retain anything written on it.**

### Processing Check Copies

1. Attach the item(s) being paid to the back of the check carbon copy (i.e. expense reports).
2. Attach an A/P apron / Check Request Form to items paid by plant check. Attach a Check Request Form (See Sec. 206.00) to the back of the check for any checks that do not have receipts.
3. Attach the A/P Apron to the expense report or receipt. Use one apron per check. If you are paying multiple expense reports with one check, use one apron.  
**If the multiple expense reports require a reimbursement greater than \$500.00, separate the expense reports and write smaller checks.**
4. Do not assign a voucher number or put in an A/P batch.
5. Total accounting amounts on Check Request / Apron must equal the total check amount.

## 206.02: Check Stubs

The following information is required on check stubs:

1. Cumulative total of check amounts written for each month - start from zero at the beginning of each month.
2. Check amount: Add this amount to the previous balance; carry this total forward to the “Total” line on the next check stub.
3. Date.

4. Vendor name for whom the check is written.
5. Reason for writing the check.

206.03: Receipts / Substantiation

In general, you should always have a receipt except for the following checks:

1. Final paychecks
2. Other checks requested by payroll
3. Personal mileage: put on an expense report or personal mileage report (Form 252.00).

**All other checks should have receipts or other substantiation.** Examples follow:

Registration for TAPPI? use copy of registration form you are mailing

Postage by Phone? copy of statement

STAPLE ALL BACKUP TO CHECKS IN THE UPPER LEFT-HAND CORNER.

**DO NOT** STAPLE OVER THE CHECK NUMBER. These carbon copies tear easily.

#### 206.04 Voided Checks

1. Cut out the signature portion of the original check and send to Staff.
2. Write "Void" on the corresponding check stub and check carbon copy.
3. Place the carbon copy in the batch to be sent to Staff.
4. Write the check number(s) of any voided check on the Plant Checkbook Reconciliation Report in the "List Voided Check #" column.

#### 206.05: Skipped Checks

**When a check is skipped**, record the check number(s) in the "List Skipped Check #" column on the Plant Checkbook Reconciliation Report.

**When the check is subsequently used**, record the week used in the "Week Used" column on the Plant Checkbook Reconciliation Report.

#### 206.06: Expense Reports Requiring Regional Manager's Approval

If a plant check is written for an expense report prior to obtaining the Regional Manager's approval:

1. Make a copy of the original expense report with the A/P Apron attached.
2. Forward the original expense report with receipts and apron attached to the Regional Manager for approval.

## 206.07: Weekly Procedures and Distribution

### PROCEDURES

1. Assemble Check carbon copies (with backup attached) into batches in check number order. This is your Plant Check Batch. One batch per week.

See Sec. 250.00 for specific instructions on expense report processing.

Enter into the computer:

Assign a batch number consisting of Six digits: plant, month, week.

EXAMPLE: Batch 140201 is the first week of February for plant 14.

**The batch number is very important.** At month's end, Staff will run a computer procedure to pull all batches for that particular month into the expenses for the month. If the month is incorrect, the expenses will not be pulled in.

2. Complete Plant Checkbook Reconciliation Report (Form 206.07). Record the following information:
  - a. Week ending date.
  - b. Beginning and ending check numbers for the week.
  - c. Total check amounts for all checks written that week (Add the check copies!).
  - d. Total accounting amounts from aprons / Check Request Forms.
  - e. The Total Check Amounts must equal the Total Accounting Amounts.
3. Keep all check stubs (both original and carbon) for your records. You may discard after three months.

### DISTRIBUTION

Send weekly Plant Check Batch to Staff each Friday. Include the following:

- a. Copy of Plant Checkbook Reconciliation Report.
- b. Disbursement Transaction Register (detail) - generated by computer.
- c. Plant Check Batch.

Keep the original Plant Checkbook Reconciliation Report until Month End. Send to Staff with the last Plant Check Batch.

## 206.08: Monthly Procedures and Distribution

### PROCEDURES

On the last day of the month, prepare the following:

- a. Prepare the Plant Checkbook Reconciliation Report, just as done weekly.
- b. Sum the weekly Total Check Amounts and Total Accounting Amounts and record on the Monthly Totals line.
- c. Office manager signs.
- d. Mark “Last Plant Check Batch” and enter into computer (follow weekly procedures (See Sec. 206.07)).

### DISTRIBUTION

Send the last Plant Check Batch to Staff according to the monthly schedule provided by Staff.

## 206.09: Petty Cash

Petty Cash procedures are as follows:

### 1. Control

- a. The cash must be kept in a secure location (i.e. locked).
- b. One person should be designated to handle petty cash.
- c. Petty cash should be reconciled monthly (at least).

### 2. Receipts

No cash should be disbursed without a receipt.

### 3. "Received of Petty Cash"

- a. Attach the receipt to the "Received of Petty Cash" slip.
- b. Record the details of the purchase and accounting code.
- c. The person who receives the cash must sign and date.

### 4. Petty Cash Report

- a. Use Form 206.09 (See Appendix A).
- b. The appropriate person approves the Petty Cash Report.
- c. Place receipts in an envelope and attach to the back of the report.

### 207.00: Items Paid at Staff

All invoices for expenses, except those outlined in Sec. 206.00, must be processed through the A/P system. Staff will pay these invoices.

### 207.01: Accounts Payable Apron (A/P Apron)

All vendor invoices processed through the A/P system require an apron.

The apron is a preprinted 3" x 5" Post-It-Note and may be obtained from the MIS Department at Staff.

### COMPLETED A/P APRONS INCLUDE

1. Only one invoice per apron.
2. Vendor number for correct vendor name and remittance address (See Sec. 202.00).
3. Voucher Number according to procedure (See Sec. 207.00).
4. Discount?
5. Proper approvals (See Sec 204.00).
6. Purchase Order number.
7. Date material was received.
8. Correct accounting distribution.
9. **Current charges only**: Circle and investigate any late charges / past due amounts.
10. Initials of individual responsible for verifying that extended quantity(s) and cost(s) correspond to amount(s) billed on the invoice.
11. Total amount to be paid in the lower right-hand block.



**Accounting Policy and Procedures – Plant  
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**P200: Accounts Payable  
Items Paid at Staff  
Accounts Payable Apron (A/P Apron)  
207.00, 207.01**

207.02: Processing Vendor Invoices

1. Attach backup to original invoices.
  - a. "Backup" - substantiation.
  - b. Purchase order - attach copy of P.O. If incomplete, copy and mark accordingly.
  - c. Corresponding packing slip.
  - d. Capital Equipment Request (C.E.) for all asset purchases.

Do Not send remittance copy of invoices (duplicates usually in yellow).

Do leave remittance stubs on credit card and other statements (these are perforated).

2. Staple invoices in the upper left-hand corner.  
**Hold the invoice so that you can read to find the upper left-hand corner.**
3. Attach A/P apron (See Sec. 207.01) and complete the apron.
4. Put the invoices into batches. Separate into the following invoice type:
  - a. "Pay Fridays" - (including any that are Inventory Control - Marco Wood, Henderson, Eugene Piette.
  - b. Inventory Control (except those listed as "Pay Fridays").
  - c. All other invoices.
5. Put invoices in vendor number order. Once you stamp the vouchers, leave in voucher number order, even if not in vendor number order.
6. Highlight invoice number with a fluorescent highlighter (other highlighters sometimes do not copy well).
  - a. Count 30 invoices per batch.
  - b. Assign voucher numbers (use the stamper).
    - **Voucher Number** - six digit number. First two digits represent your plant number. The remaining digits are sequential. When you reach 9999 voucher number for your plant, the stamper will roll forward to the next plant number voucher number 0000. You must roll the first two digits back to your plant number.
    - Stamp the voucher number on the apron. The voucher stamp should always have black ink.
    - Be sure to check the sequence of the voucher numbers from batch to batch, especially if the stamper is dropped. Our accounting system will not process duplicate voucher numbers.
  - c. Assign a Batch Number. **Batch numbers** for A/P consist of 6 digits:

Digits 1 & 2	plant #
Digits 3 & 4	month
Digits 5 & 6	sequential, so you can have up to 99 batches

**DO NOT duplicate batch numbers.**

## 207.02.01: What to Use for an Invoice Number

The invoice number must be entered into the computer to identify what we are paying on the checks. Sometimes there may not be an invoice number. If this happens, use the following hierarchy of numbers to decide what to use:

1. Invoice Number

2. Account Number

Some invoices may be monthly statements with account numbers. For example, you would use the account number to reference a payment for telephone or utilities.

3. Statement Number

If there is no invoice number and no account number, use the statement number if there is one. If this is a monthly statement (recounting all activity for the month with supporting documentation) and there is no statement number, use the word STATEMENT followed by the numbers representing the month and year.

For example, for a monthly statement dated 01/31/97, you would use STATEMENT0197. If the statement is dated 02/01/97, the statement is still recounting January business, it was just printed on 02/01/97. So, you would still use STATEMENT0197.

4. Date

If there is no invoice number, no account number, no statement number, and if this is not a monthly statement but is a non-numbered bill or invoice, use the date for the invoice number.

### 207.03: Processing Credit Card Statements

1. Record the name of the cardholder in the P.O. field.
  - a. Use the first letter of the first name and the full last name, using no period after the first name's first letter. For cardholders with last names greater than 10 digits, enter as much of the last name as possible. **DO NOT ABBREVIATE THE LAST NAME.**
  - b. Write the first initial and last name on the apron.
2. After reconciling credit card statements with expense reports and receipts, attach the receipts to the back of the expense report.
3. See Sec. 205.05 for specific instructions regarding accounting distributions.

## 207.04: Invoices For and/or Including Freight

- Invoices for freight to customers

Freight invoices will not have a purchase order or a packing slip. However, in order to verify charges, they should have the appropriate paperwork attached, to be defined as follows:

- Bill(s) of lading: copy received either when material was shipped or was received

When shipping jobs out of your plant, the job numbers should be referenced on all bus bills, air bills, way bills, or other shipping receipts. Doing this will enable you to account freight charges, when billed, to the responsible plant and source code.

- Freight charges for jobs shipped from your plant should be charged to XX-41-720-XXX using the responsible plant number and source code for the customer the job was shipped to.

EXAMPLE: Plant 5 produces and ships a job for the Stone Mountain plant, salesman Tom Paul. When the freight bill for the job is received by Plant 5, it will be accounted to 15-41-720-955.

- If a U.S. plant invoices an international CGC plant's customer, the required accounting would be: 88-90-199. Be sure to denote which international plant (i.e., "Toronto") beside the entry.

Attach a copy of freight bills (invoices) to all invoices for asset purchases.

- Invoices for Incoming Materials Including Freight

Accounting distribution for invoices that include freight charges is as follows:

- Freight for direct material purchases (inventory items that become a part of a finished product, account code 500) that are shipped to your plant is charged to account 501.
- Freight for direct material purchases (inventory items that become a part of a finished product, account code 500) is shipped direct to our customer by our supplier is charged to XX-41-720-XXX, using the responsible plant number and source code for the customer the job was shipped to.
- Freight for all other purchases is added to the amount of the item(s) purchased and charged to the same account as such. This includes perishable tools (account code 641).

## 207.05: Short Payment of Invoices

If it is necessary to short pay a vendor invoice, a Short Payment Notice (Form 207.05) must be filled out. Please provide all information requested:

- Supplier
- Invoice / Waybill number
- Original amount: amount of invoice as billed
- Revised amount: amount actually paid on this invoice
- Reason
- Person talked to at the supplier

Attach the Short Payment Notice to the invoice. Having this information readily available will be an asset during future efforts for reconciliation.

IF ANY OF THE ABOVE INFORMATION IS NOT INCLUDED ON THE SHORT PAYMENT NOTICE FORM, STAFF WILL NOT PROCESS. THE INVOICE WILL BE RETURNED TO YOU. WHEN ALL REQUIRED INFORMATION IS PROVIDED, STAFF WILL PROCESS FOR PAYMENT.

## **Table of Contents**

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250.00: Travel and Entertainment Policy

This policy is the basis for determining expenses which are of a business nature and, therefore, deductible under present Internal Revenue Service guidelines.

Expenses which are incurred but do not conform to this policy will not be reimbursed. In the case of charged expenses, the amount will be deducted from other reimbursable expenses.



## 251.00: Business Meals

These meals must be "ordinary and necessary" to conducting your business and also must be "directly related to" and "associated with" business activities.

### 1. Travel Away From Home

Travel away from home is defined as being away from your place of residence overnight. Meals that you eat by yourself need to be listed under the appropriate place on the expense report (breakfast, lunch, dinner). If the meals are included in the total of a hotel/motel bill, then they must be separated on the expense report.

### 2. Travel to Other Plants

When traveling to other plants, it is not our policy to take Container Graphics employees out to dinner unless there is a direct business need to have the dinner together to continue or conclude a discussion that was started during normal working hours. These meals are not to be of an "extravagant" nature.

### 3. Customers

Taking customers out will be covered under the "Entertainment" section (See Section 254.00).

### 4. Substantiation

Substantiation of costs will be covered under the appropriate section (See Section 255.00).

## 252.00: Travel (Airlines/Rental Vehicles)

### 1. Airlines

Regional managers can select one travel agency to be used by their region. The agency must offer competitive services and quarterly summaries and reports. Please pass the reports on to Staff. One option is Triangle Travel (800) 367-3816 or (919) 872-5585. Book the flight as far in advance as possible to take advantage of any available discounts.

#### Accounting Procedure

- Itemize each trip on a CGC expense report.
- Attach the airline ticket stub to the expense report.
- If the flight was charged on a company credit card, attach a copy of the invoice to the credit card statement.
- If no invoice is available, denote the travel dates beside the air travel charge on the credit card statement.

### 2. Vehicles

#### A. Rental Vehicles

When renting a vehicle for company business, be sure to use the company name because company vehicle insurance coverage extends to rental cars. Additional insurance offered by the rental car company should be declined.

##### Short-Term Rental

Use your region's travel agency or Triangle Travel (800) 367-3816 or (919) 872-5585 when renting a vehicle for a short period of time, usually a few days.

##### Long-Term Rental

For long-term auto rental, use Rental Concepts Inc. (RCI) (216) 234-8700. However, check the rates from RCI against other local rental agencies. Make sure unlimited mileage is guaranteed. Also, most dealerships charge higher rates per day/month.

An example of a long-term rental would be when a sales representative rents a car while waiting for a leased vehicle.

##### Insurance Reimbursement

If the purpose for renting a vehicle is due to an accident, the insurance company will pay \$20 per day for 30 days towards the rental. Arrange payment through the insurance company and put any remaining balance on a company credit card.

#### B. Personal Vehicles

When an employee uses a personal vehicle for company business, the employee will be reimbursed 31.5¢ per mile in accordance with the IRS allowance. Record personal mileage on an expense report. You may use the Personal Mileage Report Form (Form 252.00) if you are only submitting personal mileage, tolls, and/or parking for reimbursement.

253.00: Company Vehicles

General

- Container Graphics Corporation provides an automobile to eligible employees.
- The availability of the company vehicle for personal use is deemed a fringe benefit. (See 253.04 for fringe benefit calculation.)
- Company vehicles are not for use on personal vacations.
- Each individual driver will be personally responsible for any traffic tickets received.

Eligible Employees

Sales Representatives  
 Sales Managers  
 General Managers

253.01 Repairs and Maintenance

- Each driver is responsible for keeping the vehicle maintained. Any costs from damage to a vehicle resulting from improper maintenance may be charged back to the driver.
- If a mechanical malfunction occurs while a new vehicle is on order, either repair the vehicle or turn the vehicle in and get a temporary replacement. (See Section 252.00 Rental Vehicles.)
- If the needed repairs result from an accident, report the accident. (See Section 253.01.) Pay for the repair by plant check (with Accounting Manager approval) or credit card. Code the repairs as shown below to account for the deductible of \$500.00:

	<u>Plant</u>	<u>Dept.</u>	<u>Account</u>	<u>Source</u>	<u>Amt.</u>
Sales Representative or Manager	XX	40	688	XX	\$500.00
(General Manager	XX		688	)	
Remaining repair bill	XX	90	199		\$XXX.00

- Code the reimbursement check from CNA as shown below:

<u>Plant</u>	<u>Dept.</u>	<u>Account</u>	<u>Source</u>	<u>Amt.</u>
XX	90	199		\$XXX.00

- Any repair greater than \$100 must be approved by the General Manager.

**Accounting Policy and Procedures – Plant**  
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**P250: Travel and Entertainment**  
**Company Vehicles**  
**Repairs and Maintenance**  
**253.00, 253.01**

## 253.02: Accidents Involving Company Vehicles

- Every traffic accident must be reported in the following manner IMMEDIATELY:

### Procedure to Report the Traffic Accident

1. Call the police, get a copy of the police report.
  2. Complete Accident Loss Report and fax to Staff, CNA Insurance Co., and Krauss-Starr-Cochrane Insurance Agency, Inc. WITHIN 24 HOURS OF THE ACCIDENT.
  3. Get estimate for repairs.
  4. WITHIN 48 HOURS OF THE ACCIDENT, fax a copy of the Accident Loss Report, police report, and repair to CNA Insurance Co., Krauss-Starr-Cochrane Insurance Agency, Inc., and Staff. Please make sure that the DATE AND TIME OF LOSS BLOCK has been filled in. (This is the only way that Staff can identify any refund checks received.)
- If the accident is the other party's fault, CNA will try to recoup the employee's deductible. Follow the same procedure listed above. Staff will credit the employee's expense after receiving a check from CNA.
  - After the employee has reported the accident to the police, the employee should only talk to our insurance company. If other parties (or affiliates thereof) want questions answered, they should call our insurance company. A copy of the estimate and police report can be given to the adjuster.
  - Each city/state has its own CNA office and the plants should have the phone number and fax number. If you need this information, call the Fleet Administrator at Staff.
  - If an accident occurs while the employee is driving the car on personal business, the employee may be personally responsible for the deductible portion of the insurance coverage, currently \$500.

Repair after accidents: (See Section 253.01 Company Vehicles - Repairs and Maintenance.)

Temporary Rental Vehicle after accidents: (See Section 252.00 Travel - Rental Vehicles.)

## 253.03: New Vehicle Requests

### Procedure to Order Vehicles

- Submit properly-approved Capital Equipment Request to Staff. Include type of car, color for interior and exterior, and "must use" dealership, if needed. Additional charges apply when "must use" dealerships are used.
- Employee will receive an order confirmation after the factory receives the vehicle order. Notify Fleet Administration regarding any discrepancies between the order and order confirmation as soon as possible.
- Allow 10 to 12 weeks (average) from the order confirmation date to the delivery date.
- Notify Staff of any company vehicle changes as soon as possible because it may affect a Sales Representative's profit.

### When to Replace Vehicles

- Order early so that the new vehicle will be received before the current vehicle reaches 70,000 miles. Cars lose resale value and cost more to maintain after reaching 70,000 miles. Furthermore, the depreciation part of the payment is set at a percentage that allows 70,000 miles in 18 months.
- Watch expense reports for mileage.
- Verify that all employees driving company vehicles are aware of time needed to receive a new vehicle.

### Sale of Company Vehicles

Employees have the option of purchasing a company vehicle. Call Fleet Administration for a price, but allow a few days for a response.

## 253.03.01: Sales Representatives Vehicle Selections

### Selection Procedure

The following information is to be used when selecting a new or replacement vehicle. The vehicles listed, as well as the options listed, are subject to change with each new model year. Fleet Administration will send out updates to the Office Managers with each new model year.

Any Sales Representative with more than three (3) points on his/her driving record or one (1) at-fault accident will not be able to obtain a vehicle with more than an insurance rating of six (6). The employee may be requested to provide a current copy of their driving record.

Any damage due to off-road use of the Company vehicle may be charged in its entirety to the employee.

### ***1999 Ford Taurus SE Wagon***

3.0 liter, 6 cylinder, 4 speed automatic transmission, interval wipers, power steering, cruise, tilt, dual air bags, ABS, luggage rack, tinted glass, front and rear floor mats, A/C, rear defroster, power locks and windows, AM/FM w/cassette, heavy duty suspension. Insurance Rating – **Five (5)**

### ***1999 Dodge Grand Caravan SE***

3.3 liter, 6 cylinder, 4 speed automatic transmission, 119" WB, 7 passenger seating group, front/rear floor mats, tinted glass, rear defroster, cruise, tilt, power mirrors, A/C (front), deluxe windshield wipers, power liftgate release, power locks, power windows, AM/FM w/cassette, heavy duty suspension, full size spare tire, rear wiper/washer, driver's side sliding door. Insurance Rating – **Two (2)**

### ***1999 Jeep Cherokee SE***

4.0 liter, 6 cylinder, 4 speed automatic transmission, 4WD, 4 door, AM/FM w/cassette, vinyl door panels, driver's air bag, A/C, console w/armrest, front and rear intermittent wiper/washer, cruise, power mirrors. (Power locks and windows not available.) Insurance Rating – **Eleven (11)**



## 253.03.02: Sales Manager Vehicle Selections

### Selection Procedure

The following information is to be used when selecting a new or replacement vehicle. The vehicles listed, as well as the options listed, are subject to change with each new model year. Fleet Administration will send out updates to the Office Managers with each new model year.

Any Sales Manager with more than three (3) points on his/her driving record or one (1) at-fault accident will not be able to obtain a vehicle with more than an insurance rating of six (6). The employee may be requested to provide a current copy of their driving record.

Any damage due to off-road use of the Company vehicle may be charged in its entirety to the employee.

In addition to this list, the Sales Manager may also choose any Sales Representative's vehicle.

#### ***1999 Ford Taurus SE Wagon***

3.0 liter, 6 cylinder, 4 speed automatic transmission, power locks and windows, power driver seat, A/C, auto parking brake release, tachometer, remote fuel door & liftgate, split folding rear seat, rear defroster, cruise, tilt, premium sound AM/FM w/cassette, keyless entry, leather steering wheel, power antenna, leather bucket seats. Insurance Rating – **Six (6)**

#### ***1999 Ford Taurus SE Sedan***

3.0 liter, 6 cylinder, 4 speed automatic transmission, power locks and windows, power driver seat, A/C, auto parking brake release, tachometer, remote fuel door & liftgate, split folding rear seat, rear defroster, cruise, tilt, premium sound AM/FM w/cassette, keyless entry, leather steering wheel, power antenna, leather bucket seats. Insurance Rating – **Five (5)**

#### ***1999 Pontiac Grand Prix SE***

3.8 liter, 6 cylinder, 4 speed automatic transmission, 4 door, A/C, power locks & windows, illuminated entry, AM/FM w/cassette, dual air bags, cruise, rear defroster, remote trunk release, ABS, remote keyless entry, power driver's seat, wrapped steering wheel w/touch controls, power antenna. Insurance Rating – **Six (6)**

#### ***1999 Buick Regal Custom***

3.1 liter, 6 cylinder, 4 speed automatic transmission, A/C, ABS, power locks & windows, AM/FM w/cassette, driver's air bag, power antenna & mirrors, cruise, rear defroster, power trunk release, power driver's seat, keyless entry, upgraded speakers. Insurance Rating – **Seven (7)**

#### ***1999 Jeep Cherokee Sport***

4.0 liter, 6 cylinder, 4 speed automatic transmission, 4WD, 4 door, vinyl panels w/carpet lower, gauge group, cloth bucket w/folding rear, delay wipers, two-tone paint, A/C, console, luggage rack, leather steering wheel, rear wiper, ABS, heavy duty battery & alternator, AM/FM w/cassette, cruise, power locks & windows. Insurance Rating – **Twelve (12)**

## 253.03.03: General Manager Vehicle Selections

### Selection Procedure

The following information is to be used when selecting a new or replacement vehicle. The vehicles listed, as well as the options listed, are subject to change with each new model year. Fleet Administration will send out updates to the Office Managers with each new model year.

Any General Manager with more than three (3) points on his/her driving record or one (1) at-fault accident will not be able to obtain a vehicle with more than an insurance rating of six (6). The employee may be requested to provide a current copy of their driving record.

Any damage due to off-road use of the Company vehicle may be charged in its entirety to the employee.

In addition to this list, the General Manager may also choose any Sales Manager's or Sales Representative's vehicle.

#### ***1999 Pontiac Bonneville SSE***

3.8 liter, 6 cylinder, A/C, ABS, power locks & windows, AM/FM w/cassette, cruise, tilt, tachometer, illuminated entry, remote trunk release, power seats, power antenna, custom trim, keyless entry, rear spoiler, leather steering wheel w/touch controls, auto air, eight speaker sound, alarm system, traction control.

Insurance Rating – **Eleven (11)**

#### ***1999 Olds 88 Royale LS Special***

3.8 liter, 6 cylinder, A/C, ABS, power locks & windows, AM/FM 2/cassette, dual air bags, cloth seats, armrest w/storage, cruise, power antenna, six speakers, power seats, dual mirrors, power trunk release, auto air (front & rear), touch controls on steering wheel, rear armrest w/storage, luxury package.

Insurance Rating – **Ten (10)**

#### ***1999 Jeep Grand Cherokee SE Laredo***

4.0 liter, 6 cylinder, 4 speed automatic transmission, 4WD, A/C, ABS, cruise, leather steering wheel, rear defroster, cloth lower panels, luggage rack, AM/FM w/cassette, driver air bag, cloth wingback seats w/folding rear seat, rear wiper/washer, power seats, power locks & windows, keyless entry, front & rear mats, net & cargo cover, alarm, illuminated entry, deep tinted glass, infinity sound & graphic equalizer, dual illuminated visor mirrors.

Insurance Rating – **Fifteen (15)**

#### ***1999 Ford Explorer XLT***

4.0 liter, 6 cylinder, 4 speed automatic transmission 2WD, 4 door, A/C, ABS, AM/FM premium w/cassette, power locks & windows, two-tone paint, cloth captain chairs w/folding rear seat, cruise, leather steering wheel, tilt, rear wiper/washer.

Insurance Rating – **Seven (7)**

#### ***1999 Ford Crown Victoria LX***

4.6 liter, 8 cylinder, 4 speed automatic transmission, A/C, ABS, AM/FM, dual air bags, cloth split bench, tilt, auto headlamp, power locks & windows, rear defroster, cruise, power trunk release, power antenna, cornering lights, leather steering wheel, high level audio, keyless entry, power seats, auto air.

Insurance Rating – **Eight (8)**

#### ***1999 Buick Park Avenue***

3.8 liter, 6 cylinder, 4 speed automatic transmission, A/C, ABS, rear defroster, power locks & windows, AM/FM w/cassette, dual air bags, cloth reclining split bench, power driver's seat, cruise, tilt.

Insurance Rating – **Eight (8)**

## 253.04: Fringe Calculation – General Managers and Sales Managers

A Container Graphics vehicle provided to its employees is a taxable fringe benefit. To determine the fringe benefit attributable to these vehicles, non-business miles (total driver miles in a calendar quarter less business miles from the job), divided by total miles driven, times the annual lease value, equals tax basis.

Each quarter, new year-to-date percentages will be determined using the above method on period-to-date miles driven. An example is as follows:

1. A manager has a vehicle that has a fair market value in the range of \$15,000 – \$15,999. This is determined by the Blue Book average resale value.
2. Annual lease value would be \$4,350.
3. In the first quarter, the vehicle is driven 4,000 miles and business miles from the log total 3,000 miles.
4. Fringe benefit for first quarter is:
  - a.  $\frac{1,000 \text{ (non-business miles)}}{4,000 \text{ (total miles)}} \times \frac{\$4,350 \text{ (lease value)}}{4 \text{ (one quarter)}}$
  - b.  $.25 \times \$1,088 = \$272$
  - c.  $.20 \text{ (federal tax rate)} \times \$272 = \$54.40$
  - d.  $.07510 \text{ (Social Security, if applicable)} \times \$272 = \$19.18$
  - e. Taxes to be withheld:  $\$54.40 + \$19.18 = \$73.58$
5. Fringe benefit for the first six months is:
  - a.  $\frac{2,700 \text{ (non-business miles)}}{9,000 \text{ (total miles)}} \times \frac{\$4,350 \text{ (lease value)}}{2 \text{ (one quarter)}}$
  - b.  $.30 \times \$2,175 = \$652.50$
  - c.  $.20 \text{ (federal tax rate)} \times \$652.50 = \$130.50$
  - d.  $.07510 \text{ (Social Security, if applicable)} \times \$652.50 = \$46.00$
  - e. Taxes due for first 6 months:  $\$130.50 + \$46.00 = \$176.50$

Gasoline purchases will continue to be made as usual, using a credit card or cash with a receipt. Either way, odometer readings must be listed on your receipts. When you fill in an expense report and determine personal miles driven, subtract five cents (\$.05) per mile for gas consumed for personal use.



## 254.00: Entertainment

Expenses incurred with the attendance with customers at nightclubs, restaurants, theaters, sporting events, and country clubs are included in this category. In order for an expense to be considered tax deductible, the following is necessary:

1. An ordinary and necessary expense in carrying on business;
2. Directly related to the active conduct of business; or
3. Associated with the active conduct of business.
4. The expense must be substantiated. Expenses cannot be of a goodwill nature; that is, just to retain a customer's "goodwill." Expenses are deductible only if substantial business discussions take place directly before, during, or after the entertainment. (See Sec. 256.01 for proper documentation of entertainment expenses.)

## 255.00: Substantiation

In order to be reimbursed for your expenses, the following must occur:

1. All expenses must have a receipt. In the case of the use of a credit card, the business purpose must be shown on the receipt.
2. An expense report is to be completed. All expenses are to be included on the report, whether the expense was paid by cash, charged using a credit card, or paid directly by the company (See Section 256.01).
3. In the case of entertainment, the bottom of the report must be completed giving the date, place of entertainment, person(s) entertained, and the nature of the business meeting which occurred (See Section 256.01 for proper documentation of entertainment expenses).

## 256.00: Reporting

Container Graphics policy on expense reporting was developed to conform to IRS Code for deductible expenses.

The following requirements apply to every person reporting expenses in the company.

### Requirements for Expense Reports

1. Timely
2. Filled out completely (See Sec. 256.01)
3. Accurate
4. Substantiated by receipts (See Sec. 255.00)

### When are Expense Reports Due?

1. Submit weekly for those individuals who are on the road or directly involved with sales.
2. Submit immediately upon returning from a trip for those individuals not continually on the road.



## 256.01: How to Complete Expense Reports

1. **Destinations** are to be used by everyone. Record the name of the city (no abbreviations) for sales calls made out of the local area. Record “local” if the sales calls are in the local town.
2. Record **mileage** on the expense report (or in a mileage log and attach copies of related pages.)
3. **Personal meals** are allowable when traveling away from home overnight (record as meals). Any meals with customers, including your own, are to be recorded under entertainment.
4. “**Expenses to be Paid by Company**” includes corporate credit card purchases only.
5. “**Expenses to be Reimbursed to Employee**” totals all other purchases, including those made with personal credit cards and company travel advance funds.
6. “**Business Purpose**” column in the Entertainment Section should include the specific discussion topic. “Goodwill,” "sales" and “customer relations” are not IRS approved.

### Examples Illustrating Specific Discussion Topic:

- Discuss Channel Master plates
  - Discuss 39" slot rubber problem
  - Discuss Hershey cutting die
  - Discuss Venture printing plate orders
  - Discuss Cellynne projects
  - Discuss Bic press run on tray laser polymer
7. “**Persons Entertained**” column should include the name of the person entertained, that person’s job title, and the name of the company.
  8. Record the check number and the date paid.
  9. Must be signed by the employee and approved by the appropriate person.

### Approvals

All expense reports are to be approved by the individual’s immediate supervisor.

#### Whose Expense Report

Sales representatives  
Sales managers  
General manager  
Regional manager

#### Who Approves

Sales managers  
General manager  
Regional manager  
President

257.00: Travel Advances

Travel Advance Receipt

A. Complete Form 257.00 (Appendix A). The following information is required:

1. Advance amount
2. Check number
3. Employee's name
4. Employee's signature
5. Plant manager approval

B. Accounting code to use:

XX-90-116-000

C. Attach the original Travel Advance Receipt Form (Form 257.00) to the check copy.

257.01: Reconciling Travel Advances

- A. The employee must complete an expense report detailing moneys spent.
- B. Receipts are required.
- C. **If the employee spends less than the advance given**, the employee must reimburse Container Graphics.

If the employee remits personal check or money order:

- 1. Record the account XX-90-116 on the check or money order.
- 2. Attach a **copy of the check** to the expense report.
- 3. **Send the original check or money order to Accounts Receivable at Staff.**
- 4. **DO NOT ATTACH THE ACTUAL CHECK TO THE EXPENSE REPORT.**
- 5. Attach an apron to the expense report and encode as follows:

Example: \$100.00 travel advance.

XX-40-781-XXX	52.60
XX-40-686-XXX	21.50
XX-90-116	<74.10>

In this example, only the amount spent will be credited to the account XX-90-116. The employee must reimburse Container Graphics for the remaining \$25.90.

If the employee repays the remaining travel advance in cash:

- Deposit the cash in Petty Cash Fund.
- Record XX-90-116 on a “Received of Petty Cash” form. The cash amount recorded on Form 206.09 will be a credit. (The expenses are debits.)

- D. **If the employee spends more than the advance given**, Container Graphics reimburses the employee.

Attach an apron to the expense report and encode as follows:

Example: \$100.00 travel advance.

XX-40-780-XXX	105.20
XX-40-686-XXX	21.50
XX-90-116	<100.00>

In this example, the entire travel advance will be reduced to \$0. Container Graphics will reimburse the employee \$26.70 for the excess expenses.

- E. When an employee is terminated, any remaining travel advance will be taken from the final paycheck. Contact Staff to verify balances.

258.00: Non-Approved Expenses

The following expenses are not approved for company reimbursement:

1. Cigarettes and other miscellaneous sundries.
2. Movies.
3. Personal meals without overnight stay, not entertainment.
4. Travel insurance.

259.00: Corporate Credit Cards

Corporate credit cards are provided for company-approved purchases.

For new cards or credit limit increases, contact CFO Administrative Assistant.

The following transactions constitute misuse of company credit cards:

1. Personal charges on corporate credit cards.
2. Cash advances on credit cards.

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300.50.01	Checking Data Entry for Material Orders

### 300.01.01: No Charges

A job is classified as a no charge if it was due to an ERROR on the part of an employee in our company (our mistake means "no charge"). A no charge is a job to correct any ERROR made by us on a product that has been shipped to our customer. If an error is made on several jobs and they are returned at the same time, then a separate no charge order is to be written up on each job – no multiple no charges on a single order.

EXCEPTION: If several orders were invoiced together and there was a mistake on them, then one no charge order could be written.

No charges need to be approved by the department manager and the general manager. If they are over \$500, they will require the regional manager's approval. However, your regional manager may want to approve all no charges.

Freight cannot be hidden on no charges. It must be shown.

Tax cannot be charged on no charges.



### 300.01.02: Cross Charges

A cross charge is a job that involves work done within your own plant and has nothing to do with errors made. Items that would be in this category would be:

- Work done for one manufacturing department by another
- Customer favor requested by a salesman
- Sales promotion requested by sales involving the manufacturing department

YOU CANNOT CROSS CHARGE ANOTHER CGC PLANT. If you have a job that falls in this category, you must bill the plant through normal inter-plant procedures.

Cross charges need to be approved by the department manager and the general manager. If they are over \$500, they will require the regional manager's approval. However, your regional manager may want to approve all cross charges.

Freight cannot be hidden on cross charges. It must be shown.

Tax cannot be charged on cross charges.

### 300.01.03: Account Numbers for No Charges and Cross Charges

When entering no charges and cross charges into the computer, put the account number you want charged in the space labeled "purchase order." At the end of every month, a journal entry will be generated by the computer to these accounts. If you want more than one account charged, enter a notation on the original no charge or cross charge request submitted to Staff stating what accounts should be charged and what portion.

The journal entry generated by the computer is for the actual COST of the job on a cutting die, the upper portion of your job costing sheet, before any factors have been multiplied. The journal entries for printing plates are calculated by taking the percent YTD material and the percent YTD labor cost from the contribution report times the standard value of the job.

The no charge report is calculated using standard value production and standard value of no charges.

#### Departments

- 01 Printing Plates
- 02 Cutting Dies
- 05 Laser or CAD/CAM
- 06 Air bags
- 30 Materials
- 40 Sales
- 41 Shipping
- 60 Administration
- 80 Regional

#### No Charge Account Numbers

- 609 Mistakes, which is anything other than production
- 632 Supplies
- 697 Production mistakes
- 699 Miscellaneous

#### Cross Charge Account Numbers

- 521 Sublet
- 598 Material Transfers
- 632 Supplies
- 699 Miscellaneous

765 Customer favors or sales promotion

## **P300: Billing Policy and Procedures – Plant**

Accounts 521 is sublet work, which is when one department sells to another department. A sublet job must be cross charged with a CGC customer number. Also, the department coded in the account number should be the opposite department of the job's product code. A sublet rotary or flat die should charge the printing plate department and vice versa.

Account 598 is material transfers, which is when one department makes something for its own department or something to be used later in that same department. The department number coded in the account number should correspond to the job's product code (e.g., Department 01 for a printing plate material transfer).

The salesman number on a no charge or cross charge job needs to correspond to the account number source code, providing the source code is not zero.

The plant number in the account number has to be your plant number. You cannot charge another plant. If you have to charge another plant, you will use the regular inter-plant billing method.

300.02.00: CS<sup>1</sup> Index

CS<sup>1</sup> Index is calculated as follows:

$$\frac{\text{No charge \$s}}{\text{Sales \$s}} \times 1,000 = \text{Percent No Charges}$$

(the 1,000 is to include the severity factor)

$$\frac{\text{Number of Lates}}{\text{Total Jobs Shipped}} \times 100 = \text{Percent Lates}$$

$$\text{Percent No Charges} + \text{Percent Lates} = \text{CS}^1 \text{ Index}$$

### 300.03.00: Productivity & WIP

1. Job cards should be entered daily.
2. If you print out your job card balance sheet and there is an employee number without a name, STOP and check it out. All numbers should have names unless they are new from Staff.
3. Job card balances should be checked daily and balanced to the productivity listing.
4. Make sure current day's billings balance.
5. If you have a problem with hours on an invoice, put it on "billed jobs on hold" and find the error. If you leave a job on "billed jobs on hold," at month end it will drop out of the system. You will have to begent all information into the header for the next month.
6. Look for billing actual hours and look for out-of-balances on jobs. Jobs only go into productivity calculation (inches per hour) when they are balanced by month end.
7. Run a WIP by job number once a month. Locate all jobs from prior months and check status of these jobs. Ask the questions: Should these still be on hold? Should they be no charges or cross charges? Have they been shipped but not submitted to billing?
8. Double check with the WIP by job number any jobs more than a month old that are still listed on the daily productivity. If you have hours on productivity, the job should still be WIP.

### 300.04.00: Voided Jobs

When you need to void an invoice, you will enter the plant, invoice number, and job number, plus the reason for the void. Once you have entered this information in the INVOICE CANCELLATION procedure on the JCMENU, it will void those invoices in your computer. It will then add the void information to your transmission file which will be sent to Staff. The invoice that you void can be rebilled the NEXT day.

### 300.05.00: Multi-Bills

On your SAMENU, select ENTER MULTIPLE JOBS. You enter the master job number and sub job numbers. This procedure will also give you a listing at the end. If you need to make corrections to the master or sub job numbers, you will use the procedure on the SAMENU called MAINTENANCE MULTIPLE JOBS. These records will be added to your transmission file and sent to Staff so that we can take the sub job numbers off the OPEN ORDER LISTING. If the multiple jobs that you entered are cutting dies, you should run a "productivity analysis" on your JCMENU. This procedure will now reverse your job cards out of the sub job number into the master number.



### 300.06.00: Rebilling Material Orders

When rebilling material orders, you need to type in the procedure BEGENT while in the JCMENU of your computer. This procedure will allow them to enter the job number of a job that has been billed before. Once you have entered the information for the header of the rebilled job, they will close out of this procedure and then bill the job like normal.

### 300.07.00: Putting Jobs on Hold to Change Due Date of Jobs Per Customer Request

When a job is not going to be shipped by the original due date because of a customer request or customer error, you need to put the job on hold to change the due date. Use the following procedure:

Put the job on hold using your hold routine and appropriate product code 198, 298, 398, or HLD. Also, change the date needed to the new due date on your header screen. When the job does finally ship, change the product code pack to the original product code during routine job costing run. Step 1 must be done prior to running your final invoices for the day. If the HLD routine is done after you have run your invoices for the day, then the job on hold must go into the next day's transmission and billing for that particular job cannot be done until the day after the HLD transmission is sent to Staff. When you take a billed job off hold, a job costing sheet and an invoice record will automatically be created, and those jobs will be included in the billings for the day. This is on the SAMENU number 10.

Please remember that you can put jobs on Billed Hold and take jobs off Billed Hold anytime AFTER you have run the Completed Order Analysis and anytime BEFORE you have run the Final Order Analysis.

At month end, all jobs on hold are lost. Be sure to keep your last printout.

### 300.08.00: Preparing to Bill

Getting your jobs ready to enter will help in checking. Make yourself a checklist with the most frequently-used inventory numbers, cost codes, and product codes. This is very important. Finding all errors before printing your invoices saves many credits and paper. For new cutting dies, always remember that a job must have Wood, Rule, and Rubber. Keep all job costing runs. If there are problems, this is where we usually can discover what might have caused the error.

### 300.09.00: International Paper Orders Using American Express Card

International Paper orders using American Express for payment must be under \$1,000. Orders must be billed within 3 days of shipping or payment may be denied.

Following are the procedures to be used when taking orders under \$1,000 for International Paper using American Express for payment:

#### ASK:

1. Is this an American Express order? (Yes/No)
2. Person's name authorized to use the card
3. American Express card numbers
4. Card expiration date
5. 4-digit card ID number
6. You may be given a Charge Code number to enter.

#### SHIPPING:

Put "AMEX Purchasing Card" on the packing slip to identify the purchase type. Do not include the purchaser's American Express card number on the packing slip. Put "AMEX Purchasing Card" somewhere on the exterior of the box/package to identify it from a PURCHASE ORDER type purchase. The NAME OF THE PERSON who ordered the material must appear on the outside of the box / package.

#### BILLING:

In the description, you must enter above items 2, 4, 5 and 6, if given (person authorized to use the card, card expiration date, card ID number, Charge Code number) and a brief (30 digits or less) description of the job to help the customer identify the order.

In the trailer, enter item 3 (American Express card number).

*Extra care must be taken when entering numbers, as any incorrect number can result in the payment being denied.*

If the job is quoted or special pricing, it must be billed at the quoted or special price or the payment may be denied.

If payment is denied, Staff Accounting will contact you with details for your resolve.

Do not mail invoices to the customer.

### 300.30.01: Printing Plate Orders

Following is an outline for checking data entry for plate orders:

A. Check all information that should have been entered

1. Plant number
2. Job number
3. Customer number
4. Product code
5. Ship to address
6. Shipping date
7. Date needed
8. Purchase order number
9. Ultimate customer
10. Any description including the number of plates made (rubber plates are referred to as printing plates, and polymer plates are referred to as polymer plates in the description)
11. NEVER use "dies" on the plate orders – use "plates"
12. Quote and estimate amount
13. All plate dimensions, quantities, and types of plates (plate codes)
14. All Merimaster dimensions (code 15)
15. All labor breakdowns and codes.  
If you have bill time for a code, you must have actual time for that same code.
16. Actual time total
17. Bill time total
18. Dollar amount for cards
19. Outside work
20. Hide freight
21. Double-check that any stamps, register kits, etc. were charged under correct codes
22. Tax (if a customer is tax exempt, their number will print on the job costing sheet.  
No number in the computer – charge tax.)
23. Freight

300.30.02: Printing Plate Codes

The following is a description of the codes for Printing Plate items which have been set up in the latest program update:

Code 80:      24 x 20 Color Key

Enter a quantity for number of colors with no width and length and the computer will calculate the price at the following:

One color	\$ 0.00
Two color	0.00
Three color	0.00
Four color	0.00

Code 81:      24 x 40 Color Key

Enter a quantity for number of colors with no width and length and the computer will calculate the price at the following:

One color	\$ 0.00
Two color	0.00
Three color	0.00
Four color	0.00

Code 82:      Group 1 Stamps

Enter a quantity with no width and length and the computer will calculate the price according to the appropriate category:

1 - 11	\$ 0.00
12 - 23	0.00
24+	0.00

This code will be used for:    2-inch Cert.  
   Small Recyclable  
   Crew Stamps  
   Impression Stamp(s)

Code 83:      Group 2 Stamps

Enter a quantity with no width and length and the computer will calculate the price according to the appropriate category:

1 - 11	\$ 0.00
12 - 23	0.00

24+ 0.00

This code will be used for: 3-inch Cert.  
Large Recyclable  
Gray Scares (2)

Code 84: Group 3 Stamps

Enter a quantity with no width and length and the computer will calculate the price according to the appropriate category:

1 - 11	\$ 0.00
12 - 23	0.00
24+	0.00

This code will be used for: Register Marks  
Freight Class Stamps

Code 85: Gray Scales

Enter a quantity with no width and length and the computer will calculate the price at \$6.00 each.

Code 86: Engraved Pull Bands

Enter a quantity for number of colors with no width and length and the computer will charge \$17.00

Code 87: Molded Pull Bands

Enter a quantity for number of colors with no width and length and the computer will charge \$15.00

Code 88: Polymer Pull Bands

Enter a quantity for number of colors with no width and length and the computer will charge \$0.00

Code 87: Register Kit

Enter a quantity with no width and length and the computer will calculate the price at \$17.00 each.



### 300.30.03: Mounted Printing Plates

Charge customers for all lead and trail edge strips added to mounting material on a mounted set of printing plates.

- EXCEPTION – Crimped Container Edge formed on Container Edge machines.

Job Jackets should provide the following information:

- Type and number of strips. This should be recorded in the "Other Material" section (below "Mounting Material").

Inventory numbers for lead and trail edge strips:

77-230	Cosco 72" single lead edge strips
77-232	Cosco 72" trail edge strips
77-288	Matthews 72" double lead edge strips

Staff will maintain the selling price for these items in the Job Cost (J/C) field in the Inventory Master file. As other lead and trail edge strips are developed, new inventory numbers will be assigned.

300.30.04: Mounting Materials Used for Billing Printing Plates

<u>Description</u>	<u>Number</u>
.003 x 54 mylar/foam	06100
.010 x 36 tin/foam	06101
.020 x 62 Container Mount	06385
.030 x 57 polymount	06403
.020 .080 Cushion Mount	06407
.030 x 62 Container Mount	06405
.030 .095 Cushion Mount	06410 (standard)
.030 .080 Cushion Mount	06411
.045 .095 Cushion Mount	06412
.045 x 54 Container Mount	06415
.030 x 62 Transmount	06420
.030 x 62 canvas	06450
.050 x 60 canvas	06460
.010 x 26 tinplate	06480
.080 gray foam	06505
.095 gray foam	06515
.205 gray foam	06525
3M magnetic backing	06540
.010 50 mylar	06650
.020 sticky back tape	06740
Fastape	06755
.124 x 60 CushionLite™	06411

### 300.30.05: Laser Engraved Printing Plates

You will enter with 325 product codes with the standard value that the Cary plant bills you under Cost Code 90, inter-company work, when you go to bill the customer for the plates. Any additional labor or material is billed as normal.

Laser engraved plates for Stone are billed differently. The Cary plant will bill you under 320 product code. You then must bill to Stone under 325 product code, with all breakdown of plates charged to you exactly like Cary plant billed you, including labor and freight. This 320 product code will reverse plant plates and hours at the Staff level.

### 300.40.01: Checking Data Entry for Cutting Dies

#### A. Check all information that should have been entered

1. Plant number
2. Job number
3. Customer name and city
4. Product code
5. Ship to address
6. Shipping date
7. Purchase order number
8. Date needed
9. Ultimate customer
10. Any description
11. Quote and estimate amount
12. All material quantities
13. All inventory numbers
14. The total extensions on material to make sure everything used has a cost on file
15. All labor breakdowns and codes.  
If you have bill time for a code, you must have actual time for that same code.
16. Total inches
17. Actual time total
18. Bill time total
19. Wood used to the product code (product code 110 must have 66" wood, product code 150 must have 50" or 51" wood, and product code 100 cannot have 50" or 51" wood)
20. Double-check new dies for rule, wood and rubber
21. Miscellaneous punch/outside work section was entered and extended correctly
22. Tax (if a customer is tax exempt, their number will print on the job costing sheet.  
No number in the computer – charge tax.)
23. Freight

#### B. If all input is correct, put your initial on the job costing sheet.

#### C. Write in the invoice number on the face of the job and enclose the job costing sheet inside the job envelope.

### 300.50.01: Checking Data Entry for Material Orders

A. Check all information that should have been entered

1. Plant number
2. Job number
3. Customer name and city
4. Ship to address
5. Shipping date
6. Purchase order number
7. Date needed
8. Inventory number
9. Quantity
10. Units
11. Unit cost
12. Unit sell
13. Material description
14. Tax (if a customer is tax exempt, their number will print on the job costing sheet.  
No number in the computer – charge tax.)
15. Freight

B. If all input is correct, put your initial on the job costing sheet.

C. Write in the invoice number on the face of the job and attach the job costing sheet to the job.

D. If there is any typing that needs to be done, list it on the job costing sheet and later go into the change program and make your corrections. You have the ability to send out perfect invoices. Please use it.

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401.03	Tax Exempt Forms
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<u>402.00</u>	<u>Accounts Receivable</u>
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402.02	Cash Receipts
402.03	Credit/Debit Memos

## 401.00: Customer Numbers

To establish a customer number, you first must fill out a REQUEST TO ESTABLISH CREDIT form. You will need to list the following information:

- Name
- Address
- City, State
- Telephone number
- Type of customer
- Sales person responsible
- Potential annual sales volume
- Tax exempt form

The REQUEST TO ESTABLISH CREDIT form must be completed and faxed to Accounts Receivable at Staff. Accounts Receivable at Staff will then run a Dun & Bradstreet report to check their credit Paydex, which provides Container Graphics with credit information to help predict a company's future payment performance. After receiving the Dun & Bradstreet information, Accounts Receivable will determine if Container Graphics should offer credit to the customer or make the customer order on a C.O.D. basis.

Accounts Receivable will fill out the bottom portion of the REQUEST TO ESTABLISH CREDIT form, assigning a customer number which consists of the salesperson's code, a main customer number, number for branches, and the type of plant. The type of plant codes are:

Type 1:	Corrugated house or sheet plant
Type 2:	Ultimate customer or direct account
Type 3:	Cutting die shop
Type 4:	Printing plate shop (receives discount)
Type 5:	Cutting die shop (no discount)
Type 6:	Plate shop (no discount)
Type 7:	Non-corrugated diecutter
Type 8:	Non-corrugated printer
Type 9:	Misc. fits none of the above
Type 0:	Export dealer

Setting up all states codes, city codes, county codes, tax rate, tax exemption number, if form is received only, and setting the credit limit based on the Paydex and credit information received.

#### 401.01: Miscellaneous Customer Numbers

Miscellaneous customer numbers are set up for one-time customers or customers who do not meet our credit requirements. These are set up under the "5505" series. They also need the REQUEST TO ESTABLISH CREDIT form filled out just the same as an open account. The invoice will then print the customer's name and address plus it will read "COD."



#### 401.02: Request to Establish "Ship To" Information

Ship to's are almost the same as requests to establish credit, but no credit limits are set and you may only use this number when shipping to a different location than the address given for billing purposes. The following information is needed on the REQUEST TO ESTABLISH SHIP TO INFORMATION (Appendix A, Form 401.02):

- Name
- Address
- City, State
- Telephone number
- Type of customer
- Sales person responsible
- Tax exempt form

#### 401.03: Tax Exempt Forms

When a customer establishes credit, you should ask them if they are tax exempt. At that time, a TAX EXEMPT form should be filled out. If the customer does not have this form, a copy of the form kept in your office can be faxed or sent to them. This form must be completed and sent to Staff. By law, Container Graphics cannot put any tax exempt numbers into the computer without this form. **THIS IS THE LAW.** We require a tax form in every state in which we have a plant plus Iowa, Pennsylvania, Kentucky, Indiana, West Virginia, and Connecticut.

#### 401.04: Stop Credits

Stop Credits will be used when the following events occur:

- A customer has filed bankruptcy
- The General Manager requests that Container Graphics stop extending credit because of payment history.

To issue a Stop Credit on a customer, use the following steps:

1. Print a Credit Request Form (See Sec. 401.07)
2. Complete the Credit Request Form
  - Record “Stop Credit” as the New Credit Limit.
  - List the justifications for stopping the customer’s credit.
3. Forward to Accounts Receivable, Staff.

#### 401.05: Increase Credit Limit

Increased credit limits may be needed when the following events occur:

- The customer has exceeded present credit limits.
- The customer has good credit history.

Increases in credit depend on the following criteria:

- Length of time as a customer.
- Payment history.

To increase a customer's credit limit, use the following steps:

1. Print a Credit Request Form ( See Sec. 401.07)
2. Complete the Credit Request Form
  - Record the desired credit limit
  - List the justifications for the credit increase.
3. Forward the completed form to Accounts Receivable, Staff.

**Staff approves all credit increases.**

#### 401.06: Stop Discounts

The Unearned Discount Report prints automatically at each plant with other monthly reports. This report lists for each plant:

1. Customer
2. Invoice numbers
3. Time elapsed from invoice date to date paid
4. Terms discount amount taken

Managers can see if their customers are paying within discount terms

#### To Stop Discounts

Use a Credit Request Form (Form CARINQ) to Stop Discounts. Record the reason for the change on the “justification” lines.

#### Billing Back Unearned Discounts

The plant manager can bill the customer back for the unearned discounts:

1. Complete a Credit/Debit Request (See Sec. 401.07).
2. Attach a copy of the customer report to a Credit/Debit Request.
3. Make sure that the customer knows about billing back for the unearned discounts. Most customers do not pay back without prior approval.

## 401.07 Credit Request Form

This form summarizes the customer's credit and payment history.

### To Print a Credit Request Form

Access "A/R Inquiry by Customer" on the **SAMenu**.

### Completing the Credit Request Form

1. Record the credit change request at the bottom of the form in the spaces provided.
2. List the justification for the change (i.e., not paying).
3. Record the name of the person requesting the change.
4. The General Manager or Sales Manager approves.

#### 402.00: Accounts Receivable

Container Graphics has established a lock box with First Union National Bank for the receipt of all payments of invoices. A daily listing of the previous days' checks deposited to the lock box account is sent to Staff from First Union. Accounts Receivable enters these payments into the customers' accounts.

#### 402.01: Deduction Notices

Deduction notices are generated automatically if a difference exists between the invoice amount and amount paid for the invoice. The notices list the following information:

- Customer name
- Customer number
- P.O. number
- Check number
- Product code
- Invoice number
- Job number
- Amount of deduction

This notice is sent to the plants with a copy of the check attached.

#### Plant's Responsibility for Deduction Notices

- Research the reason for the deduction.
- Complete a Debit/Credit Request (Form 402.03) for the deduction.
- Submit Debit/Credit Request to Staff.

Staff will process the Debit/Credit Request to clear the deduction out of the holding.

A summary of the deductions are sent on a monthly basis or when needed by the plant.

## 402.02: Cash Receipts

For every cash receipt, the following procedures are to be followed. NO EXCEPTIONS.

1. Take the cash to the bank and buy a money order THE SAME DAY CASH IS RECEIVED.
2. Make the money order payable to "Container Graphics Corporation."
3. Attach a copy of the invoice to the money order.
4. Send the money order and invoice copy to Staff Accounts Receivable.

If the bank is not accessible or available (i.e., if the time is 4:55 p.m.) and the cash must be retained overnight, the person responsible for the office business function is responsible to insure that the cash is locked and secure.

1. Put the money in the petty cash box, which should be locked.
2. Lock the petty cash box in a locked drawer or cabinet, as usual.



### 402.03: Credit / Debit Memos

Using the Credit/Debit Request form, the credit request is to be written out and approved by the plant manager. This is a THREE PART form on which we need:

1. Plant number
2. Customer number
3. Job number
4. Name of the customer
5. City of the customer
6. Reason for the request
7. Product code
8. Invoice number
9. Net amount
10. Tax
11. Freight
12. Total amount of credit
13. Job costing sheet

Attach a copy of the Credit/Debit Request form to a copy of the job costing sheet and send to the following:

1. Regional manager
2. Staff
3. Your file

After the credit is completed at Staff, an invoice and job costing sheet is returned to the plant. Match up the returned paperwork with your copy and put it into your job jacket to be returned to the file. Your credit has been completed.

A copy of the Credit / Debit Memo form is in Appendix A, Form 402.03.

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## 500.00: Inventory Numbers

Inventory Numbers are used for the following purposes:

1. To identify direct materials (and other items we inventory) as a method of control.
2. To bill customers.
3. To issue purchase orders.

## 500.01: New Inventory Numbers

For new inventory items, use the following procedures to obtain a new inventory number. Procedures will differ for plants on the Inventory Control System and plants not on this system.

### **INVENTORY CONTROL PLANTS**

1. Check the Corporate Inventory Master Listing to see if the new inventory number has already been assigned.
2. **If the number has already been assigned** (even if for a different vendor or plant), follow the procedure to “Add New Items” outlined in the Inventory Control Manual, Section 1.
3. If the number has not been assigned:
  - a. Complete Form 500.01.01 (See Appendix A). Instructions for completing this form are in Sec. 501.
  - b. Fax Form 500.01.01 to Staff. (Form 500.01.01 is also available on E-Mail.)
  - c. Staff will assign a new inventory number. This will print on inventory maintenance the following day.
  - d. Follow the procedure to “Add New Items” outlined in Inventory Control Manual, Section 1.

### **NON-INVENTORY CONTROL PLANTS**

1. Complete Form 500.01.01 (See Appendix A). Instructions for completing this form are in Sec 500.01.01.
2. **If the number has already been assigned** (even if for a different vendor or plant), record the number beside “Inventory Number.” Complete the rest of the form per instructions.
3. Fax Form 500.01.01 to Staff. (Form 500.01.01 is also available on E-Mail.)
4. Staff will assign a new inventory number. This will print on inventory maintenance the following day. The new inventory item will be updated in your system.

500.01.01: Steps to Complete Inventory Number Request Form (Form 500.01.01)

1. Check the Corporate Inventory Listing to ensure that a number does not exist.
2. **ALL INTERNATIONAL PLANTS:** Please record exchange rate and currency used to determine cost.
3. If the number does exist, but not for your plant, record the inventory number on the **Inventory Number** line. Also complete the remainder of the form so that Staff can verify that this is the correct number.

If the number does exist, follow the steps below to complete the form:

- a. **Family:** Identify the family. (See Sec. 501.03 for family description.) The family is denoted by the first two digits of the inventory number.
- b. **Unit:** The measure of counting for inventory. The unit may be Each, Foot, etc. (See Job Costing, Section 501.3 for more information on unit measures.)
- c. **Cost:** The quoted cost of the item from the supplier. For National Steel Rule, remember to deduct 10%.
- d. **If rubber, # per box:** The number of pieces per box.

**We must have the cost, the unit, and the quantity per box to figure job costing!**

- e. **Descriptions:** Please give a complete written description of the new inventory item. If you have two items that are similar, please do not write "same as above except...." We need each description written to eliminate duplications.
- f. **Inventory:** If you know that another plant already has the inventory number, please record that inventory number here. Staff will verify that the items are the same.
- g. **P.O. #:** Record the purchase order number for cross-reference.
- h. **If rule,...:** Mark the box indicating whether the rule is cut, score, or perf. Also, tell us whether the rule is serrated.
- i. **Vendor #:** List the vendor number.
- j. **Vendor Name:** List the vendor name.

This form is on E-Mail. You may E-Mail Staff or fax.

500.02: Miscellaneous Inventory Numbers

Use miscellaneous inventory numbers when billing items that are not normally part of your physical inventory.

Printing Plate: 57-401-0.

Cutting Die: 56-401-0

500.03: New Vendors for Inventory Control

Check the Corporate Vendor Master Listing to see if a vendor number is assigned to the vendor.

If no vendor number is assigned for this vendor, follow the procedures outlined in Section 202.00.

500.04: Purchase Orders

Refer to Section 201.03: Purchase Orders.

501.00: Description Standards

Description Standards are needed to ensure that inventory items are not duplicated by making the inventory descriptions consistent.

Consistency will also make training new personnel easier.

501.01: Printing Plate Description Standards

Printing Plate Description Standards will be forthcoming.

501.02.01: Cutting Die Description Standards – Rotary Rule

Curved cutting rule – Section 10

Point  
Height  
Bevel (if non-standard, such as 3/16", specify length)  
Dimensions  
Cutting rule  
SERR if serrated

EXAMPLE: 4 PT .937 SB 66x90

Straight cutting rule – Section 11

Point  
Height  
Bevel  
STNN or STN  
SERR if serrated

EXAMPLE: 4 PT .937 SB STNN SERR

Curved creasing/scoring rule – Section 12

Point (base only unless top width differs from bottom)  
Height  
Dimensions

EXAMPLE: 4 PT .890 37-1/2 x 90

Straight creasing rule – Section 13

Point  
Height  
STNN or STN

EXAMPLE: 6 PT .875 STN

Surface score/crease, single bar (single T), polyscore, aluminum score, Frogscore – Section 14

Point  
Height (only dimension necessary for polyscore and Frogscore)  
Type/description

EXAMPLE: .937 Frogscore



4 PT .937 aluminum single bar

Curved perforating rule – Section 15

Point  
Height  
Perf/space dimension  
Dimensions  
Perf  
SERR or NON-SERR

EXAMPLE: 4 PT .908 1/4 x 1/4 66x90 PERF SERR

Straight perforating rule – Section 16

Point  
Height  
Perf/space dimension  
STNN or STN  
Perf  
SERR or NON-SERR

EXAMPLE: 4 PT .908 1/4 x 1/4 STNN PERF NON-SERR

Combo perforating rule – Section 17

Point  
Height: perf/score  
Perf/score dimension  
Curved: dimension  
Straight: STNN or STN  
Perf/score  
SERR or NON-SERR

EXAMPLE: 4 PT .937/.908 1/4 x 1/4 66x90 COMBO PERF SERR  
3 PT .908/.900 STNN COMBO PERF NON-SERR

Rotary zipper rule/Teflon rule – Section 18

Point  
Height  
STN, STNN, or curved dimensions  
ZIPP-L or ZIP-R (left or right hand)

EXAMPLE: 4 PT .937 STNN ZIP-L  
4 PT .937 66x90 ZIP-R

Rotary misc. rule and 8 pitch – Section 19

Follow previous examples, depending on type of rule. Include pitch.

501.02.02: Cutting Die Description Standards – Flat Rule

SB and CB flat cutting rule – Section 20

Point  
Height  
Bevel  
Bevel length for long bevel rule  
Hardness – HH, HM, HH, HE  
Any other information necessary to distinguish this rule from another

EXAMPLE:        2 PT .937 SB HM NATALLOY

                         3 PT .937 CB 1/8 LONG HH

Self-leveling flat cutting rule – Section 21

Flat creasing rule, hard – Section 22

Point  
Height  
Crease  
Any other information that distinguishes this rule from another.

EXAMPLE:        3 PT .918 CREASE HM SQUARE EDGE

Flat creasing rule, medium hard – Section 23

Same as for SECTION 22

Flat creasing rule, soft – Section 24

Same as for SECTION 22 and 23

Flat perforating rule – Section 25

Point  
Height  
Perf/space dimension  
PERF

Combination perforating rule – Section 26

Point  
Height-perf/height - crease

Perf, crease dimensions  
COMBO PERF

EXAMPLE: 4 PT .937/.907 1/4 x 1/4 COMBO PERF

Dieflex, reverse score – Section 27

Miscellaneous flat cutting rule – Section 28

Vertex, wave, and miscellaneous flat die rule – Section 29

Point

Height

Wave (fine, medium, coarse, or scalloped wave)

Vertex, if applicable

Hardness, if applicable

Any other information necessary to distinguish this rule from another.

EXAMPLE: 3 PT .937 FIN WAVE SL

## 501.03: Family Descriptions

### Punches

- 01 Side out punches – decimals
- 02 Side out punches – decimals
- 03 Center bevel punches – decimals
- 04 Outside bevel punches – decimals
  
- 05 I.B. str. wall & I.B. punches (05 - 08 are Plant 12 only)
- 06 I.B. & C.B. / spring punches
- 07 O.B. spring punches
- 08 O.B. / spring str. wall – I.B. spring

### Cutting Dies

- 37 Misc. supplies - part of a finished product die
- 38 Bolts, nails, screws, washers
- 47 Misc. supplies – part of a finished die product
- 48 Rectangular and hangar hole punches
- 49 Rectangular, diamond, and square laser die punches
- 50 Wheels, mandrels, blades, mallets, adhesives
- 51 Cylinder repair kit
- 52 Misc. supplies used to make a die (not part of a die)
- 55 Staple guns and staples
- 56 Diemarking equipment
- 59 Laser die misc. supplies – used to make a die
- 80 Perfa Type and supplies
- 90 Corrugated and scored sheets

### Rotary

- 09 Marimatsu rule
- 10 S.B. and C.B. curved cut rule
- 11 S.B. and C.B. STNN and STN cut rule
- 12 Curved creasing rule or scoring rule
- 13 SNN creasing rule or score
- 14 Surface score, single bar, polyscore, alum score
- 15 Curved perf rule
- 16 SNN and STRN perf rule
- 17 Curved and STNN combo perf
- 18 Rotary zipper rule and Teflon rule
- 19 Rotary misc. rule and eight pitch
- 30 Rotary punches – side outlet and tube
- 31 Rotary rubber
- 32 Rotary rubber, Container Gum rubber

- 33 Slot gum – cut out rubber
- 34 Rotary die boards
- 36 Rotary blankets

## Flat

- 20 SB and CB flat cutting rule
- 21 Self-leveling flat cutting rule
- 22 Flat crease rule – hard
- 23 Flat crease rule – med. hard
- 24 Flat crease rule – soft
- 25 Flat perf rule
- 26 Flat perf combo perf
- 27 Dieflex, reverse score
- 28 Miscellaneous flat cutting rule
- 29 Vertex, wave rule and misc. flat die rule
- 39 "Oval" flat and laser die punches
- 40 Side out and CB flat die punches
- 41 Outside bevel flat die punches
- 42 I.B. and cup punches (flat die)
- 43 Flat, stripper, laser rubber
- 44 Flat, stripper, laser rubber
- 45 Flat and laser dieboards
- 46 Feed thru punches

## Printing Plates

- 57 P/P making equipment
- 60 Art Dept. supplies
- 61 Camera room – paper stock
- 62 Composition Dept. – supplies
- 63 Camera room – film
- 64 Camera room – chemicals
- 65 Camera room – supplies
- 66 Card room – paper stock
- 67 Card room – ink
- 68 Card room – supplies
- 69 Shipping supplies
- 70 Flexite, Cyrel, Dycril and other
- 71 Chemicals
- 72 Engraving rubber
- 73 Molding – materials
- 74 Molding – other
- 75 Band type
- 76 CGC items and mounting materials
- 77 Mounting – other
- 78 Container Color inks from O.T.
- 79 Merigraph – plate making items



Ink

- 81 Fast drying flexo Container Color inks
- 82 Fast drying flexo Container Color inks
- 83 Fast drying flexo Container Color inks
- 84 Glycol Container Inks from Story
- 85 Glycol Container Inks from Story
- 86 Flexo Container Inks from Story
- 87 Flexo Container Inks from Story

Miscellaneous Supplies

- 88 Staff computer supplies
- 91 Tape adhesives used in shipping
- 99 Non-inventoried items sold between plants

## 501.04.01: Standard Abbreviations: Cutting Dies

### Cutting Dies: All

HS	Soft
HM	Medium
HH	Hard
HE	Extra hard
PS	Poly Score
FS	Frog Score
ALS	Aluminum score
SBS	Single bar score
DBS	Double bar score
Perf	Perforating
PT	Point
CB	Center bevel
SB	Side bevel
ZLH	Zipper rule: left-hand
ZRH	Zipper rule: right-hand
HGT	Height
WAVE	Wave
STNLS	Stainless
TEF	Teflon
	Score
SCLP	Scallop

### RSA: Rotary – Soft Anvil

NSERR	Non-serrated
STNN	Straight not-notched
STN	Straight notched
OB	Outside bevel (punches only)
PTH	Pitch
AD	Angle degree
CV	Curved
NPR	Nominal print repeat
CC	Closed cell
SERR	Serrated
ID	Inside diameter (dieboards)
ST	Straight
SC	Self-cleaning (punches only)
SO	Side outlet (punches only)
TUBE	TUBE (punches only)

## Flat

LB	Long bevel
DB	Double bevel
LDB	Long double bevel
EH	Edge hard
SERR	Serrated
SL	Self-leveling
RVS	Reverse score
LS	Laser score
IB	Inside bevel (punches only)
OC	Open cell
PTH	Pitch
ID	Inside diameter (punches only)
ST	Straight
W/SP	With springs (punches only)
SC	Self-cleaning (punches only)
	Slitscore
SCLP	Scallop
COMBO PERF	Combo perforating
	Pre-nicked

## Others

Klean-Kut  
Perf-Cut-Score

## Rotary Hard Anvil Rule

CB	Center bevel
CCM	Channel creasing matrix
EH	Edge hard (indicates Nominal Rockwell C)
FT	Flat top
H	Hard
LH	Left hand
LDB	Long double bevel
LS	Laser score
NB	Notched bottom
NN	No notch bottom
NS	Non-serrated
RH	Right hand
P	Perforated
R#	Rockwell (indicates Nominal Rockwell C)
RT	Round top
ST	Straight
W	Wave rule
Z	Zipper rule
28	CGC 28-000 series specification rule

501.04.02: Standard Abbreviations: Printing Plates

Will be forthcoming.

## 502.00: Job Costing

Job Costs are required on certain inventory items for billing purposes.

Job Costs are determined by the Unit Cost and the Quantity Per Unit of an item.

To figure Job Cost, divide the Unit Cost by the Quantity Per Unit:

$$\frac{\text{Unit Cost}}{\text{Quantity Per Unit}} = \text{Job Cost}$$

Sections 502.01 - 502.08 provide Job Costing information for specific types of inventory items. Quantity Per Unit(s) measure and method or formula for determining Quantity Per Unit(s) (if necessary) are included.

502.01: Job Costing – Rotary and Flat Die Rule

Rotary and Flat die rule Job Costs are based on an average of Costs from National Steel Rule. Job Cost changes for most rule is determined by price increases from National. You will receive notification of price (cost) increases periodically – either from National or from Engineering.

Unit of Measure ..... FEET

Quantity Per Unit ..... 12 (inches)

- Exceptions: Any non-standard rule or item purchased from a Vendor other than National for which no comparable cost or description exists.

EXAMPLES:            Nataloy ..... National  
                          Helmex ..... Helmold  
                          Maramatsu ..... National

502.02: Job Costing – Rubber

Most cutting die rubber is purchased from Monroe Rubber. Job Costing for most rubber items is based on Monroe's prices.

The Unit of Measure for rubber can either be a Box or a Sheet.

UNIT OF MEASURE: BOX           PIECE  
                          SHEET                PAD  
                          HAND (must be Container Gum)

The Quantity Per Unit can be either of the following, depending on type ordered:

QUANTITY PER UNIT        SQUARE INCHES – based on (sq. in. per pad) x (no. of pads per box). Used for uncut pads.

LINEAL INCHES – Based on (no. of strips per pad) x (length of pad) x (no. of pads per box). Used for pads pre-cut into strips.

PIECES – Based on (no. of pieces per pad) x (no. of pads in a box). Used for pads pre-cut into pieces.

• EXCEPTIONS:

- Diepree purchased from National Steel Rule. Use National's cost to figure Job Cost.
- Rubber purchased from Diansupply, or any other Vendor, that is not listed on Monroe's Price List. Use the actual cost from the Vendor to figure Job Cost.

502.03: Job Costing – Rotary Dieboards

Job Costing for most rotary dieboards is based on Costs of dieboards from Marco Wood. Job Costing for any rotary dieboard purchased from a Vendor other than Marco that is not a standard size must be figured on the basis of the actual cost from that Vendor. When a rotary dieboard is purchased from a Vendor other than Marco, consult the Inventory Master Listing to determine if a Marco dieboard with identical dimensions is on file. If it is, use the already-established Job Cost based on the Marco cost.

UNIT OF MEASURE: EACH

QUANTITY PER UNIT SQUARE INCHES – of the wood surface. Use the following formula to figure the number of square inches in a rotary dieboard:

$$\frac{(ID + 1) \times (3.1415)}{2} \times \text{BOARD LENGTH} = \text{TOTAL SQUARE INCHES}$$

EXAMPLE:

DIMENSIONS:

14-3/16" x 1/2" x 72

ID: 14-3/16

Thickness: 1/2

Board length: 72



502.04: Job Costing – Flat Dieboards

Job Costing for flat dieboards is based on the actual cost from the Vendor that a dieboard is purchased from.

UNIT OF MEASURE:       EACH

QUANTITY PER UNIT:     SQUARE INCHES – Width x Length

To determine Job Cost, divide Unit Cost (cost per dieboard) by total number of square inches.

EXCEPTION: HPS wood job cost for the following two items is set by Staff:

45-205 (1/2" wood)

45-206 (5/8" wood)

502.05: Job Costing – Punches

Costs for punches are determined by the quantity ordered at any one time. Sometimes only one or a few are ordered, but a large quantity could be ordered at another time. Thus, it is frequently necessary to change Job Costing for punches. Job Costing for punches is based on the actual cost from the Vendor purchased from.

UNIT OF MEASURE:       EACH

QUANTITY PER UNIT:    EACH (1)

Job Costing for punches equals the cost.

502.06: Job Costing – Miscellaneous Cutting Die Items

Any item that is part of a finished product die requires job costing.

Other items – saw blades, tools, miscellaneous supplies – need no job costing.

502.07: Job Costing – Printing Plate Items

Printing Plate items require no job costing.

EXCEPTION: Lead edge strips job cost is the sell cost.

502.08: Job Costing – Corrugated

Job Costing for corrugated container material is based on cost from individual Vendor that the material is purchased from.

UNIT OF MEASURE: SHEET, PIECE, or EACH – per piece.

QUANTITY PER UNIT: EACH (1) – each piece.

Job Cost for corrugated equals the cost.

### 502.09: International Job Costing

When international plants purchase inventory items from U.S. vendors, the item costs are listed in U.S. Dollars in the Inventory Master file. Job Costs for International plants must be converted to the Foreign Currency.

To figure International Job Costs for items purchased from U.S. vendors:

1. Determine the unit of measure.
2. Figure the quantity per unit.
3. Divide unit cost by quantity per unit, then multiply the result by the Foreign Currency translation provided by Staff.
4. The result is the International Job Cost. It will vary by country.

Job Costs for items purchased from vendors within the same country require no conversion. Divide the unit cost by quantity per unit.

### 503.01: Physical Inventory Counting

The physical counting of the company's inventory is a joint responsibility of each plant's general manager and production manager. The production manager has the responsibility to make sure that all inventory items in his control are counted. The general manager has the responsibility to make sure that the counting was done according to company procedures and to verify the accuracy by spot checking completed inventory cards. The verification is to be done before inventory cards are pulled and encompasses both the quantity of the count as well as the description of the item counted.

The following procedure is to be followed in taking a physical count:

1. The week of the physical inventory, extra effort is to be made to keep the shop clean and neat. This means to sweep, dust, and clean up under, behind, and above all areas in the shop. This will help discover anything that may have slipped, or been shoved someplace in error. All inventory items are to be put into an orderly manner. This means to only open boxes when necessary; put open boxes back in their respective places. Two problem areas are rule and rubber; make sure that these items are arranged and kept in a manner to make the physical count easy.
2. The week before the physical count, those individuals who are to be involved should be selected and notified when the inventory will be taken and the hours that will be worked. The selection should be made on the basis that the people will be very familiar with the items that they will be counting and will be reliable in the counting.
3. The day of the inventory before the tagging is done, a tour of the shop should be made by the production manager to make sure that items are in their proper place to help make the counting easier.
4. The counting and tagging of the inventory is to be done using the pre-numbered, pre-printed inventory cards supplied by your office.

The following tagging/counting procedure is to be used:

- a. Have a control sheet in the office to enter the numbers of the inventory cards to be used for the current inventory. If cards are distributed to individuals or departments, then list their names by tag numbers.
- b. Let everyone know that no cards are to be thrown away or torn if mistakes are made. If a mistake is made, mark "void" on the card and turn it in with any unused cards after the inventory.
- c. The physical counting of all items should start in a systematic manner; that is, from the front of the plant to the rear or down one side and up the other.
- d. The items are to be entered on the inventory card with the following information:
  - 1) The number of units counted goes in "quantity" section
  - 2) Be sure to check the descriptions and units of measure you are counting with the description and units of measure listed on the inventory card

- e. After step (d) is completed, the tag is to be attached to the item counted.



5. When the counting is done, the production manager is to go through the shop and make sure that everything that should have been counted has an inventory tag on it.
6. The general manager should then go through and make spot checks of items to verify to his satisfaction the accuracy of the count. He is to initial all those cards that he has checked.
7. When the general manager is satisfied as to the completeness and accuracy of the count, then all tags should be pulled.
8. All tags should then be put in tag number order and checked against the control sheet to make sure that all cards are accounted for.
9. Work in process: The counting of jobs in process is to be done in the following manner:
  - a.) A WIP by job number should be run and all open jobs accounted for.
  - b.) Inventory cards should be made for direct material on each job which is in process at the time of inventory and not shipped. The cards should be marked "work in process job # \_\_\_\_\_."
  - c.) All material involved with the in process job is to be transferred to the "work in process" inventory card. A separate card is made for each type of material on "work in process."
  - d.) When all jobs have been counted, the cards should be put in with the other inventory cards to be entered into the computer.
  - d. Work in process includes uncompleted work on the floor as well as jobs that are "on hold."
10. A physical inventory is to be obtained for our material stored off premises.

This completes the counting portion of the physical inventory.

## 503.02: Physical Inventory Accounting

The accounting portion of a physical inventory verifies the costs of the inventory items and checks all paperwork that backs up the inventory. This involves the following procedures:

1. Print a new inventory master listing and make sure Staff has received and updated all current cost changes.
2. After the physical count has been completed and cards are turned in, make sure the following is checked:
  - a. Check to make sure that the units (feet, boxes, inches, etc.) that were counted match the units listed on the master sheet. If not, CONVERT the quantities on the card to compare to the units described on the master inventory sheet.
  - b. If the quantity is put down wrong, do not write over it, scratch out the incorrect number and write the correct quantity so that it is legible.
  - c. Do not list supply items (Section 99 on Inventory).
3. Put the inventory cards in order by inventory numbers.
4. Enter the inventory information into the computer. When you are finished, run a listing and check the information that you entered. Make any necessary corrections and then run an extended inventory listing.
5. The production manager should take time to go over the extended inventory listing to make sure that no items were missed. The listing will show what the previous quantities were and what the current quantities are. Double check items that were counted last time but not counted this time. Double check items that were counted this time but not last time and do not have a recent purchase date or purchase order on file.
6. Finally, a check of all paperwork having to do with direct material as follows:
  - a. All invoices for materials received through the inventory date are matched to receiving slips and purchase orders and are sent to Staff in accordance with the monthly closing schedule.
  - b. Receiving slips for material received through the inventory date for which an invoice has not been received must be copied and the copy sent to Staff indicating the cost of the item and the inventory number.
  - c. Returned Material forms for which current credit has not been received are to be copied and the copy sent to Staff.

- d. A review of open purchase orders is to be made by the production manager to spot items that may have been received through the inventory date without a receiving slip being sent to the office. If this happens, a receiving slip should be made up with the receipt noted on the purchase order and step (b) above is to be followed.

### 503.02.01: Returned Materials

Another area of control is returned material. When material is returned to a supplier, we need to insure that a credit is received. In order to accomplish this, a returned material slip is to be completed. This is a two-part form:

1. First copy goes with the material being returned to the supplier.
2. Second copy goes to the plant office to be held until the credit is received.

If a credit has not been received within 30 days, a call should be made to the vendor.

Copies of all open returned material slips should be sent to Staff with open packing slips after inventory according to monthly closing schedules.

## 503.03: Problems During Physical Inventories

### A. INCORRECT COUNT

1. Not counting materials or lower count
  - a. Increases material usage (percent for next month will be wrong)
  - b. Increases expense (controllable costs) which decreases profit
2. Inventory item count too high
  - a. Decreases material usage (percent for next month will be wrong)
  - b. Decreases expense (controllable costs) which increases profit

### B. INCORRECT INVENTORY NUMBER

1. Extended inventory cost could be wrong. Increasing or decreasing profits.
2. Could result in wrong item being billed on a job and incorrect standard value for a job.

### C. INCORRECT COST ON INVENTORY ITEM

1. Extended inventory cost could be wrong. Increasing or decreasing profits.
2. Could result in incorrect standard value for a job.

### D. MATERIAL COUNTED/NO INVOICE OR OPEN PACKING SLIP PROCESSED

1. Decreases material usage (percent for next month will be wrong)
2. Decreases expense (controllable cost) which increases profit

### E. MATERIAL NOT RECEIVED, INVOICE PROCESSED

1. Increases material usage (percent for next month will be wrong)
2. Increases expense (controllable costs) which decreases profit.

### F. MATERIAL RETURNED WITH NO RETURNED MATERIAL SLIPS

1. Increases material usage (percent for next month will be wrong)
2. Increases expense (controllable costs) which decreases profit

## 503.04: Inventory Adjustments

### MATERIAL USAGE

1. How calculated
  - a. Physical inventory
  - b. No physical inventory

### PHYSICAL INVENTORY PROCEDURES

1. Counting
2. Accounting

### PROBLEMS DURING PHYSICAL INVENTORIES

1. Not counting material.
2. Material counted, no invoice or open packing slip processed.
3. Material not received, invoice processed.
4. Material returned with no returned goods slip.
5. Incorrect costs on inventory items.

503 .05: Physical Inventory Summary

BEGINNING INVENTORY + PURCHASES - ENDING INVENTORY

MATERIAL USAGE

$$\frac{\text{MATERIAL USAGE}}{\text{STANDARD VALUE PRODUCTION}} = \% \text{ USED FOR MONTHS WHEN INVENTORY IS NOT TAKEN}$$

PHYSICAL INVENTORY

- PREPARE TO TAKE INVENTORY
- ACCURATE COUNT
- CORRECT INVENTORY NUMBERS
- CORRECT COST ON INVENTORY ITEMS
- PROPER PAPERWORK

504.00: Glossary

See CGC Glossary distributed to each plant.



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### 600.01: Reporting Payroll Hours

Each day an employee works, the employee is to punch in and out on their time card. The employee should not punch in more than 15 minutes prior to that employee's starting time. The starting time and lunch is determined by the Plant Manager. The employee is to punch out for lunch and, upon returning, punch in. The employee is to punch out as soon as he is finished working.

- If there is a time when the employee does not punch in or out on the employee's time card, the Supervisor is to mark the time on the employee's card in the appropriate space and initial for approval.
- The total of regular hours and overtime hours should be figured daily and should be written in the spaces provided on the time card. Add the total regular hours and the total overtime hours for the week and write it in the spaces provided on the time card.

600.02: Overtime Pay and Procedures

1. Time and one-half shall be paid for:
  - a. Time worked over 8 hours per day
  - b. Time worked over 40 qualified hours per week
2. Saturday overtime will be paid as time and one-half, and Sunday hours will be paid as double time after:
  - a. 40 hours straight time worked.
  - b. 40 hours of time consisting of straight time plus vacation, earned days or holiday.
  - c. 40 hours of straight time less layoff hours given because of lack of work.

Each morning, the Production Manager, as part of the routine of clearing job cards from the prior workday, is to initial the time cards to approve any overtime worked the prior day.

## 601.01: Payroll Spreadsheet

Daily job cards are accumulated into a weekly payroll job card file. You have the capability of printing a payroll spreadsheet, which gives you a breakdown by day of the account number and the hours an employee has worked. This report can be run anytime during the week, as many times as you would like. However, **on Monday mornings, you should only create the spreadsheet once.** To print the report, select item #21 on the PRMENU, "Create Payroll Spreadsheet."

The account numbers and hours shown on the payroll spreadsheet are used to create the hourly employees' payroll file. The computer will not calculate overtime hours for an employee. These hours must be either entered daily through job cards, or entered on Monday morning as hourly payroll correction (#1 on the PRMENU). If you choose to enter overtime corrections through payroll corrections, the overtime must be entered after a Payroll Spreadsheet is run. Once corrections are made to the Hourly Payroll file, **DO NOT CREATE ANOTHER SPREADSHEET.** If you do, you will wipe out the hourly payroll corrections that you made. If a salaried employee has hours showing on the spreadsheet, their time will be ignored when creating the hourly payroll file.

COMMAND	MENU: PRMENU
1. ENTER HOURLY PAYROLL	13. PRINT HOURLY TIME CARDS
2.	14.
3. ENTER SALARY PAYROLL	15. PRINT HOURLY TIME REGISTER
4.	16. PRINT SALARY TIME REGISTER
5. BALANCE PAYROLL	17.
6.	18. PRINT EMPLOYEE ADDRESS LABELS
7.	19.
8.	20.
9.	21. CREATE PAYROLL SPREADSHEET
10.	22.
11.	23. RETURN TO MASTER DIRECTORY
12.	24. SIGN OFF

Ready for option number or command

==>

FIG. 1

## 601.02: Creating a Payroll Transmission File

1. Enter job cards from Friday and the weekend.
2. Check Job Card Balance against the actual job cards. Make any corrections, if necessary. See below how to balance time cards.
  
3. Print Payroll Spreadsheet. This will create the hourly payroll file. **Only print the payroll spreadsheet once.**
4. Compare the job cards to the signed time cards that the employee submitted. Make any adjustments to the hourly payroll file by using item #1 on the PRMENU. These adjustments are to make the hourly payroll file agree to the time card file. The time card is our legal document of the time an employee worked and was paid for, not the job cards or the payroll spreadsheet.
5. Enter Salary Pay.
6. Balance payroll, #5 on the PRMENU.
7. Make any corrections, if necessary, and print another balance.  
Do not run another Payroll Spreadsheet at this time! To do so would erase all of the hourly payroll entered!

8. Convert Payroll Transmission File to the PC.

**All payroll hours must be transmitted to Staff by 2:00 p.m. E.S.T.**

## 602.00: Payroll Account Numbers

All payroll accounts consist of 5 digits. The first 2 digits determine what department is to be charged. They are as follows:

01	Printing Plates
02	Cutting dies
05	Laser
30	Material sales
40	Sales
41	Drivers
60	Administration
80	Regional

The following gives a brief description of all payroll accounts. These accounts are to be used only for payroll.

01-508	Direct Labor on Graphic Mask
01-509	Direct Labor on a Printing Plate
01-612	Labor, Container Gum
02-510	Direct Labor on a Flat Die, including Bobst
02-511	Direct Labor on a Rotary Die
02-515	Die Cutting (California only)
02-516	Knife Sharpening (California only)
Dept.-601	A plant manager, who is an officer, spends time working in that department
Dept.-602	Supervisor Salaries (salaried only) spends time working in that department
Dept.-604	Management Salaries (salaried only) spends time working in that department
Dept.-605	Hourly Supervision (hourly only) spends time working in that department
40-606	Salesperson Salaries Only
30-607	Office Salary, Material, Shipping personnel working in the Shipping Office (salaried only)
60-607	Office Salary, Office personnel working on administration functions
Dept.-608	Non-Productive Labor (hourly only), such as sweeping and clean-up
Dept.-611	Overtime (hourly only)
Dept.-507	Double time (hourly only)
Dept.-614	Shipping
Dept.-616	Premium hours, paid at \$0.50 per hour (hourly only)
Dept.-618	Training
Dept.-619	Labor Maintenance, such as changing lights, painting, and ALL repairs
90-239	Vacation Pay
90-249	Earned Days Off Pay – hourly only; salaried charged to regular time
90-250	Holiday Pay

## 603.00: Direct Deposit

All new direct deposits have to prenote for four (4) weeks. This time starts from the first week that the information is entered with payroll. The Authorization Agreement form needs to be filled out completely to ensure that the Payroll Administrator has all needed information.

### Authorization Agreement Form

If the direct deposit authorization is for a checking account, we must have a copy of a voided check with the authorization. Send a deposit slip only if the new account is a savings account.

**All Authorization Agreement Forms that do not have the voided check (checking accounts) or deposit slip (savings accounts) will be returned unprocessed.**

### Account Changes

If an employee currently has direct deposit, but wants to change the deposit account, the employee must complete a new Authorization Agreement Form. On the authorization form the employee must indicate one of the following:

1. Continue to direct deposit into the old account until the new account prenotes for 4 weeks; or
2. Cancel the current direct deposit and send a check to the plant until the new account prenotes.

### Canceling Direct Deposit

Please **DO NOT** send in direct deposit change notices that say “**EFFECTIVE IMMEDIATELY.**”

If an employee decides to close a current direct deposit account, **you must notify the Payroll Administrator by Monday** to stop the direct deposit. After payroll transmits, we may not be able to get the money back. Any notice of change made after Monday will not be effective until the following week's payroll.

### Amount Changes

If the employee is changing an amount on a direct deposit account, the amounts can be changed on the following week's payroll.



## 604.00: Special Circumstances

### Pay for Travel Between Plants

These hours should be charged to account 608.

### Sales Service

All Sales Service personnel are to be charged to administration office salaries, 60-607, unless the Management deems otherwise.

### Charging Driving to Salespersons

Delivery times should be broken down and charged to the source code for each salesperson who had deliveries or pickups made for them. This account is the 41-614 account.

### Material Sales Department

All delivery times for material are sales expense (41-614), not "30-614." All shipping functions for dies and plates are charged to manufacturing, 01-614, 02-614, and 05-614. Labor for people working in the Material Department should be identified by the use of job cards. When job cards are filled out, labor for material orders should be identified with an "M" after the order number so the office manager can readily identify the labor and code it appropriately. Other labor costs, such as officer salary, supervisory salary, management salary, or office salary, should be allocated each week on the actual or estimated amount of time that is spent working in this area.

605.00: Holiday Pay

Container Graphics provides 8 paid holidays per year: 6 traditional holidays and 2 floating holidays, which are determined by the company at the beginning of the calendar year.

1. Holidays are paid at straight time pay for 8 hours per holiday to those full-time employees who have been employed for 30 days or more.

2. The traditional holidays are:

New Year's Day	Memorial Day
Fourth of July	Labor Day
Thanksgiving Day	Christmas Day

3. International holidays may be scheduled differently from above.

4. An employee must work the normal work day before and the normal work day after a holiday to qualify for holiday pay, unless he has previously been excused by his foreman for legitimate reasons, sickness or vacation.

5. The above provisions also cover part-time employees, except a part-time employee's holiday hours will be pro-rated by their normal work hours.

6. Certain religious faiths require attendance at worship on specific religious holidays. Employees whose attendance is expected at such worship will be excused from work as long as their supervisor is informed at least 2 days in advance.

7. Premium pay will be paid to employees who are schedule to work second shift when a holiday occurs. The 8 hours coded to holiday pay also needs to be coded to premium pay.

7. REMINDER: Salaried employees are paid current, so therefore, holiday pay should be keyed the week that the holiday occurs.

606.00: Vacation Pay and Earned Days Off

Vacation Pay

Vacation time is to be charged to account 90-239.

When paying vacation time, double check to be sure the employee has vacation time available by looking at the Vacation/Earned Day Report.

Earned Days Off

Earned Days Off is to be charged to account 90-249.

When paying earned time, double check to be sure the employee has earned time available by looking at the Vacation/Earned Day Report.

## 607.00: Other Special Pays

### Jury Duty

If an employee is summoned for jury duty, Container Graphics will pay for the regular rate for the normal hours lost (up to 8 hours per day) for a period of up to 15 days.

1. The Summons must be presented to the manager prior to the first day of jury duty.
2. The employee must endorse the jury duty check to CGC and present it to the manager.
3. The time is charged to **Non-Productive** hours (608).

### Subcontract Work

Employees who complete work such as lawn mowing, snow shoveling, etc. shall be paid through payroll so that the appropriate amount of taxes can be withheld. The IRS does not recognize a person as an employee and a subcontractor simultaneously.

Complete Form 607.00 and submit to Payroll Department via E-mail or fax.

### Employee Incentives

Employees to receive cash bonuses, rewards, or other employee incentive shall be paid through payroll. Complete Form 607.00 and submit to Payroll Department via E-mail or fax.

### Bereavement

In the unfortunate event of the death of an immediate family member, we will pay the employee their regular rate for the employee's normal scheduled hours lost up to 3 days.

Time is charged to **Non-Productive** time (608).

608.00: Leave of Absence

1. During the leave of absence, the employee is responsible for making weekly payments to CGC to maintain the employee's LTD, Medical and Dental Insurance.
2. Upon returning to work, if the employee is delinquent in paying premiums, Human Resources will contact the employee to establish a repayment schedule to get current.
3. If the employee does not return from leave, the outstanding balance owed for coverage will be deducted from any moneys owed the employee by the company.

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<u>900.00</u>	<u>Financial Reports</u>
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900.02	Contribution Objectives
900.03	Purchase Journal

## 900.01: General Ledger

When looking at your plant's general ledger, each monthly entry is preceded by a two-letter abbreviation indicating where the entry is coming from. Following is a list of these abbreviations and an explanation as to where the entry originated.

### Most Commonly Used:

AP	-	Accounts Payable
AR	-	Accounts Receivable
CP	-	Plant Checks
HJ	-	Hand Journal Entry
CJ	-	Correcting Journal Entry
FA	-	Fixed Asset Depreciation
FT	-	Freight Transfer Entry
IC	-	Inter-Company Commission Entry
IP	-	Interplant Sales
MT	-	Material Transfer Entry
MU	-	Material Usage Adjustment
NC	-	No Charge Entry
PR	-	Payroll
PA	-	Accrual Entry that will automatically reverse next month
PL	-	Reversal of prior month PA entry
PH	-	Payroll Holiday
PE	-	Payroll Earned Days Off (Additional Days Off)
PI	-	Payroll Insurance
PV	-	Payroll Vacation
RE	-	Regional
RR	-	Regional Reversal
SA	-	Sales Entry
SD	-	Special Disbursements (99 vouchers)
ST	-	Standard Monthly Journal Entry
XC	-	Cross Charge Entry

### Not Commonly Used:

AD	-	A/P disbursements
CD	-	Cash Disbursements
PD	-	Payroll Disbursements
IR	-	Ireland Journal Entry
TO	-	Toronto Journal Entry
YD	-	Year to Date Entry

900.02: Contribution Objectives

A full set of the contribution objectives consists of 5 pages.

The first page shows the following information based on percentage of standard value production:

- Quote Differential
- Sales Expense
- Administrative Expense
- Manufacturing Expense
- Contribution

This information is shown for the total plant (all departments), plate department, cutting die department, and materials department.

The percent of standard value for each month and year-to-date can be compared to last year's average percentage and the current year's objective percentage.

This report also shows the actual standard value production for each department for the current month and year-to-date and last year's standard value production for comparative purposes.

The second page of the contribution objectives shows the following information:

Dollars of Contribution -	Current Month Last Year Current Month Current Month Objective Current Year Year-to-Date Last Year Year-to-Date Current Year-to-Date Objective Percent of Objective for Current Month & YTD
Standard Value Production-	Current Month & Year-to-Date
Net Sales -	Current Month & Year-to-Date
Net Value Production -	Current Month Last Year Current Month Current Year Year-to-Date Last Year Year-to-Date
Profit After Staff Costs -	Current Month & Year-to-Date



The third page is the Printing Plate Cost Objective (plants with only cutting die departments will not receive this report). This report shows the current month and year-to-date percent of standard value production for the following:

- Plate Material Usage
- Direct Labor
- Other Labor
- Total Labor
- Controllable Miscellaneous
- Total Controllable Costs
- Fixed Cost
- Total Cost

These percentages can be compared to last year's average month and this year's objective.

The bottom section of this report shows the dollar value of the plate department inventory, the number of months of inventory on hand, the current month standard value plate production, and the year-to-date standard value production for the plate department.

The fourth page is the Cutting Die Cost Objective (plants with only plate departments will not receive this report). This report shows the current month and year-to-date percent of standard value production for the following:

- Die Material Usage
- Direct Labor
- Other Labor
- Total Labor
- Controllable Miscellaneous
- Total Controllable Costs
- Fixed Cost
- Total Cost

These percentages can be compared to last year's average month and this year's objective.

The bottom section of this report shows the dollar value of the cutting die department inventory, the number of months of inventory on hand, the current month standard value cutting die production, and the year-to-date standard value production for the cutting die department.

The fifth page is the Material Cost Objective. This report shows the current month and year-to-date percent of standard value for the following:

- Material Cost
- Total Labor
- Controllable Miscellaneous
- Total Controllable Costs
- Fixed Cost
- Total Cost

These percentages can be compared to last year's average month and this year's objective.

The bottom section of this report shows the current month standard value materials, and the year-to-date standard value materials.

### 900.03: Purchase Journal

The purchase journal contains the records of all purchases that are run through the Accounts Payable system. Each plant's purchases are listed separately by account and vendor.

When looking at general ledger entries, an AP means that the entry was entered in through the Accounts Payable system.

#### When is the Purchase Journal Generated?

At the end of each month, all accounts payable invoices are due at Staff. The date these invoices are due is determined by the monthly calendar. After the invoices are posted to the subsidiary ledger, the Purchase Journal can be run. The Purchase Journal must be run before the General Ledger can be generated.