



DEPARTMENT OF THE NAVY
HEADQUARTERS UNITED STATES MARINE CORPS
WASHINGTON, DC 20380-0001

MCO 12790.2
MPC-32
27 Jun 90

MARINE CORPS ORDER 12790.2 W/CH 1

From: Commandant of the Marine Corps
To: Distribution List

Subj: CIVILIAN NONAPPROPRIATED FUND INSTRUMENTALITY (NAFI)
AND CIVILIAN MORALE, WELFARE RECREATION (MWR) ACTIVITIES

Ref: (a) SECNAVINST 5300.22B
(b) SECNAVINST 7548.1
(c) MCO 7010.18
(d) MCO 7510.2D

Encl: (1) Operational Procedures for Civilian NAFI's and MWR
Activities

1. Purpose. To publish instructions concerning the operations and requirements of managing civilian nonappropriated fund (NAF) activities as per references (a) and (b).

2. Scope. This Order applies to all commands having civilian NAF instrumentalities.

3. Background. Reference (a) transferred management of the subject program from the Office of Civilian Personnel Management to the Commandant of the Marine Corps. This Order issues instructions within the Marine Corps to supplement reference (b).

4. Administration

a. The enclosure contains instructions required to establish a Marine Corps Civilian NAF program. Civilian welfare and recreation activities are nonappropriated funds established to provide approved welfare and recreational programs for the civilian employees of an installation. Any establishment and operation of such an activity must be in conformance with this Order. These instructions are to be used in conjunction with the Department of the Navy policies and procedures in reference (b).


b. The Commandant of the Marine Corps advocates the conduct of morale, welfare and recreational programs which promote the optimum mental, social and physical well-being of its civilian employees. The extent of encouragement by the command depends upon such factors as the availability of adequate community facilities and the needs and interests of employees. Since the Comptroller General has ruled out the use of appropriated funds

for salaries of civilian employees in developing, organizing, or supervising recreation programs for civilian employees, it is necessary that the development of recreation programs are through the direction and leadership of organized employee recreation associations or groups. Employee welfare associations included under this section will not engage in welfare projects or programs properly within the province of established public or private agencies. Command sponsored activities must be directly concerned with the employees or their immediate families.

c. Financial management and reporting requirements of civilian NAF's are per reference (c).

d. Auditing of the financial records and administration of the civilian activities are covered in reference (d).

5. Action. Commanders will comply with the instructions contained in this Order.



J. M. MYATT
By direction

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1. Purpose. To direct pen change to the basic Order.
2. Action. In the enclosure to the basic Order, paragraph 1006, add after the word "purchase," the words "for sale."
3. Summary of Change. This Change clarifies the concern over Civilian NAFIs purchasing alcoholic beverages. Civilian NAFIs are prohibited from purchasing alcoholic beverages for resale but may purchase them for consumption at sponsored picnics or parties.


L. M. PALM
By direction

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CHAPTER 1

CIVILIAN NONAPPROPRIATED FUND (CIVNAF) INSTRUMENTALITY ACTIVITIES

1000. OPERATING PRINCIPLES AND PROCEDURES. Marine Corps civilian nonappropriated fund instrumentalities will operate facilities and services, when established, effectively and efficiently serving the needs and interests of the employees of each Marine Corps installation. All employees have the opportunity to participate in any officially established civilian NAF. Food services, welfare or recreation NAFs may be combined under one association, so long as they maintain separate accounts for each program.

1001. ESTABLISHMENT. Commands may establish civilian NAFIs per this Order. Following its establishment, the appropriate board or council will state in writing the official policies and procedures for its operation. Provide the Commandant of the Marine Corps MPC-30 copies of the procedures.

1002. BOARDS AND COUNCILS. A board or council supervises and directs a separate or combined civilian NAF. The board or council will normally consist of five to seven members, appointed by the Commanding General or Officer or designate, or may be entirely or partially selected through an elective or nominating process. Board members must be full-time civilian employees of the instrumentality and may not be contractor employees. An occasional exception may be made involving membership of military personnel on boards, where there is joint participation of military and civilian personnel in the civilian NAF. In these cases the majority of the board are civilian employees. Rotate membership on boards biennially to permit change of members and to ensure equal representation of all employees. The Base or Station commander will assign to the board or council responsibility for developing, recommending, and executing plans, policies and procedures for operating within the provisions of this Order. Since the function of the board or council is a command responsibility, conduct the business during regular working hours.

1003. RESPONSIBILITY OF THE CIVILIAN PERSONNEL OFFICER. The CPO will represent the commanding officer, advise the board or council, and serve as the official liaison between the board and command. The CPO, or representative, attends all meetings. Neither the CPO nor the representative will be a voting member of the board; nor assume any accounting, bookkeeping or record keeping duties for the board. Other staff members of the CPO will be similarly restricted.

ENCLOSURE (1)

27 Jun 90

1004. EMPLOYEES OF MARINE CORPS CIVILIAN NONAPPROPRIATED FUND INSTRUMENTALITIES.

1. According to Title 5 USC 2105(c), employees of civilian NAFs are exempt from coverage under any laws administered by the Office of Personnel Management and from the provisions of Subchapter I, Chapter 81, Title 5 U.S.C. However, as employees of instrumentalities of the Government, employees of civilian NAFs are Federal Employees. As a result, they are subject to certain Federal Statutes and Executive Orders and to policies and regulations issued by the Commandant of the Marine Corps. They are also entitled to certain benefits, such as unemployment insurance.

2. Provisions for duty-connected death and disability compensation for civilian NAFs employees must be made through insurance or other means, under subchapter II, Chapter 81 of Title 5, U.S.C. and Title 33, U.S.C.

3. DOD Directive 1401.1-M, SECNAVINST 5300.22A, and MCO P5300.9 apply to all NAF employees, including those of civilian NAFI's. Personnel management will be in accordance with applicable statutes and regulations, including the above.

1005. DISESTABLISHMENT. A civilian nonappropriated fund instrumentality may be disestablished at the discretion of the command, based upon an evaluation of the needs and desires of the employees. The discontinuance will not be taken without at least 30 days advance notice of the proposed action, with reasons for the discontinuance, to the Commandant of the Marine Corps (MPC-30). When a fund is disestablished under the above conditions, or where a base or station closure, or transfer of function requires discontinuance, residual funds will be directed to the Marine Corps Central Civilian Fund, Headquarters, U.S. Marine Corps (MPC-30), unless provisions are made to transfer of funds to a successor organization. Residual funds will consist of cash and other assets remaining after outstanding obligations of the fund have been met. Upon approval of the disestablishment of a civilian NAF or MWR activity, action is required by the command to ensure that dissipation of funds prior to disestablishment is not permitted.

1006. PROHIBITED PRACTICES. Civilian NAF activities cannot purchase, for resale, alcoholic beverages or real estate either in their own name, or in that of the Commandant of the Marine Corps.

1007. USE OF INCOME. Civilian NAF's should maintain sufficient funds to ensure financial stability but should avoid the accumulating of excess funds. As a general rule, reserve funds of all types should not exceed an amount sufficient to cover usual operating costs for a 60-day period. All other income from food service and associated services should be used first for improving food services and facilities and secondly, for welfare and

recreation programs which will benefit the employees of the activity. Do not use the income of a civilian NAFs for events or programs which are not primarily or entirely for the benefit of civilian employees of the activity.

1008. ACCOUNTING PROCEDURES. Operate the facilities and services of nonappropriated fund commands, or financed from nonappropriated funds, under the accounting procedures in NAVSO P3520.

1009. NAVY SUPPLY SYSTEM. The Navy supply system will permit civilian NAF's, within certain limits, to purchase stock items. The principle exclusion for procurement through this source concerns subsistence items. Consult the activity procurement officer to determine the availability of items and procedures for purchasing.

1010. FEDERAL SUPPLY SYSTEM. Civilian NAF's can use the General Services Administration's Federal Supply Service.

ENCLOSURE (1)

CHAPTER 2

MARINE CORPS CENTRAL CIVILIAN NONAPPROPRIATED FUND

2000. AUTHORITY. The Marine Corps Central Civilian Nonappropriated Fund Board of Directors operates under the authority of the Commandant of the Marine Corps.

2001. PURPOSE. The Board of Directors represent the Commandant of the Marine Corps as the governing body of the Fund, and is responsible for the secretarial, administrative, and custodial duties relative thereto. The fund is a repository for residual funds of deactivated civilian nonappropriated fund instrumentalities and a source of funds for grants or loans.

2002. MEMBERSHIP. The membership of the Board, each of whom have one vote, will consist of one representative designated by each of the following: The Director, Manpower Plans and Policy Division (MP), Director, Morale, Welfare and Recreation Support Activity (MWRSUPACT) and Director, Facilities and Services Division (LF). Each member shall have an alternate to serve in his or her absence. MP will serve as chairperson, MWRSUPACT will serve as treasurer and LF will serve as executive secretary of the Board. These positions will rotate at the beginning of each fiscal year.

2003. MEETINGS. The chairperson will hold meetings, when required, to transact Board business-or at the request of a member of the Board.

2004. QUORUM. A majority of the Board membership constitutes a quorum. A majority of the quorum is necessary to carry a motion.

2005. OP RATING PROCEDURES. Within the policies of the Marine Corps the Board is generally responsible for:

1. Receipts. The Board shall act as a repository for receipts, such as:
 - a. Residual assets of dissolved civilian nonappropriated fund instrumentalities.
 - b. Contributions or donations made to the fund.
 - c. Repayment of loans made to local funds, including interest, if assigned.
 - f. Interest on investment of the fund.
 - g. Funds held in trust for individual nonappropriated fund instrumentalities.

- h. Such other funds as may be made available to the fund.
2. Authorized Disbursements. In the administration of the fund, disbursements approved by the Board will be made, as follows:
 - a. Grants or loans to civilian nonappropriated fund instrumentalities.
 - b. Expenses incident to the operation of the fund.
 - c. Disbursements will be made by check bearing both signature and countersignature of persons authorized by the Marine Corps Central Civilian NAF Fund Board.
 3. Financial Management. The financial management and accounting for the operation of the Marine Corps Central Civilian Fund will follow the procedures established in the current series of the Comptroller of the Navy publication P-3520 (Financial Management Policies and Procedures for Morale, Welfare, and Recreation Programs).
 4. Investments. The Board is responsible for the investment of cash, more than current requirements, in deposits or accounts insured by an agency of the United States Government, or in U.S. Government securities.
 5. Audit. Auditors, designated by the Fiscal Director of the Marine Corps, Marine Corps Nonappropriated Fund Audit Service, will audit the fund periodically.
 6. Administrative Support. The Commandant of the Marine Corps, Manpower Control Branch, will provide Administrative support for the Board.
 7. Communications. Send all correspondence through official channels to the Commandant of the Marine Corps, Marine Corps Central Civilian Nonappropriated Fund (MPC-30), Washington, DC 20380-0001.
 8. Disbursement Policy.
 - a. Eligible Activities. Any officially established civilian nonappropriated fund instrumentality (NAFI) within the Marine establishment, is eligible to request a grant or loan from the Marine Corps Central Civilian NAF Fund.
 - b. Application for Loans and Grants. Application for loans or grants must include:
 - (1) Name and address of Marine Corps command sponsoring the NAFI.
 - (2) Name of the NAFI.

- (3) Amount of the loan or grant.
- (4) The reason for the loan or grant.
- (5) Repayment plan.

(6) Signatures of the commanding officer and the chairperson of the appropriate NAFI board or association.

c. Approval of Loan or Grant. Once the Board approves a loan or grant, they prepare and send an agreement, stating its terms and conditions, to the Marine Corps instrumentality concerned. If acceptable to that command, the commanding general or commanding officer, along with the chairperson of the appropriate NAFI board or association, should sign and return all copies of the agreement. The treasurer of the Marine Corps Central Civilian NAF Fund Board will then issue a check and retain copies of the loan agreement.

ENCLOSURE (1)

CHAPTER 3

FOOD SERVICE PROVISIONS

3000. POLICY. It is permissible for civilian NAF's to operate food service facilities for the benefit of civilian personnel. These may consist of in-plant services, directly or indirectly managed, by a civilian food service board or similar civilian employee organization. Where the command uses a civilian employee managed in-plant operation, they will help and make available facilities necessary to provide service consistent with the provision of this section and other applicable laws and regulations. Commands may provide adequate sanitary space for employees to eat lunches brought from home, where conditions dictate and space is available. Whenever practicable, they may provide facilities for proper storage of lunches.

3001. DEFINITION. Food services include civilian cafeterias, lunch counters, dining rooms, snack bars, canteens, clubs and vending machines, operated in conformance with the provisions of the references and this Order.

3002. RESPONSIBILITY OF THE COMMAND FOR FOOD SERVICE OPERATIONS. The Command is responsible for adequate food service operations. It may delegate responsibility for developing, recommending and executing plans for in-plant food service to a food service board, with the provisions of approving operating policies and procedures.

3003. EQUIPMENT AND FIXTURES. Food service facilities may operate in available buildings. If funds are available, the Marine Corps, may furnish or purchase necessary equipment, fixtures, cooking utensils, dishes and silverware. All equipment so provided will remain the property of the Marine Corps. The Marine Corps will also provide certain utility and common services, and will maintain and repair the exterior and interior of buildings, and of heating, electrical, plumbing, sewage systems and other class 2 property.

3004. PROPERTY. The board will make no alterations, installations or improvements to facilities or to the equipment made available by the Marine Corps without the prior written approval of the Command. The Marine Corps retains title to all permanent changes.

3005. CASH SALES. All sales in food services operations must be on a cash basis.

1. AUDITS. Make and submit quarterly audits to the Command. Audits made by an independent public accountant are at the expense of the board. When using the services of a public accountant, the command may reduce the number or modify the audits of the local audit and inventory as appropriate. Upon discontinuance of a food

services operation, conduct a terminal audit. Send copies of all audit reports to the Commandant of the Marine Corps (MPC-30).

2. Earnings. Establish a reasonable rate of earnings for food services operations adequate to insure financial stability, and, wherever feasible, to provide funds for welfare and recreation activities. The rate should not be so high as to accumulate excess funds at the expense of higher food prices to the employees, nor should the rate be too low to meet all normal operating expenses. Set as the minimum, an earnings rate of not less than 2 percent of gross sales.

3006. CREDIT. There will be no installment purchase contracts exceeding a period of 60 days. Incur no other obligations which cannot be met from available funds or funds expected within the next 30 days. Reduce all contracts to writing. All contracts are solely the obligation of the food service activity.

ENCLOSURE (1)

CHAPTER 4

VENDING MACHINES

4000. Separate agreements will be made with concessionaires or wholesalers for vending machine services. Vending machines can operate under the direction of the food services activity or the recreation and welfare associations. Where vending machines operate within a food services activity, the income augments the cafeteria operation. Maintain separate vending machine and concessionaire agreements and records to identify the extent to which the vending machine operation subsidizes, or is subsidized by the cafeteria operation. A copy of each concessionaire agreement and of any later changes or notices of cancellation goes to the Commandant of the Marine Corps (MPC-30).

ENCLOSURE (1)

CHAPTER 5

USE OF GENERAL MESS AND EXCHANGE CAFETERIA

5000. When facilities are not available to provide adequate food serviced you may request authority from the Commandant of the Marine Corps, for civilian employees to use the general mess, also extend food and hospitality and vending machine privileges to civilian employees, according to the provisions of MWR regulations. Where conditions permits, local arrangements for its use will include an agreement for distribution of equitable percentages of any vending profits to the civilian NAF's.

ENCLOSURE (1)

CHAPTER 6

CIVILIAN MORALE, WELFARE AND RECREATION (MWR) ACTIVITIES

6000. DEFINITION. Civilian welfare and recreation activities are nonappropriated funds established to provide approved welfare and recreational programs for the civilian employees of an installation. Any establishment and operation of such an activity must be in conformance with this Order.

6001. FACILITIES AND SERVICES. The command encourages the employee welfare and recreation groups or associations by giving adequate publicity to their programs through station newspapers and other media, and by recognizing them as performing a service for the command. The command provides space, furniture, furnishings and administrative equipment, when available. Furnish maintenance of buildings and collateral equipment from appropriated funds. They may provide maintenance and repair of government-owned furniture, furnishings and equipment, utilities sufficient to satisfy adequately the requirements of the space and facilities furnished, and common services from appropriated funds. Commands may use available nonappropriated funds to supplement this support. Nonappropriated funds will provide furniture, furnishings and equipment of a special nature or peculiar to the particular morale and recreation function for which required, and will fund the maintenance and repair thereof. Operating supplies, such as athletic gear for personnel participating in activities under this category, are from nonappropriated funds.

6002. RECREATION. WELFARE ASSOCIATIONS AND FUNDS. The commander is responsible for welfare and recreation activities of the civilian employees under his command. Recreation and welfare associations are instrumentalities of the Government and are open to membership and participation by all employees. Use funds for initiating and providing support of recreation and welfare commands by the food services board; or funds from the operation of vending machines, and through approved special revenue producing projects, such as candy sales.

6004. IDENTIFICATION. Identify a civilian MWR and its funds with the name of the command it serves.

ENCLOSURE (1)