OPNAV INSTRUCTION 12990.1

From: Chief of Naval Operations

Subj: NAVY CIVILIAN MORALE, WELFARE, AND RECREATION ACTIVITIES

Ref: (a) DoD 1015.8-R of Nov 85
     (b) DoD Instruction 1015.08 of 23 Dec 05
     (c) OPNAVINST 1700.7E
     (d) DoD Directive 5500.07 of 29 Nov 07
     (e) DoD 5500.7-R of 1 Aug 93
     (f) DoD Instruction 1100.21 of 11 Mar 02
     (g) OPNAVINST 5380.1A
     (h) DoD Instruction 1015.10 of 6 Jul 09
     (j) Title 10 U.S.C., Chapter 147
     (k) OPNAVINST 4535.1A
     (l) SECNAVINST 5401.2A

Encl: (1) Definitions

1. Purpose. To provide overall policy and assign responsibility for civilian Morale, Welfare, and Recreation (CMWR) activities. Terms used in this instruction are defined in enclosure (1).

2. Applicability. This instruction applies to all Navy commands and installations that operate CMWR activities. This instruction does not apply to conventional office coffee messes and auxiliary retail outlets that are restricted to beverage, associated pastry/snack items, and command memorabilia for which charges are made only to offset the cost of items provided.

3. Background

   a. CMWR activities, as nonappropriated fund instrumentalities (NAFIs), are functions of the Department of the Navy (DON) and financially support Morale, Welfare, and Recreation (MWR) programs and activities for Department of Defense (DoD) civilian employees, as authorized by references (a) and (b). The mission of CMWR is to provide conveniently
available programs, activities, and facilities of a food service (Category II) or recreational nature (Category IV) to DoD civilian employees. These programs and activities include employee food and beverage sales, vending machines, and other resale and recreation services to enhance the quality of work-life at DoD installations.

b. Reference (c) assigns Deputy Chief of Naval Operations (Manpower, Personnel, Training and Education) (CNO (N1)) responsibilities for overall policy concerning MWR programs within the Navy.

4. Information

a. Operating Principles

(1) The services, activities, and facilities provided through CMWR programs are integral functions of the Navy. As such, they are entitled to the immunities and privileges enjoyed by the Federal Government under the Constitution, Federal statutes, established principles of law, and international treaties and agreements.

(2) CMWR programs and activities are established and operated to serve the needs and interests of all Federal employees on Navy installations. CMWR activities are also intended to contribute to the recruitment and retention of the civilian work force.

(3) CMWR activities will not be operated for the financial profit of any person, group, or combination of persons. No individual will have any financial interest or right, in any manner whatsoever, in any property used, acquired, or held in the operation of a CMWR activity. CMWR activities will not engage in fundraising efforts or make financial contributions to any charitable causes.

b. Control and Supervision

(1) The operation and administration of CMWR NAFIs are exercised through the local and regional chain of command. Per DoD policy, overall managerial control and supervision is exercised through executive control and essential command supervision (ECECS).
(2) The control and supervision of DoD NAFIs, at all organizational levels, entails a system of administration not comparable to operations in the private sector. The standards of conduct, prescribed in references (d) and (e), are required of all Federal employees, including NAFI employees, and are directed toward the elimination of fraud, waste, and abuse. All employees will be familiar with and adhere to control and supervision guidance, including fiscal management.

c. Contingency Operations

(1) In planning for mobilization and deployment, disaster, or other major emergencies, continuance of established civilian NAFIs and MWR programs will be considered. These programs may be altered or interrupted, depending on the nature of the emergency or mobilization. However, the provision of safe and healthful food services for civilian employees during these emergency conditions is vital.

(2) Category II CMWR food service functions should continue as long as the responsible commander or regional director considers it feasible.

(3) Category IV CMWR activities can be reoriented from social and recreational to welfare, relief, and other emergency support as needed (and within available resources).

5. Policy

a. Per reference (a), the following patronage authorizations for participation in civilian MWR programs shall be followed in the priority order listed below:

(1) Category II Civilian Employee Resale and Revenue Sharing:

(a) DoD and other civilian employees working on, or logistically supported by, the installation, as well as their dependents, and accompanying guests.

(b) DoD contract personnel and technical representatives working on the installation.
(c) Uniformed personnel (active duty and retired with pay), their dependents, accompanying guests, and members of Reserve Components while on inactive duty for training. Military personnel shall enjoy the same priority as DoD civilian employees and family members when there are no military MWR programs available for military personnel at the installation.

(d) Unremarried former spouses and other dependents entitled to commissary, exchange, and theater privileges.

(e) Authorized visitors to the installation.

(2) Category IV Civilian Employee General Welfare and Recreation:

(a) DoD and other civilian employees working on, or logistically supported by, the installation, their dependents, and accompanying guests.

(b) DoD contract personnel and technical representatives working on, or logistically supported by, the installation.

(c) Active duty uniformed personnel, their dependents, accompanying guests, and members of Reserve Components while on inactive duty for training. Military personnel shall enjoy the same priority as DoD civilian employees and family members when there are no military MWR programs available for military personnel at the installation.

(d) Uniformed military personnel retired with pay, their dependents, and accompanying guests.

(e) Unremarried former spouses and other dependents entitled to commissary, exchange, and theater privileges.

(f) Retired DoD employees and their dependents.

(3) Official DoD identification cards/badges, or locally approved identification procedures, shall be used to verify patron eligibility and priority, as required. No verification of identification is required for use of Category II food service facilities or vending machines.
b. Installation roles and missions change, thereby affecting personnel demographics. Numbers, physical locations, and composition of civilian employees and military groupings may affect the patron base and, consequently, the financial health of established CMWR NAFIs. The two principal criteria for establishing and continuing a CMWR NAFI within the same scope of MWR activities are:

(1) A continuing CMWR program need exists to serve the authorized patron base.

(2) The CMWR activity is projected to remain financially viable and capable of fulfilling both its financial and MWR program commitments.

c. Survey of CMWR Activities

(1) Each CMWR activity shall be reviewed, not less than every 3 years (triennially), to assess the continued need for the program. Assessments will include demographics of civilian employee population and usage of different CMWR activities to ensure efficacy of current CMWR activities. Installation commanders will utilize the assessment results to tailor local CMWR programs to meet installation needs.

(2) When assessing programs to determine whether on-base CMWR programs should be established, continued, or enhanced, the accessibility and capabilities of existing Navy Exchange and military MWR programs and services, on-base commercial alternatives, civilian community alternatives, as well as current and planned military and civilian MWR programs of adjacent DoD installations, shall be considered.

(3) Installations should rely on local community programs to the fullest extent practicable. Separate CMWR installation programs should be established only when the local military and off-base community programs do not meet local installation requirements or when such alternatives are not cost effective.

d. Joint Funding with Military MWR NAFIs

(1) Civilian and military MWR NAFIs may collaborate and jointly fund, or provide assets, in support of an authorized
event or activity for which there is common participation or utilization, provided that such participation is proportionately paid for with CMWR funds. For example, if 750 DoD civilian employees and 250 active duty military personnel on a military installation elect to participate in an authorized joint base-wide event, the CMWR activity would be required to fund 75 percent of the total cost of the event, the remaining 25 percent would be paid with military nonappropriated funds (NAFs).

(2) The installation commander will designate one of the participating MWR NAFIs as the fiscal agent for joint support. This includes the receipt of, accounting for, and protection of joined assets; and the transfer and disbursement of cash assets at the appropriate time, if applicable.

e. Recruiting, Training, and Accepting Volunteer Services. Reference (f) authorizes Service Secretaries to recruit, train, and accept the services of volunteers in support of all MWR programs. Reference (g) describes the conditions under which voluntary services may be accepted, the responsibilities of accepting officials, and the Government support of authorized volunteers when performing their official duties. Voluntary services may be documented on performance appraisals.

f. CMWR Advisory Councils

(1) Civilian employees, elected or appointed to a CMWR council, shall provide overall guidance/broad recommendations in the management of the CMWR program, its activities, and its supporting NAFI. CMWR advisory councils do not have management, administrative control, or custody of CMWR funds. These boards or councils will act in an advisory capacity and shall not be involved in the day-to-day operations of the CMWR NAFI. The CMWR board or council is responsible for reviewing and recommending budgets, plans, policies, and procedures to the commanding officer (CO) or regional commander.

(2) The use of official duty time by civilian employees for management support to CMWR activities and NAFIs is authorized on a selective and occasional basis.
(3) Work performed by civilian employees on a CMWR council, whether elected or appointed, will be considered as voluntary services and is subject to the requirements of subparagraph 5d above.

(4) The use of an appropriated fund (APF) employee's official duty time in conjunction with the administration of CMWR NAFIs is limited to incidental or collateral responsibilities associated with ECECS.

(5) CMWR council membership duties are a part of ECECS and may be included in official position descriptions. CMWR NAFI custodian and activity management functions that are separate from either daily working-level tasks or the direct operation of the MWR activity, and its associated NAFI, are also considered ECECS functions.

g. When control of an installation is transferred to a military department other than DON, or to another U.S. Government department or agency, the disposition of CMWR NAFI assets, or liabilities, will be determined through negotiation. These negotiations will ensure a fair and equitable distribution of assets, in consideration of Federal employee CMWR requirements, and will be approved by the CMWR program manager.

h. CMWR activities will be made available to all eligible personnel. Personnel of tenant organizations will have the same priority as those of host organizations. Regional, or installation commanders, will ensure that NAF resources are applied to common installation programs rather than separate host/tenant activities.

i. Unauthorized Activities. The following activities, services, functions, and events are prohibited:

(1) The sale and consumption of alcoholic/malt beverages, without prior written authorization by Secretary of the Navy (SECNAV). Requests for authorization will be submitted to SECNAV through the chain of command and Office of the Chief of Naval Operations (OPNAV), Fleet and Family Readiness (N135);
(2) Programs and activities authorized to be conducted or funded with APF (e.g., beautification and maintenance of grounds, non-MWR employee awards, change of command ceremonies and receptions);

(3) Gifts, gratuities, or special benefits to an individual. Cash or mass gift "give-aways" (e.g., Thanksgiving or Christmas turkeys, gift certificates) to employees or volunteers of the CMWR NAFI, or to any individual or group of individuals outside the CMWR NAFI;

(4) Participation in, or support of, charity drives and cooperative endeavors such as mutual aid, employee insurance, or death benefit associations (other than authorized by DON NAFI employee benefit programs). Such monetary participation is considered to be a private, personal individual decision;

(5) Sale of lottery cards, "break-open" or instant bingo games, pull tabs, or other games of chance;

(6) Entertainment not suitable for a typical mixed community audience or that could be perceived as an embarrassment to DON;

(7) Emergency loans to Federal employees;

(8) Use of NAFs to subsidize the cost of cash prizes (cash prizes will be funded only from entry fees of that particular event); and

(9) Commercial sponsorship, either solicited or unsolicited. Authorized only when the conditions of reference (h) are met.

j. Reference (i) prescribes guidance for DoD financial management policies for NAFIs. Guidelines for CMWR NAFIs authorized to use cash-basis accounting are contained in reference (i), chapter 10. All CMWR resources shall be administered economically and efficiently through sound financial management practices as promulgated by the CMWR program manager.
k. NAF Fiduciary Responsibility

(1) CMWR NAFs are government funds entitled to the same protection as funds of the U.S. Treasury, per reference (j). CMWR NAFs are designated solely for the benefit of authorized patrons and the purposes of the CMWR NAFI.

(2) There is an individual fiduciary responsibility for proper use of NAFs and preventing waste, loss, or unauthorized use. This responsibility extends to all DoD personnel, to include members of the Armed Forces and civilian employees paid with either APF or NAF.

(3) DON policy is to encourage the reporting of suspected violations at the lowest possible organizational level. However, reports may be made to senior management, the inspector general, or to the Defense Hotline. The chain of command is responsible for prompt detection, proper investigation, and appropriate corrective action. Individuals reporting violations are afforded protection provided through the Whistle Blowers Protection Act.

(4) Regional or installation commanders will take appropriate administrative/disciplinary action against present and former personnel responsible for violations. In case of a serious criminal infraction, commanders will refer the matter promptly to the appropriate criminal investigative organization for investigation and disposition.

(5) Under reference (j), personnel who violate NAF regulations are subject to penalties. Penalties for substantial NAF violations by civilian employees are the same as those under provisions of Federal law that govern the misuse of APF. Violations by personnel subject to the Uniform Code of Military Justice are punishable under article 92, section 892.

1. The Randolph-Sheppard Vending Stand Act (Title 20, U.S.C.) requires the establishment of a vending facility program for the blind on Federal property. Per reference (k), activity COs are responsible as the "on-site official" for Randolph-Sheppard Act matters. Therefore, CMWR activities engaged in vending operations shall comply with the requirements of reference (k), and have a working knowledge of this Act, which specifically provides State licensing agencies for the blind a
priority to operate vending facilities; directs that a portion of net income from some vending machines be shared with State blind agencies; and, establishes requirements for the inclusion of blind vending stands in certain newly constructed or renovated buildings. Sufficient procedures shall be implemented to provide for the collection of, and accounting for, vending machine income and ensuring compliance with the requirements of this Act.

6. Roles and Responsibilities

a. CNO (N1) shall develop and coordinate overall CMWR policy. As executive agent, OPNAV (N135) shall:

   (1) Develop and maintain policy for CMWR activities; and

   (2) Review and approve, when appropriate, requests for waivers to this policy.

b. Commander Navy Installations Command (CNIC), as program manager for Navy's CMWR program, shall:

   (1) Approve establishment and disestablishment of CMWR activities and provide general supervision, technical and administrative guidance, per reference (1);

   (2) Develop and maintain operational policy for the appropriate execution and operation of CMWR activities within 180 days of promulgation of this instruction. Per DoD and Navy requirements, operational policy shall include information on reporting requirement procedures, property management, volunteer services, and establishment of CMWR Advisory Councils and ECECS;

   (3) Establish procedures and instructions for the fiscal oversight and review of NAFIs (e.g., CMWR funds and their activities) to ensure their effectiveness in meeting mission requirements, and the needs of patrons, and to ensure protection of assets;

   (4) Administer system-wide business programs (e.g., centralized accounting, investments, banking, and personnel administration);
(5) Ensure fair distribution and monitoring of CMWR resources;

(6) Manage and control the Navy central civilian NAF;

(7) Distribute central NAF assets among CMWR NAFIs as appropriate for their collective interests;

(8) Provide training support for CMWR NAFI employees, volunteers, supervisors, and managers; and

(9) Collect and consolidate CMWR activity annual reports (see paragraph 7) and forward Randolph Sheppard Act information to Assistant Secretary of the Navy, Manpower and Reserve Affairs (ASN (M&RA)), per reference (k).

c. Regional/Installation Commanders. Regional or installation commanders are responsible for:

(1) The overall administration, supervision, and operation of the local CMWR, including implementation of, and adherence to, all applicable rules and regulations.

(2) Administration and supervision of CMWR assets and financial affairs, assisted by the CMWR director. These duties are command functions of the activity establishing the CMWR, pursuant to regulatory control by DON and CNIC.

(3) Operating CMWR activities (including, but not limited to, accounting procedures/reporting, administration/oversight of contracts, purchase orders, and administration of credit cards) as appropriate, per established policies and procedures.

(4) Collecting and forwarding annual reports to CNIC, CMWR Program Manager (N92C1) (per paragraph 7).

(5) Conducting a survey of civilian employees, at least triennially, to determine local CMWR needs and interests.

(6) Ensuring election of a CMWR governing council as required by instruction and guidance.
7. Records Management. Records created as a result of this instruction, regardless of media and format, shall be managed per SECNAV Manual 5210.1 of November 2007.

8. Reports

   a. Installation/regional commanders are required to submit a fiscal year-end report, to CNIC (N92C1), which includes a financial statement; liability and bonding insurance payment; and, an annual vending report that lists the number of vending facility applications (the number approved, denied, or pending), amount of vending machine income collected, and amount of vending machine income disbursed to the State. CNIC'S CMWR program operating instruction provides further details and defines the required report information.

   b. CNIC (N92C1) shall collect and consolidate CMWR activity annual reports and forward the Randolph Sheppard Act information to ASN (M&RA) no later than 75 days after the end of the fiscal year.

9. Reports Control. Reports contained within this instruction are exempt from reports control per SECNAV Manual 5214.1 of December 2005.

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DEFINITIONS

Activity Manager. Individual responsible for supervising and controlling the day-to-day operations of a CMWR activity (e.g., cafeteria, snack bar, vending machines, fitness center).

Appropriated Funds (APFs). Government monies allocated by Congress for a specific purpose or use, e.g., assets (personnel, money, material, real property) provided to support MWR functions. CMWR activities receive only common (i.e., indirect) APF support.

Civilian Morale, Welfare and Recreation (CMWR) Activity. An MWR activity, either Category II or Category IV, established at installations where there are sufficient numbers of civilian employees to warrant establishment and that can sustain programs through a NAFI. At most installations, the military MWR activity is able to accommodate the interests and needs of the civilian workforce and a separate CMWR activity/NAFI is unwarranted. When warranted, CMWR activities are established for the comfort, pleasure, contentment, and mental and physical improvement of DoD civilian employees and other authorized patrons. Since APF resources are not to be provided by direct dollar support, the generation of NAF income is indispensable to sustaining all CMWR programs.

Category II CMWR Activity. A CMWR activity and its associated NAFI properly established to provide goods and services through resale activities to authorized patrons and generate income to sustain Category IV programs. In addition to providing regular meal-time services and limited retail services, food and beverages may be offered either manually or by machine throughout the day (i.e., snacks, confections, beverages, and similar refreshments). Category II programs may also operate amusement machines and electronic games to generate income.

Category IV CMWR Activity. Category IV CMWR programs offer a variety of activities and benefits that appeal to as many eligible patrons as is financially feasible (i.e., sports, hobbies and crafts, social and recreational groups, lounges and break areas, circulating library, bowling, outdoor activities, family services, and special installation or command events not authorized APF support (that promote command morale or welfare of the civilian work force)). Since the primary patrons are
civilian employees, the primary beneficiaries of Category IV MWR programs are civilian employees. Civilian Category IV programs meet the MWR needs of military personnel when there are no installation military MWR programs available. At such locations, the extent of the program must necessarily be within the financial constraints and capabilities of the CMWR NAFI. Most program costs must be borne by the Category IV NAFI, which, in turn, is largely dependent on Category II CMWR NAFI dividends. Participation fees and charges shall be the primary source of program income to supplement Category II revenue sharing. However, the need for some Category IV CMWR activities to generate funds to finance their programs is recognized. In conducting resale activities, it is not intended or desired to foster undue competition between civilian and military MWR or Navy Exchange resale activities.

Nonappropriated Fund Instrumentality (NAFI). An integral DoD organization that performs an essential government function. It is established and maintained unilaterally or jointly by a military department. As a fiscal entity, each CMWR NAFI maintains custody and control over its NAF. It is not incorporated under the laws of any State, or the District of Columbia, and enjoys the legal status of an instrumentality of the United States.

Executive Control and Essential Command Supervision (ECECS). Those managerial staff functions and positions located above the direct program managerial and operational level of individual CMWR programs that support planning, organizing, directing, coordinating, and controlling the overall operations of CMWR programs. ECECS consists of program, fiscal, logistical, and other managerial functions required to ensure oversight.

Military MWR Program. The term used by Navy to identify recreation, social and child care activities administered by CNIC. Military MWR programs are designed to provide essential MWR mission support services, community support programs, business activities' programs, as well as programs that will effectively contribute to the morale, well-being, and quality of life of Navy personnel (which include active duty, ready reserve, DoD civilians, and their family members, as well as other authorized individuals and groups).
Morale and Recreation Programs. These programs consist of activities, facilities, and services to provide recreational and free-time, self-development, and general welfare programs for DoD civilian employees and other authorized patrons. CMWR programs are established to supplement, not compete with, similar programs offered by military MWR activities.

Navy Installation. For the purposes of this instruction, real property controlled by DON or occupied by Navy personnel, such as a base, site, building or other location.

Program Manager. A command, or office, authorized by SECNAV to administer technical direction and coordinate administrative and managerial control over an MWR group or activity. For example, CNIC is the program manager for Navy’s CMWR program.