



FORCE MANAGEMENT
POLICY

ASSISTANT SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-4000



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MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
DIRECTOR, DEFENSE RESEARCH AND ENGINEERING
ASSISTANT SECRETARIES OF DEFENSE
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE
DIRECTOR, OPERATIONAL TEST AND EVALUATION
ASSISTANTS TO THE SECRETARY OF DEFENSE
DIRECTOR OF ADMINISTRATION AND MANAGEMENT
DIRECTORS OF DEFENSE AGENCIES

SUBJECT: DoD Morale, Welfare and Recreation Utilization, Support and Accountability
(DoD MWR USA) Practice

- References:
- (a) DoD 7000.14-R, "DoD Financial Management Regulation."
 - (b) DoD Instruction 7000.12, "Financial Management of Morale, Welfare, and Recreational Activities," May 27, 1987.
 - (c) DoD Instruction 1015.10, "Programs for Military Morale, Welfare, and Recreation," (MWR) November 3, 1995.
 - (d) DoD Instruction 6060.2, "Child Development Programs (CDPs)," January 19, 1993.
 - (e) DoD Instruction 1401.1, "Personnel Policy for Nonappropriated Fund Instrumentalities," November 15, 1985.
 - (f) ASD(FMP) Memorandum, "Demonstration Project Procedures for Uniform Funding of Morale, Welfare, and Recreation (MWR) Activities," May 30, 1996.

This directive-type memorandum establishes the DoD MWR USA Practice for the use of Appropriated Funds for the MWR program through the MWR Nonappropriated Fund Instrumentalities (NAFI). Procedures for implementing this practice are attached.

The DoD MWR USA practice is designed to facilitate the effective use of funds for the MWR program. The Military Departments are authorized to implement this practice effective October 1, 1997. The Military Departments may further delegate authority to implement this practice.

The ability to provide funds to NAF Instrumentalities (NAFI) allows Commanders to more efficiently execute MWR activities policy. For this purpose, appropriated funds will be limited to Operations and Maintenance (O&M), O&M Reserve, or Research, Development, Test and Evaluation (RDT&E) when the installation base operations support is funded by RDT&E. The USA Practice will not be available to the installations identified as participants in the



Congressionally-directed Uniform Resource Demonstration (URD) in order to ensure continuity of the results from the URD project. The demonstration actions taking place at these six installations will serve as the basis for developing the final DoD MWR funding policy.

The DoD MWR USA Practice will be used in a manner consistent with the provisions of Section 1301 of Title 31, United States Code, which provides that funds shall be used only for the purposes for which they were appropriated. The laws and regulations concerning the obligation and expenditure of appropriated funds must be followed. Heads of the Military Departments (or designated heads of Military Services) are accountable for the total MWR program, appropriated and nonappropriated funds.

All appropriated funds for base operations support, to include that provided through the DoD MWR USA Practice, will continue to be included in appropriated fund budgets, installation accounting records and financial reports, and in exhibits and reports submitted to the Congress according to DoD 7000.14-R "DoD Financial Management Regulation" (reference (a)) and DoD Instruction 7000.12 "Financial Management of Morale, Welfare, and Recreation Activities" (reference (b)).

Military Departments will establish a Memorandum of Agreement (MOA) outlining the MWR services, by units and/or function, to be provided by the NAFI to meet the appropriated fund support requirements for the MWR program. The MOA will specify the appropriated fund support (amount and obligation schedule) to be provided. DoD Instruction 1015.10, "Programs for Military Morale, Welfare and Recreation," reference (c), and DoD Instruction 6060.2 "Child Development Programs (CDPs)," reference (d), specifies programs authorized to be supported by appropriated funds.

The MOA will include a provision that requires the NAFI to maintain detail of appropriated funds provided for the MWR program. This detail is necessary for budgets, accounting records and financial reports for functions included in the MOA. Appropriated funds provided to the MWR program will not exceed the NAFI's cost for providing the services.

The MWR program funded by the DoD MWR USA Practice, must meet the criteria of appropriated fund support outlined in DoD Instruction 1015.10, "Programs for Military Morale, Welfare and Recreation." Authorized expenditures for the MWR program to be provided by the NAFI include personnel services, supplies, furniture, fixtures and equipment, routine maintenance and other operating expenditures.

The Military Components shall issue standard accounting practices to record the receipt of the USA resources on a transaction basis and in sufficient detail in the nonappropriated fund accounting records. The records shall identify USA support for each activity specified in enclosure (1) broken down by the cost element captions found at enclosures (5) and (7) of DoD Instruction 7000.12. Financial reporting procedures shall assure that USA support is reported only as appropriated fund support to MWR. The Statement of Nonappropriated Fund Instrumentalities Income and Expense and the Schedule A Appropriated and Nonappropriated Expense Summary, submitted in accordance with DoD ^{Instruction} 7000.12, shall report nonappropriated fund income and expense net of the amount of USA support. An exhibit shall be prepared using the Schedule A format,

enclosure 2, that reports the appropriated fund support received through the USA practice, by element of resource. An exhibit shall be submitted for the total MWR program, Category A, Category B, and Category C (enclosure 3).

The DoD MWR USA Practice shall not be used to extend the availability of appropriated funds. All funds provided under the MWR USA practice which will not be obligated by the NAFI for a bonafide current year need, before the obligational authority of the source appropriation expires, shall be promptly identified to the appropriated funds resource manager. This action will allow those funds to be obligated for other requirements.

Positions encumbered by appropriated funds employees will not be converted to a non-appropriated funds system. If such a position becomes vacant, the MOA may be modified to include those services to be provided by the NAFI. However, if an unencumbered position is converted to NAF or contract, then it will not be converted back to an appropriated fund position.

This memorandum and its attachments are effective immediately. The Assistant Secretary of Defense (Force Management Policy) is responsible for evaluating the implementation of these ^{procedures} procedures. The policy and procedures will be incorporated in the next update of the 1015.1 and DoD Instruction 7000.12.


F. Pang

Attachments:
As stated

**PROCEDURES FOR IMPLEMENTING THE DoD
MORALE, WELFARE AND RECREATION UTILIZATION, SUPPORT
AND ACCOUNTABILITY (DoD MWR USA) PRACTICE**

This attachment contains procedures and information for implementing the DoD MWR USA Practice for the use of appropriated funds for the MWR program through the MWR Nonappropriated Fund Instrumentalities (NAFI).

For this purpose, appropriated funds will be limited to Operations and Maintenance (O&M), O&M Reserve or Research, Development, Test and Evaluation (RDT&E) appropriations when the installation base operations support is funded by an RDT&E appropriation. This policy is designed to facilitate the effective use of funds for the MWR program.

The following procedures must be implemented:

1. The OP 34 Budget Exhibit will continue to display total appropriated funds used to fund authorized individual MWR functions. Appropriated funds used for this practice will be a part of the total amount budgeted for MWR.
2. Preparation of the Memorandum of Agreement (MOA):
 - a. Installations will prepare annually, prior to the beginning of the fiscal year, a MOA outlining the use of the DoD MWR USA Practice. Funding identified in the MOA will be included in the base operations support appropriated budget. The MOA will state that the agreement is subject to availability of funding. This clause is included to clarify that the MOA, prepared prior to the start of the fiscal year is subject to change if the installation base operations total support changes. Requirements for services will be identified by MWR units and/or function. Changes in services provided require an amendment to the MOA.
 - b. The MOA will outline the amount planned for the services, and will include an obligation schedule.
 - c. The MOA will be signed at installation level by the senior appropriated fund resource manager and the NAFI fund administrator and will be approved by the Installation Commander.
3. Object Class Code 2500-Other Services will be used to budget and account for appropriated funds used in the DoD MWR USA Practice. All appropriated obligations and disbursements will be tracked in the installation's official accounting record.
4. Appropriated funds will be obligated on Miscellaneous Obligation Document (MOD), DD Form 2406 (Enclosure 4). This obligation will be based on the MOA.
 - a. The MOA will be the supporting document for the MOD.

b. All MODs must include delivery schedules that ensure services will be provided no later than the expiration date of funds.

5. The MWR Activity shall prepare a billing for services, itemized by function, for appropriated fund payment under the MOA which will be presented to the appropriate disbursing center on Standard Form 1034- "Public Voucher for Purchases and Services Other Than Personal" (Enclosure 5). Bills will identify the MWR functions by accounting code as referenced in the MOA and will list services/functions provided. As appropriate, the statement of expense will explain differences due to foreign currency fluctuation in accordance with Financial Management Regulation, Disbursing Policy and Procedures, Volume 5, Chapter 13..

6. Appropriated funds disbursing offices will process payments to the NAFI by an electronic funds transfer (EFT) when feasible.

7. During the NAFI annual audit, the auditors will ascertain that services provided to the APF were in accordance with the MOA.

8. The Services will provide the detail of funds by function/program which were executed using the DoD MWR USA Practice. This submission will be identical to the OP 34 Exhibit except that it will provide the percent of the executed APF amount that was used in the DoD MWR USA Practice. This percent will be shown next to the reported APF dollars on the prior year page (Enclosure 3). The report, DoD MWR USA Practice, will be submitted to Office of the Assistant Secretary of Defense (Force Management Policy) at the time of the OP 34 submissions.