Morale, Welfare, and Recreation (MWR) Non-Appropriated Fund (NAF)
Financial Management

References: Refer to Enclosure 1.

1. PURPOSE. This Defense Logistics Agency (DLA) Instruction (DLAI):

   a. Identifies the DLA Morale, Welfare, and Recreation (MWR) procedures for the administration and disbursement of NAF, to include financial management policies and procedures. These procedures include cash management, budgeting, execution of Capital Purchases and Minor Construction, NAF Major Construction for all NAF Instrumentalities (NAFI), i.e., the Lodging Fund and the One Fund. Additional functions include the centralized management of NAF personnel services for the Agency. The review process is the preliminary step toward ensuring that a request is within binding authority for the management and fiduciary oversight of NAF management.

   b. Identifies DLA's responsibility to develop NAF budget guidance that contains sound, attainable objectives based on a realistic plan of operations. This DLAI is a statement of management's plan for the future, expressed in financial terms.

   c. Ensures continuity of MWR programs and services; allows for reinvestment in infrastructure through capital purchases (furniture, fixtures, and equipment), minor and major construction projects; provides funding support for MWR events; and supports programs and activities for the DLA workforce.

   d. Optimizes management and financial efficiency, ensuring sound business practices that achieve Agency goals for MWR programs.

2. APPLICABILITY. This DLAI applies to Headquarters (HQ) DLA and DLA Primary Level Field Activities (PLFA) site commanders, DLA Enterprise Support (DES) site directors, and MWR personnel.

3. POLICY. The DLA MWR directorate will manage and direct the NAF financial management program and budget for the Agency and develop guidance and procedures in
full compliance with Department of Defense (DoD), Public Law, and U.S. Army issuances.

4. RESPONSIBILITIES.

a. The DES Director administers the overall MWR program Agency-wide.

b. The Chief, Financial Management/One Fund Manager will:

   (1) Administer DLA MWR/NAF Management for the Agency and provide overall guidance and ensures compliance.

   (2) Identify the need for new or revised policy, strategic planning, evaluation, guidance and oversight.

   (3) Develop and provide annual NAF budget guidance to the MWR field operating entities.

   (4) Ensure that each level of management is involved and coordinates in the preparation of the NAFI budgets.

   (5) Present the NAFI budget to the PLFA site commander, who approves all MWR budget submissions.

   (6) Review and consolidate all PLFA NAFI budgets. The One Fund budget goes to the One Fund Standing Committee (OFSC) for review. Upon OFSC coordination, the One Fund budget goes to the DES Director for Agency approval.

   (7) Monitor the financial performance of each PLFA NAFI operation.

   (8) Report budget variances, financial trends, and adjust budget projections on a quarterly basis for the overall One Fund.

   (9) Continually monitor the viability of PLFA NAFIs and the One Fund and report on cash in bank, cash-to-debt ratios, and future projections on a quarterly basis.

   (10) Analyze budget variances and take immediate corrective action and closely monitor field activity NAFI operations with budget variances between 10 percent and 15 percent and ensure necessary budget revisions are submitted.

c. Program/Financial Managers will:

   (1) Prepare the budget that they will be held accountable to follow/achieve.
(2) Forward the budget to the PLFA financial manager for review and consolidation. The budgets then go to the Chief, MWR, for coordination.

(3) PLFAs must submit revisions that incorporate significant program changes (greater than a 20 percent budget variance) as soon as they are identified. PLFAs with budget variances greater than 20 percent are required to change their projections, in order to project accurate end-of-year results.

(4) Review NAF financial statements, on a monthly/quarterly basis, to assess financial performance (actual versus budgeted performance).

(5) Analyze past and current financial performance, as well as short- and long-range financial goals and objectives; identify trends; and establish benchmarks and metrics ensuring NAFI solvency to meet five-year financial plan requirements.

5. PROCEDURES. Additional Information is located at Enclosure 2.

   a. Deliver Programs.

   b. Review and consolidate all PLFA NAFI budgets.

   c. The One Fund budget goes to the OFSC for review. Upon OFSC coordination, the One Fund budget goes to the DES Director for Agency Approval.

   (1) Budgeting contributes to the control process through the preparation of frequent budget reports that compare actual performance against budget objectives to identify and analyze variances.

   (2) PLFAs with budget variances greater than 20 percent are required to change their projections in order to project accurate end-of-year results.

   d. DES-Q receives requests for policy revision and determines the need for new policy. This may occur any time throughout the year and in several ways. DES-Q will coordinate, implement, and publish policy.

6. EFFECTIVE DATE. August 18, 2006.

   Director, DLA Enterprise Support

2 Enclosures
Enclosure 1 – References
Enclosure 2 – Additional Information
Enclosure 1
Reference


3. HQ, Department of the Army (DA) NAF Budget Guidance: http://www.armymwr.mil/.


6. DoD instructions and regulations on MWR/NAFI Management and Control (http://www.dtic.mil/whs/directives/):
   b. DoDD 1015.5, DoD Student Meal Program.
   c. DoDI 1015.8, DoD Civilian Employee Morale, Welfare, and Recreation (MWR) and Supporting Nonappropriated Fund Instrumentalities (NAFI).
   e. DoDI 1015.10, Military Morale, Welfare, and Recreations (MWR) Programs.
   f. DoDI 1015.11, Lodging Policy.
   g. DoDI 1015.12, Lodging Program Resource Management.
   h. DoDI 1015.13, DoD Procedures for Implementing Public-Private Ventures (PPV) for Morale, Welfare, and Recreation (MWR), and Armed Services Exchange Category C Revenue-Generating Activities.
i. DoDD 1015.14. Establishment, Management, and Control of
Nonappropriated Fund Instrumentalities and Financial Management of Supporting
Resources.

k. DoDI 1015.15, Procedures for Establishment, Management, and Control of
Nonappropriated Fund Instrumentalities and Financial Management of Supporting
Resources.
1. The DLA MWR NAF Management process provides a means of receiving, safeguarding, controlling, administering, and disbursing NAF funds from authorized sources. Its purpose is to optimize management and financial efficiency, ensuring sound business practices that achieve Agency goals for MWR programs.

2. The principal customers of the NAF Management process are the PLFA site commanders, DES site directors, MWR personnel, and the DLA workforce.

3. The outputs of a robust and effective NAF Management program ensure continuity of MWR programs and services; allow for reinvestment in the infrastructure through capital purchases (furniture, fixtures, and equipment), and major and minor construction projects; provide funding support for MWR events; and support programs and activities for the DLA workforce. The NAF Management program ensures that Agency MWR programs and facilities are positioned to provide best-value services that enhance and add balance to the work-life environment of the DLA community.