

## APF/UFM IMPLEMENTATION GUIDANCE AND PROCEDURES

1. General. This guide is provided to assist regional commanders, comptrollers, command evaluation staff, local internal audit, audit boards, regional program managers and MWR directors evaluate appropriated fund support for specific elements within an MWR operation. The contents do not supersede official Navy policy, but provide additional guidance and interpretation. The following guidance provide assistance in making cost efficient, and effective Appropriated Fund (APF) and Nonappropriated Fund (NAF) financial decisions in Morale, Welfare, and Recreation (MWR) Programs.

### 2. Uniform Funding and Management (UFM).

a. The Assistant Secretary of the Navy (Financial Management and Comptroller) issued the Implementation of the UFM of Morale, Welfare and Recreation (MWR) on 12 Oct 2004. Through the UFM practice APF may be used to support an MWR NAFI for expenditures, if the original NAF transaction was an authorized APF expense, unless specifically prohibited by law or regulation.

b. UFM is designed to aid in the efficient and cost effective execution of Operations and Maintenance, Navy (O&M,N) APF in support of Navy MWR programs. It is imperative that all rules be followed carefully. Utilization of UFM offset to expand the role of MWR beyond its normal mission is not authorized. Basic policies and procedures outlined throughout this book will assist you in proper implementation of the UFM program. (Note: Bachelor Quarters Nonappropriated Fund Instrumentalities are not authorized UFM offset.)

(1) The regional or local Commanding Officer, Comptroller, and MWR Director must establish and sign a Memorandum of Agreement (MOA). Forward a copy annually of the signed MOA to Commander, Navy Installations (CNI) Millington Detachment (Det) N252 via your regional commands via the NAF budget process. Any amendments to the MOA must be promptly prepared reflecting the change(s), numbered sequentially, and contain all three signatures, with copies forwarded to CNI Millington Det N252.

(2) APF funds must be obligated via a signed DD Form 2406 prior to any NAF expenses being incurred. No “after the fact” obligations are authorized under any circumstances.

(3) It is important to utilize UFM for elements of expense that are the most defensible and supportable. Labor cost applications may be the most useful feature of the UFM procedure. Guidance from DON is to fund and maintain civil service billets for programmatic Category A operations first, and to utilize UFM offset for positions where adequate work year or FTE controls do not exist. Positions with high turnover rates or other sensitive positions such as child care and fitness positions are prime candidates for NAF/UFM procedures.

(4) The MWR UFM practice neither increases or decreases authorized appropriated fund support. The UFM practice merely changes the process associated with the execution of the appropriated funds for the authorized use.

(5) UFM offset may not be used to circumvent APF policy. To assist you in determining the appropriate application of this process, ask yourself the following question: “Is this an APF authorized expense?” If the answer is, “No,” UFM offset is not authorized. The table in enclosure 4 is an excerpt from the DoD 1015.15 and provides APF authorized guidance.

(6) The APF “bona fide” need rule dictates that purchases must be for real need expenses during the current fiscal year. Consequently, this same rule applies to UFM offset expenses. The UFM Practice cannot be used to extend the availability of APF dollars into the next fiscal year.

(7) The Principal Deputy Assistant Secretary of the Navy (Financial Management and Comptroller) has provided a policy clarification of the use of APFs for the purchase of trophies and awards for installation-level MWR fitness and intramural sports and athletic activities for active duty personnel. Subject to the following conditions, the use of APFs to support the acquisition of MWR fitness and intramural sports and activities-related trophies and awards, including APF support through use of the UFM Practice, is authorized. Athletic/sports competitions must be officially established and announced and be of a continuing nature. Cash awards are not permitted and the trophies or awards are not to be items of a personal nature or have independent intrinsic value to the recipients.

(8) The Defense Finance Accounting System (DFAS) is under mandate to pay all bills through electronic fund transfer (EFT). In order to effect EFT, DFAS may contact the local MWR office directly regarding payment of the UFM funds. MWR should give DFAS the local depository account information from its local bank deposit slips. Under no circumstance should MWR give DFAS, or anyone else, a local or central blank NAF check. By getting the funds deposited locally, MWR will have better visibility into what has been deposited.

3. MILCON. The funding profile for MILCON is identified separately under Attachment 1 to Enclosure 3 UFM Guide (Tab 4). While MILCON is authorized for all Category A facilities and some Category B facilities (see Attachment 1) there are some circumstances regardless of MWR Category when appropriated funds may be used for all MWR construction repair or renovation. They are: (a) when related to the establishment, activation, or expansion of a military installation or relocation of facilities for convenience of the government; (b) to correct life safety deficiencies; to maintain structural integrity; code compliance and adherence to ADA Handicap accessibility and, (c) with prior approval from NAVCOMPT, for replacement of facilities denied by country-to-country agreements and (d) for restoration of facilities destroyed by acts of God, fire, and terrorism.

a. Definitions

(1) Executive Control and Essential Command Supervision (ECECS). Relates solely to the commanding officer’s management team to provide oversight for all installation programs and is not a cost of MWR. To exercise this responsibility, commanding officers must provide guidance and direction to MWR activities under their purview in the same manner as for all non-MWR activities under their cognizance. Executive control and essential command supervision consists of general management functions and includes any assistance in carrying out

these functions provided by the commanding officer's staff. Specifically excluded from this definition is the direct operation of MWR programs and activities (e.g., functions performed by the MWR program director and staff). The MWR director and staff are excluded from this definition and are addressed under personnel.

*NOTE: In the past, the definition of ECECS has been often misinterpreted. This definition is provided by NAVCOMPT, and clearly emphasizes that ECECS applies to the commanding officer's management team, those positions below the command level.*

(2) Base Common Support. Common support consists of services and related goods normally supplied throughout the installation as a mission function (i.e. the common support provided by the installation command). Common support services are those that protect the health and safety of all participants, employees, resources, and property on base and provide support that is of a more physical nature e.g., facility and facility systems maintenance and repair, structural integrity of facilities, fire and security maintenance, handicap accessibility, snow removal, sewage and trash removal. Additional common support services include such services as HRO, comptroller, legal, and background check services. These expenses are not considered MWR expenses and are not reported on the OP-34.

(3) Personnel Performing Multi-Functions. In some situations an MWR employee may perform some functions that are authorized to be performed by a civil service employee and some functions that are not authorized to be performed by a civil servant. For purposes of determining authorization for APF support, the percentage of time the employee spends performing "APF-authorized" functions should be greater than 51 percent to be considered appropriate for APF funding.

(4) Outdoor Recreation and Equipment Checkout. Some recreation facilities maintain inventories of equipment that cross all three MWR funding categories (A, B, and C). Care must be taken to ensure that costs are assessed fairly for APF versus NAF functions. Overall management, safety and control of mixed category facilities and operations is authorized APF support. Recreation equipment falls into Category A, B, and C as follows:

(a) Category A - ATHLETIC EQUIPMENT CHECKOUT This category includes: checkout of basketballs, volleyballs, weight belts, weights, clothing, shoes, picnic bags containing softball equipment, horseshoes, etc. Equipment checkout can be operated out of the gym, or any other MWR facility. Charges for athletic gear checkout are not encouraged however, minimal user fees may be charged for to recover all or part of any NAF costs associated with providing this service.

(b) Category B - OUTDOOR RECREATION PROGRAM EQUIPMENT CHECKOUT This category includes: Tents, coolers, sleeping bags, fishing equipment, skis, snowboards, kayaks, jon boat, day sailor boats, bicycles, in-line skates, and other minor equipment that support outdoor recreation skills development programs. This equipment checkout can be operated out of an outdoor recreation center, equipment checkout center, or any

other MWR facility. A user fee can be charged to recover all or part of any NAF costs associated with providing this service.

(c) Category C - EQUIPMENT RENTAL This category includes: Seasonal costumes, lawn mowers, roto tillers, chainsaws, jet skis, ski boats, snowmobiles, Go Karts, large boats and camping trailers designed for overnight issue. Includes all resale operations that sell specialized outdoor recreation equipment, clothing, gear and supplies. This equipment rental program is intended to be a revenue-generating program, similar to commercial businesses. A rental charge must be assessed for use of this equipment to cover NAF operating, maintenance and replacement costs.

(5) Multi-Purpose MWR Facilities. Many buildings and facilities in which MWR programs are provided are used for purposes in addition to MWR functions, such as swimming pools and theaters used for training. In these cases, amounts charged to MWR should reflect costs for that portion of the expense that is attributable to MWR. Alternately, in cases where MWR facilities contain multiple activities that fall across the funding categories (A, B, and C), the portion of the facility or the portion of time the facility is used for Category A and B activities should be identified. Only those portions of the facility or time the facility is used for Category A and B activities are authorized APF support for operations, including utility expenses (except at overseas and designated remote and isolated locations).

(6) Regional or Local Business/Support Services Offices. Regional Business/Support Services Offices have responsibilities that may include the performance of NAF accounting services, NAF/APF procurement, NAF personnel, NAF payroll, marketing, administrative services, etc. These regional offices may perform services for one or more MWR Funds or consolidated MWR departments. Authorization for funding of personnel, equipment, supplies, etc., for these offices follows that outlined in the Chart of Authorization for Use of Appropriated Funds, enclosure (4). In general, personnel in local offices must spend a minimum of 51 percent of their time either performing or supervising the performance of APF functions to qualify for APF funding.

(7) Remote and Isolated (R & I).

(a) Category C MWR activities at designated remote and isolated commands or installations are authorized Category B level support. The column identified at Category C (R & I) has been included to specifically address only remote and isolated activities entitlements. The following naval activities are Congressionally and OSD approved Remote and Isolated installations as of June 2000.

(b) While remote and isolated designation authorizes Category C MWR activities APF support, since appropriated funds are provided to meet DOD and DON funding metrics, funding must be used to support Category A activities at 100% of authorized expenses and Category B activities at a minimum of 65% of authorized expenses prior to expending APF funds in Category C activities.

NAVSUPPACT BAHRAIN  
NAVSUPPFAC DIEGO GARCIA  
NAS KEY WEST FL  
COMFLEACT YOKOSUKA JA  
NAF ATSUGI JA  
CHJUSMAG MANILA RP  
NAVSUPPACT SOUDA BAY GR  
NAVORDTESTU CAPE CANAVERAL FL  
COMFLEACT CHINHAE KOR  
COMFLEACT SASEBO JA  
NAF KADENA JA (formerly COMFLEACT OKINAWA)  
NAS SIGONELLA IT  
NAVSUPPACT NAPLES IT  
NAVSUPPACT LAMADDALENA IT  
NAVSUPPACT GAETA IT (formerly part of NAVSUPPACT NAPLES IT)  
NAVSTA ROTA SP  
NAS KEFLAVIK IC  
NAVSECGRUACT SABANA SECA RQ  
NAVSECGRUACT WINTER HARBOR ME  
NAVOLF SAN NICHOLAS ISLAND CA (site under Navy Region Southwest)  
NAS FALLON NV (site under Navy Region Southwest)  
NAS BARBERS POINT HI (site under Commander Navy Region HI)  
COMNAVMARIANAS GU  
NAVSTA GUANTANAMO BAY CU  
JMF ST MAWGAN UK (formerly NAVWEPSFAC ST MAWGAN UK)  
NAVSECGRUACT SUGAR GROVE WV  
NAVREGCONTNEN SINGAPORE  
NALF SAN CLEMENTE ISLAND CA (site under Navy Region Southwest)  
NAF EL CENTRO CA (site under Navy Region Southwest)  
PACMISRANFAC BARKING SANDS HI

(c) In the event an R & I activity becomes part of a Region, care must be taken to maintain detailed records to support only the specific activity designated as R & I is afforded the benefits set forth by the designation.

(d) In order to be granted official designation as a remote and isolated activity the installation must meet the criteria set forth in DoDI 1015.10. To gain the designation, a command is required to submit a formal letter via the chain of command to Commanded, Navy Installations (CNI) Millington Detachment (Det) N25. CNI Millington Det N25 will forward (if appropriate) to the Assistant Secretary of the Navy, Manpower and Reserve Affairs (ASN[M&RA]). After ASN(M&RA) approval the package will be submitted for final approval from the Office of Secretary of Defense (OSD).

b. MWR Activity (Category Definitions)

(1) Category A - Mission Sustaining

(a) MWR programs within this category promote the physical and mental well being of the military member, a requirement that supports accomplishment of the basic military mission. Category A programs are listed below, but exclude snack bars and resale operations associated with these programs which are considered Category C activities:

Armed Forces Professional Entertainment Programs Overseas  
Gymnasium/Physical Fitness/Aquatic Training  
Libraries - General  
Park and Picnic Areas  
Recreation Centers/Rooms  
Shipboard/Shore Videotape Movies/Isolated & OCONUS  
Free Admission 35MM Film Theaters  
Sports/Athletics (Self-Directed, Unit Level, Intramural)  
Single Sailor Programs  
Single Sailor Recreation Centers  
Skate Parks/BMX Courses (includes skateboard, inline  
Skate, Xtreme skate and BMX courses)  
Unit Level Programs and Activities  
Common Support Services (MWR G&A expenses)  
Vehicle Storage for Forward Deployed Personnel

(b) Expenses incurred to provide Category A programs, as listed above are authorized and should be 100 percent funded with appropriated funds. However, be aware that there are some overhead type expenses (general and administrative [G&A] type overhead expenses) which are accounted for in the NAF financial statements under Category A that are not eligible for appropriated fund support. These "exceptions" are those expenses identified within enclosure (3) as unauthorized expenditures of appropriated fund support.

(c) Additionally, Category A expenses authorized APF support include management-related costs at the base, Echelon II/III/IV, and some Program Manager level (essentially the general and administrative functions incurred in ECECS).

(2) Category B - Community Support

(a) MWR Category B consists of MWR programs that satisfy the basic physiological and psychological needs of Service members and their families, providing, to the extent possible, the community support systems that make DOD installations temporary home towns for a mobile military population. Category B programs are listed below, but exclude snack bars and resale operations associated with these programs which are considered Category C activities:

Art and Crafts  
Automotive Craft Skill Development  
Bowling Centers (16 lanes or less)  
Child Development Centers  
Child Development Homes  
School-Age Care  
Music, Drama and Community Theater programs  
Marinas (without resale or private berthing)  
Outdoor Recreation including equipment checkout  
Primitive Campsites (includes overnight camping areas for tents, recreational vehicles without hookups)  
Recreational Swimming Pools  
Recreational Information, Tickets & Tour Services  
Sports Program (above intramural level)  
Youth Activities  
Community Recreation Centers  
Community Activities  
Riding Stables - without private boarding  
Vehicle Storage

(b) A minimum of sixty-five percent (65%) of program expenses are required to be funded with appropriated funds (specific authorizations by element of expense are detailed in enclosure (4)).

(3) Category C - Business Activities

(a) These programs are highly desirable as a means of providing recreational activity with the attendant morale benefit. Category C programs that are listed below. Snack bars and resale operations may be included with some of these programs.

Navy Flying Clubs  
Amusement Machines  
Animal Care/Vet Clinics  
Audio/Photo Labs  
Bingo  
Bowling Centers (over 16 lanes)  
Car Washes  
Cabins/Cottages  
Equipment Rental  
Flying Clubs  
Golf Course  
Joint Services Facilities  
Leisure (Unofficial) Travel Services  
Military Clubs  
Marinas - private berthing and/or resale

Package Stores (MWR Operated)  
RV Parks w/hook-ups  
Skating Rinks  
Skeet/Trap Ranges  
Snack Bars/Soda Fountains  
Stables - with private boarding  
35MM Film Base Theaters (paid admission programs)  
Entertainment

(b) Navy flying clubs are not authorized direct APF support and are not eligible for UFM offset. This is true for Navy flying clubs located OCONUS as well as within installations designated remote and isolated