



DEPARTMENT OF THE NAVY  
OFFICE OF THE SECRETARY  
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WASHINGTON, D.C. 20350-1000

SECNAVINST 5401.2A  
ASN (M&RA)  
JANUARY 21 2004

SECNAV INSTRUCTION 5401.2A

From: Secretary of the Navy

Subj: ESTABLISHMENT, MANAGEMENT, AND CONTROL OF  
NONAPPROPRIATED FUND INSTRUMENTALITIES AND FINANCIAL  
MANAGEMENT OF SUPPORTING RESOURCES

Ref: (a) DOD Directive 1015.14 of 16 Jul 03  
(b) DOD Instruction 1015.15 of 16 Jul 03

1. **Purpose.** To implement references (a) and (b) which prescribe policies and assign responsibilities for establishment, disestablishment, management, and control of nonappropriated fund instrumentalities (NAFIs), nonappropriated funds (NAF), and financial management of resources supporting NAFIs.

2. **Cancellation.** SECNAVINST 5401.2.

3. **Applicability.** This instruction applies to all military and civilian NAFIs within the Department of the Navy (DON), including shipboard Morale, Welfare and Recreation (MWR) NAFIs. The only exceptions to this instruction are those funds listed in paragraph 2.2. of reference (a).

4. **Policy.** It is DON policy that the establishment, management, and control of NAFIs and financial management of supporting resources be implemented in accordance with references (a) and (b).

5. **Responsibilities**

a. The Assistant Secretary of the Navy (Manpower and Reserve Affairs) [ASN (M&RA)] is the principal staff assistant to the Secretary of the Navy for MWR programs and NAFIs and for coordinating matters related to MWR and NAFI

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programs and activities. In discharging this responsibility the ASN (M&RA) will:

(1) Develop and issue broad policy and other guidance to ensure proper administration and management of DON NAFIs;

(2) Monitor compliance with all NAFI guidance issued by the Department of Defense (DOD); and

(3) Serve as the principal point of contact on policy matters between the DON, DOD and the other military services.

b. The Chief of Naval Operations and the Commandant of the Marine Corps are responsible, within their respective military service, for the following in respect to NAFIs:

(1) Development and issuance of operational policies and procedures in accordance with references (a) and (b) and this instruction;

(2) Establishment and disestablishment of NAFIs;

(3) Maintenance of a current listing, except for Category III-A company or unit-level Military General Welfare and Recreation NAFIs, identifying and classifying each NAFI;

(4) Assignment of organizational responsibility for NAFI management, administration and control;

(5) Periodic review and audit of NAFIs to assure continued need for each of the functions performed and that those needs are being met in accordance with sound business practices; and

(6) Maintenance of program performance and financial management information, and submission of required reports.

6. **Action.** The Chief of Naval Operations and the Commandant of the Marine Corps shall implement the provisions of references (a) and (b).



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(Manpower and Reserve Affairs)

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