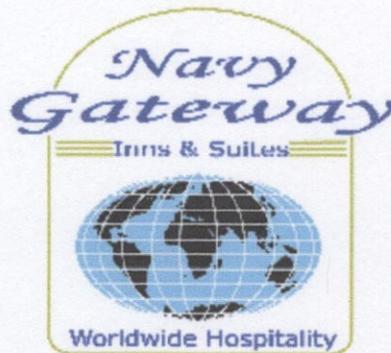


CNIC NAVY GATEWAY INNS & SUITES DESK GUIDE

FINANCIAL MANAGEMENT

#2



25 August 2008

INTRODUCTION

This Desk Guide provides supplemental guidance on the management of Navy Gateway Inns & Suites lodging facilities. The procedures and guidelines are to be used by personnel charged with the administration and operation of Navy Gateway Inns & Suites. Use of this Desk Guide at all levels will promote uniform management practices across the CNIC Enterprise. The intent of this Desk Guide is to provide detailed guidance for activities where Navy is the host command. Except where noted, the procedures herein apply to Navy-owned and managed transient lodging facilities.

This Desk Guide will be updated as required. Widest dissemination is encouraged.



C. F. MEHRER
Director, Fleet Readiness

Financial Management

References:

- (a) DOD 7000.14-R, Volume 13, DOD Financial Management Regulation - Non-Appropriated Funds Policy and Procedures, Jan 04
- (b) BUPERSINST 1710.11C, Operation of Morale, Welfare and Recreation Programs, 25 Jul 01
- (c) CNICINST 5890.1, Navy Morale, Welfare and Recreation (MWR) Property, Casualty and Bonding Self-Insurance Program, 16 May 06
- (d) Public Law, United States Code, Title 5, Section 5911(f)
- (e) 37 U.S.C., Section 1007(c)
- (f) BUPERSINST 7200.2A, Collection of Bad Debts Incurred by Navy Morale, Welfare & Recreation (MWR) Nonappropriated Fund Instrumentalities (NAFIS), 4 Sep 03

2.1. General

Category "A" lodging programs are authorized both appropriated fund (APF) and non-appropriated fund (NAF) resources, depending on the nature of the element of expense. Effective financial management of these resources is critical to the success of the lodging program.

2.2. Appropriated Fund (APF) Support

The NGIS Lodging Manager will be proactive and work with local and regional N4, N8 and N9 to identify and program requirements for facilities and operations. Appropriations used within the lodging program:

A. MILCON. Regions will develop a MILCOM program plan that spans the Future Years Defense Program (FYDP) for the replacement of facilities.

B. O&M,N. Civilian salaries, furniture and furnishings, travel, transportation are included in Lodging Operations (LO) Special Interest Codes (SIC). Sustainment, Restoration and Maintenance (SRM) will be coordinated with N4 and N8. These funds are only available for the fiscal year Congress appropriates them.

2.3. Non-Appropriated Billeting Fund (NABF)

The NABF is a separate, self-sustaining Non-Appropriated Fund Instrumentality (NAFI) that collects fees to cover operating costs from authorized guests occupying transient accommodations.

A. The NABF will provide amenities and services that APF is prohibited or not available to fund, including NAF authorized operating and capital requirements. Each location will be required to establish a NABF IAW reference (a).

B. The billeting fund operates on a self-sustainment basis. Annual budgets for the NABF will be prepared that identify operating and capital expenditures. Additionally, five year plans that map capital and operating plans are updated annually in the NAF budget call.

C. In order to protect the NAFI against misappropriation, misuse, damage, or loss, the NABF Administrator will ensure adequate internal control procedures are established and followed consistent with the policy and procedures outlined in this guide and other DoD and Navy directives, as applicable.

2.4. Fiduciary Responsibility

A. CNIC has overall fiduciary responsibility and accountability for non-appropriated billeting funds.

B. The Regional Lodging Program Director is responsible for the regional NABF, and subordinate installation NABFs, and will appoint qualified persons to manage the operation per reference (a). See CNIC Portal/N924 for sample appointment letters.

C. When modifications are made, e.g., dollar amounts or personnel changes, new letters must be initiated and submitted for approval. If old letters are maintained for reference, ensure they are kept in a separate folder and/or are marked void.

D. All lodging staff personnel have an individual fiduciary responsibility for protection and proper use of the NABF. Internal control procedures will ensure the segregation of various functions within an operation to protect the NABF assets.

2.5. Navy Central Billeting Fund (NCBF)

The Navy Central Billeting Fund (NCBF) may generate revenue from interest income on central fund invested cash and an assessment on regional and installation NABFs, (percentage of monthly program revenue) and residual funds when a NABF is disestablished. These revenues are used to pay for NAF expenses incurred by CNIC in support of field operations, provide operational and special purchase loans/grants, provide an emergency source of funds in the event of unexpected or catastrophic events and provide loans/grants for the establishment of NABFs.

A. Loans. Managers may request, via the region, interest-free loans from CNIC. The purpose is for procurement of capital expenditures, such as purchase of furniture and equipment under the Whole Room Concept, for which funds are not immediately available, but the NABF is capable of generating the funds over the life of the loan, normally up to 72 months.

(1) The request will include a detailed listing of items requested, quantities, unit prices, and any ancillary expenses included, such as transportation and installation, and the contract number of the source, e.g., General Services Administration (GSA) or Air Force Non-Appropriated Fund Purchasing Office (AF/NAFPO).

(2) If approved, the NABF will restrict funds provided by the loan and will procure the capital expenditure within 12 months of receiving the loan. CNIC will recoup any funds, in total or partial, not expensed 12 months after the funds are provided.

(3) Ability to repay the loan includes three year installation and region fiscal performance. Regions may authorize fund loans from the MWR.

B. Grants. Managers may request a grant, via the region, from CNIC. The purpose of the grant is to fund operational day-to-day expenses or unfunded capital expenditure requirements, for which funds are not immediately available nor is the NABF capable of generating the funds over a 12 month period for operating grants or a 72 month period for capital expenditures.

(1) The request for a grant will include the reason why funds are needed and a detailed listing of items requested, quantities, unit prices, and any ancillary expenses included,

such as transportation and installation and the contract number of the source, e.g., GSA or AF/NAFPO, if applicable.

(2) The NABF will restrict funds provided by the grant and will utilize the funds within 12 months of receiving the grant as stated in the authorizing letter. CNIC will recoup any funds, in total or partial, not expensed 12 months after the funds are provided.

2.6. Establishment and Disestablishment of Funds

A. Establishment. CNIC, as the Navy Gateway Inns & Suites Program Manager, will approve or disapprove all requests to establish or merge NABF's IAW reference (b).

B. Disestablishment. CNIC, as the Navy Gateway Inns & Suites Program Manager, will approve or disapprove all requests to disestablish an existing NABF. CNIC shall disestablish a NABF when the requirement for the NABF no longer exists, when consolidated with another NABF, when it is no longer a viable fiscal entity and cannot maintain self-sufficiency.

2.7. Financial Systems

The lodging program manages the NABF through the Accounting and Information Management System (AIMS). AIMS is the CNIC-approved information management system for all Navy NABFs and it consists of a point-of-sale interface (property management system for lodging), timekeeping system (Kronos) and accounting software (SAP). A full set of manuals containing procedural instructions for inputting and managing data in AIMS is available on-line at <http://www.mwr.navy.mil> in the Information Technology section.

2.8. Service Charges and Other Fees

a. Service charges (Room rates). Charges are based on the cost of services and amenities provided. Rates will be set at the minimum level necessary to provide services and amenities equivalent to those of a mid-grade hotel, capitalization of case goods and FF&E. CNIC will approve rates during the budgeting process. Rate adjustments require Installation CO approval. The Regional N9 endorses these fees prior to CNIC submission. The operation will only charge transient guests for the days on which service is actually provided. Limited service is only authorized for designated extended stay rooms. Service for these guests will be provided a minimum of three times per week.

b. Fair Market Rental (FMR). Reference (d) requires that rental rates be established for certain guests residing in government quarters. It is Navy policy to establish rental rates at a reasonable value by comparison with equivalent commercial accommodations including furnishings, utilities, services, and equipment.

c. Room rate reviews are required annually. Decreases in rates are not authorized as a result of those reviews.

d. FMR charges apply to a limited number of guests such as contractors whose lodging is not paid for by one of the military departments, contractor personnel residing on the installation, in remote or overseas areas and professors or civilian personnel on Permanent Change of Station (PCS) orders not receiving Temporary Quarters Subsistence Expenses (TQSE). See CNIC Portal/N924 for sample Fair Market Rental form that outlines the process for establishing rates and provides additional guidance on how to account for the rate.

e. Other fees/charges.

(1) Charges for Damaged, Lost, or Stolen NAF Property. Charges for damaged property will be the lesser of current value or repair cost. Charges for lost or stolen property will be the book value of the item, which is the original cost less accumulated depreciation. Charges for lost consumable items, such as hard keys will be the key replacement cost, the lock replacement cost, or cost of the locksmith services, depending on actual expense to the VQ operation. All collections will be deposited into the billeting fund.

(2) Charges for Damaged, Lost, or Stolen APF Property. Charges for damaged, lost or stolen property will be for the replacement cost or repair cost. Charges for loss of revenue may also be considered based on the nature of the damage, i.e., unable to rent room. Charges for lost consumable items, such as hard keys will be the key replacement cost, the lock replacement cost, or cost of the locksmith services, depending on actual expense incurred.

(3) Special Cleaning Charges. Charges for cleaning a room left in a condition that requires the housekeeping staff to provide services not otherwise provided. The charge will be the actual cost to clean the room.

(4) Sundry Sales. The Navy Exchange (NEX) has

right of first refusal on all resale opportunities, followed by MWR in areas of recreation and food service. The manager will coordinate with NEXCOM and the region Fleet Readiness Program Manager before pursuing a lodging resale venture. NEXCOM must provide written notice that they cannot or will not provide the desired sales operation to the lodging facility. Receipt of this document will permit lodging to provide these services. Lodging may only engage in sundry sales that could be found in the lodging industry. In some cases, a resale operation may not be a viable operation or the volume of sales may be too small in comparison to the labor and effort dedicated to provide the service. In these cases, the manager will consider offering items to the guests as amenities, either in the rooms or on request at the front desk. The additional cost of these amenities will be included in calculating the service charge rates.

(5) Unauthorized Charges. Charges for wifi, key deposits, telephone service deposit to provide in-room telephone service, television cable/satellite service, rental fee for equipment loaned to guests during their stay whether purchased with APF or NAF and a cleaning deposit in anticipation of having additional cleaning expenses are not authorized.

2.9. NAF Budgeting (Planning)

The manager has the responsibility for the preparation of a financial plan for the operation. The plan will determine how the NABF will meet its financial goals and objectives to accomplish the mission. CNIC will distribute the NAF budget guidance via the region.

A. The operating budget involves a projection of income and expenses for the budget year. Historical trends and past experience are important factors. However, the manager's knowledge of present and future events will ensure the plan includes any anticipated increases or decreases in occupancy, personnel expenses, room rates, or other factors that will influence the net profit or loss.

B. The capital budget is a projection of expenditures for acquisition of fixed assets such as furniture, fixtures, and equipment (FF&E), including Whole Room Concept (WRC) and Total Room Concept (TRC). Each manager will develop and plan for a five-year cyclic replacement program for NGIS fixed assets.

C. The cash flow budget will ensure sufficient funds are available each accounting period to support the planned operating expenses and capital purchases.

2.10. Regional Business Office Services

Where available, the Fleet & Family Readiness Service Center will perform NAF financial services. A Memorandum of Agreement (MOA) is required and in some cases, an operation may have two MOAs, one with the F&FR Service Center and one with the local MWR office. The business office will provide agreed upon services for an annual fee that will be calculated on actual costs. The annual fee will be paid in equal monthly installments. This cost will include all expenses such as labor, supplies, travel and overhead. There will be an agreed upon hourly rate for miscellaneous labor and supplies over and above the agreed upon services. The business office will invoice lodging monthly for services rendered. Region Lodging Program Directors and/or NGIS Lodging Managers are required to review financial data for their activity at least monthly and work closely with CSSO to ensure accurate recording of all financial transactions. See CNIC Portal/N924 sample MOA-NAF Regional Business Office Services.

2.11. Collection of Bad Debts. Collection of all debts owed to the Department of Defense (DoD) or any of its instrumentalities will be pursued aggressively. See reference (e). Regional Lodging Program Directors will take a proactive and aggressive approach in monitoring and guiding collection of bad debts at all lodging facilities. Upon recognition of a bad debt, or receipt of a dishonored check, bad debt information must be recorded and collection processes initiated. See references (f) for detailed guidance.

2.12. DV/Flag Operations. If DV occupancy is <35% or the cost center is not breaking even, no NAF may be spent on anything other than basic guest services and amenities.

2.13. Self-Insurance Program

The property, casualty and bonding self-insurance program provides financial protection for loss or damage to assets purchased with NAF; payment of properly certified third party liability claims; acts/omissions of NAF employees and volunteers (excluding workers' compensation benefits coverage) while acting within the scope of their duties and in accordance with reference (c).