



DEPARTMENT OF THE NAVY
OFFICE OF THE SECRETARY
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WASHINGTON DC 20350-1000

SECNAVINST 7043.5C
ASN (M&RA)
03 May 2021

SECNAV INSTRUCTION 7043.5C

From: Secretary of the Navy

Subj: NONAPPROPRIATED FUND PROCUREMENT POLICY

Ref: (a) DoD Instruction 4105.67 of 26 February 2014
(b) SECNAVINST 11011.47D
(c) SECNAVINST 5430.7R
(d) 10 U.S.C. §2492
(e) 10 U.S.C. §§2302-2339b
(f) 15 U.S.C. §631
(g) 41 U.S.C. §§8301-8303
(h) 19 U.S.C. §§2501-2581
(i) SECNAV M-5214.1

1. Purpose. To establish Nonappropriated Fund (NAF) procurement policy within the Department of the Navy (DON).

2. Cancellation. SECNAVINST 7043.5B.

3. Applicability. This instruction applies to all contracts and leases entered into by, or on behalf of, DON Nonappropriated Fund Instrumentalities (NAFI) created in accordance with and governed by references (a) and (b) using NAF.

4. Policy

a. The Assistant Secretary of the Navy for Manpower and Reserve Affairs (ASN (M&RA)) shall develop and oversee policies and programs designed to enhance the quality of life of DON military personnel and family members, to include NAF programs involving Morale, Welfare, and Recreation, Military Resale, and NAF procurement and construction, per reference (c).

b. NAFI are instrumentalities of the United States and have the inherent authority to enter into contracts, including construction contracts. However, this excludes Appropriated Fund (APF) contracts. NAF procurements shall be accomplished in accordance with reference (a). Real property leases using NAF shall be governed by references (a) and (b). Military dining

facility contracts may be awarded and administered under the provisions of reference (d).

c. Personnel accomplishing NAF procurements must comply with applicable standards of conduct for the Department of Defense and Executive Branch. NAF procurements must be accomplished by trained procurement personnel in a fair, equitable, and impartial manner and conducted in a manner to ensure the best value for the NAFI.

d. APF and NAF procurement personnel shall perform NAF-funded contract actions in accordance with reference (a).

e. Pursuant to reference (a), the following do not apply to NAF procurements:

- (1) Federal Acquisition Regulation.
- (2) Defense Federal Acquisition Regulation Supplements.
- (3) Navy and Marine Corps Acquisition Regulation Supplement.
- (4) References (e) and (f).
- (5) References (g) and (h) for purchase of resale items.

f. NAF activities may use the NAF government purchase card, or other commercial payment card, for resale and non-resale items and services procured with NAF when appropriate and cost effective.

5. Responsibilities

a. ASN (M&RA):

(1) May prescribe such NAF procurement authority limitations or dollar thresholds as deemed necessary and prescribe the criteria for when centralized procurement offices will be used to accomplish NAF procurements.

(2) Must review, and submit to the Secretary of the Navy for approval, facility leases with an annual cost of \$200,000 or greater before contract award.

(3) May establish procurement advisory groups where NAF procurement personnel and legal counsel supporting NAFIs can meet to discuss means of improving procurement actions. Advisory groups will consist solely of U.S. Government personnel.

(4) Will coordinate all NAIFI real property leases with the Assistant Secretary of the Navy for Energy, Installations and Environment to ensure compliance with reference (b).

b. NAF procurement managers shall establish procurement authorities, policies, procedures, management oversight, and internal control systems in accordance with the references and this instruction.

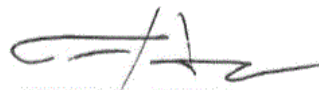
6. Action. All DON NAIFI and DON procurement offices executing procurement actions using NAF shall comply with the provisions of this instruction.

7. Records Management

a. Records created as a result of this instruction, regardless of format or media, must be maintained and dispositioned according to the records disposition schedules found on the Directives and Records Management Division (DRMD) portal page:
<https://portal.secnav.navy.mil/orgs/DUSNM/DONAA/DRM/SitePages/Home.aspx>.

b. For questions concerning the management of records related to this instruction or the records disposition schedules, please contact your local Records Manager or the DRMD program office.

8. Information Management Control. The reporting requirement contained in paragraph 5a(2) is exempt from information collection control in accordance with reference (i), Part IV, paragraph 7q.



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Acting

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