



DEPARTMENT OF THE NAVY

UNITED STATES NAVAL ACADEMY  
ANNAPOLIS, MARYLAND 21402-5000

USNA/AACINST 7010.2A CH-1  
21/MFA  
16 September 1991

USNA/AAC INSTRUCTION 7010.2A

From: Superintendent, U.S. Naval Academy/Annapolis Area Coordinator

Subj: NONAPPROPRIATED FUND PROCUREMENT POLICY

Ref: (a) DODINST 4105.67  
(b) SECNAVINST 7043.5A  
(c) SECNAVINST 5370.2J

Encl: (1) List of Nonappropriated Fund Activities  
(2) List of Contract Clauses

1. Purpose. To implement the procedures outlined in reference (a) as modified by reference (b), and to establish a Nonappropriated Fund Procurement Committee.

2. Cancellation. USNA/AAC Instruction 7010.2

D) 3. Applicability. The provisions of this instruction apply to all segments of the Naval Academy/Annapolis Area Complex procuring with nonappropriated funds.

4. Discussion. Reference (a) is the Department of Defense Nonappropriated Fund procurement policy. Reference (b) modifies reference (a) and also requires the establishment of a Nonappropriated Fund Procurement Committee. Reference (b) also delineates the nonappropriated fund instrumentalities for which the Superintendent is Program Manager: Midshipmen Recreation Activities Organization (includes the Midshipmen Recreational Activities Facilities and the Midshipmen Welfare Fund) and the Midshipmen's Wardroom, USNA. The Commander, Naval Military Personnel Command is the Program Manager for the Morale, Welfare and Recreation Department. The contents of this instruction are mandatory for Naval Academy/Annapolis Area Complex nonappropriated fund activities listed in enclosure (1) unless in conflict with instructions issued by other cognizant program managers.

R) 5. Action. The provisions of reference (a), as modified by reference (b), will be followed at all times. Additional special guidance is provided:

a. Items purchased for resale and subsistence items purchased by Midshipmen Food Service Division (MFSD), are not included in this instruction. All MFSD procurement actions must comply with the Federal Acquisition Regulation.

b. The following officers are delegated contracting officer authority:

(1) Commanding Officer, Naval Station, Annapolis, Maryland.

(2) Supply Officer, U.S. Naval Academy/Head, Midshipmen Supply Dept.

Additionally, the prohibitions contained in this paragraph do not apply to group or organizational sponsored sales, specifically approved by the Superintendent, such as NAAA ticket sales, etc.

## 6. General Policy

a. Compliance with the provisions of references (a) and (b) is required for all commercial solicitation at the Naval Academy.

R)

b. The following limitations apply to all segments of the Naval Academy/Annapolis Area Complex procuring with nonappropriated funds except for the Midshipmen Welfare Fund. Only paragraphs 6b(5) and 6b(6) apply to the Midshipmen Welfare Fund. Other Midshipmen Welfare Fund limitations are delineated in paragraph 6g.

(1) Nonappropriated fund custodians are authorized to approve and make procurements less than \$1000.

(2) Procurements between \$1000 and \$25,000 require the approval of the immediate superior of the fund custodian. Procurements above \$2,500 require competition. Reasonable solicitation of qualified suppliers will be made to make sure that the procurement is made to the advantage of the fund. Generally, solicitation may be limited to three suppliers. Oral or written quotations may be solicited for expenditures less than \$10,000. Written quotations must be obtained for expenditures of \$10,000 or greater and must be recorded for evaluation or reference. Sole source requirements must be documented by a written justification. Procurements greater than \$10,000 will be made by the cognizant contracting officer.

(3) Procurements over \$25,000 must be approved by the Superintendent.

(4) Procurement of construction services (including minor construction, alteration and repair, but not including simple renovation or redecorating that does not alter the interior structure of a building) greater than \$2000 must be approved by the cognizant contracting officer or his designee (greater than \$25,000 approval of Superintendent is required).

(5) Procurements will not be split to avoid the above limitations.

(6) Procurements should be consolidated to maximize cost effectiveness.

(7) The Superintendent must approve any deviation from the above limitations.

c. As a minimum, all clauses required by paragraph F6c. of enclosure (1) to reference (b) will be included in all contracts. Enclosure (2) is a list of other clauses that may be included. Although the provisions of Federal Acquisition Regulations are not required, they should be followed if feasible.

d. All personnel involved in the procurement process must read and comply with the standards of conduct requirements of reference (c).

e. The Naval Station Commanding Officer, Commandant of Midshipmen, and the Chief of Staff will appoint a representative to serve on the Nonappropriated Fund Procurement Committee. Also, the Naval Academy Supply Department Contracting Officer, a member of the Staff Judge Advocate's Office, and a member of the Management Control and Review Department will act as advisors to the Committee and be in attendance at all meetings. The chairperson of the committee will be the Commandant of Midshipmen's representative. The committee will meet as often as required, but not less than semiannually to discuss methods for improving procurement procedures.

f. As a minimum, each contracting officer will make sure that one employee involved in the procurement process has successfully completed the DOD Small Purchase course of instruction. If no one has the required training, the procurement must be accomplished by the Purchasing Branch of the Naval Academy Supply Department.

A) g. Purchases using Midshipmen Welfare Fund monies must follow these guidelines:

(1) Purchasing Authorization. All activities funded by the Welfare Fund must have proper approving authority on their purchase orders before initiating procurements with vendors. The following table applies:

PURCHASES		MUST BE APPROVED BY
from	to & including	
\$0.00	\$250.00	Midshipmen authorized in writing by activity O-rep or by Company Officer (for wardroom fund purchases)
\$250.01	\$1,000.00	ABOVE + activity O-rep (Co. Officer for wardroom fund purchases)
\$1,000.01	\$5,000.00	ABOVE + MWF Custodian + MWF Officer
Sole source requests above \$2,500.00		ABOVE + USNA Supply Officer
\$5,000.01	\$25,000.00	" " "
\$25,000.01	and above	ABOVE + Commandant of Midshipmen

(2) Procurements requiring competition. All procurements above \$1,000 require competition. Obtaining a minimum of three bids is required. MWF bid comparison sheets will be used to document all bids, written or oral. If orders are placed before bid comparison sheets have received the proper level of approval, the buyer may be making an unauthorized procurement commitment.

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(3) Sole Source Procurements. All sole source procurements above \$1,000 must be documented on bid comparison sheets. Reasons explaining why the purchase had only one source must be stated. Companies contacted in attempts to find competition must be listed, also. All sole source procurements greater than \$2,500 must be approved by the Naval Academy Supply Officer and also by the Commandant of Midshipmen if above \$25,000.

  
B. A. SPOFFORD  
ACOS Operations

Distribution:

AA  
Management Control and Review Officer  
Morale, Welfare and Recreation Department  
ROINCC  
Midshipmen Welfare Fund Custodian  
Navy Resale Activities  
Civilian Employees Recreation Association  
Naval Academy Sailing Squadron  
Bachelor Officers' Quarters  
Religious Offerings Fund, USNA and NAVSTA  
Flying Club  
Supply Officer, USNA (20)

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LIST OF NONAPPROPRIATED FUND ACTIVITIES

Midshipmen Food Service Division  
Midshipmen's Mess, USNA

Midshipmen Recreation Activities Organization  
Midshipmen Welfare Fund  
Midshipmen Recreational Activities

Morale, Welfare and Recreation Department

Civilian Employees Recreation Association

Naval Academy Sailing Squadron

Bachelor Officers' Quarters

Flying Club

Religious Offerings Fund, USNA and NAVSTA

LIST OF CONTRACT CLAUSES

1. The following Federal Acquisition Regulation (FAR), 1984 edition clauses which are checked in the block in the left margin are hereby incorporated in this solicitation or order, either set forth in full or by reference, with the same force and effect as if set forth in full:

( ) A. PURCHASE ORDERS OF ANY AMOUNT

FAR 52.232-25 PROMPT PAYMENT (APR 1989)

( ) B. ORDERS OVER \$2,500 (SUPPLIES OR SERVICES)

FAR 52.222-4 CONTRACT WORK HOURS AND SAFETY STANDARDS  
ACT OVERTIME COMPENSATION (MAR 1986)

FAR 51.111-36 AFFIRMATIVE ACTION FOR HANDICAPPED  
WORKERS (APR 1984)

( ) C. ORDERS OVER \$2,500 (SERVICES ONLY) (In addition to  
clauses set forth in paragraphs 1A and 1B above.)

FAR 52.222-41 SERVICE CONTRACT ACT OF 1965, AS AMENDED  
(MAY 1989)

FAR 52.222-42 STATEMENT OF EQUIVALENT RATES FOR  
FEDERAL HIRES (MAY 1989)

( ) D. ORDERS OVER \$10,000 (SUPPLIES OR SERVICES) (In addition  
to clauses set forth in paragraphs 1A and 1B or 1C  
above.)

FAR 52.222-26 EQUAL OPPORTUNITY (APR 1984)

FAR 52.222-35 AFFIRMATIVE ACTION FOR SPECIAL DISABLED  
VETERANS AND VIETNAM ERA (JAN 1988)

FAR 52.219-8 UTILIZATION OF SMALL BUSINESS CONCERNS  
AND SMALL DISADVANTAGED BUSINESS CONCERNS  
(JUN 1985)

FAR 52.222-20 WALSH HEALEY PUBLIC CONTRACTS ACTS (APR  
1984) (Applies only to orders for  
suppliers.)

( ) E. ADDITIONAL CLAUSES INCORPORATED AS APPLICABLE IN ANY ORDER

DFAR 52.227-7013 RIGHTS IN TECHNICAL DATA AND COMPUTER  
SOFTWARE ( OCT 1988)

FAR 52.204-2 SECURITY REQUIREMENTS ( APR 1984)

FAR 52,245-5 GOVERNMENT FURNISHED PROPERTY SHORT FORM  
(APR 1984)

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FAR 52.210.5	NEW MATERIAL (APR 1984)
FAR 52.247-48	F.O.B. DESTINATION-EVIDENCE OF SHIPMENT (APR 1984)
FAR 52.242-10	F.O.B. ORIGIN-GOVERNMENT BILLS OF LADING (APR 1984)
FAR 52.242-11	F.O.B. ORIGIN-GOVERNMENT BILLS OF LADING OR INDICIA MAIL (APR 1984)
FAR 52.212-10	DELIVERY OF EXCESS QUANTITIES OF \$250 OR LESS (SEP 1989)

( ) F. AVAILABILITY OF TEXT OF CLAUSES

The complete text of specific clauses are continued in Part 7 of Title 32 of the Code of Federal Regulations, the Federal Acquisition Regulation and most complete Law of Libraries.



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USNA/AAC INSTRUCTION 7010.2A CHANGE TRANSMITTAL 1

From: Superintendent, U.S. Naval Academy/Annapolis Area Coordinator

Subj: NONAPPROPRIATED FUND PROCUREMENT POLICY

Encl: (1) Revised pages 1, 2, and 3, and new page 4

1. Purpose. To issue change transmittal 1 to basic instruction.
2. Information. USNA/AAC Instruction 7010.2A was issued to modify procedures for Midshipmen Welfare Fund procurements to allow the Commandant of Midshipmen to sign them. This change transmittal corrects an audit disparity between the instruction and the Commandant's Midshipmen Welfare Fund instructions/procedures.
3. Action. Remove pages 1, 2, and 3 of basic instruction and replace with enclosure (1), revised pages 1, 2, and 3, and new page 4.
4. Cancellation. When required action has been completed.

  
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