



DEPARTMENT OF THE NAVY  
OFFICE OF THE CHIEF OF NAVAL OPERATIONS  
2000 NAVY PENTAGON  
WASHINGTON, DC 20350-2000

OPNAVINST 1700.13C  
N46  
8 Apr 2016

OPNAV INSTRUCTION 1700.13C

From: Chief of Naval Operations

Subj: MORALE, WELFARE, AND RECREATION AND NAVY EXCHANGE BOARD  
OF DIRECTORS

Ref: (a) DoD Instruction 1015.15 of 31 October 2007  
(b) OPNAVINST 1700.7E  
(c) DoD Instruction 7700.18 of 15 December 2004  
(d) DoD Instruction 7600.06 of 5 November 2012  
(e) OPNAVINST 11010.20H  
(f) NAVSO P-1000

Encl: (1) Morale, Welfare, and Recreation and Navy Exchange  
Board of Directors Committee Bylaws

1. Purpose. To outline membership of the board of directors (BOD) and to provide oversight and policy guidance for Navy morale, welfare and recreation (MWR) and Navy Exchange (NEX) nonappropriated fund (NAF) operations. This instruction is being reissued with a new date, updated references and signature authority to meet Chief of Naval Operations' (CNO) age requirement for Office of the Chief of Naval Operations instructions.

2. Cancellation. OPNAVINST 1700.13B.

3. Background. Quality of life operations and services contribute to personnel readiness and are essential to the effective functionality of the Navy. Efficient operation of the Navy's NAF programs requires the direct involvement of top Navy management and the close cooperation of Navy NAF organizations. To achieve this objective, a BOD for Navy MWR and NEX programs was established in compliance with reference (a) and to support requirements outlined in references (a) through (e).

4. Policy. The BOD directs governing strategic policy of MWR and NEX. Functions of the BOD are:

a. To ensure the MWR and NEX needs of Sailors and their families are met worldwide.

b. To establish major strategic policy which determines the course of both programs.

c. To ensure future MWR and NEX viability through effective programming and adequate appropriated fund (APF) and NAF support.

d. To conscientiously monitor MWR and NEX financial performance.

5. Responsibility. The BOD must provide the CNO the items listed in subparagraphs 5a through 5e.

a. Strategic direction for the Navy's MWR and NEX programs as well as determination and approval of governing policies, strategic plans, and programs pertaining to MWR and NEX.

b. Determination of financial goals and objectives by:

(1) Approving annual operating budget plans for worldwide operations of MWR and NEX programs;

(2) Approving annual and 3-year capital budget plans for MWR and NEX programs; and

(3) Conducting periodic reviews of operating results.

c. Determination of the formula for distribution of NEX profit dividends.

d. Annual reports on MWR and NEX operations. These reports are prepared by respective program managers and include any annual audit statements issued by certified public accountants.

e. Coordination with Navy departmental and other Department of Defense (DoD) or non-DoD entities as appropriate.

6. Composition of the BOD. The BOD has 13 members. The CNO determines the BOD chair.

a. The BOD consists of 13 voting members, all two or three star designees:

(1) Master Chief Petty Officer of the Navy (MCPON);

- (2) Director, Navy Staff (DNS);
- (3) Chief of Navy Reserve;
- (4) Deputy Chief of Naval Operations, Manpower and Personnel, Training, and Education (CNO N1);
- (5) Deputy Chief of Naval Operations, Fleet Readiness and Logistics (CNO N4);
- (6) Deputy Chief of Naval Operations, Integration of Capabilities and Resources (CNO N8);
- (7) Commander, Navy Installations Command (CNIC);
- (8) Deputy Commander, U.S. Fleet Forces Command;
- (9) Deputy Commander, U.S. Pacific Fleet;
- (10) Deputy Commander, U.S. Naval Forces Europe;
- (11) Commander, Naval Supply Systems Command;
- (12) Chief Executive Officer, Navy Exchange Service Command (CEO NEXCOM); and
- (13) CNIC Fleet and Family Readiness Director (CNIC N9).

b. Ex-officio, non-voting members are:

- (1) Assistant Secretary of the Navy, Manpower and Reserve Affairs (ASN(M&RA));
- (2) Assistant Secretary of the Navy, Energy, Installations, and Environment (ASN(EI&E));
- (3) Navy Office of General Counsel (OGC);
- (4) Director, Logistics Programs and Business Operations Division (OPNAV N41); and
- (5) Director, Shore Readiness Division (OPNAV N46).

7. Alternate BOD Members. A BOD member may designate a temporary alternate to act and vote on his or her behalf; however, delegated membership must be at a sufficient senior level to assure proper oversight.

8. BOD Proceedings

a. In the absence of the chairperson, the next senior member assumes the chair.

b. Six members are required to reach a quorum to conduct BOD business.

c. Voting is limited to the 13 voting members or his or her designated alternate.

9. Committees of the BOD. The standing committees of the BOD are established by this instruction: finance committee, facilities committee, and audit committee. Duties, responsibilities, and membership of these committees are provided in enclosure (1).

10. Program Manager Responsibilities. CEO NEXCOM and CNIC N9, as program managers of NEX and MWR programs, respectively, retain responsibility to make informed business decisions based on the direction provided by the board and per reference (b). Additionally, they have the authority and primary interdepartmental responsibility for the worldwide administration and operation of their respective programs; however, they are also accountable to the board.

11. Action

a. The BOD must meet at least semiannually. The BOD may also meet upon order of the chairperson.

b. In lieu of additional meetings, the chairperson may elect to poll the voting members and achieve resolution on matters that require expeditious handling.

c. Temporary duty travel funds for BOD members must come from their respective command travel funds per provisions of reference (f) which require the use of APF for travel of personnel who perform essential command and control functions.

OPNAVINST 1700.13C  
8 Apr 2016

12. Records Management. Records created as a result of this instruction, regardless of media and format, must be managed per Secretary of the Navy Manual 5210.1 of January 2012.

A handwritten signature in black ink, appearing to read "P. H. Cullom". The signature is fluid and cursive, with a large initial "P" and a long, sweeping underline.

P. H. CULLOM  
Deputy Chief of Naval Operations  
(Fleet Readiness and Logistics)

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MORALE, WELFARE, AND RECREATION AND NAVY EXCHANGE BOARD OF  
DIRECTORS COMMITTEE BYLAWS

1. Creation and Organization

a. The standing committees of the MWR and NEX BOD are the finance committee, facilities committee, and audit committee.

b. Additional committees may be established by the chairperson of the BOD, as required, to review significant issues.

c. Each standing committee may determine its own rules of procedure consistent with these bylaws.

d. Meetings of any standing committee may be called at the direction of the chairperson of the BOD or the chairperson of the committee. Normally, meetings of the committees are scheduled in conjunction with, and prior to, regularly scheduled meetings of the BOD. Matters may be referred to the committees by the BOD in session or by the chairperson of the BOD out of session.

e. At meetings of each standing committee, the presence of a majority of the members is necessary to constitute a quorum for the transaction of business, and, if a quorum is present at any meeting, the action taken by a majority of the members present is the act of the committee.

f. Each standing committee must keep a record of its acts and proceedings, and all acts must be reported to the BOD at the next BOD meeting following such action.

g. A committee may take action within its authority without a meeting, provided that the matter requiring action is outlined in writing and all members are afforded the opportunity to vote.

h. Each standing committee is expected to call upon Navy MWR and NEX program managers for information or data for representation on matters within its jurisdiction. Administrative support to the committees is normally a joint responsibility of CNIC N9 and NEXCOM, except when the alternate arrangements are secured and approved by the chairperson.

i. Committee members have the right to submit, individually or collectively, minority reports. These minority reports must be signed and given to the committee chairperson within 5 working days after the meeting for submission as an enclosure to the record of proceedings.

j. Temporary duty travel funds for committee members must come from respective command travel funds, per reference (f).

k. Ex-officio members may participate in all deliberations of a committee but do not vote.

## 2. Finance Committee

a. Membership. The MWR and NEX BOD chairperson appoints the facilities committee chairperson. The chairperson must be a BOD member and the position rotates amongst the designated voting members on a 2-year cycle. Membership includes three additional representatives from the board.

### b. Responsibilities

(1) Reviews the financial policies, annual budgets, and long-range plans of the MWR and NEX organizations and makes recommendations on financial matters that are referred by the BOD.

(2) Periodically reviews operating results of MWR and NEX organizations.

(3) Reviews and recommends to the BOD the allocation of funds between MWR and NEX for recapitalization, ensuring a balance of needs for operations and savings to Sailors.

(4) Reviews and approves bonus plans.

(5) Defines and champions APF requirements consistent with established policies.

### 3. Facilities Committee

a. Membership. The MWR and NEX BOD chairperson appoints the facilities committee chairperson. The chairperson must be a BOD member and the position rotates amongst the designated voting members on a 2-year cycle. Membership includes three additional representatives from the BOD.

#### b. Responsibilities

(1) Reviews and integrates facilities capitalization requirements for both MWR and NEX systems.

(2) Prioritizes current capitalization needs against standardized review criteria based on major claimant input and available resources.

(3) Recommends integrated MWR and NEX facilities capitalization plans to BOD within funding parameters identified by the finance committee.

(4) Monitors long-range construction programs.

(5) Reviews and evaluates results of prior construction projects and validates the actual return on investment versus expected return on investment when project was approved.

### 4. Audit Committee

a. Membership. The MWR and NEX BOD chairperson appoints the audit committee chairperson. The chairperson must be a BOD member and the position rotates amongst the designated voting members on a 2-year cycle. Membership includes three additional representatives from the board. The ex-officio member from Navy OGC is encouraged to participate in all deliberations and the current NEX and MWR audit committees are expected to contribute.

#### b. Responsibilities

(1) Reviews audit plans of the independent external certified public accounting firm(s), or alternates (such as the Naval Audit Service in the case of MWR), performing annual audits of MWR and NEX programs. Review includes audit scope, objectives, and methods.

(2) Reviews findings and accepts the external independent audit reports. Reviews and evaluates management's implementation of external auditor's recommendations.

(3) Ensures internal managerial and accounting controls are reviewed for adequacy and effectiveness through the MWR Internal Review Office and NEX Office of Internal Audit. Receives detailed brief from each of the current MWR and NEX audit committees to include, but not be limited to:

(a) The internal audit functions which are structured in a manner that achieves organizational independence and permits full and free access to NEXCOM or CNIC N9 as well as their respective audit committees;

(b) The internal audit functions' charter which ensures unrestricted access to records, personnel, and physical property relevant to the performance of audit engagements;

(c) The adequacy of the internal audit functions' resources and professional personnel assigned to support the requirements; and

(d) A review of the internal audit functions' plan for the next year and a summary of findings from the prior year.

(4) Recommends improvements in management control effectiveness and in financial accounting and reporting practices. Reviews and evaluates management's implementation of prior recommendations.