



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

OPNAVINST 5527.2C  
N46  
14 Dec 2015

OPNAV INSTRUCTION 5527.2C

From: Chief of Naval Operations

Subj: POLICY REGARDING COMMAND ACTION IN RESPONSE TO OFFENSES  
INVOLVING THE OPERATION OF THE NAVY EXCHANGE SERVICE  
COMMAND

Ref: (a) OPNAVINST 5527.1C  
(b) Uniform Code of Military Justice  
(c) BUPERSINST 1750.10C  
(d) Navy Exchange Manual, Volume 3, Chapter 5  
(e) SECNAVINST 5822.1B  
(f) NEXCOM Human Resources Policy Manual  
(g) OPNAVINST 5450.331A  
(h) NEXCOM Loss Prevention and Safety Manual

1. Purpose. To set forth policy regarding command action against persons committing offenses which adversely affect the Navy Exchange Service Command (NEXCOM) enterprise per references (a) through (h). This instruction is being reissued with a new date, updated version and signature authority to meet Chief of Naval Operations' age requirement for Office of the Chief of Naval Operations instructions.

2. Cancellation. OPNAVINST 5527.2B.

3. Background

a. NEXCOM management is responsible for providing a safe and secure working and shopping environment for employees and customers and to protect the assets of NEXCOM. Reference (a) requires all information and evidence, including NEXCOM Alertline (hotline) complaints, which have an adverse impact on activities within NEXCOM, be referred to the NEXCOM Loss Prevention/Safety Department for investigation. Recent studies regarding loss prevention indicate the need for increased command awareness, consistent and aggressive enforcement of policies and procedures, and effective follow up action in all cases to decrease inventory shrinkage and enhance the bottom line.

b. For the purpose of this instruction, "offense" means any act, conspiracy, or attempt to violate any law, rule, instruction, policy or procedure, order, or regulation involving the operation of NEXCOM. The term includes, but is not limited to, internal theft or loss of assets, theft or loss of services, dishonored checks, forgery, fraud, and shoplifting.

c. This instruction is not intended to limit in any way the independent judgment to be exercised by commanding officers and others performing military justice functions in any case.

4. Actions. All officers and managers must take appropriate and timely action when there is evidence of crimes against property (i.e., larceny, fraud, misappropriation, excessive inventory loss), or other offenses affecting the performance of the NEXCOM enterprise. NEXCOM or NEXCOM contractors must make available to the investigating officer administrative or business records relevant to administrative investigations conducted by the NEXCOM vice president, NEXCOM Loss Prevention/Safety Department, or designee. In addition to appropriate command action under the provisions of all references, the guidelines in subparagraphs 4a through 4c apply to the offense listed.

a. Offenses by Patrons

(1) Offenders who are subject to the jurisdiction of reference (b) must be appropriately dealt with thereunder. Administrative measures, including attendance at shoplifting education programs, and the temporary withholding of NEX and check cashing privileges must also be considered.

(2) In addition to any action taken under applicable law, patrons who are not subject to reference (b), may, based on the recommendations provided by the general manager, or NEXCOM Loss Prevention/Safety Department to the jurisdictional authority, have their Navy Exchange (NEX) and check privileges suspended for minimum of 1 year per Navy Exchange Manual, volume 5 chapter 198, page 5-114-8.

(3) In all cases of patron theft, civil recovery, restitution, and shoplifting education programs should be considered by NEX and local base commands.

(4) Local procedures must be developed for patrons to submit written appeals to commands suspending their privileges.

b. Offenses by Employees

(1) Administrative disciplinary action under the provisions of reference (c) should proceed independently of, and in addition to, any action taken under applicable criminal law.

(2) The offenses of theft and wrongful appropriation of appropriated government, or nonappropriated government funds, services, or other property are of such a nature that termination of employment may be warranted.

(3) Immediate suspension from duties pending the outcome of further administrative investigation, or pending criminal investigation or prosecution, may be appropriate when it is determined that the continued presence of an employee at the work site will be detrimental to the interests of NEXCOM, or operations of the activity. Basis for immediate suspension includes, but is not limited to, the potential for violence, vandalism, loss of funds, property, or services, and general disruption to existing workforce.

(4) Administrative action taken at any NEX facility will be enforced at all other NEX locations worldwide. The NEXCOM Loss Prevention/Safety Department program manager for NEXCOM must ensure the establishment of a central database, known as the Asset Protection Information System (APIS), to maintain records of investigations (internal, external, and vendor) at all facilities under NEXCOM and at the respective regional or base installations. When administrative sanction is imposed and when a person is processed through one of the administrative programs, that action must be reported to APIS in a timely manner. Each record must be maintained for a period of 7 years.

(5) All cases of employee theft should be reviewed with the appropriate authorities, based on jurisdiction, for possible criminal prosecution. This may include Naval Criminal Investigative Service, Base Staff Judge Advocate General's Office, U.S. Attorney's Office, or local city and state police and prosecutors' offices, as appropriate.

(6) In all cases of employee theft, theft restitution options (cash payment, civil demand, offset against pay, final payroll checks, promissory note, etc.) will be considered.

(7) Employees must be kept informed that the Department of the Navy and NEXCOM will not tolerate offenses contrary to the effective and efficient operation of NEXCOM by employees. Information dissemination methods can include new employee indoctrination, supervisory channels, bulletin boards, intranet, house publications, and other means.

c. Offenses by NEX Contractors and Vendors; Contract Surveillance Clause

(1) At its sole discretion and to the extent consistent with relevant contractual arrangements and applicable law, NEXCOM may initiate or conduct periodic reviews, audits, or administrative investigations into the activities of the contractor, its employees, or any subcontractors, directly related to the performance of the contract, to verify the contractor's compliance with the contract, and to identify activities constituting fraud, waste, and abuse (FWA) of Navy assets.

(2) At the sole discretion of NEXCOM, the contractor may be notified of such reviews, audits, or administrative investigations, as appropriate (and at the appropriate time).

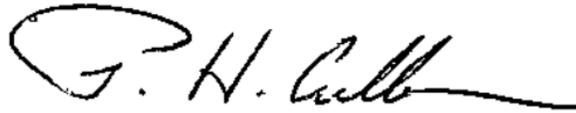
(3) The contract language must normally include a requirement whereby:

(a) The contractor agrees to cooperate fully during such reviews, audits, or administrative investigations.

(b) The contractor must take appropriate steps to correct any issues of FWA or other operational problems identified during such audits, reviews, or investigations, including issuing payment to NEXCOM in compensation for any damages suffered by NEXCOM.

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5. 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 horizontal stroke at the end.

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

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