



U.S. Department
of Transportation
**Maritime
Administration**

MANUAL OF ORDERS

MARITIME ADMINISTRATIVE ORDER

REVOKES

NO.

400-11

EFFECTIVE DATE

August 14, 2000

SUBJECT

U.S. Merchant Marine Academy - NAFI Operations

Section 1. Purpose: This order establishes policies and provides guidelines for establishment, maintenance, operation, and disestablishment of Non-Appropriated Fund Instrumentalities (NAFIs) at the United States Merchant Marine Academy, Kings Point, New York (USMMA).

Section 2. Definitions:

Appropriated Funds Employee. A person paid from funds appropriated by the Congress of the United States (Congress).

Bylaws. A NAFI's bylaws contain the procedures for the governance or operation of the NAFI in sufficient detail to allow efficient functioning of the NAFI. See 6.06 of this order.

Charter. A charter is the official document establishing a particular NAFI as prescribed in section 6 of this order. A charter will include the information prescribed in 6.05 of this order.

Non-Appropriated Fund Instrumentality (NAFI). An integral Maritime Administration (MARAD) organizational entity operating under the authority of the U. S. Government (Government) in accordance with applicable regulations. As an instrumentality of the Government, a NAFI is not incorporated under the laws of any State or the District of Columbia and is entitled to the same sovereign privileges and immunities as the Federal Government. A NAFI acts in its own name to provide or to assist the USMMA in providing programs and services for USMMA students (midshipmen), personnel, and authorized civilians that are not otherwise funded through Congressional appropriations. As a fiscal entity, a NAFI maintains custody of and control over funds received or generated from its operations, and is responsible for the exercise of reasonable care to administer, safeguard, preserve, and maintain prudently those funds. A NAFI may contribute part of its funds to other duly established USMMA NAFIs when so authorized by the Superintendent of the USMMA (Superintendent).

Non-Appropriated Funds (NAFs). Cash and other assets received or generated by NAFIs from sources other than monies appropriated by Congress. Although NAFs are considered Government Funds and NAF Buildings are considered Government Property, these funds and property are separate and distinct from assets recorded in the books of the Treasurer of the United States. When authorized in writing by the Superintendent, NAFI resources may be transferred among one or more NAFIs. Use of NAFs for purchases, travel, contracts, etc., shall be in accordance with prescribed uniform NAFI accounting and administrative policies and procedures consistent with Department of Transportation (DOT) and or MARAD regulations.

Non-Appropriated Fund Instrumentality Employee. A person employed by a NAFI and paid from NAFs. Policies and procedures for hiring, administering and terminating NAFI employees (including fringe benefits administration) shall be in accordance with prescribed uniform NAFI policies, rules and procedures and consistent with law and DOT and MARAD regulations applicable to NAFIs.

Section 3. Authority: Section 1303, Merchant Marine Act 1936, as amended (46 App. U.S.C. 1295b).

Section 4. Policy: It shall be the policy of MARAD to only approve the establishment of NAFIs in those situations where the Government's interest in the proposed activity dictates that the requirements be met through the establishment of a NAFI.

Section 5. Responsibility:

5.01 The Superintendent is responsible for the establishment, overall supervision, operation, administration, and disestablishment of the USMMA's various NAFIs, and for determining policies relative thereto, in conformance with the provisions of this order. In implementing this responsibility, the Superintendent shall appoint, in writing, the governing boards and shall approve appointments of managers, directors or other personnel responsible for operation of each NAFI. The Superintendent may combine NAFIs.

5.02 The authority of the Superintendent for the operation and administration of any of the NAFIs may be redelegated to the governing boards. Governing boards may redelegate operating and administrative authority to managers, directors, or other persons duly appointed and responsible for the direct operation of each NAFI. Managers and employees of NAFIs generally operating with non-appropriated funds shall be paid from such non-appropriated funds. All redelegations must be made in writing to the delegatee(s). Copies must be filed with the applicable charter and bylaws in the Fiscal Control Office and with the applicable NAFI.

5.03 The Superintendent shall approve all of the written policies and procedures for administration and management of each NAFI. Such policies and procedures shall be coordinated prior to approval with MARAD's Office of Management and Information Services (MAR-310). In addition, a copy of each approved policy and procedure shall be provided to MAR-310. Existing policies and procedures may remain in effect for up to 180 days after publication of this order, unless this period is extended by the Superintendent in writing.

5.04 A joint NAFI governing board known collectively as the NAFI Management Oversight Board (MOB) shall be designated by the Superintendent for the purpose of reviewing the current need for each NAFI; reviewing operating practices and procedures; evaluating requirements for management controls; development of uniform policy statements; recommending to the Superintendent necessary directives; providing continuing management oversight of all NAFIs; reviewing each NAFI's board minutes, financial, audit, and management reports; and evaluating the accomplishments of each NAFI for the current year as well as each NAFI's plans for the ensuing year. The NAFI MOB shall meet as necessary to promulgate uniform NAFI policies and procedures. Annually prior to the beginning of each school year the NAFI MOB shall meet to conduct detailed NAFI management reviews to assure compliance with policy directives. The NAFI MOB shall make recommendations to the Superintendent on any matters relating to NAFIs which require the Superintendent's attention and or action.

5.05 The Fiscal Control Office and MAR-310 shall be responsible for implementation, coordination and review of all NAFI-related regulations and procedures as applicable to each NAFI.

5.06 NAFI Financial Statements are subject to audit by the DOT Inspector General and /or outside Certified Public Accountants (CPA) contracted for the specific purpose of auditing the annual operating results of NAFs at the USMMA. A copy of the audit and the Report to Management shall be submitted to MAR-310 within 30 days following publication of the audit and the Report to Management.

5.07 By September 30th of each year, the Superintendent shall submit to the Maritime Administrator for review and approval consolidated Financial Statements for the preceding year ended June 30th for all NAFIs. In addition, the audit, the Report to Management, and the consolidated (unaudited) Financial Statements (reports) for each NAFI shall be submitted to MAR-310 on a semi-annual basis as well as on an as needed basis.

5.08 Planning. By September 30th of each year, the Superintendent shall submit to the Maritime Administrator an annual plan covering all significant items necessary for determining and justifying the need for financial, property, and personnel resources, as well as for carrying out the overall operations of each NAFI effectively, efficiently, and economically.

Section 6. Establishment, Maintenance, Operation, and Disestablishment of NAFIs:

6.01 A request to establish a NAFI shall be submitted to the Maritime Administrator by the Superintendent with the proposed charter and the proposed bylaws.

6.02 Each NAFI will have a designated governing board of advisors (of no less than three members) appointed by the Superintendent to ensure that the NAFI is responsive to the needs of the specific activity for which it is organized. The composition, function, and purpose of each governing board shall be as specified in the bylaws for the applicable NAFI.

6.03 When no longer required, a NAFI shall be disestablished in writing by the Superintendent. In case a NAFI is disestablished, the NAFI's assets shall be redistributed to existing NAFIs as provided for in its bylaws and/or as directed by the Superintendent.

6.04 NAFIs shall be established by adoption of a charter and bylaws. Existing NAFIs shall revise their charters and bylaws in conformance with applicable sections of 6.05 and 6.06 of this order. Any NAFI operating without a charter and bylaws must establish and adopt such documents in accordance with, and within 90 calendar days of publication of, this order, unless this period is extended by the Superintendent in writing.

6.05 Charters shall contain at a minimum the following sections:


- Article I: Name, type of organization, authority, and location.
- Article II: Objectives and purpose of the NAFI.
- Article III: Sources of income.
- Article IV: Membership provisions.
- Article V: Types of functional activities to be conducted.
- Article VI: Chain of administration, including table of organization and reference to operating authorities.
- Article VII: Amendment of charter.

6.06 Bylaws shall contain at a minimum the following sections:

- Article I: Method of governance or management - governing board.
- Article II: Appointment of officers, duties, compensation, term of office, and removal and resignation of officers.
- Article III: Time for holding governing meetings, preparation and distribution of minutes, and actions required by minutes.
- Article IV: Agents and employees.
- Article V: Dues and/or fees, if any.
- Article VI: Financial Plan for operation, and fiscal year of the NAFI.
- Article VII: Administration, hours of operation, etc.
- Article VIII: Amendment of bylaws.
- Article IX: Disposition of property upon dissolution of NAFI.

Section 7. Currently Approved NAFIs: There are established at the USMMA various NAFIs to make available to midshipmen, professors, employees, and other authorized persons at the USMMA merchandise, services, and activities that are not provided through appropriated funding mechanisms. The NAFIs listed in

the attachment to this order were established as of the NAFI's Fiscal Year ending June 30, 2000. The Superintendent is authorized to update this listing to maintain it current after that date, forwarding a copy to the Office of Management and Information Services for distribution to all holders of this order.


John E. Graykowski
Acting Maritime Administrator

CURRENTLY APPROVED NAFIs
U.S. Merchant Marine Academy
As of June 30, 2000

- 1 The ATHLETIC ASSOCIATION, which has as its primary objective the enhancement of the overall educational experience of each midshipman through participation in athletic activities.
- 2 The USMMA CHAPEL FUND, which provides funding to the USMMA Chaplains for the conduct of various religious functions and services for midshipmen.
- 3 GLOBAL MARITIME AND TRAINING SCHOOL (GMATS), which has as its mission the provision of specialized courses, seminars, and training programs to the maritime community.
- 4 CULTURAL EVENTS, which promotes midshipmen participation in cultural activities.
- 5 The EMPLOYEES ASSOCIATION, which has as its primary purpose the support and promotion of the interests of all employees.
- 6 The FISCAL CONTROL OFFICE, which provides for centralized uniform fiscal, payroll, and other administrative support services to all NAFIs; processes all gifts and bequests in accordance with Maritime Administrative Order (MAO) 440-2; administers mandated Midshipmen Fee levy; processes State unemployment and Workers Compensation claims; and files all required tax returns.
- 7 MELVILLE HALL, which provides the facility and services in the areas of dining and meeting room capabilities for hosting of official and nonofficial USMMA and other authorized functions and lodging on a limited basis for transient personnel on official business.
- 8 The MIDSHIPS PUBLICATION, which publishes the official yearbook of the USMMA.
- 9 The REGIMENTAL MORALE FUND ASSOCIATION, which supports activities related to the morale, recreation and welfare of the midshipmen.
- 10 The MUSIC PROGRAM, which supports the functions and operations of the USMMA, Glee Club, and Chapel Choir.
- 11 The SAIL, POWER, and CREW ASSOCIATION, which promotes sailing and power boat recreational and sports activities.
- 12 The SHIP'S SERVICE STORE, which provides books and uniforms, and offers barbering, tailoring and laundry services to enrolled Midshipmen. In addition, the Ship's Service Store makes available for sale to authorized patrons merchandise and services of necessity and convenience not ordinarily furnished by the USMMA for the purpose of enhancing the welfare, recreational and morale-building programs of the USMMA.