



DEPARTMENT OF THE NAVY
OFFICE OF THE CHIEF OF NAVAL OPERATIONS
2000 NAVY PENTAGON
WASHINGTON, D.C. 20350-2000

IN REPLY REFER TO

OPNAVINST 5450.331A
N46
6 May 08

OPNAV INSTRUCTION 5450.331A

From: Chief of Naval Operations

Subj: RESPONSIBILITY AND AUTHORITY FOR NAVY EXCHANGE OPERATIONS

Ref: (a) DoD Instruction 1015.15 of 31 Oct 07
(b) OPNAVINST 1700.7E
(c) OPNAVINST 1700.13B
(d) SECNAVINST 5040.3A
(e) NEXCOM Publication 61

1. Purpose. To issue responsibility for policy, overall coordination and execution of Navy Exchange (NEX) programs within the Navy.
2. Cancellation. OPNAVINST 5450.331.
3. Background. The NEX is an integral part of the command structure and enhances quality of life and family support. Commander, Navy Installations Command restructured shore installation management processes along regional lines. The reporting relationships of the Navy Exchange have been expanded to ensure responsiveness to the regional commanders.
4. Navy Exchange Mission. To provide our customers quality goods and services at a savings, and to support quality of life programs.
5. Responsibility and Authority
 - a. NEXs are established by authority of the Secretary of the Navy and operate as a Departmental activity of each base. Commander, Naval Supply Systems Command is designated program manager for NEXs, Navy Lodges and Navy Uniform Program and has delegated technical management responsibility to the Navy Exchange Service Command (NEXCOM). NEXCOM is responsible for:
 - (1) Providing command and primary support, operational policies and procedures, and retail and services programmatic

execution for the operation of NEXs to assure that sound business policies and procedures are established for enterprise wide mission achievement. NEXCOM district vice presidents report to NEXCOM and are responsible for appropriate compliance with the parameters appearing in references (a) through (e).

(2) Fiscal management of NEX operations to ensure continuing effectiveness and protection of Non-Appropriated Fund (NAF) assets. NEX general managers retain retail and services management control and accountability for funds, fixed assets and inventory.

(3) Developing and issuing fiscal management and control procedures necessary for protection and efficient administration of NAF resources.

(4) Establishing appropriate procedures for auditing NEX operations.

(5) Maintaining program and management oversight of NEXs through on-site reviews to ensure their continued effectiveness in meeting mission requirements and patron needs.

(6) Recruitment, development and placement of managers in NEX management level positions.

(7) Primary performance evaluation of NEX managers.

b. NEX operates as part of the military chain of command within Navy regions and installations. Regional and installation commanders are responsible for ensuring the services and support provided are responsive in meeting the needs of the customer. Regional and installation commanders have the authority to operate the exchange within the parameters established by the program manager (NEXCOM). Regional and installation commander responsibilities are:

(1) To devote necessary attention and authorize resources to effectively manage NEXs and ensure the solvency and stability of the funds. Appropriated Funds (APF) are to be used to the fullest extent possible as authorized by reference (a).

(2) To ensure the provisions of reference (b) are met when assigning program responsibilities to ensure the strength and viability of both NEX and Morale, Welfare and Recreation (MWR) programs.

(3) To maintain effective communications with NEXCOM district vice presidents who are responsible to the regional commanders for the coordination of NEX operations, capital improvement plans, and participating in meetings as deemed appropriate by the region.

c. NEX general managers report to the installation commander to ensure the exchanges are responsive to the needs of the command. Installation commanders will review financial performance and facility planning and will provide input on the general manager's performance evaluation.

d. The MWR/NEX Board of Directors established in reference (c) shall provide guidance to NEXCOM in fulfilling these assigned responsibilities. The board will:

(1) Serve to accommodate the interests of the regional commands in regard to major policy initiatives.

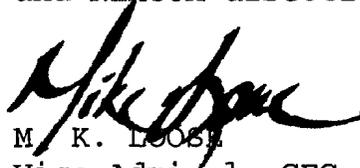
(2) Review the financial projections and plans for the various program elements and evaluate their effectiveness.

(3) Ensure equitable distribution of APF resources for NEX operations and/or capitalization. Ensure adequate distributions of non-APFs to support operational and capitalization needs to the NEX and MWR programs.

e. Regional commanders are responsible for monitoring NEX programs under their command. A continuing review, including management and fiscal oversight, shall be maintained to ensure their effectiveness to the same extent as all other elements of command responsibility. To this end, NEX operations will be included in command inspections conducted per reference (d). NEXCOM will provide trained auditors and program personnel to assist in these inspections. The chain of command is responsible for adhering to system discipline and financial

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performance standards within the scope of authority and responsibility as prescribed by applicable Department of Defense, Secretary of the Navy, and NEXCOM directives.



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