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N9  
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CNIC M-4061.1

From: Commander, Navy Installations Command

Subj: COMMANDER, NAVY INSTALLATIONS COMMAND NONAPPROPRIATED  
FUND ESSENTIAL STATION MESSING OPERATIONS

Ref: (a) DoD Instruction 4105.67 of February 26, 2014  
(b) 10 U.S.C. § 2492b  
(c) CNICINST 4061.4  
(d) DoD Manual 1338.10 of August 26, 2022  
(e) DoD Directive 7045.14 of January 25, 2013  
(f) DoD Instruction 1015.15 of October 31, 2007  
(g) NAVSUPNOTE 7330  
(h) NAVSUP Publication 486  
(i) CNICINST 4061.6  
(j) OPNAVINST 1000.16L

1. Purpose. To provide overall policy and assign responsibility for the Essential Station Messing (ESM) Program as per references (a) through (j).

2. Scope and Applicability. This manual applies to Commander, Navy Installations Command (CNIC) Headquarters (HQ), Regions and Installations.

3. Background

a. Alternative meal solutions will be explored when a traditional galley, because of limited resources, high sustainment cost and increasing utility cost associated with aging facilities, fails to meet minimum business operating standards.

b. A business case analysis (BCA) can provide initial indicators if the galley should close or if an alternate dining solution providing ESM meals would be beneficial to the installation and the Navy.

c. Standard operating procedures are required to ensure consistency of service delivery and financial accountability for these hybrid operations. Morale, Welfare and Recreation provides traditional galley functions under reference (b) authority, effectively modernizing essential feeding service delivery.

4. Policy. Transition from a traditional galley to an ESM business model will not occur without the completion of a BCA, an application package as described within this manual, and approval from CNIC HQ Fleet Readiness Director.

5. Records Management

a. Records created as a result of this manual, regardless of format or media, must be maintained and dispositioned per the records disposition schedules located on the Department of the Navy Assistant for Administration, Directives and Records Management Division portal page at [https://portal.secnav.mil/orgs/DUSNM/DONAA/DRM/Records-and-Information-Management/Approved percent20Record percent20Schedules/Forms/AllItems.aspx](https://portal.secnav.mil/orgs/DUSNM/DONAA/DRM/Records-and-Information-Management/Approved%20Record%20Schedules/Forms/AllItems.aspx).

b. For questions concerning the management of records related to this manual or the records disposition schedules, contact the local records manager or the Office of the Naval Chief of Operations (OPNAV) Records Management Program (DNS-16).

6. Review and Effective Date. Per OPNAVINST 5215.17A, CNIC N9 will review this manual annually on the anniversary of its effective date to ensure applicability, currency, and consistency with Federal, Department of Defense, Secretary of the Navy (SECNAV), and Navy policy and statutory authority using OPNAV 5215/40, Review of Instruction. This manual will be in effect for 10 years, unless revised or cancelled in the interim, and will be reissued by the 10-year anniversary date if it still required, unless it meets one of the exceptions in OPNAVINST 5215.17A, paragraph 9. Otherwise, if the manual is no longer required, it will be processed for cancellation as soon as the need for cancellation is known following the guidance in OPNAV Manual 5215.1 of May 2016.



C. S. GRAY

Releasability and distribution:

This manual is cleared for public release and is available electronically only via CNIC Gateway 2.0, [https://g2.cnic.navy.mil/CC/Documents/Forms/Directives percent20Only.aspx](https://g2.cnic.navy.mil/CC/Documents/Forms/Directives%20Only.aspx)

## RECORD OF CHANGES

Brief Description of Approved Changes	Date of Change	Pages Affected	Change Approved By (CNIC/ED)

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# **COMMANDER, NAVY INSTALLATIONS COMMAND**



## **NONAPPROPRIATED FUND ESSENTIAL STATION MESSING OPERATIONS MANUAL**

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## BACKGROUND AND DEFINITIONS

**0101. Introduction.** This Operations Manual provides direction on the daily operations of Commander, Navy Installations Command (CNIC) Nonappropriated Fund (NAF) Essential Station Messing (ESM), operated by Morale, Welfare, and Recreation (MWR), Food and Beverage, Category C operations. The application procedures and information provided herein will be utilized by personnel who operate or request to operate an ESM. This Manual enforces uniform management and accounting practices across the CNIC enterprise and provides detailed guidance for installations where the Navy is the host command. Except where noted, the procedures apply to MWR Navy-owned and managed ESM dining facilities. This Operations Manual does not apply to Navy Ashore Galleys or other installation ESM services such as hospitals, brigs, or field unit kitchens.

**0102. Memorandum of Agreement.** All Regions entering into a Memorandum of Agreement (MOA) with the CNIC Navy Ashore Galley Program to operate an ESM facility are required to comply with reference (a), as well as reference (b), ensuring the agreement will benefit the Nonappropriated Fund Instrumentality (NAFI). All MOAs will be submitted for legal review to the CNIC legal department prior to execution, and require CNIC N925 written approval which may be revoked at any time.

**0103. Description.** This Operations Manual provides the application process, standard operating procedures, and guidance for NAF ESM food service operations per the authority provided in reference (c).

**0104. Definition.** ESM is defined in reference (d) as messing declared by the installation, base, or station commander responsible for single government quarters, and properly approved by CNIC N925, that is essential to operate the government mess efficiently and economically or that is necessary for the health and safety of enlisted personnel permanently assigned to single quarters.

**0105. ESM Patrons.** A MWR-operated ESM operation supports the feeding of ESM-eligible patrons when a traditional galley or dining facility is unavailable. It is a NAF managed food and beverage operation that provides high quality, nutritious dining options approved by the CNIC Headquarters (HQ) Registered Dietician (RD) at a fair market rate and no cost to ESM patrons. There may be a nominal charge for selections made that are more than the food allowance, or for items not included in the ESM menu, but available for purchase.



## POLICY

### **0201. Purpose**

- a. Provide ESM patrons dining opportunities when a traditional galley operation is unavailable or alternate dining locations better meet mission requirements.
- b. Multiple facilities or mobile kitchens may be utilized to provide convenient, time-sensitive service and unique menu offerings. This includes but is not limited to allowing ESM patrons the utilization of MWR Food and Beverage sites, i.e. golf course, bowling center, snack bars, and clubs to enhance existing galley services by expanding customer options.
- c. Provide Culinary Specialists (CS) (if present in operation) professional culinary skill set development and maintenance, to include culinary skills, menu and recipe development, menu pricing and operation cost analysis, customer service, hospitality skills, and wardroom-style table service experience.

### **0202. Authorized ESM Patronage**

- a. All military members not in receipt of Basic Allowance for Subsistence (BAS) are authorized to consume a meal at an ESM dining facility when a contract or MOA is in place with the Chief of Naval Personnel (PERS 704), and CNIC HQ Fleet Readiness Division (N925). Authorized patrons may claim their meal entitlement at a designated ESM operation.
- b. Military personnel on Temporary Duty (TDY) or other travel orders receiving the meal portion of per diem as noted on the travel order must pay the full price for their meals regardless if the Common Access Card (CAC) scans as ESM. When eligibility is in doubt, the patron will pay for the meal and receive a receipt for the meal expense.
- c. All other authorized MWR patrons of the ESM will pay the full advertised menu price for meals. Food, and beverage items.

### **0203. Process to Request an ESM Operation**

- a. Submit an application package to CNIC HQ N925, along with all required documentation. (Full application requirements and sample templates are available on the CNIC N9 Portal.) Failure to provide all documentation, and complete packet will result in denial of ESM authorization to operate.
- b. Application package must be received by CNIC HQ N925 at least six months prior to requested opening date. To ensure APF support for operations, cost estimates must be made known prior to 1 June of the next fiscal year.
- c. Dining facilities and other food outlets will not provide meal services for ESM personnel until all documentation has been approved and MOAs are signed by all required personnel.

## STANDARD OPERATING PROCEDURES

### **0301. Responsibilities**

a. CNIC Headquarters will:

- (1) Review and approve all ESM application packages prior to establishment (N92).
- (2) Sign MOAs with (PERS 704) and Region N92 for reimbursement of costs (N925).
- (3) Provide and fund training opportunities to assigned military members commensurate with traditional dining facilities (N925).
- (4) Approve any changes to existing operations after initial establishment, including:
  - (a) Changes to menu items that vary the nutritional content of the original agreement (N925).
  - (b) Realignment of military members for the needs of the Navy (N925).
  - (c) Recommend closure based on cost inefficiency. If closure is recommended, coordinate with Region and Installation Commanding Officer (ICO) an appropriate alternate plan (N925).
- (5) Develop and promulgate accreditation review process (N925).

b. The Bureau of Naval Personnel (PERS 704) will reimburse subsistence per the signed MOA.

c. CNIC Regions will:

- (1) Initiate annual MOA with CNIC HQ N925 and Region N8 no later than 30 June for the next fiscal year operational funding allowances to include increased service requirements (i.e. labor, supplies, equipment, furnishings, and other non-food expenses.) See Appendix A for a sample MOA (N92).
- (2) Prepare and submit to PERS-704 monthly invoice for reimbursement of food cost for meals served using Standard Form-234, Public Voucher for Purchases and Services Other than Personal (N92 Business Office).
- (3) Monitor monthly financial performance and the cost-effectiveness of both food and operational expenses (N92/N925).
- (4) Assure monthly meal count and subsistence reimbursement is recorded in the CNIC Gateway (G2) N925 Galley Dashboard every month or as required by HQ (N925). In the event a

dashboard is not available, meal count and subsistence reimbursement will be submitted with all applicable purchase requests and receipts to CNIC N925 for approval.

(5) Ensure that the Ration Entitlement Verification System (REVS) is utilized at all facilities to track meals served and confirm ESM eligibility. Replace or upgrade REVS as required. If REVS cannot be utilized, request a waiver from HQ (N925) prior to opening of ESM operation. If an existing ESM operation is unable to obtain REVS system, a waiver request must be received immediately, or operation will be closed within 30 days of non-compliance.

(6) Submit an annual business case analysis (BCA) review of the cost-effectiveness of the ESM meal service to CNIC HQ N925. A BCA example is located on the CNIC N9 portal (N92).

(7) Recommend closure based on cost inefficiency. If closure is recommended then coordinate with CNIC HQ and ICO on an appropriate alternate plan (N925).

(8) Ensure compliance with MWR Business Watch process and requirements (N92/N94).

(9) ESM files (digital or hard copy) will be maintained and available for a minimum of seven years. Files include all financial records, meal credits, accreditation visits, and customer satisfaction surveys. Copies of approved menus will be maintained for two years (N92).

(10) Inventory all fixed assets annually. Equipment and furnishings transferred from an APF facility or purchased with direct APF support will be counted as ESM property and included in the annual NAF inventory (N925).

(11) Conduct quarterly customer surveys utilizing commercial electronic data collection, or a similar feedback system specific to the ESM facility providing results to CNIC HQ N925 (N925).

d. ICOs will ensure any Senior Enlisted personnel or CSs assigned to the ESM under the direction of the ESM Facility Manager are successfully cooperating and collaborating with the facility manager on training opportunities, scheduling, food production, work assignments, disciplining, and evaluations for military personnel working in the ESM.

e. MWR Directors or Facility Manager will:

(1) Assume responsibility for the daily operation of the ESM operation(s).

(2) Observe REVS usage and/or manual sign-in sheets.

(a) Ensure cashier validates eligibility of all patrons.

(b) Separate records must be maintained for each meal period.

(c) Separate records must be maintained for meals provided to Service Members other than Navy.

(d) Midnight meals (if provided) will annotate if replacing a breakfast or dinner meal.

(3) Maintain Furnishings, Fixtures, and Equipment (FFE) inventories.

(a) Acquire and maintain access to the CNIC Gateway (G2) N925 Galley Equipment Tracking Site. Update APF furnished equipment as appropriate. (Not required if all equipment is NAF inventory.)

(b) Develop a phased replacement cycle for all equipment and furnishings.

### **0302. Planning/Budget/Execution Oversight**

a. When NAF operational costs are increased due to ESM patronage, an APF supplement may help offset the additional charges required for labor, supplies, and equipment replacement due to excess usage.

b. Existing ESM operations must plan for out-year expenses to ensure that during the year of execution, sufficient funds are available to cover the additional costs due to providing meals to ESM-authorized patrons.

c. APF dollars are provided through the fiscal year defense budget, defined by the Planning, Programming, Budgeting, and Execution System (PPBES). For more information on PPBES, see reference (e).

d. Reimbursable operating expenses are provided via the Ashore Galley Program (GL) Operations and Maintenance, Navy (O&M,N) APF account. The Program Objectives Memorandum (POM) process occurs during the Planning phase of the PPBE cycle, where requirements for future years are identified. Any mission changes or new initiatives must be determined during this time to be considered for future funding. Data collection for the current POM cycle generally begins in the fourth quarter of the fiscal year. The POM year identifies the target year and includes the following four out-years. (Example: POM-26 will define requirements for fiscal years 2026 through 2031)

e. CNIC HQ allocation of APF controls (dollars) occurs during the Budget phase of PPBE and generally begins early in the second quarter before the year of execution. This allocation is based upon a total cost metric for meals provided. A spend plan will be required to identify all operational costs associated with the ESM operation. The amount allotted may vary based on locality costs, utilization of military labor, and population of ESM patrons served.

f. During the Execution phase of PPBE, the Region Business Office and ESM manager will monitor expenses and APF reimbursable. The APF reimbursable amount should closely align with the spend plan. Any significant deviations will require justification. The APF supplement is provided to cover the increased cost of providing meals to ESM-eligible patrons. The spend plan will not be inflated to fund everyday expenses that would have occurred without ESM patrons.

g. If supporting operational costs exceed the allocation, the Region Manager will submit an unfunded requirement request and justification for additional funds using the Resource Allocation Management (RAM) tool: <https://ram.insightg2.cnic.navy.mil/Main>

h. Upon receipt of funds by the NAF ESM, all such monies will be managed and expended per NAF fiscal policy, rules, processes, and procedures per reference (f).

**0303. Accounting Procedures.** Accounting procedures and instructions are provided in Appendix C.

**0304. Meal Validation/Reimbursement**

a. The MWR food outlet is entitled to claim reimbursement food costs (Meals Served) for the ESM patrons based on the Department of Defense (DoD) allowance for the current calendar year quarter, as stated in reference (g).

b. The ESM operation manager will record daily the meals provide for ESM patrons. REVS will be utilized to record ESM meals. An approved Point of Sale (POS) system will be used to record payments for cash customers. In locations where an automated CAC reader is temporarily unavailable, a manual Meal Signature Record, NAVSUP Form 1291, will capture ESM meals served. Refer to reference (h) for instructions on using this form.

c. When populating the G2 Galley Dashboard, enter the number of meals served and recorded from the NAVSUP Form 1292. The stores consumed value will equal the dollar amount of the reimbursement claimed.

d. The Installation Audit Team, appointed by the Commanding Officer as per reference (i), will validate meals claimed for reimbursement to ensure all personnel were approved for a government-funded reimbursable meal. Monthly summary totals of ESM meals provided will be captured on the Recapitalization of Meal Record, NAVSUP Form 1292. Utilizing the summary form, ESM meals provided will be verified monthly by the command-designated audit team to ensure only meals consumed by eligible patrons are being claimed for reimbursement. The signed audit forms will be maintained as per reference (h).

**0305. Monitoring Operations**

a. For new operations, it is critical for the Region Business Office and Region N92 to monitor the operations performance to validate how transitioning from a traditional galley to an ESM operation benefits the patrons and demonstrates savings to the overall appropriation. Validation is performed every two years with the documentation provided to CNIC HQ N925.

(1) Monitor the civilian cost of goods sold (COGS) to ensure that the ESM reimbursable funds are correct. (See Appendix C)

(2) The operational expenses will be reviewed quarterly by the Region Business Office and ESM Manager to ensure that labor, supplies, or other consumable goods are reimbursed as

per the agreement. Adjustments to the agreement may be addressed if the installation or mission changes.

b. Managers will review ESM operating costs and subsistence reimbursements monthly. Food cost target objective is +/- 3 per cent of subsistence reimbursement.

### **0306. Healthy Menu Choices**

a. The ESM operation will provide healthy, nutritious menu items. Menus with recipe ingredients will be submitted to CNIC HQ Registered Dietician (RD) for review and approval upon initial establishment, and quarterly thereafter or as menus are refreshed.

(1) Previously approved menu items will be used when creating or updating menus.

(2) New recipes will be approved by the CNIC HQ RD prior to implementation.

(a) Recipes will state a title, yield, list of ingredients with quantity (weight/measure) in the order added, and step-by-step directions. Ingredients will be specific in accordance with the current Prime Vendor.

(b) Local recipes and food items may augment the approved menu without prior approval from the RD.

(3) CNIC HQ N925 will maintain an archive for the sharing of recipes, menu items and menus.

b. The menu will be published at least one week prior to service. Where possible, the menu will be advertised on approved installation websites, social media platforms, installation newsletters or notifications such as the Plan of the Week. At a minimum, the current and next week's menu will be visible to Sailors entering the facility.

c. Per reference (d), menus will reflect DoD Nutrition Standards and will highlight healthy options.

(1) At least one healthy entrée, starch, and vegetable will be provided at each meal.

(2) For locations that only provide a snack option or grab-n-go meal, the primary source of protein will be a healthy option.

d. Breakfast will offer a healthy entrée (protein), cereal, hot starch, bread, beverage, and fruit. Examples of healthy options include, but not limited to are plain yogurt, egg substitute or egg whites, whole grain cereal, bagels, low-fat muffins, English muffins, and hot oatmeal.

e. Lunch and dinner meals will offer at least one healthy entrée, starch, vegetable, bread, soup, dessert, beverage, and fruit.

- f. If two or more options for a category are offered, one must be a healthy item as defined by the dietician-approved recipe.
- g. The menu will incorporate antioxidants and a variety of fiber sources such as whole grain breads or cereals, an assortment of fresh fruits or vegetables, legumes (kidney beans, baked beans), and brown or wild rice.
- h. The menu will be sensory appealing regarding complementary flavors, textures, colors, and shapes.
- i. Menu items will not be repeated as the primary option on consecutive meals and days.
- j. Recipes that utilize red meat will be limited. When two entrees are served at a meal, one will be poultry, fish, or a vegetarian option.
- k. When two vegetables are served, one will be a non-starchy vegetable.
- l. Menus will list soups offered at lunch and dinner by their name, not just soup of the day.

**0307. Workforce Development for Military Members**

- a. If CSs or other military members are assigned to work in a NAF ESM operation, the manager will ensure that in addition to allowing time for required military training, the CSs are provided focused skill set and in-rate training, either through formal classroom settings, routine or special training sessions, and supervised on-hands training.
- b. If other military members (non-CS) provide services to the NAF ESM, they will be allotted time for professional in-rate training.
- c. At least one hour per week will be dedicated to professional growth and training as identified by the Region N925. The ESM Manager will seek assistance for military training from the senior CS assigned, Command senior enlisted personnel, or Region N925. Training may be self-guided.
- d. For computation of productive work hours when military members are working in the NAF ESM operation, see reference (j).

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**APPENDIX A****Sample Memorandum of Agreement**

MEMORANDUM OF AGREEMENT BETWEEN  
COMMANDER, NAVY REGION XXX, FLEET AND FAMILY READINESS (N9), AND  
COMMANDER, NAVY INSTALLATIONS COMMAND (CNIC) NAVY ASHORE GALLEY  
PROGRAM MANAGER (N925), AND  
COMMANDER, NAVY REGION XXX, COMPTROLLER (N8)

1. Purpose. To establish a Memorandum of Agreement (MOA) extension between Commander, Navy Region XXX Fleet and Family Readiness Director (N9), CNIC Navy Ashore Galley Program Manager (N925) and Navy Region XXX Comptroller (N8), for the purpose of codifying responsibilities and procedures for the operation of the Nonappropriated Fund (NAF) Essential Station Messing (ESM) operation at (facility name, installation). Nothing herein will be construed as obligating a party to violate existing laws or regulations. This MOA is a new agreement between the parties.
2. Authority. 10 U.S.C. § 2492 provides that an agency or instrumentality of DoD that supports the operation of the exchange system or the MWR system may enter into a contract or other agreement with another element of the DoD or another Federal department, agency, or instrumentality to provide or obtain goods and services beneficial to the efficient management and operation of the exchange or MWR systems.
3. Operational Agreement. A Business Case Analysis (BCA) review was recently conducted on the ESM operation, evaluating number of meals fed, and cost of operations above normal MWR patronage. As a result of the BCA review, it has been determined that the service provided to the ESM patrons is the most cost effective meal delivery method. MWR will ensure ESM Sailors continue to have access to nutritious dining opportunities, with hours of operation allowing maximum access to patrons, especially for evening and weekend meals. When Culinary Specialists or other military personnel are assigned to the ESM operation, MWR will ensure both general military and in-rate training opportunities are provided. A separate MOA with Chief of Naval Personnel (PERS 704) addresses reimbursement of subsistence. All services provided under this MOA are authorized services that fall within the program scope of MWR as defined in CNICINST 1710.3.
4. Reimbursable Compensation. ESM operational cost for FYXX, the (Installation) MWR Department will be compensated by (Region N8) \$XXX per year.). As required by 10 U.S.C. § 2492, this amount provides for the payment of all fees, charges, assessments, and expenses for goods and services incurred by N925, and includes CNIC N9's indirect in-house costs required to execute this MOA. N925 will not perform any work nor incur any costs that will exceed this amount without the prior written approval of [Region N8]. Compensation will be provided for the monthly fixed cost listed below.

- a. NAF Labor \$XXXX



b. Supplies/Maintenance \$XXXX

c. Accounting \$XXXX

d. Recapitalization \$XXXX

e. Reimbursement costs for individual meals will be covered by a separate MOA between Region N92 and PERS 704. See Appendix B.

5. General Provisions

a. Points of Contact (POCs). The following POCs will be used by the Parties to communicate matters concerning this MOA. Each Party may change its POC upon reasonable notification to the other Party.

(1) For the Commander Naval Region, XXX:

(a) Primary POC – Name, phone number, email

(b) Alternate POC – Name, phone number, email

(2) For the CNIC Navy Ashore Galley Program: Primary POC – Name, phone number, e-mail.

b. Correspondence. All correspondence to be sent and notices to be given pursuant to this MOA will be addressed, to Region XXX:

Region XXX  
Fleet & Family Readiness Program  
Attn: XXX  
Mailing Address

and Navy Ashore Galley Program, to:

CNIC Navy Ashore Galley Program  
Attn: XXX  
716 Sicard St SE  
Washington, DC 20374

or as otherwise be directed by the Parties.

c. Review of Agreement. This MOA will be reviewed on or around the anniversary of its effective date annually, but not later than 1 September for financial impacts; if there are substantial changes in resource requirements, the agreement will be reviewed in its entirety.

d. Modification of Agreement. This MOA may only be modified by the written agreement of the Parties, duly signed by their authorized representatives.

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e. Disputes. Except as otherwise provided in this MOA, any dispute or claim concerning this MOA which is not disposed of by agreement of the parties, will be decided by REGION XXX N9, who will provide a decision in writing and furnish a copy of it to CNIC Headquarters (HQ) N925 and REGION XXX. The decision of this authority will be final. Pending final decision on any such disputes, both parties will proceed diligently with the performance of the agreement, unless directed to do otherwise by REGION XXX N9.

f. Termination of Agreement. This MOA may be terminated by either Party by giving at least 90 days written notice to the other Party. The MOA may also be terminated any time upon the written mutual consent of both Parties.

g. Transferability. This MOA is not transferable except with written consent of the Parties.

6. Performance Period. The performance period for this agreement will be from 1 October 20xx through 30 September 20xx.

7. Provisions and conditions of the original establishment MOA of (date) remains in effect.

8. Legal and Contract Review. A legal review of this MOA was conducted by XXX REGION OGC. The original copy of this MOA will be retained by REGION N8.

SIGNATURES: (may vary based on local requirements)

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CNIC N925

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Region N8

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Region N9

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(Others as required locally)

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**APPENDIX B****Sample Memorandum of Agreement**

MEMORANDUM OF AGREEMENT BETWEEN  
NAVY REGION XXX FLEET READINESS (N92)  
COMMANDER, NAVY INSTALLATIONS COMMAND ASHORE GALLEY PROGRAM  
(N925)  
AND CHIEF OF NAVAL PERSONNEL (PERS 704)

1. Purpose. To establish a Memorandum of Agreement (MOA) between Commander, Navy Installations Command (CNIC) Ashore Galley Program (N925), and Chief of Naval Personnel (PERS 704) for the purpose of codifying responsibilities and procedures for the operation of the COMNAVREG XXX Morale, Welfare and Recreation (MWR) Nonappropriated Fund (NAF) Essential Station Messing (ESM) operation at LOCATION. Nothing herein will be construed as obligating a party to violate existing laws or regulations.
2. Authority. 10 U.S.C. § 2492 provides that an agency or instrumentality of Department of Defense that supports the operation of the exchange system or the MWR system may enter into a contract or other agreement with another element of the DoD or another Federal Department, agency, or instrumentality to provide or obtain goods and services beneficial to the efficient management and operation of the exchange or MWR systems.
3. Background. A Business Case Analysis (BCA) was conducted concerning the LOCATION galley operational cost, number of meals fed, alternate feeding, and for the feasibility of operating an ESM operation. During the BCA study, it has been determined that the galley is under-utilized by ESM patrons and is set to close on DATE. The NAF ESM operation at LOCATION operates similar to other CNIC installations; this is the most efficient model and will ensure ESM Sailors continue to have access to nutritious dining opportunities, flexibility and longer hours of operation. All services provided under this MOA are authorized services that fall within the program scope of MWR as defined in CNICINST 1710.3. A separate MOA between CNIC HQ, Region N8 and the MWR N92 Business Activity Division addresses the reimbursement of operational fund requirements.
4. Operating Responsibilities. The MWR N92 Business Activity Division assumes full responsibility for all administration, food preparation, sanitation, facility maintenance, staffing controls and all other tasks associated with day-to-day operations related to providing ESM foodservice as defined below.
  - a. ESM meals will be served at the LOCATION ESM operation of # meals per week; (state meals) Monday through Friday, (state meals) Saturdays, Sundays and Holidays.
  - b. Actual hours of operation will be determined based on customer demand, and will be clearly published.

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c. Pursuant to Navy standards, the MWR N92 Business Activity Division will ensure that nutritionally balanced meals are available as well as offering diverse menu selections to all authorized patrons. The facility serving ESM will clearly display what the ESM meal or meal choices are for all three serving periods.

d. Fixed costs are operational and labor costs incurred in order to provide service to ESM patrons and are determined between CNIC HQ N925 and REGCOM MWR. Variable costs are calculated using the Basic Daily Food Allowance (BDFA) multiplied by the number of ESM meals served each meal period during the month as well as operational supplies attributed to ESM service.

e. The MWR facility providing ESM meal service will offer an ESM menu at each meal with consideration for the amount of the BDFA. ESM patrons will be given the option of selecting the ESM menu or other items as noted on the MWR food facility menu. In the event items are selected which cost more than the basic ESM menu, the patron will be charged only the difference between the ESM set retail cap and the posted menu price of the meal.

## 5. Accounting and Billing Procedures

a. Payment to MWR for ESM meals served at a food service facility will be supported by Recapitulation of Meal Record (NAVSUP Form 1292, Rev. 2-72). The Meal Signature Record (NAVSUP Form 1291) will include the signatures of ESM patrons who received meals or the report generated by the Ration Entitlement Verification System (REVS) system for meals served. A separate form will be prepared for each meal at each facility in which ESM meal service is offered regardless of whether the basic ESM menu or other menu items were selected. The MWR Department will be responsible for verifying eligibility, obtaining proper signatures, and maintaining forms for all meals. This includes ensuring ESM patrons properly swipe their Common Access Card (CAC) or present a valid NAVSUP Form 1155 Meal Pass. Attendants will be present to ensure eligible personnel sign the NAVSUP Form 1291 to substantiate meals provided in the event that the REVS Point of Sale is not functional. A separate form will be used for breakfast, lunch, dinner, brunch and supper.

b. Individuals receiving per diem or on commuted rations, (COMRATS), (i.e., military personnel receiving Basic Allowance for Subsistence (BAS)), will not sign the NAVSUP Form 1291. **ONLY ESM PERSONNEL WILL SIGN THIS FORM.**

c. ESM patrons will not sign for another persons meal.

d. At the end of each month, the REGION MWR Department will prepare and submit Standard Form 1034, Public Voucher for Purchases and Service Other than Personal, to the Bureau of Naval Personnel PERS 704, SIK Mailbox sik.fct@navy.mil, with a copy to CNIC HQ N925, no later than the 15<sup>th</sup> of the following month for reimbursement to the MWR Department. PERS Certifying Officer signature is required on each SF-1034 to ensure that numbers submitted are verified and validated for reimbursement. The PERS 704 Subsistence in Kind (SIK) Section will review each SF-1034 for accuracy and completeness. If clerical errors exist in the SF-1034, PERS 704 will return the claim package to the originator unprocessed for correction and explanation of the error(s). If there is a calculation error, PERS 704 will return the SF-1034

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along with a calculation worksheet to show how PERS 704 arrived at its numbers. The submitting ESM Feeder will make immediate corrections to the SF-1034 and promptly resubmit to PERS 704. Additionally, PERS 704 will process the SF-1034s for reimbursement only when previous months SF-1034s have been received. If MWR sends a SF-1034 without receipt of previous months, PERS-704 will immediately request the previous month and processing of the current month will be held until prior month is received. PERS 704 will provide copy of the ESM packet to the originator after submission to DFAS. As required by 10 U.S.C. § 2492, the above-described amounts provide for the payment of all fees, charges, assessments, and expenses for goods and services incurred by N925, and includes CNIC N9's indirect in-house costs required to execute this MOA. N925 will not perform any work nor incur any costs that will exceed this amount without the prior written approval of BUPERS and CNIC HQ N925.

6. Compensation. Compensation will be provided for the monthly variable costs as per the current NAVSUPNOTE 7330. Compensation will consist of a variable reimbursement from BUPERS for each ESM meal signed for.

**NOTE:** List meals served by day (Breakfast, Lunch, Dinner, Brunch, Supper, and current percentage as noted in NAVSUPNOTE 7330.)

7. Agreement. This agreement is made between the CNIC HQ (N925) and Chief of Naval Personnel (PERS 704). Any amendments or modifications to this document must be reviewed by the respective Command prior to implementation. This agreement is to remain in effect until terminated or revised in writing.

8. Quality. MWR N92 Business Activity Division will ensure that quality and variety of meals served are consistent with Navy nutritional health standards. Similarly, sanitation standards as outlined in the Tri-Service Food Code NAVMED P-5010, and the dining atmosphere will be of the highest quality and standards. Frequent feedback from enlisted personnel on ESM will be solicited to ensure satisfaction, including customer service suggestion programs and customer satisfaction quarterly surveys.

9. Audit. The local internal review office will conduct an annual audit of the operation of this agreement and provide recommendations for improvements to the ICO.

10. Disputes. Except as otherwise provided in this MOA, any dispute or claim concerning this MOA which is not disposed of by agreement of the parties, will be decided by Region Director, N92, who will provide a decision in writing and furnish a copy of it to CNIC HQ N925 and [Region]. The decision of this authority will be final. Pending final decision on any such disputes, both parties will proceed diligently with the performance of the agreement, unless directed to do otherwise by the Region Director, N92.

11. Termination Procedures. CNIC Ashore Galley Program Director, is to be consulted prior to termination of the MOA.

12. Prompt Payment. CNIC Ashore Galley Program Director will be notified of any late payment that exceeds 45 days from the date validated claims were received.

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13. Effective Date. This agreement is effective when signed by all parties concerned and will be reviewed no later than 1 September of each fiscal year.

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NAME (Date)  
Director, Fleet Readiness  
Navy Region XXXX

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NAME (Date)  
Program Manager, Ashore Galleys  
Navy Installations Command

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NAME (Date)  
Supervisory Accountant  
Navy MILPAY Execution Maintenance  
Division PERS 704 Bureau of Naval  
Personnel

APPENDIX CACCOUNTING PRACTICES FOR ESSENTIAL STATION MESSING COST CENTERS

1. Essential Station Messing operations are provided in an MWR Food and Beverage (F&B) operation. CNIC F&B requires each ESM operation to be accounted for in its own Department 09 cost center in addition to the Food and beverage cost center. The ESM cost center will only have the revenue and expenses for the ESM.
2. APF Operational Support. This support is recorded in the ESM Department 09 cost center in GL 569017. All operating expenses allocated to the ESM cost center will be appropriate for the operation.
3. Basic Daily Food Allowance (Food Cost Reimbursement)
  - a. Meals served data is entered into the ESM Headcount Worksheet (SF1034) and the amount is calculated. All pieces included in this calculation are part of the reimbursement for food costs, including the Prime Vendor Allowance (PVA). The PVA is not the same as a prime vendor rebate.
  - b. The BDFA amount will be recorded as the ESM Resale Revenue and the ESM Inventory so the ESM will reflect one hundred percent (100 percent) Cost of Goods Sold (COGS). Ideally, the cost of the food to feed the ESM patrons should equal the BDFA.
  - c. The BDFA allowance must be within +/- 3 percent of the actual amount spent on meals provided to the ESM patrons. Any overage cannot be utilized to offset any other line item. When an over issue is suspected or exists, immediate action will be taken to determine the cause and, if warranted, take steps to eliminate future issues.
  - d. The BDFA amount reduces the Food and Beverage cost center inventory at the same time it records the ESM inventory, therefore it is important to monitor the Food and Beverage cost center COGS percent.
  - e. If the food and beverage COGS is too low (or negative) the site may not be providing the ESM patrons with the full value of their meal entitlement and an evaluation needs to be done and corrective action implemented.
  - f. If the food and beverage COGS are high, then an evaluation of the cause needs to be completed and corrective action implemented.
4. When Utilizing a Point of Sale (POS) System in conjunction with the required use of the REVS system. If the system is temporarily inoperable, the NAVSUP Form 1292 (Signature Sheet) must be utilized. All records must be maintained for seven (7) years.
5. A spending allowance is determined by utilizing the BDFA as the cost of goods to determine a resale value. As sales are entered through the Point of Sale (POS), the Authorized ESM Patron is provided the resale spending allowance. The POS system is set up with an ESM tender that

allows the Authorized ESM Patron \$X.XX (set resale value) to spend towards that meal. Anything over the set resale value is paid by the Authorized ESM Patron and will be recorded as Food and Beverage Operational sales. One of the following entries is posted by the POS when this POS tender is used:

- a. Purchase is equal to or less than ESM allowance:

(1) Debit GL 135005 Accounts Receivable ESM

(2) Credit GL 301000/301110 Resale Revenue/Food (X/01)

- b. Purchase is greater than ESM allowance:

(1) Debit GL 135005 Accounts Receivable ESM

(2) Debit GL 101060/110000 DAR Clearing/Credit Card

(3) Credit GL 301000/301110 Resale Revenue/Food (X/01)

6. It is important to note that the ESM allowance is not necessarily equal to the amount reimbursed. The calculation worksheet must be completed to determine the total BDFA reimbursement amount.

7. In preparation to record the BDFA post an entry to reverse the amount in 135005 through Resale Revenue and post both parts of the BDFA entries documented in item 9.

- a. Debit GL 301000/301110 Resale Revenue/Food (X/01)

- b. Credit GL 135005 Accounts Receivable ESM

8. BDFA Entries when utilizing the REVS system. If the system is temporarily inoperable, the NAVSUP Form 1292 (Signature Sheet) must be utilized. All records must be maintained for seven years.

9. BDFA Reimbursement. At the end of the month, all meals served as recorded in REVS and signature counts recorded on NAVSUP Form 1292 will be entered into the ESM Headcount Worksheet, and the reimbursement amount calculated. This amount includes the Prime Vendor Allowance. Once the reimbursement amount is determined, the following entries will be made for each facility individually:

- a. Part 1:

(1) Debit GL 131005 (SAP Customer)

(2) Credit GL 301000/301110 Resale Revenue/Food (X/09)



(3) This entry creates an invoice to bill BUPERS for reimbursement of the BDFA and records the food sales in the Department 09 ESM cost center.

b. Part 2:

(1) Debit GL 151000/151110 Resale Inventory/Food (X/09)

(2) Credit GL 151000/151110 Resale Inventory/Food (X/01)

(3) This entry transfers the amount of the reimbursement from the food inventory to the ESM inventory. When the COGS is calculated, it will create an entry for 100 percent COGS in the ESM cost center.

c. Parts 1 and 2 of the entries above are made for the same amount, the BDFA amount.

10. Expenses related to the ESM operation will be posted directly to the Department 09 cost center. However, if this is not possible, efforts will be made to allocate a fair share of ESM operating costs to the Department 09 cost center. Below is an example:

a. Debit GL 687000 Smallwares (X/09)

b. Debit GL 701000 Supplies (X/09)

c. Debit GL 683000 Repairs & Maint. FF&E (X/09)

d. Debit GL 783000 Contract Services Expense (X/09)

e. Credit GL 687000 Smallwares (X/01)

f. Credit GL 701000 Supplies (X/01)

g. Credit GL 683000 Repairs & Maint. FFE (X/01)

h. Credit GL 783000 Contract Services Expense (X/01)

11. Operating Support. When the location is provided the annual amount of support they are to receive as APF Galley Support, a Recurring Journal Voucher (RJV) will be set up to post the following entry each month for the monthly support amount:

a. Debit GL 131005 (SAP Customer)

(1) Credit GL 569017 ESM Operating Support (X/09)

(2) This entry creates an invoice to record the operating support amount in the Department 09 ESM cost center.

12. Guidance for Claiming Reimbursable Expenses. Package for Region N94 Reimbursement (Support Services)

- a. Validate support services charges (labor, supplies, equipment, contracts) in the established cost center in SAP Software Solutions.
- b. Print the SAP invoice created in step 11.
- c. Prepare SF-1034 to be approved by the Business Office Manager (Form may be obtained on the N9 Portal)
- d. The Regional Business Manager (N94) validates the completed Support Services package and approves the SF-1034 for payment.
- e. After approval by the Regional Business Manager or authorized staff, the approved package is sent to the following mailing address or electronically via e-mail:

CNIC HQ N925  
Street Address  
City, State ZIP –  
or E-mail: \_\_\_\_\_  
Package includes: (a) Invoice SF-1034

Your Local Comptroller Information  
Street Address  
City, State ZIP –  
or E-mail: \_\_\_\_\_  
Package includes: (a) Invoice SF-1034

- f. Forward a package to the Region CNIC N8 comptroller for the operational services (i.e., labor, supplies, equipment, contracts) that CNIC HQ N925 is funding. The amount of these invoices will be credited to the appropriate cost center and an accounts receivable established.
- g. Package for PERS 704 Billing (ESM Meals and Cost of Goods)
- h. Prepare and validate ESM charges in SAP.
- i. Prepare SF-1034 Public Voucher for Purchases and Services Other Than Personnel, to be approved by the Business Office Manager.

13. BDFA Reimbursement Package

- a. Utilizing the Meal Record (NAVSUP Form 1292) with the accounting technician and supervisor's signatures. (A sample NAVSUP Form 1292 can be located on the N9 Portal). The use of the REVS system is required. If the system is temporarily inoperable, the NAVSUP Form 1292 (Signature Sheet) must be utilized. All records must be maintained for seven (7) years.

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- b. The ESM completed and approved package is sent to:

CNIC HQ N925 e-mail and:  
Bureau of Naval Personnel (PERS 704)  
701 South Courthouse Rd  
NSF Building 12 Room 4K255  
Arlington VA, 22204

- c. Package includes:

- (1) Invoice from 9.1
- (2) SF-1034
- (3) Recapitulation of Meal Record
- (4) Meal Verification Records for brunch & supper meals (Weekends & Holidays)
- (5) Navy Reserve, Army & USCG worksheet
- (6) Calculation worksheet

d. PERS 704 validates the completed ESM package and approves the SF-1034 for payment. After approval, the invoice and SF-1034 are then faxed (or scanned for e-mail submission) to DFAS for EFT payment.

14. NAVSUP Form 1292 Guidance. NAVSUP Form 1292 computations are as follows:

- a. For Monday-Friday meals:

- (1) Number of ESMs breakfast served x 25 percent of the current BDFA.
- (2) Number of ESMs lunch served x 40 percent of the current BDFA.
- (3) Number of ESMs dinner served x 35 percent of the current BDFA.

- b. For Saturday, Sunday, and Holiday meals:

- (1) Number of ESMs brunch served X 45 percent of the current BDFA = \$X
- (2) Number of ESMs supper served X 55 percent of the current BDFA = \$X
- (3) Number of ESMs holiday brunch served X 35 percent of the current BDFA = \$X
- (4) Number of ESMs holiday supper served X 65 percent of the current BDFA = \$X

(5) Total daily rations (BDFA) = \$ X

c. The BDFA may change daily depending on varying supplemental allowances. The computation of meals must be calculated each day, and the sum of all day's allowances is captured for reimbursement.

d. The meals include ESM Feeding from 1-99 (\$X allowance) and 100-149 (\$X allowance), if any.

e. Any day's rations exceeding 149 are not eligible for the additional allowance and will not be included in the total.

15. SF-1034 Guidance. The following guidance will be followed when completing the SF-1034:

a. DFAS Cleveland Accounts Payable Manual SF 1034 Payment/Reimbursement Manual A completed SF-1034, DoDFMR, Volume 10, Chapter 1.

(1) Voucher: Will be assigned voucher number.

(2) U.S. Department, Bureau, or Establishment and Location.

(3) Date Voucher Prepared.

(4) Contract Number and Date: One contract number per SF-1034.

(5) Contract Number and Date: One requisition number per SF-1034 and date.

(6) Payee's Name and Address: Individual/Company/Agency payment will be issued, including CAGE code#. Since the CAGE code represents the Payee's information, including banking information, Payee's name must match the CAGE code.

(7) Date Invoice Received: Invoice Date.

(8) Number and Date of Order: Invoice Number and Invoice Date.

(9) Date of Delivery or Service: Date of service or delivery.

b. Articles of Services: Description of items or services must be entered if payment is to be made in foreign currency, indicate in this section.

(1) Exchange Rate: Please indicate the foreign currency rate.

(2) Pursuant to the authority vested in me, I certify that this voucher is correct and proper for payment: Signed by a certifying official; the certifying official must have a DD Form 577 on file.

- (3) Accounting Classification: Must have valid LOA(s) with obligating funds.
- (4) Must accompany supporting documentation (i.e., invoice).
- (5) A tax identification number (social security or employer ID number) must be on file for Payee.
- (6) If applicable, the agreement must accompany the invoice package.

**APPENDIX D**  
**ACRONYMS**

APF	Appropriated Fund
BAS	Basic Allowance for Subsistence
BDFA	Basic Daily Food Allowance
BOSC	Base Operation and Support Contracts
CAT C	Category “C”
CNIC	Commander, Navy Installations Command
CO	Commanding Officer
CS	Culinary Specialist
DoD	Department of Defense
EFT	Electronic Funds Transfer
ESM	Essential Station Messing
FFR	Fleet and Family Readiness
FY	Fiscal Year
GL	Galley APF Funds
GRGB	Get Real Get Better
MOA	Memorandum of Agreement
MWR	Morale, Welfare and Recreation
N8	CNIC, Comptroller
N9	CNIC, Fleet and Family Readiness
N92	CNIC, Fleet Readiness
N925	CNIC, Navy Ashore Galley Program
N94	CNIC, Fleet and Family Readiness Support Center, Millington Detachment

N948	CNIC, NAF Financial Office
NAF	Nonappropriated Fund
NAFI	Nonappropriated Fund Instrumentality
NAVSUP	Naval Supply Systems Command
O&M	Operations and Maintenance
P2P	Performance 2 Plan
PERS 704	Bureau of Naval Personnel, Comptroller
POC	Point of Contact
POS	Point of Sale
POM	Program Objectives Memorandum
PSD	Personnel Support Detachment
RBO	Regional Business Office
REVS	Ration Entitlement Verification System
RIK	Rations-In-Kind
SAP	Systems, Applications, and Products
SIK	Subsistence in Kind
SOP	Standard Operating Procedures
TAC	Transportation Account Code