



Business & Support Services

Lodging DTM Compliance

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BACKGROUND

- DTM 18-007 directs Official Lodging programs to meet several requirements
 - Convert to operate via 100% NAF funding; no direct or indirect APF support authorized
 - Adjust room rates to minimum levels to cover all operating and recapitalization costs, including BOS costs
 - Provide full financial statements for Lodging (i.e., Profit /Loss statement, balance sheet, cash flow statement)
- Lodging Consolidation of TDY Billeting program into MCCS in execution phase
 - Directed by Under Secretary of Navy in July 2020; IOC 1 Oct 2021; FOC 30 Sep 2022
 - Consolidation plans approved by MCCS Board of Directors in May 2021
 - Disestablishment of 17 Billeting NAFIs to be completed nlt 31 December 2021
- Determination by OSD that Official Lodging must be operated as Program Group IV Lodging Program Supplemental Mission Funds – fenced financials



ISSUE

- BLUF: OSD has conveyed USMC current structure as non-compliant
- OSD DTM on lodging stipulates: “Services must establish or maintain financial accounting statements **separate** from Morale, Welfare and Recreation, exchange and other NAF programs...”

Necessitates an organizational change of MCCA integrated model to consolidated fenced Official Lodging



WAY FORWARD

Establishment of one consolidated NAFI for official Lodging with decentralized operational execution

M&RA (MR) Responsibilities

- M&RA sponsor and authoritative owner of NAFI
- Policy and Compliance Reporting
- Solvency of Lodging Program
- Business Strategy
- Enterprise management of Recapitalization Strategy
- Auditability - Fiduciary Accountability
- IT Systems

I&L (MCICOM) Responsibilities

- Operational Execution
- Local Back-Office Support (Fee for Service)
- Compliance to Policy, Business and Capital Strategy
- Fiduciary Accountability with enterprise working capital
- Facility Sustainment



KEY ACTIONS

- Complete conversion of TDY lodging to MCCS
- M&RA issue spending moratorium for all TDY/PCS lodging
- M&RA develop interim fiscal compliance
- MCCS Budget true up with BOD extracting lodging
- M&RA and MCICOM complete Capitalization schedule: cost/scope/sequencing
- Coordinate Comms (M&RA/I&L)
- MARADMIN/PA/PAO Playbook
- NAFI Charter
- M&RA issue LOI and policy codifying roles, operational metrics, fiscal guardrails
- Establishment Letters
- Establish new NAFI
- Transfer lodging financials FOC October 2022