

NAF Accounting Working Group Meeting Minutes
Thursday, February 23, 2017
9:00 AM – 10:00 AM EST

Attendees

- MC&FP
 - Justin Hall, Mike Curtis
- DFAS – Indianapolis
 - La Zaleus Leach
- Army IMCOM G9
 - Bryan Hartsell, Sonia Daugherty
- Air Force
 - Jane Belinfante, Marcus Whitehead, Tom Marsh
- Air Force Secretariat
 - Lt Col Tom Esser
- Air Force A1
 - Lisa Hughes
- USMC
 - Courtney Pulis
- DFAS – Texarkana
 - Lena Anderson
- Navy CNIC
 - Nancy Stephens
- Navy N4
 - Annie Fowler
- Grant Thornton (GT)
 - Ariane Whittemore, Stephen Pomager, Jack Renner

Welcome and Introductions – Mr. Justin Hall, MWR & Resale Policy

- Mr. Curtis welcomed everyone, acknowledged that all the Services were present, and thanked everyone for participating.
- Mr. Hall referenced the memo issued by the Secretary of Defense on February 17, 2017, entitled “Establishment of Cross-Functional Teams to Address Improved Mission Effectiveness and Efficiencies in the DoD.” It includes direction to explore efficiencies across retail operations, base lodging, and MWR activities. He noted that he has not yet received further guidance on the memo or its implementation.

Action Items from Previous Meeting – Mr. Mike Curtis, MWR & Resale Policy

- MC&FP and Grant Thornton to discuss Activity/Cost Center alignment with MWR Categories.

General OSD Update – Mr. Mike Curtis, MWR & Resale Policy

- Mr. Curtis stated that his office is working on acquiring Tableau server space and ensuring that the system is compliant with common access cards (CACs).

FY 2016 NAF Program-Metric Report and NAFSGL 2.0 – Mr. Mike Curtis, MWR & Resale Policy

- Mr. Curtis acknowledged that the Army has already submitted their NAF Program-Metric Report and the Air Force has provided a preliminary copy.
- Mr. Curtis noted that the date for Program-Metric Report submission is February 24, 2017.
- Mr. Hartsell asked if there is recognition for efforts made to reach goals, even if a Service falls short of the metrics.
 - Mr. Curtis acknowledged the importance of including a narrative in the report to Congress that includes Service input with the data in order to explain the context, particularly with Category B Activities.
- Ms. Fowler asked if we could re-examine using different metrics, noting that other measures may be more relevant to performance than percent of appropriated funding.
 - Mr. Curtis said that MC&FP might re-examine performance measures. Mr. Curtis also noted that MC&FP may take a holistic look at all MWR activities as well as the funding model and performance metrics. Discussion on the topic are preliminary with more to follow.
- Ms. Belinfante brought up an issue with the wording in the FMR which states that NAF Accounting follows Generally Accepted Accounting Principles (GAAP). She noted that the Services do not follow GAAP in all instances. She noted that when UFM purchases equipment, the equipment is expensed immediately, vice being depreciated. She requested additional language that qualifies when MWR NAF differs from GAAP.
 - Mr. Curtis acknowledged the issue and noted that some of the NAF Accounting policy in the DoD FMR will be moved to the DoDI 1015.15 in order to provide more clarity for NAF accountants and financial managers.

Discussion of Activity/Cost Center Alignment with MWR Categories – Ms. Ariane Whittemore, Grant Thornton

- Ms. Whittemore noted that Mr. Hartsell had previously requested the exploration of establishing new Activities for different unique services such as car washes.
 - Ms. Whittemore stated that when exploring the creation of new Activities, it was noted that common Cost Centers exist across many Category A and B Activities; creating new Activities for each Activity that straddles multiple Categories could be very extensive.
 - Rather than creating numerous additional Activities, Grant Thornton recommended assigning Cost Centers to Categories as an attribute. This would allow Services to filter by Cost Center, Category, and Activity, as well as aggregate data more effectively.
- Mr. Hartsell stated that he prefers categorization across Activities rather than Cost Centers.
 - Another example is pet care. There is an Activity for pets with multiple pet care Cost Centers.
 - Ms. Belinfante responded that there are existing Cost Centers for Animal Care.
 - Ms. Pulis agreed that the Marine Corps uses the Animal Care Activity aligned with the Grooming Cost Center.

- Ms. Belinfante noted Outdoor Recreation as another area that includes Category B and C services. She also said that we need to maintain flexibility in order to account for new and changing service provision. Resale would always be Category C.
- Ms. Pulis stated that she would prefer the new filter in order to provide clarity on the 1015.10 and ensure uniformity on metric reporting.
- Mr. Hartsell said that if a change to categorizing Cost Centers ties to the metrics then this would likely solve our problem.
 - Ms. Whittemore said that this is the intent. Grant Thornton will work with MC&FP to provide a more detailed proposal on placing Cost Centers in Categories and examine the creation of unique new Activities such as Car Wash.
 - Mr. Curtis noted that the potential new filter for placing Cost Centers in Categories could be optional to use.
- Ms. Stephens noted that the Activity number can be linked back to the annual reporting requirements. She agreed that categorizing Cost Centers using A, B, or C may work, and the Navy will review.
- Mr. Curtis noted that nothing is being finalized today, encouraged Service participation in the review and discussion of this proposal, and acknowledged that MC&FP is open to considering new changes to the NAFSGL. The subject will be on the agenda at the next meeting.

Wrap Up

- Mr. Curtis noted MC&FP and Grant Thornton will reexamine the NAFSGL Activities and Cost Centers Category alignment and provide more details at the next meeting.
- Mr. Curtis summarized the topics noted above and concluded the meeting, commenting that next month's NAFSGL Working Group session will be held on March 23, 2017.

Action Items Summary – Current Meeting

- MC&FP and Grant Thornton will re-examine aligning Cost Centers with Category and creating new Activities to give Services more flexibility in reporting.