

# NAF Accounting Working Group Meeting Minutes

Thursday, September 21, 2017

0900-1000 EDT

## Attendees

- MC&FP
  - Paulette Freese, Mike Curtis
- DFAS – Indianapolis
  - La Zaleus Leach
- Army Secretariat
  - Eric Alberts
- Army IMCOM G9
  - Paul Burk, Bryan Hartsell
- Army OACSIM-IS
  - Elizabeth Femrite
- Air Force M&RA
  - Joe Dyson
- Air Force A-1
  - Mark Montgomery
  - Lisa Hughes
- AFSVA
  - Tina Hudson, Marcus Whitehead, Tom Marsh, Marivic Penman
- MCCS
  - Courtney Pulis, Christine Brokaw
- Army – DFAS – Texarkana
  - Lena Anderson
- Navy OPNAV N4
  - Annie Fowler, Katie Bloomberg
- Navy CNIC
  - Nancy Stephens, Jeffrey Potter, Jennifer Wilkinson
- Grant Thornton (GT)
  - Jeremy Blain, Ariane Whittemore, Jack Renner

## Welcome and Introductions – Mr. Mike Curtis

- Mr. Curtis welcomed everyone, acknowledged that all the Services were present, and thanked everyone for participating.

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

- MC&FP to complete one-on-one meetings with the Services to review 2016 Program-Metric Report results and analyses. Meetings completed with Navy, Air Force, and Marine Corps. Rescheduling Army meeting.

## OSD Update – Ms. Paulette Freese, MWR & Resale Policy, and Mr. Mike Curtis, MWR & Resale Policy

- Mr. Curtis mentioned that the GAO has been meeting with OSD and the Services in the Washington DC area. GAO has already met with Army and Air Force, and is today

(September 21) meeting with Navy and Marine Corps. The GAO review team visited the Hill and talked to Congressional Staffers yesterday (September 20), and they (the Congressional Staffers) want to know how OSD, the Services, and Congress can work together for better outcomes. Congress is interested to know how they can help to fund and oversee MWR programs and make the process work better. It also appears that, due to the massive scope of the review, GAO will keep things at a fairly high level.

- Mr. Curtis mentioned that the dates for the NAF Accounting Working Group for fiscal year 2018 have been established (read ahead) and, as usual, include skipping May. There were no objections to the proposed dates.
- Ms. Freese mentioned that a lot of transformation initiatives are ongoing and each one is related to back-office functions and accounting. It is important for the Accounting Working Group to maintain awareness of ongoing initiatives, because the services may receive questions on the MWR-related components of each. These include:
  - An active review of Lodging currently going on.
  - The next review involving Quality of Life programs is examining integration of the Military Services exchanges and the commissaries (DeCA).
  - In addition, part of the GAO effort already discussed may be to review whether Categories A, B, and C are still the correct way to organize MWR programs.
  - MC&FP is also looking at IT Solutions; the Grant Thornton presentation today (September 21) should provide a view of some of the potential in this space.
  - The FY18 Construction package is on its way to be signed and will then go to the Hill; MC&FP expects some questions from the Senate Armed Services Committee (SASC).
  - In MC&FP, the MWR & Resale Policy office has merged with the Strategy & Innovation office (SIO). The combined office will still be called MWR and Resale Policy. This will allow Mr. Justin Hall to return to focus on Resale Policy. Mr. Ed Miles is the director of the combined office. Mr. Ed Shock and Mr. Ken Sorg are joining the combined office from SIO. The rest of the MWR & Resale team remains the same.
- Ms. Freese stated that MC&FP informed the GAO of the Program-Metric report timeline for 2017, noting that the services will be busy completing this during the December to February timeline. The GAO is scheduled to visit Army and Air Force in San Antonio on 17-18 October.
- Mr. Curtis stated that the NAF Program-Metric Report has made progress since 2015 and the data collected will be helpful moving forward. He told the GAO team that MC&FP validates the data and uses the data in the annual report to Congress on APF support of MWR programs. Mr. Curtis also told the GAO team that MC&FP not only verifies the data to ensure the data repository is sound, but also asks questions of the Services if there may be a potential policy issue to address as a result of the data. These uses will help inform the GAO review and the MC&FP revisions of DODIs 1015.10 and 1015.15.
- Mr. Burk stated that he likes the new structure of the General Ledger, but it may provide too much flexibility. The Service-specific codes could create issues if a Joint NAF Accounting System is pursued. Mr. Curtis agreed that OSD could reexamine this issue. The revised GLAC and installation list in the draft NAFSGL Version 2.0 may help. As stated before, the NAFSGL is a living document and changes may be made to the NAFSGL, including through discussions at the NAF Accounting Working Group. Most services are using cross-walks

currently from their systems to the NAFSGL, so there is an opportunity to make changes to the NAFSGL that would have minimal impact. Mr. Hartsell agreed that the Accounting Group should work out how to balance service flexibility with standardized codes. Mr. Hartsell would also like for all to discuss how to address and identify NAF expenses in the NAFSGL that result from the Uniform Funding and Management (UFM) mechanism (i.e. funds that start as APF) and those expenses from “pure” NAF. Mr. Curtis said that MC&FP would discuss the issues with IMCOM G9 before the next meeting and potentially put those items on the next agenda in October.

### **Joint Accounting Initiative Update – Mr. Jeremy Blain, Grant Thornton**

- Mr. Blain briefed the Joint NAF Comparative Analysis Results (read ahead). He stated that Grant Thornton is willing to meet individually with Services to discuss questions and comments in advance of presentation to Secretariat-level leadership.
- Mr. Blain noted that draft findings include:
  - Sufficient commonality exists amongst service functional accounting requirements to enable consideration of a common accounting system for a long-term solution
  - Accounting practices, Information Assurance, governance, funding, and NAF infrastructure/domain must be addressed
  - Lessons learned from existing military services' accounting shared services should be evaluated
  - MCCS combined MWR/Exchange organization is unique
- Mr. Blain stated that draft recommendations include:
  - Army move forward with NAF cloud-based ERP implementation
  - Services remain engaged every step of the way with Army cloud-based ERP implementation
  - MC&FP continue to keep NAF Accounting and IT Working Groups informed and engaged
  - NAF Accounting practices, joint governance structure, and NAF IT infrastructure approaches should be studied
  - MC&FP develop long-term Joint NAF Accounting Solution "Vision"
- Ms. Tina Hudson asked whether the upcoming meeting with leadership would result in an opportunity for each Service to make an “opt-in” or “opt-out” decision. Mr. Blain stated that the first step was to determine whether it is feasible, which the study found that it was. He stated that more feedback would be needed from each Service before reaching the point of an opt-in or opt out decision. Mr. Mark Montgomery agreed with Ms. Hudson and stated that recommendations should include potential for opt-in or opt-out. Mr. Curtis clarified that this is a draft deck and Tina’s comment is valid. Mr. Curtis emphasized the last recommendation, that MC&FP should develop a long-term Joint NAF Accounting Solution “Vision,” is an important step to facilitate progress on efficiencies.
- Mr. Burk had issue with the first recommendation and stated that if Army moves forward alone, it will move forward with Army-specific requirements, which may not meet all services’ requirements. Ms. Hudson agreed with this concern on the first recommendation, because the other Services want a chance to opt-in or opt-out. Mr. Blain stated that was not the intent of that recommendation and Grant Thornton would revise the recommendation.

- Mr. Burk stated that the long-term vision for a Joint NAF Accounting Solution already came out of the 2013 rapid improvement event (RIE), and we should bring it back up, review those recommendations, and see how it can be improved. He also emphasized the importance of accounting and IT Governance, as well as the proposed Authorizing Official for NAF management/policy. Mr. Curtis stated that MC&FP will show the draft slides to the IT Working Group as well before the meeting with Military Department senior leaders.
- Mr. Burk and Ms. Hudson stated that they believe that the last finding, on the uniqueness of the MCCS organization, is not relevant. OSD and Grant Thornton will follow up with the Marine Corps on this issue and consider a revision to the recommendation.
- Ms. Leach noted that the Army should move very deliberately when developing requirements for a so-called ERP solution, rather than moving out too quickly, in order to ensure costs do not rise prohibitively. Mr. Curtis agreed that planning is important with such a complicated endeavor.
- Mr. Blain stated that Grant Thornton will take all comments into consideration and is willing to review results with each Service, before presenting the draft report to senior leaders.

### **Wrap Up**

- Mr. Curtis summarized the topics noted above and concluded the meeting, commenting that the next NAFSGL Working Group session will occur on Thursday, October 19.

### **Action Items Summary – Current Meeting**

- MC&FP to schedule and conduct one-on-one meetings with Army to review 2016 Program-Metric Report results and analyses.
- Grant Thornton to update draft Joint NAF Comparative Analysis and discuss with Services if needed.
- MC&FP will add items to next month's agenda: 1) Update on GAO review (if applicable), 2) Service accounting flexibility versus standardization, and 3) how to address and identify UFM expenses versus pure NAF expenses.