

DoD NAF Accounting Working Group Meeting Minutes

Thursday, June 14, 2018

0900-1000 EDT

Attendees

- MC&FP
 - Mike Curtis
- DFAS – Indianapolis
 - Mark Atkinson
- Army Secretariat
 - Gerald Holliday
- Army IMCOM G9
 - Sonia Daugherty, Bryan Hartsell
- Air Force A-1
 - Michael Coltrin, Lisa Hughes
- AFSVA
 - Marcus Whitehead, Marivic Penman, Connie Lipko, Tina Hudson, Tom Marsh, Becky Karnafel
- Air Force Secretariat
 - Lt Col. Chip Hollinger
- MCCS
 - John Johnston, Pat Craddock, Courtney Pulis
- Army – DFAS – Texarkana
 - Lena Anderson, Randy Rodgers
- Navy CNIC
 - Jennifer Wilkinson, Nancy Stephens, Jeff Potter
- Navy OPNAV
 - Annie Fowler
- Grant Thornton (GT)
 - Jeremy Blain, Ariane Whittemore, Mary Saldivar, Sumner Higginbotham

Welcome and Introductions – Mr. Mike Curtis, MWR & Resale Policy

- Mr. Curtis welcomed everyone, acknowledged that all the Services were present, and thanked everyone for participating.
- Mr. Curtis noted the annual end of year funding email from MC&FP had gone out to the Services with a suspense of July 10th. Mr. Curtis noted that no dollars had been identified just yet, but commented that having the Services' preferences on funding would be helpful.

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

- Mr. Curtis began the meeting by reviewing the action items outlined in the April 19th meeting
 - The first action item reviewed was the distribution of the position papers, particularly the Overhead/ Common Support Paper. Mr. Curtis acknowledged that the papers had been distributed to the Services and had been discussed in the one-on-one meetings with the Army and Navy. Mr. Curtis noted this action item is

- ongoing as OSD still needs to discuss these position papers with Air Force and Marine Corps in their one-on-one sessions.
- Mr. Curtis noted the second action item of scheduling the one-on-one sessions is ongoing.
 - Mr. Curtis noted that the Services had provided comments on the draft DoDI 7600.06.
 - Mr. Curtis commented that the Services completing their due-out tasks from the March offsite is ongoing and is being discussed in the one-on-one sessions.
 - Mr. John Johnston brought up a question on the procedure to finalizing the position papers. In previous discussions, the NAF Accounting Standards Board was discussed as the authority on approving the papers and providing to the appropriate organization (USD P&R or USD Comptroller/DFAS for final approval and promulgation. He inquired as to whether this is the process that will be used for the position papers. Mr. Curtis stated that both the Army and Navy “non-concurred” with the creation of the NAF Accounting Standards Board due to concerns about the creation of additional governance body. MC&FP is proposing the NAF Accounting Working Group be formally chartered and assume the roles formerly proposed for the NAF Accounting Standards Board.
 - Mr. Curtis is redrafting the memo to reflect the new position. He hopes this memo will clear the non-concurrences previously issued by the Army and Navy leading to a final approval memo for NAFSGL 2.0 and the formalization of the NAF accounting governance structure.
 - Mr. Johnston acknowledged the concerns, but noted that given the size of the working group, it may be a cumbersome process to get accounting policy issues approved. Mr. Johnston viewed the proposed NAF Accounting Standards Board as valuable due to its small size and concentration of accounting expertise.
 - Mr. Curtis commented that the Service one-on-one meetings and other side-meetings held between elements of the NAF Accounting Working Group, such as the NAF Accounting Workshop in San Antonio in March 2018, would allow small groups of individuals to discuss and decide upon NAF accounting practices including the Position Papers, and noted that this process worked well for the original Position Paper effort in 2015. Mr. Curtis reiterated the goal of zero non-concurrences with respect to the Position Papers, and expressed his belief that the NAF Accounting Working Group could achieve this more efficiently than the proposed NAF Accounting Standards Board.
 - Mr. Johnston agreed that the NAF Accounting Working Group has the necessary expertise, and should organize itself into smaller sessions for completion of the Position Papers and other NAFSGL/NAF Accounting issues updates.

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

- Mr. Curtis commented that there were no major updates to provide at this time, other than a briefing from the Army NAF offsite held in Texarkana.

Overview of Army NAFSGL Offsite with Army non-MWR NAFIs in Texarkana- Brian Hartsell- Army IMCOM G9, and Jeremy Blain- Grant Thornton

- Mr. Curtis turned the floor over to Mr. Brian Hartsell and Mr. Jeremy Blain
 - Mr. Hartsell began the overview, noting that most of the Army's NAFIs were in attendance. Mr. Hartsell noted that this was certainly important, as the Army had not previously reached out to other Army NAFIs to see if the NAFSGL was adequate for them. Mr. Hartsell noted that discussions were extensive, as the participants discussed how the codes work and relate to current systems, and what the future state should be. Mr. Hartsell noted that the discussions were detailed and very helpful, and thanked Ms. Lena Anderson from DFAS for hosting the event.
 - Mr. Blain added onto Mr. Hartsell's comments, noting that 22 reps from Army and DFAS were present, along with a rep from DODEA. Mr. Blain drew attention to the Army Recreational Machine Program and the veterinary programs. Mr. Blain commented that the issue of other Service-managed revenue, in which one Service operates a program on behalf of another Service, was highly relevant to the veterinary NAFI and ARMP.
 - Mr. Blain introduced a suggestion made in the offsite related to this issue of other service-managed revenue. The proposed solution is to separate the Service designator from the installation designator on the NAFSGL Installation List, as they are currently combined. Mr. Blain noted that the previous solution of having a series of joint base codes was adequate for just a few other Service-managed revenue situations, but the offsite demonstrated that a change was needed.
 - Mr. Blain noted that this change to the code would not add or subtract digits, and would be fairly easy to implement. Installations of all Services would be assigned a four-digit unique number. For example, Joint Base San Antonio would always be 0156, regardless of whether Army or Air Force is the reporting entity. The Service designator would become its own column- allowing for Air Force to report A- 0156 and Army to report R-0156. Previously, JBSA had multiple installation codes.
 - Mr. Blain anticipates this change would resolve some of the issues currently faced by the NAF Accounting Working Group, such as capturing all of the activities at a location. Mr. Blain also noted that four digits is more than sufficient for future needs given the approximately 500 current active installations codes being used, whether physical or virtual.
 - Mr. Blain noted that the installation change was the largest conceptual change discussed in the offsite. Additionally, the group reviewed the GLAC code structure line by line and created mappings from the current NAF systems used by program managers over into the new NAFSGL. Mr. Blain also noted that there were some new proposed cost centers, but that the impact of those changes to the broader NAFSGL is minor.
 - Both Mr. Hartsell and Mr. Blain noted that the NAFSGL structure should be workable and applied to all NAFIs in the Army, and both felt that the offsite was very productive in making progress towards this goal. Both opened the floor for comments by the NAF Accounting Working Group.

- The NAF Accounting Working Group viewed these developments as very positive.
 - Mr. Gerald Holiday noted that there could be significant benefits to the new installation format, such as allowing leadership to see the full impact and cost of closing a base.
 - Mr. Johnston noted that the proposed changes appear to be improvements, but would like to review the full implications with his team prior to giving a formal opinion. The rest of the NAF Accounting Working Group agreed that they will review the changes within their Service team.
 - Mr. Curtis offered that OSD and Grant Thornton will put together a briefing of the proposed changes to the NAFSGL code ahead of the next NAF Accounting Working Group meeting.
 - Mr. Holiday requested that the briefing include Tableau illustrations of the impact of the installation list change.
- Mr. Blain acknowledged the request for briefing, and recommended additional action items for the long-term. Mr. Blain recommended the other Services conduct a similar off-site meeting to include all of their NAFIs to get the input of the smaller NAFIs, and he also recommended that OSD conduct a similar meeting with the smaller DOD NAFIs that fall under its purview. Mr. Curtis agreed and noted that such a meeting would be beneficial.
- Mr. Blain noted that he will send out the updated installation list with a summary memo documenting the other changes recommended. Mr. Blain hopes to have this to the NAF Accounting Working Group by the end of June.
- Mr. Blain also brought up donations in-kind as another topic discussed at the Army Texarkana offsite that has implications for the NAF Accounting Working Group. Mr. Blain was curious as to what journal entries are used by the Services for in-kind donations.
 - Mr. Hartsell responded that the Army does not have donations in-kind reflected on the financial statements in any way. The transaction does not involve cash expenditures, and adds a whole additional element to the financial statements. Mr. Hartsell indicated he has not taken a side on the issue, as there is an argument for displaying the donations to show total resources available to the NAFI.
 - Mr. Johnston noted that the Marine Corps is currently dealing with this issue. Mr. Johnston believes the main issue is determining the fair market value of the donated asset. Mr. Johnston does not believe the Marine Corps has the expertise to appraise the asset. Mr. Johnston also does not believe the Marine Corps should recognize income related to the donated asset, because the Marine Corps could not specify the value of the donated asset.
 - Ms. Nancy Stephens noted that the Navy does not record donations in-kind.
 - Ms. Tina Hudson commented that the Air Force does have a policy for assigning fair market value to donated assets and recording revenue. Mr. Hudson will distribute this policy to the rest of the group.

Grant Thornton's progress on Tableau Server issue resolution and Position Paper issuance
– Mr. Jeremy Blain, Grant Thornton

- Mr. Blain noted that in a related data analytics effort, the Grant Thornton team has coordinated with Army PA&E to allow users with email addresses that are not @mail.mil to access the Tableau Server page. Mr. Blain noted that .naf email addresses have worked, but that a volunteer with an .org email address would help ensure that .org addresses are able to access.
 - Mr. Blain noted that accessing Tableau Server is a two-step process. First, the user must register for an eprobe account, and secondly, OSD must grant permission to see the visualizations on the Server.
 - Mr. Curtis also noted that the Tableau Server site is currently being updated for the most up-to-date visualizations and will include introductory information to assist new users with how to use the dashboards.
 - Mr. Curtis further commented that the OSD permission settings allow for restricted viewership of particular dashboards and content if necessary. Mr. Curtis noted the Program Metric Dashboards will be initially limited to Working Group members.
- On the topic of Position Papers, Mr. Curtis noted that OSD would like to review the pre-offsite Position Papers in the next working group session to ensure that the concurrences issued in previous years are still reflective of the Service's official positions. Mr. Curtis would like the review of these papers to be final, and then OSD will process them further either internally or externally to DFAS depending on the policy affected. Mr. Curtis noted that these papers have been distributed to the Services.
- Mr. Blain noted that the first four new Position Papers have been distributed, and that the next working group sessions will address the subsequent papers in batches of three or four going forward. Mr. Blain noted that there are 14 previous position papers and 12 new papers at this time.

Wrap-up & Action Items – Mr. Mike Curtis, MWR & Resale Policy

- Next meeting – July 26, 2018
- Action Items – Grant Thornton
 - Send out proposed changes to the NAFSGL memo and proposed changes to the Installation list based on the Army Texarkana offsite.
 - Contact a Working Group member with a .org email address to test access to the Tableau Server site
- Action Items – Services
 - All – Review Position Papers from before the NAF Accounting Workshop in March 2018 in advance of July 26 meeting
 - All – Review the proposed changes sent by Grant Thornton and provide Service position at next session.
 - All – Continue to work on NAFSGL March off-site due-out tasks.
 - Air Force – Provide accounting policy for donations in-kind to the working group.