



DoD NAF Accounting Working Group Meeting Minutes

Thursday, July 27th, 2018
0900-1000 EDT

Attendees

- MC&FP
 - Mike Curtis
- DFAS – Indianapolis
 - Robert Haines, Jordan Jensen
- Army IMCOM G9
 - Sonia Daugherty
- Air Force A-1
 - Lisa Hughes, Mike Coltrin
- AFSVA
 - Tina Hudson, Connie Lipko, Marivic Penman, Tom Marsh, Stephen Holekamp, Marcus Whitehead
- MCCS
 - Christine Brokaw, Pat Craddock, Courtney Pulis
- Army – DFAS – Texarkana
 - Lena Anderson, Randy Rodgers
- Navy CNIC
 - Nancy Stephens, Jeff Potter, Jennifer Wilkinson
- Grant Thornton (GT)
 - Jeremy Blain, Mary Saldivar, Sumner Higginbotham, Vishal Ayyagari

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.

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

- Mr. Curtis began the meeting with a discussion of the minutes of the June meeting, with an emphasis on access to Tableau Server. Mr. Curtis mentioned that there were some problems with Tableau Server attributable to the Army moving the application to the cloud.
 - Mr. Curtis requested that Grant Thornton investigate the issue to see whether Working Group members with mail.mil addresses could use the .mil link after applying via the other email address link.
- Mr. Curtis mentioned that he was still working on edits and comments to certain chapters of DoD FMR Volume 13 as part of DFAS' effort to update their policy.

Position Paper Update- Mr. Jeremy Blain, Grant Thornton

- Mr. Blain briefly explained that MC&FP and Grant Thornton had worked together to separate the old position papers into groups based on the prior concurrence and integration of the position papers into the NAFSGL version 1.0 .



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- Mr. Blain noted that the goal of this review of the previous papers was to provide the Working Group members with an opportunity to comment on these papers prior to sending the papers to DFAS.
- There were six position papers presented and five NAFSGL discussions for the period 2014/2015
- **Papers**
 - Allowance for Doubtful Accounts
 - Amortization/Depreciation
 - Dividend Classification
 - Salvage Value
 - Ticket Sales
 - Prior Period Adjustment
- **Discussions**
 - Artifacts
 - Cost of Goods Sold
 - Certificates of Deposit (30 days or less)
 - Capital Project Accounting
 - Royalty Fees
- Ms. Craddock of the Marine Corps (MCCS) asked what the exact procedure for approving these position papers would be. Ms. Craddock additionally noted that the Marine Corps would like to share these position papers with their auditors and with their leadership.
 - Mr. Curtis responded that these papers had been concurred upon previously, and the current process is that MC&FP will send these to DFAS for approval and subsequent update to NAF accounting policy. He also concurred with auditors reviewing these documents, as he considers that an important part of the policy process.
 - Ms. Brokaw commented that she did not believe that the Ticket Sales position paper was originally incorporated into the NAFSGL 1.0 version, and that considerations on this paper may have changed given new staff and continued discussions since 2014. Ms. Brokaw further added that papers that indicate a policy change take time on the Service side to fully incorporate, and require a more substantial effort than changing coding numbers.
 - Ms. Craddock also questioned why Ticket Sales policy paper was considered ready for DFAS consideration but Credit Card Sales were not.
 - Mr. Curtis noted that he and Grant Thornton would go back and collect the minutes and prior documentation showing previous discussions and considerations of each paper to validate position paper approvals.
 - Mr. Blain agreed with the approach, and noted that addressing each paper with the supporting documentation would likely be an improvement on the process and ensure that all Service input is taken into consideration in light of changes



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of personnel, accounting standards, and Service concerns since 2014. Mr. Blain noted that each paper will go through the Working Group for concurrence again and then to DFAS for their dispensation.

- Mr. Curtis noted the time and the extent of the discussion regarding the pre-March offsite papers, and commented that the new position papers that were distributed would be discussed at a later working group meeting in the interest of time.
- Mr. Curtis noted that MC&FP and Grant Thornton will emphasize clearing the deck with the old position papers moving forward.

Proposed Changes to the NAFSGL- Mr. Jeremy Blain, Grant Thornton

- Mr. Blain provided an overview of the proposed changes made in the NAFSGL installation structure.
 - Mr. Blain first drew attention to the installation code changes as described in the memo read-ahead, and noted that the Services had agreed with the change in the Service one-on-one meetings. No questions nor concerns were expressed by the Working Group, and the Installation Code changes are considered concurred upon by the Working Group and will be reflected in the NAFSGL 3.0 version.
 - Mr. Blain also provided general background on some of the cost center and NAFI changes proposed at the offsite. The main changes were distinguishing between resale activities and participation activities, such as auto skills and auto resale.
 - Mr. Curtis said that once the DoDI 1015.10 is revised and further analysis of separating skills development and resale activities (e.g. for Auto and Arts/Crafts) was complete, the Working Group will consider additional revisions to the NAFSGL.
 - Mr. Curtis noted that a highlighted partial version of the NAFSGL will be sent out for the Services to review the cost center changes.

Synopsis and primary NAFSGL takeaways from Service One-on-One meetings: Standardization Challenges, Mr. Jeremy Blain, Grant Thornton

- Mr. Blain began the last discussion point by noting trends in the Service one-on-one meetings where the Services had differing interpretations or applications of the NAFSGL to the point where these issues were obstacles to the goal of a standardized general ledger.
- Mr. Blain noted the issues identified for today's discussion were primarily:
 - Accounting for donations of in-kind assets,
 - Reporting Gaming program financials, and
 - Differentiating between Sales and Other Operating Income.



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- Mr. Blain turned the floor over to the Air Force for the Air Force to explain their donations policy, which was a read-ahead of this meeting.
 - Mr. Steven Holekamp (Air Force), mentioned that there were two types of donations: monetary and non-monetary
 - Monetary donations are considered non-operating income, as they are not considered earned through operations.
 - With donations of non-monetary assets (also known as capital assets), the Air Force capitalizes the asset and depreciates it, with the initial appraisal at fair market value. The logistics manager will come up with the fair market value. However, the donation receipt is considered an increase in equity, rather than an increase in revenue.
 - Donated supplies or inventory are considered non-operating income upon receipt, and will be expensed out of supplies or Cost of Goods Sold, respectively.
 - Mr. Curtis asked if there were any comments from the Services regarding Air Force's policy. No comments were made.
 - Mr. Blain followed-up by asking the Working Group members to evaluate the Air Force's policy as the Working Group moves forward in determining an approach to donated assets.
- Mr. Blain then turned the discussion towards gaming reporting, and asked if there was a certain way of capturing the slots, gaming, gambling, and bingo among each of the services. Mr. Blain referenced the gaming memo provided as a read-ahead as showing the various approaches the Services take to reporting gaming.
 - Mr. Curtis clarified that his interest in reporting Slots and Bingo was due to interest in gambling by Congress/GAO. After a brief discussion, Mr. Curtis noted that he would propose address this issue in the revision of DoDI 1015.10.
- Mr. Blain then addressed the standardization area of Sales vs. Other Operating Income
 - Mr. Blain asked the question of whether revenue generated from sales should be classified as "sales & other income" category or "other operations" category.
 - Mr. Curtis mentioned he NAF Program-Metric report and the goal of revising the report to consistently meet the needs of the Services and OSD, and noted that a change to allow Participation Income could be made to help sort out the issue of Sales vs Other Operating Income.
 - Mr. Curtis then noted that time was short and the discussion would continue in the next meeting.



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

OSD and Grant Thornton:

- Grant Thornton and OSD will retool the position paper tracker and prepare the position papers with evidence as a packaged item for review and consideration by the Working Group for approval and processing by DFAS.
- Grant Thornton will provide a summary update of NAFSGL changes made at the Army/DFAS Texarkana offsite.
- Grant Thornton will investigate the possibility of using the .mil link for eprobe approval.

Services

- Working Group be prepared with comments and potential solutions on the Gaming Reporting topic for the next meeting.