



## DoD NAF Accounting Working Group Meeting Minutes

Thursday, June 21st, 2019

0900-1000 EDT

### Attendees

- OSD – MC&FP
  - Mike Curtis
- DFAS – Indianapolis
  - Susan Haines, Maranda Summers
- DFAS – Texarkana
  - Randy Rodgers, Lena Anderson
- Army IMCOM G9
  - Bryan Hartsell, Sonia Daugherty, Renee Keys
- AFSVA FMAR
  - Connie Lipko, Tom Marsh, Marcus Whitehead, Marivic Penman, Sharon Riviera
- Air Force – A1
  - Mike Coltrin
- Marine Corps
  - John Johnston
- Navy – CNIC (Millington)
  - Nancy Stephens, Jennifer Wilkinson, Jeff King
- Navy – CNIC (Washington)
  - Marsha Adams
- Navy – OPNAV
  - Annie Fowler
- Army Secretariat
  - Gerald Holliday
- Grant Thornton (GT)
  - Jeremy Blain, Ariane Whittemore, Vishal Ayyagari, Ansley Nix

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

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

### Revisit Previously Discussed Position Papers – Mr. Jeremy Blain, Grant Thornton

- Mr. Blain started the discussion by thanking all the participants for their contributions at the Service One on One meetings.
- Capital Project Accounting Position Paper (PP #22). This Position Paper recommends the Services use the restricted cash account for legally restricted funds only. Additionally, the Services should place funds that are set aside for future capital purchases or projects but are not legally restricted in a separate account.
  - Mr. Blain stated that the Services were all in concurrence.
  - The Services raised no objections.
- Common Support/ Overhead Position Paper (PP#15). This Position Paper recommends that the Services review their Overhead/Common Support accounts to determine the proper organizational level to allocate costs. This will result in increased comparability and consistency of the financials between the Services.
  - Mr. Blain stated there was concurrence with the Position Paper amongst the Services.
  - The Services raised no objections.



## DoD NAF Accounting Working Group Meeting Minutes

Thursday, June 21st, 2019

0900-1000 EDT

- Depreciation Allocation Position Paper (PP#17). This topic was recommended due to the significantly different depreciation figures in the Overhead account on the Program Metric Report, suggesting that the Services are not allocating depreciation in the same way. Standardizing the approach would increase comparability and consistency between the Services. Depreciation will be allocated to a general overhead account only if the asset is purchased to benefit an entire location.
  - Mr. Blain stated that the Services were in concurrence with the concept and minor modifications to the language in the Position Paper will be made based on discussion with the Services.
  - Mr. Johnston asked a clarifying question on Position Paper #17. Mr. Johnston noted that there was a paragraph where the Position Paper requested the Services provide a brief explanation of their allocation methods. Mr. Johnston then asked Mr. Curtis if he would like the Services to still send this to OSD.
    - Mr. Curtis replied to Mr. Johnston by stating that the paragraph was added based on recommendations from the Air Force. The Air Force stated that the Position Paper holds old data and will send updated information to OSD, to incorporate into the Position Paper. Mr. Curtis noted that OSD would prefer if the other Services could also provide a brief explanation of their depreciation allocation process to further enhance the Depreciation Allocation Position Paper (PP#17). Mr. Johnston stated that the Marine Corps would send OSD a brief outline of their depreciation process.
  - The Services raised no additional questions.
- Unemployment Insurance Position Paper (PP#34). This Position Paper recommends the NAFIs record a standard liability at the time the bill is provided by the State or Department of Labor. The recorded expense and liability may roll over into the next fiscal year depending on timing of the actual payment.
  - Mr. Blain explained that since the previous Working Group meeting, OSD and Grant Thornton engaged with the Army to address their concerns.
  - Mr. Hartsell explained that the Army agrees with the general concept of the Unemployment Insurance Position Paper (PP#34). However, the Army does not believe there needs to be a separate GLAC at the OSD level. Mr. Curtis thanked Mr. Hartsell for the input and noted that OSD was agnostic and will adopt the structure agreed on by the Services. Mr. Curtis then turned the discussion to the other Services for comment.
  - Ms. Stephens noted that the Navy makes accruals monthly and pays the bill at the end of each quarter.
    - Mr. Curtis asked Ms. Stephens whether the Navy would prefer a new GLAC for the expense.
    - Mr. Hartsell clarified his comments and noted that all Services have the GLAC available, however, it appears that the Services are recording the transaction in different ways.
    - Mr. Blain stated that that it would be preferable to have a standard set of detailed GLAC shreds to achieve a greater level of standardization amongst the Services.
  - Ms. Stephens explained that the Navy makes a monthly accrual for the expense that they adjust to reflect the actual expense after the bill is received. Ms. Stephens requested that the language be changed to incorporate this process.



## DoD NAF Accounting Working Group Meeting Minutes

Thursday, June 21st, 2019

0900-1000 EDT

- Mr. Whitehead noted that the Air Force also accrues the expense monthly and expenses when the bill is received.
- Mr. Curtis thanked the Navy and Air Force and suggested updating the language to “record the liability when the bill is received”.

### **NAFSG 3.0 Update – Mr. Mike Curtis, MWR & Resale Policy and Mr. Jeremy Blain, Grant Thornton**

- Mr. Blain explained that there may be a need for an additional session(s) with the Services to discuss the necessary changes to the GLACs. Mr. Blain explained that he would be available to meet with each of the Services to go through the final items.
  - Mr. Hartsell explained that the Army does not agree with the addition of the GLAC “General” layer. Mr. Hartsell explained that the GLAC specific layer was standardized for all Services so he does not believe that 3 GLAC layers are necessary.
  - Mr. Curtis stated that the issue will be discussed in more detail at the July NAF Accounting Working Group meeting.

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

- Mr. Curtis opened the discussion for any other final topics or comments.
- Ms. Stephens raised the question of how the other Services currently treat the sale of assets. Ms. Stephens would like to discuss the topic at an upcoming NAF Accounting Working Group meeting. Mr. Curtis agreed and promised to include the topic on the July meeting agenda.
- The working group did not raise any additional questions and Mr. Curtis concluded the meeting.
- The next Working Group meeting will be July 25, 2019.
- **Action items**
  - The Services will send OSD a brief paragraph on their Depreciation allocation methods for inclusion in Position paper #17.
  - The topic on the sale of assets will be included in next month’s agenda.
  - OSD and the Grant Thornton team will send the Services an updated General vs Detailed GLAC structure briefing for discussion.
  - If they haven’t already, the Services will send OSD their updated installation lists and detailed GLAC revisions.