

DFAS Texarkana NAF Financial Services

Defense Finance and Accounting Service



How DFAS Non-Appropriated Fund (NAF)
Financial Services Support to the Army and DoD



Gene Kincy
Director, DFAS Texarkana





- ▶ **Fun Facts**
- ▶ **History**
- ▶ **Mission**
- ▶ **Staffing**
- ▶ **Customers**
- ▶ **Responsibilities**
- ▶ **Systems**
- ▶ **Operations**
- ▶ **Questions**



One name, Two States

- ❑ Population: 2010 TX/AR 143,486
- ❑ State Line Avenue divides city
- ❑ Arkansas sales tax 10%, Texas 8.25%
- ❑ State income tax in Arkansas, none in Texas
- ❑ Only Federal Building in US to straddle state line
- ❑ US Post Office/federal building has two zip codes
- ❑ 2 mayors, 2 police and fire departments, but only 1 public library



Historical Perspective



- **1977:** Computer software developed at RRAD for NAF accounting and payroll adopted by USAFAC for Army-wide use and named NAFISS/NAFCPS.
- **1978:** Centralizing NAF accounting and payroll at RRAD begins.
- **1980:** NAF payroll operations capitalized by USAFAC as separate entity.
- **1984:** Centralization of AMC NAF accounting at RRAD is completed. NAF payroll consolidation complete except for Europe.
- **1989:** FORSCOM begins transferring NAF accounting to RRAD.
- **1993:** **NAF accounting at RRAD is capitalized by DFAS**, and TRADOC begins transferring NAF accounting to RRAD.
- **1995:** NAF payroll assumes Europe.
- **1996:** DFAS merges NAF payroll and NAF accounting to form NAF Financial Services - NFS.
- **2005:** NFS assumes Europe Lodging.
- **2008:** NFS completes transfer of 266th FINCOM NAF Europe Accounting Mission
- **2013:** Office of the Chief of Chaplains transfers “Chaplains Tithe and Offering Fund” to DFAS
- **2014:** Groundbreaking for New Building
- **2015:** Transition accounting for IMCOM G9 begins



Mission Statement



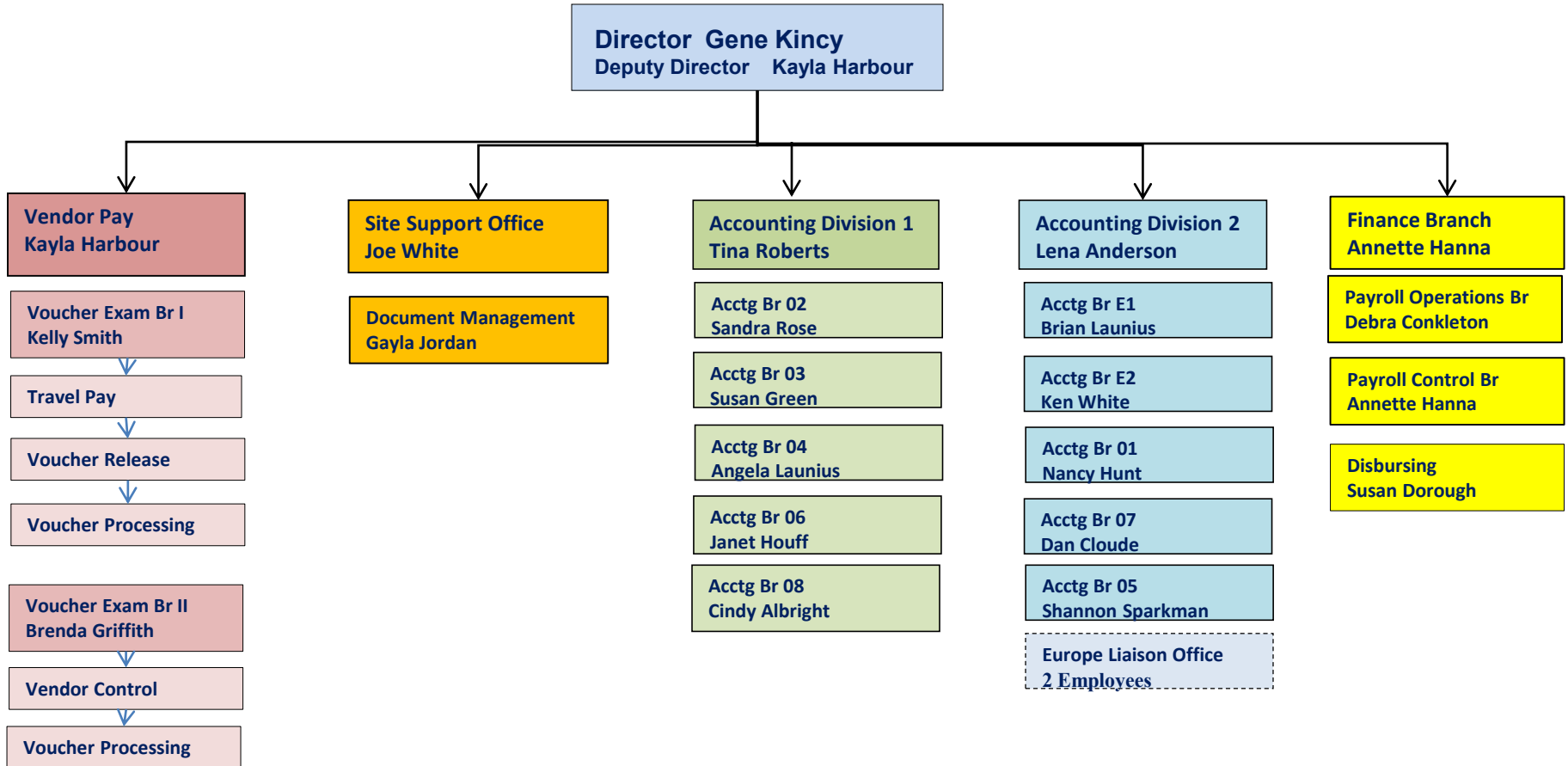
MISSION: Provide quality finance and accounting services to DoD and Army Non Appropriated Fund Instrumentalities (NAFIs) with a commitment to meet the challenges of our customers' current and future needs.



SUPPORT DFAS STRATEGIC THEMES : Customer Collaboration
Continuous Improvement
Operational Excellence



DFAS Texarkana Organization





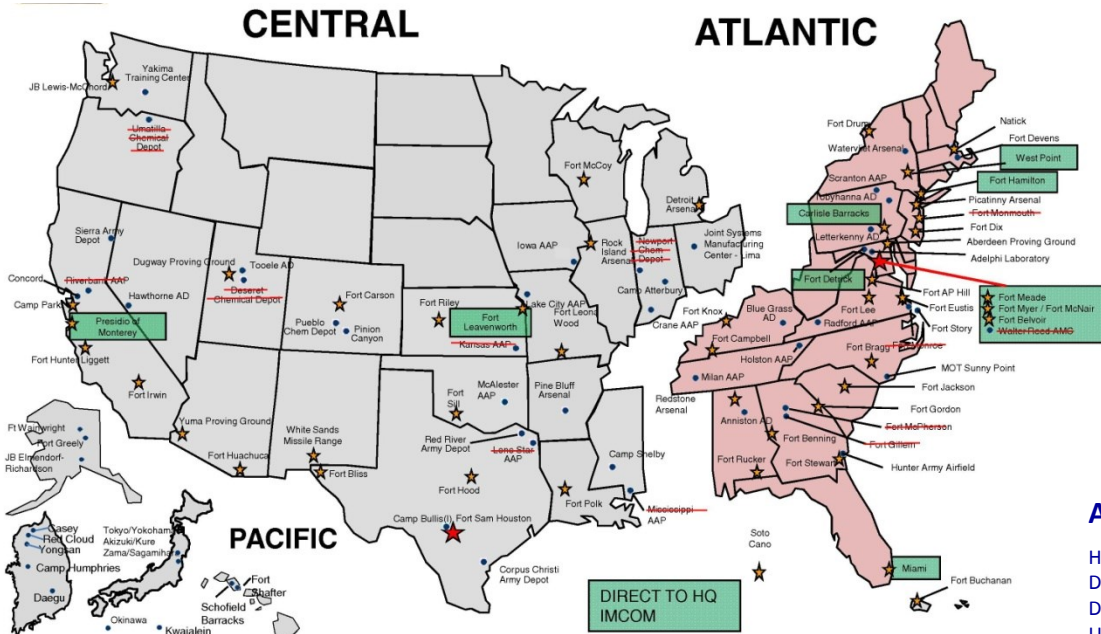
Employees

Office of Director	3
Accounting	151
Europe Liaison	2
Vendor Pay	33
Payroll	21
Site Support	26
Disbursing	5
IT	2
Total	243

- Only Nonappropriated Fund Mission in DFAS (Army/DoD)
- GS and NAF Employees
- NAF pay band, NF03 (GS6-8) NF04 (GS9-12) NF05 (GS13-15)
- Performance rating for NAF based on service comp date
- National Association of Independent Labor, GS and NAF
- Operates as a Nonappropriated Fund Instrumentality
- Cash-in-bank
- Monthly profit loss statement



NAF Accounting & Payroll Support Worldwide



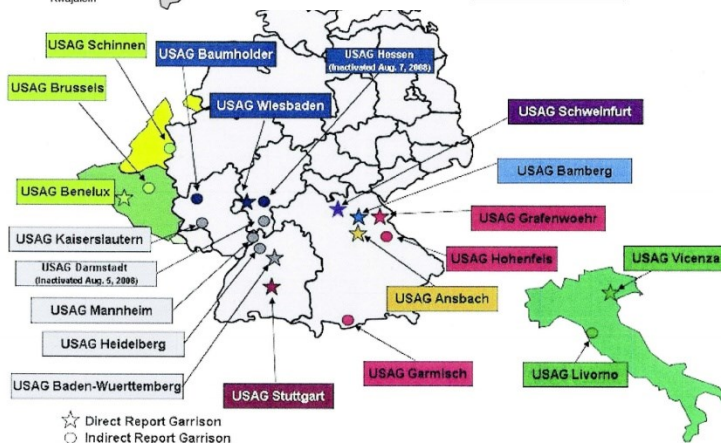
Serving the Warfighter Worldwide!



Additional Customers

- HQ, SDDC (Surface Deployment & Distribution Command)
- Defense Logistics Agency
- Defense Intelligence Agency
- US Army Cold Regions Research and Engineering Lab
- Uniformed Services University of the Health Sciences
- National Geospatial-Intelligence Agency (NGA)
- The Staff Judge Advocate General School
- Defense Finance & Accounting Service
- Office of the Chief of Chaplains
- Corps of Engineers
- Fisher Houses
- Army Athletic Association
- USA Public Health Command
- Pentagon Athletic Association*
- Stars and Stripes*
- Armed Forces Recreation Centers*
- Family and MWR Programs
- DoD Concessions Committee*
- National Security Agency*

* Payroll Customer Only



What is NAF ???



- ▶ **Government monies and assets originate from sources other than monies appropriated by Congress.**
- ▶ **Separate and apart from funds recorded in the books of the Treasurer of the United States.**
- ▶ **Entitled to the same sovereign privileges and immunities as the Federal Government.**
- ▶ **Integral and essential in supporting the military mission.**





▶ How is a NAFI established?

A written approval to establish a NAFI shall specify the purpose and function, the authorized patrons, a financial plan, and a successor NAFI.

▶ Purpose and function to meet specific needs of the service.

▶ DFAS was appointed the accounting responsibility for DoD NAFIs.

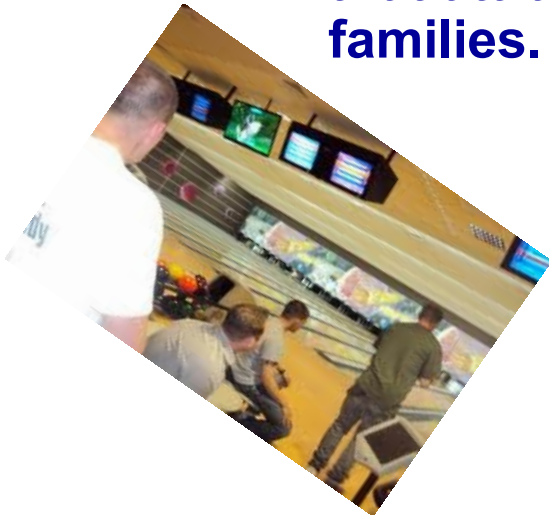


What is Morale, Welfare and Recreation ???



A quality-of-life program that supports the warfighter.

Included are social, fitness, recreational, and educational activities that enhance community life...providing a working and living environment that attracts and retains quality soldiers and families.



Categories of MWR NAF Operations



- **Category A: Mission-Sustaining Programs**

- ✓ Fitness Centers
- ✓ Libraries
- ✓ Parks and Picnic Areas
- ✓ Community Recreation Centers
- ✓ Sports Activities



- **Category B: Community Support Programs**

- ✓ Arts and Crafts
- ✓ Auto Shops
- ✓ Child Care and Youth Activity Centers
- ✓ Outdoor Recreation Facilities

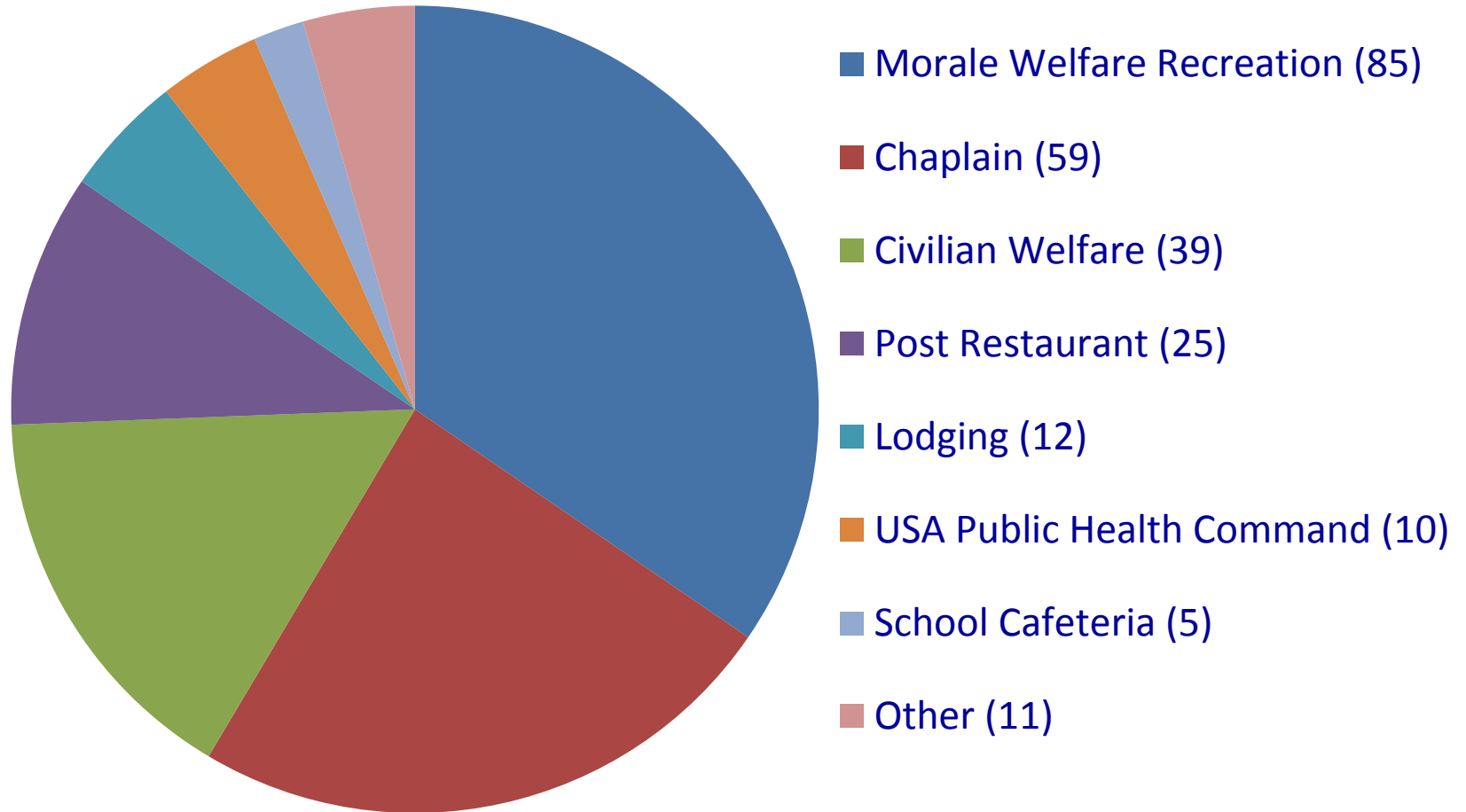


- **Category C: Revenue Generating Programs**

- ✓ Bowling Centers
- ✓ Food, Beverage, and Entertainment Operations
- ✓ Golf Courses
- ✓ Military Clubs



Nonappropriated Fund Instrumentalities



NAF Accounting and Payroll Responsibilities



- **Maintain all books of original entry**
 - ✓ Journals and registers
 - ✓ General ledgers
 - ✓ Subsidiary ledgers
- **Maintain fixed asset records**
- **Prepare disbursement vouchers & checks**
- **Reconcile bank accounts monthly**
- **Prepare required periodic financial reports**
- **Audit Readiness**
- **Process Payroll for serviced NAFIs**
 - ✓ Make timely payment to employees
 - ✓ Issue leave and earnings statements
 - ✓ Withhold and remit taxes



- ▶ **NAF uses double-entry accrual basis of accounting and adheres to guidelines established by GAAP.**
 - ✓ **Accounting 101**
 - ✓ **Economic events are recorded when they occur.**
 - ✓ **Income and expenses are matched to the accounting period.**
 - ✓ **Same fiscal year as Federal Government.**

Raw Materials Inventory 1) 9,500 2) 5,000 3) 100 <hr/> Accounts Payable 1) 9,500 <hr/> Accum. Depreciation 4) 600 <hr/> Cash 5) 400 <hr/> Wages Payable 7) 2,000	Work-in-Process Inventory 2) 5,000 8) 8,600 6) 1,100 7) 2,000 <hr/> Factory Overhead 3) 100 6) 1,100 4) 600 5) 400	Finished Goods Inventory 8) 8,600 9) 7,900 <hr/> Cost of Goods Sold 9) 7,900 <hr/> Sales Revenue 10) 15,000 <hr/> Accounts Receivable 10) 15,000
<small>simplestudies.com</small>		



- **NAFISS-NAF Information Standard System**
- **NAFAVS-NAF Automated Voucher System**
- **NAFCPS-NAF Centralized Payroll System**
- **Great Plains Dynamics**
- **OLRV-Online Report Viewing**
- **EDM-Electronic Document Management**
- **CEDMS-Corporate Electronic Data Management System**
- **IATS-Integrated Automated Travel System**



Vendor/Travel Pay

Payroll

Disbursing

Accounting

Audit Readiness



Volume (Annual Totals)



Vendor Pay:

- 122,044 Vouchers
- 246,370 Invoices
- 6,712 Travel Vouchers

Payroll:

- 33,700 W2s issued in CY 2015
- Over \$1 Billion
- NAF W2s & LES available on myPay

Disbursing:

- \$758 M
- €17 M



Paying All Army NAF employees around the world



\$1.5B Customer Revenue

4.3M Transactions annually

249 Financial Statements monthly

600 Variance Reports monthly

371 Bank Reconciliations monthly

163 Fixed Asset Reports monthly



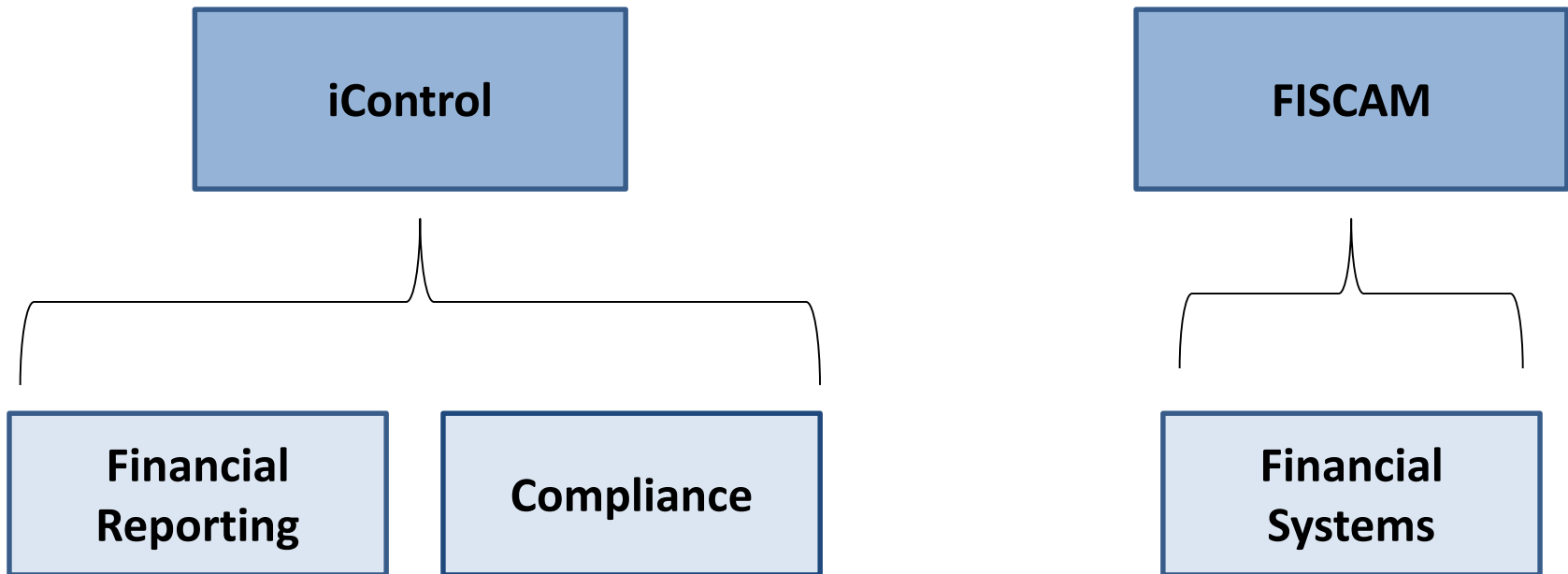
Audit Readiness Internal Control Program

FISCAM

- Framework to assess Information Technology (IT) controls

iControl

- 16 processes
- 37 Controls (29 Key Controls, 8 Non-Key Controls)



IPA Audit Status

- **FY'13 and FY'14 DFAS Financial Services**
 - ✓ Final February 2016 – DFAS NFS Unmodified Opinion
- **FY'13 and FY'14 Defense Logistics Agency MWR**
 - ✓ Final March 2016 – DLA MWR Unmodified Opinion
- **FY'13 and FY'14 West Point Army Athletic Association**
 - ✓ Final March 2016 – West Point AAA Unmodified Opinion
- **FY'13 and FY'14 U.S Public Health Veterinary Funds**
 - ✓ In Progress
- **FY'14 Army IMCOM MWR and Lodging**
 - ✓ Final September 2015 – MWR Modified Opinion and Lodging Unmodified Opinion
- **FY'15 DFAS NAF Financial Services**
 - ✓ In Progress
- **FY'15 Defense Logistics Agency MWR**
 - ✓ In progress
- **FY'15 West Point Army Athletic Association**
 - ✓ In Progress
- **FY'15 U.S Public Health Veterinary Funds**
 - ✓ In Progress
- **FY'15 Army IMCOM MWR and Lodging**
 - ✓ In Progress



ONE TEAM !

ONE MISSION !

