

**29 JULY 1994**



**Contracting**

**THE NONAPPROPRIATED FUND  
CONTRACTING SYSTEM**

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Pages: 4  
Distribution: F

**1.** The Air Force depends on its nonappropriated fund (NAF) contracting system to buy the supplies and services essential to Services (SV) NAF programs. This directive establishes the framework for providing responsive, economical, and ethical contract support to Nonappropriated Fund Instrumentalities (NAFI) and SV activities.

1.1. This directive applies to all purchases using Air Force NAFs to support NAFIs on Air Force installations. It does not apply to the Army and Air Force Exchange Service (AAFES), chaplain funds, or civilian welfare funds (including base restaurant funds), although these activities may request NAF contracting support for their NAF requirements.

**2.** We will award NAF contracts and purchases to respond quickly to customer needs. These awards will best benefit the NAFI and be fair and reasonable to the vendor or contractor.

**3.** We will maintain proper internal controls to prevent fraud, waste, and abuse in NAF contracting.

3.1. Purchase descriptions and specifications will contain only necessary requirements.

3.2. NAF contracts and purchases will be competitive when possible. When not possible, adequate justification will be included in the file.

3.3. We will use contracting quality assurance methods to ensure that contractors follow terms and conditions.

3.4. We will not use NAF purchasing to support private organizations or individuals.

3.5. We will be fair and impartial when selecting vendors and contractors for NAF contracts.

**4.** This directive establishes the following responsibilities and authorities:

4.1. The Deputy Assistant Secretary (Contracting) (SAF/AQC) approves NAF contracting policies and procedures, and oversees the Air Force NAF Purchasing Office (AFNAFPO).

4.2. AFNAFPO carries out central purchasing programs, gives NAF contracting guidance to field offices, and provides general training on NAF contracting.

4.3. The Resource Management Flight (SVF) of the Services Squadron works within the NAFI organization to provide the day-to-day contracting support for SV activities.

4.4. Servicing Contracting Offices (SCO) support certain contracting requirements in designated NAFIs and may delegate limited contracting authority to those NAFIs as described in AFMAN 64-302, *Nonappropriated Fund Contracting*. SCOs provide training in contracting procedures and oversee local NAF contracting activities.

5. This directive implements the Federal Acquisition Regulation; the Defense Federal Acquisition Regulation Supplement; the Air Force Federal Acquisition Regulation Supplement; DoD Instruction 4105.67, *Nonappropriated Fund Procurement Policy*, October 2, 1981; and DoD Directive 5500.7, *Standards of Conduct*, August 30, 1993. For interfacing policy, see AFPD 64-1, *The Contracting System*, which governs contracts using appropriated funds, but contains guidance that may be useful for NAF contracts. For related procedures on awarding NAF contracts and purchases, see AFI 64-301, *Nonappropriated Fund Contracting* (formerly AFR 176-9), and AFMAN 64-302, *Nonappropriated Fund Contracting*. Use AFMAN 64-302 for training NAF contracting officers and buyers.

6. See **Attachment 1** for measures used to assess compliance with this policy.

7. See **Attachment 2** for a glossary of terms used in the directive.

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Attachment 1

MEASURING COMPLIANCE WITH POLICY

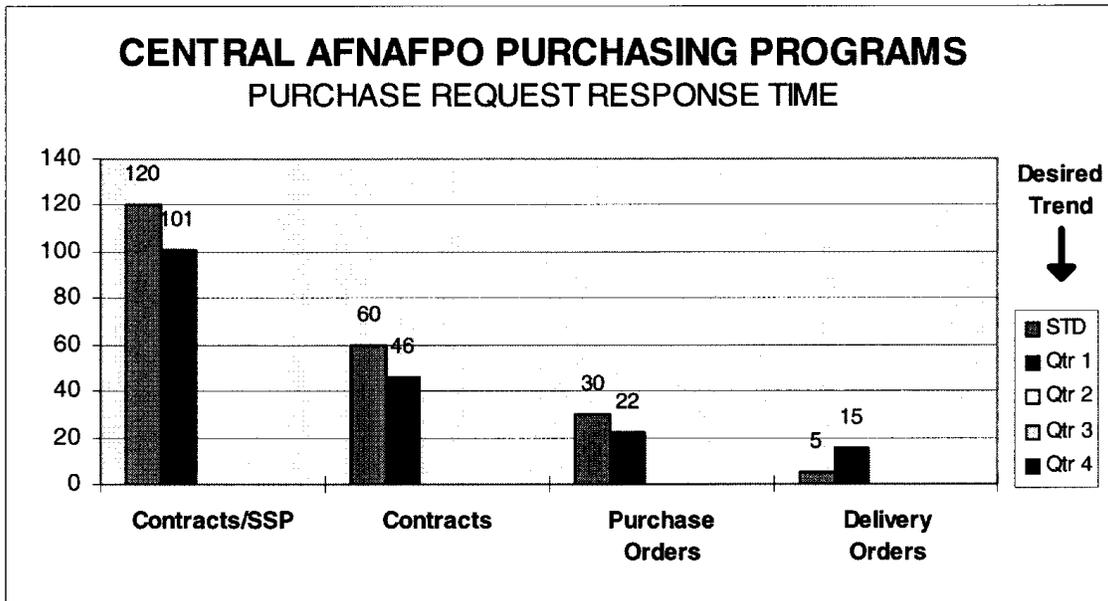
A1.1. The AFNAFPO assesses compliance with the policy of quick response to customer needs in paragraph 1.2 by comparing response time to purchase requests (from the date of request for purchase until the date of award) against a standard. The display will cover a fiscal year by quarter. The AFNAFPO collects and maintains data required for measuring policy compliance.

A1.1.1. **Purchase Requests Response Times and Standards.** . The metric tracks four different contract document types: a delivery order (DO), a purchase order (PO), a normal contract (K/60), and a contract that has a source selection plan (K/SSP). The standard times account for the normal complexity of each kind of contract and resemble standards used by appropriated fund contracting activities.

A1.2. Measuring the average response times against the standards depicted on the graph below determines the trend for each kind of document. Desirable trends are at or below the standard. Trends toward processing times exceeding the standard indicate that management must correct deficiencies in the processes.

Figure A1.1. Sample Metric of Central AFNAFPO Purchasing Programs.

D  
A  
Y  
S



## Attachment 2

### GLOSSARY OF TERMS

#### *Terms*

**Appropriated Funds**—are moneys appropriated by the Congress.

**NAF Instrumentalities (NAFI)**—are instrumentalities of the Federal government; they are Department of Defense fiscal and organization entities performing essential government functions.

**Nonappropriated Funds (NAF)**—are cash and other assets that are self-generated or provided to NAIs from sources other than Congressional appropriations.

**NAF Contracting System**—includes the Air Force NAF Purchasing Office (AFNAFPO), executing central purchasing programs that support SV activities; officials of the various NAF Instrumentalities (NAFI) around the world to whom the Air Force delegates specific contracting authority; and Servicing Contracting Offices (SCO), which provide contracting support to designated NAIs.

**Service (SV) Activities**—are organizations responsible for managing base morale, welfare, and essential services that improve the quality of life for base personnel. These organizations include golf courses, bowling alleys, clubs, youth centers and lodging.

**Servicing Contracting Office (SCO)**—is a base, central, or regional appropriated fund contracting office supporting one or more installations.