

**BY ORDER OF THE COMMANDER
AIR FORCE RESERVE COMMAND**

**AIR FORCE RESERVE COMMAND
INSTRUCTION 34-204**

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Services

**NONAPPROPRIATED FUND FINANCIAL
MANAGEMENT AND ACCOUNTING**

COMPLIANCE WITH THIS PUBLICATION IS MANDATORY

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This instruction implements AFD 34-2, *Managing Nonappropriated Funds*, AFI 34-209, *Nonappropriated Fund Financial Management and Accounting*, AFMAN 34-214, *Procedures for Nonappropriated Funds Financial Management and Accounting*, AFMAN 34-212, *Control Procedures for Protecting NAF Assets*, and AFMAN 64-302, *Nonappropriated Fund Contracting Procedures*. It provides procedures for financial management and accounting for all AFRC Services (SV) Nonappropriated Fund Instrumentalities (NAFIs).

Chapter 1

CONTROL PROCEDURES

1.1. Maintains Documentation. AFRC base SV directors maintain documentation on waivers including reviews of waivers in the base Life-of-the Fund (LOF) file. HQ AFRC/SVF retains copies in a LOF file maintained on each AFRC NAFI.

1.2. Written Operating Instructions. The installation SV director ensures that there are written Operating Instructions (OI) used for handling and safeguarding cash.

1.3. Controlling Cash. The installation SV director designates central cashier responsibilities, including receipting for funds from all NAF revenue producing activities.

1.4. Surprise Cash Counts. The installation SV director ensures that all quarterly surprise cash counts are conducted and makes a written certification. A copy of the quarterly certification is sent to HQ AFRC/SVF and the base NAFFA.

1.5. Returned Checks. The NAFFAs receive all returned checks from the banking facility. On receipt of returned checks call HQ AFRC/SVFA (Banking) for a control number and fax a copy of the check and debit memo to HQ AFRC/SVFA. Record the checks on AF Form 1708, **NAF Dishonored Check Control Log**. The installation SV director establishes procedures for the follow up on all outstanding checks, to include documenting the follow-up actions, and maintaining copies for the files. The NAFI initiates collection action according to AFI 34-202.

1.6. Pre-numbered Forms, Tickets, and Prepaid Admissions. The installation SV director and the activity managers develop local procedures for protecting unused stocks and maintaining accountability.

1.7. Establishing Change Funds. The installation SV director requests approval from HQ AFRC/SVF to establish change funds. The amount of change funds is determined by the scope of the operation and is subject to fund storage limitations covered in AFI 31-101. Change funds should be turned in when no longer required, or reduced due to a reduction in the scope of the operation. Activities use change funds only for making change and cashing checks. The activity manager writes and HQ AFRC/SVF approves OI s establishing procedures for the use, control, and protection of all change and imprest funds.

1.8. Amusement and Vending Machine controls. The installation SV director develops a comprehensive OI to cover the removal of cash and the stocking of machines, including the internal controls specified in AFMAN 34-212.

1.9. Merchandise and Property Controls. The installation SV director prepares OIs providing guidance for storing, transporting, and utilizing all property and monitoring compliance. Activity managers ensure protection of assets meet the control requirements of AFIs 31-101, 34-204, 34-209, and AFMAN 34-212 as applicable.

1.10. Document Flow and Control. AFRC installation SV NAF activities forward one consolidated express mail package daily (Monday through Friday) to HQ AFRC/SVFA. Financial documents are placed in the next days express package after the transaction date.

1.11. Nonappropriated Fund Councils. AFRC installations must establish a NAF Council responsible to the commander for the purpose of assisting in the oversight and administration of all Nonappropriated Fund Instrumentalities (NAFIs) on the installation. AFI 34-201 provides the general guidance for NAF councils. A copy of the Council minutes approved by the installation commander will be forwarded to HQ AFRC/SV.

Chapter 2

BUDGETING

2.1. Developing Financial Goals and Objectives. Activity managers develop financial objectives and goals based on requirements of the SV director and HQ AFRC/SV. Guidance in developing the budget is provided by HQ AFRC/SVF.

2.2. Quarterly NAF Budgets. Installation SV directors must update their budget projections each quarter, based on current performance and expected changes. Budgets use a “rolling four-quarters” concept, as a quarter ends, another quarter must be added. This will maintain four quarters of budget data at all times. HQ AFRC/SVF consolidates these revisions to provide more accurate cash flow projections and trend analysis throughout the year.

2.3. NAF Budget Review and Approval Process. Activity managers forward completed budgets to the SV director for review. The SV director reviews and consolidates (to NAFI level) all budgets and returns those not meeting financial goals to the activity manager, reviews NRB items and sets the budget priority for the total NAFI. The SV director forwards budgets to FM/ NAFFA for review and analysis. The completed budgets are forwarded through the base NAF Council to the installation commander for approval.

2.4. Forward Installation Approved Budgets to HQ AFRC/SVF. All approved budgets are forwarded to HQ AFRC/SVF for review, consolidation and approval by the Command NAF Council and AFRC/CV.

2.5. Cash Flow Budget Preparation. Based on the operating budget, the NRB and the balance sheet, HQ AFRC/SVF develops the cash flow budget for all AFRC NAFIs.

Chapter 3

PROPERTY

3.1. Property. HQ AFRC/SVF maintains accounting records and updates the subsidiary accounts for all AFRC NAF property transactions. This includes maintaining property records on all fixed assets, processing payments to vendors, and preparing asset lists for inventory purposes. Property control and accountability will be maintained as required by AFI 34-204.

3.2. NAF Fixed Assets Inventory. All activities physically inventory NAF fixed assets annually. Qualified personnel from an activity other than the one being inventoried observe the taking of the inventory. The SV director appoints the independent inventory team. The NAFFA may observe, participate in or brief the team as to the teams duties and responsibilities. The SV director forwards a copy of the inventory certification along with any discrepancies to HQ AFRC/SVFA.

3.3. Disposition of Assets. The activity manager uses an AF Form 2534, and the procedures in AFI 34-204, to dispose of NAF property. Upon receipt of the AF Form 2534, HQ AFRC/SVFA posts the disposition in the property subsidiaries and general ledger.

3.4. Disposal by Sealed Bid or Auction. AFI 34-204, paragraph 6.3. provides for the disposal of unneeded NAF property. Assets disposed of through sealed bid or auction will have the disposal documentation attached to the AF Form 1876 as follows: copy of document that authorized the bid or auction, listing of fixed asset property sold, and copy of paid receipt listing item(s) sold with asset number, name of purchaser and amount.

Chapter 4

REVENUE TRANSACTIONS

4.1. Revenue Processing. Activities prepare AF Form 1875, **NAF Individual Cashier's Report (ICR)** to provide accountability for individual cashiers, and AF Form 1876, **NAF Consolidated Cost Center Report**. The Central Cashier prepares the AF Form 1877, **Central Cashier Control Log**. The AF Form 1876 is prepared in duplicate. The original is forwarded to HQ AFRC/SVFA. Dispose of AF Form 1875 and AF Form 1876 according to AFI 37-133VI and AFI 37-133V2. HQ AFRC/SVFA uses the AF Form 1876 to enter information into the financial records.

4.2. Special Function Gratuities. The activity manager writes a local OI on the treatment of special function gratuities. In the OI, establish the percent of the gratuity, if any, that the employee working the function receives. Forward a copy of the OI to HQ AFRC/SVFA.

4.3. Token Accountability. AFRC NAFIs will not use tokens. The cost of controls, safeguards and accountability exceed the benefits of token use.

4.4. Gift Certificates. When a customer purchases a gift certificate, the activity cashier rings the purchase for accountability. The total dollar amount of the certificate is recorded on the AF Form 1876 in Unearned Income (GLAC 232). When a customer redeems a gift certificate, the activity cashier treats the certificate as cash and redeems the certificate for one purchase transaction. The cashier rings up the actual retail price of the sale. The total amount of the gift certificate redeemed is recorded on AF Form 1876 as a decrease to the Unearned Income account (GLAC 232). Gift Certificates will not be redeemed for sales below the certificate value.

4.5. Bingo Controls. AFRC NAF activities conducting bingo, control revenue by pre-numbered tickets or by bingo card serial numbers. The bingo cashier prepares AF Form 2046, Bingo Activity Report. The beginning and ending ticket numbers sold must be shown at the bottom of the form, along with the item number, description of game, and cost of the prize. The completed AF Form 2046 is forwarded to HQ AFRC/SVFA. A copy of the AF Form 2046 will be attached to the Bingo Imprest Fund reimbursement request.

Chapter 5

ACCOUNTS RECEIVABLE

5.1. Follow-up Actions for Delinquent Accounts. AFRC NAF activities perform collection actions. SV activities process collection actions according to AFI 34-202. Maintain controls and report delinquent accounts and returned checks on AF Form 1708.

5.2. Lodging Delinquent Accounts. AFRC Lodging activities will send a notice of collection/MPO action to the individual when the account is 60 days old. If payment is not received by 90 days, prepare the DD Form 139, Pay Adjustment Authorization, and forward a copy to HQ AFRC/SVFA; after approval by HQ AFRC/SVF, remove the account from the Lodging system and the A/R subsidiary. Follow up on all DD Forms 139 at 30, 60, and 90-day intervals.

5.3. Returned Checks. AFRC NAFIs track returned check collection with the AFRC Returned Check Collection Log. A copy of the action log is forwarded to HQ AFRC/SVFA at the end of each month with other end-of-month financial documents.

5.4. Collections. When it is reasonably certain that an account can't be collected through MPO procedures, send the account information with all backup documentation to HQ AFRC/SVFA for further collection action. Do not send accounts over 1 year old, or accounts that are less than \$50.00.

Chapter 6

PURCHASE AND CONTROL OF MERCHANDISE

6.1. Purchase of Merchandise With NAFs. AFRC installation SV directors are responsible for NAFI contracting. The SV director ensures that a warranted NAF purchasing agent is assigned to support the NAFIs. The SV director or designee reviews purchase requests to ensure the use of the proper fund source. To assist in determining the proper fund source use AFIs 34-201, 34-204, and 65-106.

6.2. NAF Contracting Officer. HQ AFSVA/SVC issues contracting officer appointments. The SV director follows the requirements of Chapter 2, AFMAN 64-302 in requesting appointment of a contracting officer.

6.3. Receiving Reports. The installation SV director establishes internal controls to ensure the same individual authorized to place calls against BPAs or place orders by other means does not receive goods.

6.4. Inventory Certification. Monthly resale inventories that are submitted via e-mail to HQ AFRC/SVFA are required to include the following statement in the body of the e-mail; "I certify that this inventory is true and correct to the best of my knowledge".

6.5. Consigned Merchandise/Tickets. The activity does not own the consigned goods. The activity accounts for consigned goods by the use of control records until sold or returned to the consignor. The consignment inventory is for accountability tracking only and not for input to the accounting records. HQ AFRC/SVFA records the sale of consigned goods into the general ledger based on the activity's AF Form 1876.

6.6. Annual Review. The SV director will certify on an annual basis that adequate controls are in place and that NAF contracting is being conducted in accordance with current directives. Certification for the previous fiscal year will be submitted to HQ AFSVA/SVC, NLT 30 Nov each year. A copy of the certification will be forwarded to HQ AFRC/SVF. AFRC Servicing Contracting Offices (SCOs) will perform a review of NAF purchasing. The review can serve as the basis for the director's certification.

Chapter 7

NAF GOVERNMENT PURCHASE CARD

7.1. Issuing NAF GPC Cards. All requests to issue NAF cards will be forwarded from the Internal Approving Official (IAO) to HQ AFRC/SVF with the following information: cardholder name, organization, official address, commercial phone number, activity, single purchase limit, 30 day limit, justification/need for establishing the account.

7.2. Training Record. A copy of the Training Record, AFI 34-275, attachment 5, must accompany all requests for establishment of new cardholders accounts. The training must cover the following subject areas: cardholder and IAO responsibilities, cardholder's guide, IAO guide, uses of mandatory sources, CSBP, EPP, NPA preferred sources of supply, documenting purchases, reviewing reports, invoice reconciliation procedures, dispute procedures, required deadlines for providing documentation to the IAO and HQ AFRC/SVFA.

7.3. Letter of Appointment. The Services Director and NAF Contracting Officer will issue each NAF cardholder a letter of appointment, and delegation of purchase authority. The cardholder is assigned a billing cycle limit by the IAO. The total dollar value of purchases by the cardholder must not exceed the monthly limit.

7.4. Installation Program Coordinator. Due to the AFRC centralized NAF Accounting Office, HQ AFRC/SVF acts as the NAF GPC Installation Program coordinator (IPC). The IAO is designated as the on-site individual to work with the IPC in managing the base NAF GPC program. The IAO and NAF warranted contracting officer are responsible for the training of all NAF cardholders.

7.5. Documenting all NAF GPC Purchases. NAF cardholders document all purchases on the NAF GPC log, AFI 34-275, attachment 6. Cardholders must attach the purchase receipt to the AFRC NAF GPC cover sheet, only one receipt per cover sheet, and record the GLAC, cost center and amount of the purchase on the cover sheet. For phone orders the cover sheet must include the vendor name, items purchased and cost of each item. The cover sheets with attached receipts are forwarded to HQ AFRC/SVFA daily in the express mail package.

7.6. Retained Documents. Cardholders keep copies of all documents with the purchase log for reconciliation of their monthly cardholder statement of account (SOA). Cardholders attach a copy of receipts for items reflected on the SOA to their log and submit the log and the SOA to the IAO within 3 days after receipt of the monthly SOA. The IAO reviews and certifies each cardholder's SOA and forwards the certified statements to HQ AFRC/SVFA. Documents are retained with the SOA for review by the NAFFA.

7.7. Reconcile the SOA. Each month the cardholder must reconcile the SOA mailed to the cardholder by the bank. The cardholder reviews the entire statement for accuracy, comparing each transaction on the SOA with the purchase log and copies of the original receipts. If purchased items and/or credits are not on the monthly statement the cardholder retains the documentation until the next statement. If purchase or credit does not appear on the next statement the cardholder or IAO submits a Cardholder Statement of Questioned Item (CSQI).

7.8. Resolving Disputed Items. Disputed items must be resolved between the cardholder, the vendor, and the bank. In most cases the cardholders are able to resolve problems by contacting the vendor. If the problem cannot be resolved with the vendor, the cardholder must submit a CSQI form to the bank. Cardholders should not immediately complete a CSQI disputing charges when an authorized purchase appears on the SOA but was not received. The cardholder should contact the vendor to verify that shipment was made. Make a note of non-receipt in the Disputed Item column of the purchase log. If after 45 days and upon receipt of the next month's SOA, the purchased item is not received, the cardholder submits a CSQI to the bank disputing the charge. Do not dispute sales tax, exchange rate or shipping and handling.

Chapter 8

NAF FUNDED TDY

8.1. Utilize APFs. Utilize appropriated funds (APFs) for NAF travel whenever authorized. When NAF travel is deemed appropriate, the NAF activity sending the employee TDY will prepare the travel orders, or whoever normally performs this function. Follow the local procedures for processing TDY orders within your organization. Block 19 of the travel order, DD Form 1610, must have the statement “NAF FUNDS APPLY.”

8.2. Estimating Costs. Estimate costs to include lodging and per diem. Your local travel pay section can determine the rates for a given TDY location. This can be done via telephone or on the web site: <http://www.dtic.mil/perdiem/index.html>. The Joint Travel Regulations (JTR) determines these rates for DoD. The Services Director or designee should be the approving official for all NAF travel orders.

8.3. Advances. If the NAF employee requires a travel advance, a check request, AF Form 2539, **NAF Disbursement Request**, supported by a copy of the completed TDY order must be forwarded to HQ AFRC/SVFA. An amount not to exceed 80 percent of the total estimated cost, less airfare cost, may be advanced to the traveler. If the TDY costs are reimbursable by the Services Agency a copy of the Agency message authorizing the TDY must accompany the check request.

8.4. Settlement. Within 5 days of return from TDY the employee will complete a Travel Voucher, DD Form 1351-2 and forward it to the local Travel Pay Office for computation only. Forward the computed travel voucher, and check request, to HQ AFRC/SVFA for final settlement. If the TDY cost is reimbursable by HQ AFSVA the settlement voucher must be processed, paid, and received by the Services Agency no later than 45 days after completion of the TDY.

Chapter 9

NAF PAYROLL PROCEDURES

9.1. Time Cards and Templates. All time cards are generated using the TMX System and/or completing a manual AF Form 3063, **NAF Time and Attendance Report**. Employee hours are transferred from the time card to corresponding columns on excel templates. Each column on the template must be balanced to the corresponding hours on the time card and total hours verified, by shift, to the last page of the template.

9.1.1. Sunday Premium hours must be recorded in the Sunday Premium Column on the template. Do not include these hours in the Regular Shift Columns.

9.1.2. New Employees are added to the template only after the HQ AFRC/SVFA Payroll Section assigns clock numbers. Do not place any employee on the template without an assigned clock number.

9.1.3. Remove resigned employees only after receiving a payroll action, AF Form 2545, from the Human Resources Office. Until this action is received, continue to provide time cards even if the employee has no hours, annotating on the time card the status of the employee (resigned, terminated etc.).

9.2. Time & Attendance Responsibilities. Officially designated timekeepers are responsible for all reporting and generation of time cards. Managers/Supervisors must ensure timekeepers are notified of all new employees. Timekeepers are responsible for obtaining a clock number for new employees from the payroll section. Clock numbers must be received by the Thursday before the end of the pay period.

9.3. Transmission of Time & Attendance Data. The payroll templates will be attached to e-mail messages and transmitted to HQ AFRC/SVFA Payroll Office. Payroll templates must be transmitted and received by 1100 hrs Eastern Time on the Monday following the end of the pay period. Timekeepers must call and verify that the e-mail was received. Contact the Payroll Office for alternate procedures if e-mail connectivity is down.

9.4. Corrections. Corrections to Time and Attendance Cards must be submitted to the Payroll Office by e-mail or by an adjustment letter. Corrections received on the Monday payroll is being processed will be made the next pay period. The person who approved the time card must sign and date all corrections.

9.5. Holiday Reporting. When a holiday falls on the Monday following the end of the pay period, an estimated payroll will be submitted on Friday prior to the end of the pay period. Submit hours based on schedule and past experience. The following week submit template containing any adjustments in hours or leave. Submit time cards with actual hours worked no later than Tuesday following the end of the pay period.

9.6. Payroll Products and Reports . The following items will be sent by the HQ AFRC/SVFA Payroll Section:

9.6.1. Check/Earnings Statements. Activity managers make every attempt to ensure employees receive their payroll check/earning statements. Immediately following payday, mail any unclaimed check/earnings statements to the employee unless the employee has made arrangements to have the

check/earning statement held. Forward checks/earning statements that have been mailed and returned undeliverable, or left unclaimed, to the payroll office for follow-up procedure.

9.6.2. Payroll Registers. Payroll registers should be reviewed to verify employees were paid and that all information, such as category, rate of pay, cost center, and deductions are accurate.

9.6.3. Leave Reports. Managers verify employee leave accrual rates and leave balances. Use the report to verify leave balances prior to approving requests for leave and to ensure use or lose leave is forecasted. Notify HQ AFRC/SVFA Payroll Section of any discrepancies or corrective actions required.

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