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OF THE AIR FORCE**

**AIR FORCE MANUAL 64-302**

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**Contracting**

**NONAPPROPRIATED FUND (NAF)  
CONTRACTING PROCEDURES**

**COMPLIANCE WITH THIS PUBLICATION IS MANDATORY**

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This manual implements DODD 4105.67, Nonappropriated Fund Procurement Policy, DODI 4105.71, Nonappropriated Fund Procurement Procedures, and AFD 64-3, The Nonappropriated Fund Contracting System, by providing guidance and procedures for Air Force NAF contracting. Major command (MAJCOM), field operating agency (FOA), and direct reporting unit (DRU) supplements must be coordinated through Air Force Nonappropriated Fund Purchasing Office (AFNAFPO) and approved by Deputy Assistant Secretary (Contracting), SAF/AQC. Refer recommended changes and questions about this publication to the Office of Primary Responsibility (OPR) using the AF Form 847, Recommendation for Change of Publication; route AF Form 847s from the field through the appropriate functional chain of command. Purchases with nonappropriated funds are authorized in AFI 34-201, Use of Nonappropriated Funds, Paragraph 1.7 and AFI 65-106, Appropriated Fund Support of Morale, Welfare and Recreation and Nonappropriated Fund Instrumentalities, Chapter 9. Ensure that all records created as a result of processes prescribed in this publication are maintained in accordance with AFMAN 33-363, Management of Records, and disposed of in accordance with the AF Records Disposition Schedule (RDS) located at <https://www.my.af.mil/afrims/afrims/afrims/rims.cfm>. This publication applies to Air Force Reserve Command (AFRC) Units. This publication applies to the Air National Guard (ANG) upon mobilization. This publication does not apply to the Civil Air Patrol (CAP). This publication requires the collection and or maintenance of information protected by the Privacy Act (PA).

**SUMMARY OF CHANGES**

This document is substantially revised and requires a complete review. This manual supersedes AFMAN 64-302, 3 November 2000 and AFI 64-301, Nonappropriated Fund (NAF) Contracting Policy, dated 12 February 2002. This revision includes referencing the Simplified Acquisition Threshold (SAT) due to inflation adjusted increases, provides for purchases of food items for resale (to include branding), incorporates best value procurement methods for requirements exceeding the SAT, incorporates credit card purchases, discussion of NAF concessionaire contracts for aerial demonstrations, and electronic commerce in NAF purchasing.

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## Chapter 1

### ROLES AND RESPONSIBILITIES

#### 1.1. SAF/AQC. SAF/AQC is:

1.1.1. Responsible for approving NAF contracting policies and procedures and oversees the AFNAFPO.

1.1.2. The protest appeal authority for AFNAFPO awarded acquisitions.

1.1.3. The approval authority for requests for waivers to NAF contracting policy.

#### 1.2. HQ AFSVA/SVC. The Directorate of NAF Purchasing, Headquarters Air Force Services Agency, also known as AFNAFPO

1.2.1. Issues NAF Contracting Officer warrants.

1.2.2. Formulates and oversees Air Force NAF contracting procedures.

1.2.3. Provides NAF contracting training and administers the NAF Contracting Officer warrant program.

1.2.4. Approves ratification actions above the threshold established for base level.

1.2.5. Represents the Air Force on DoD Subcommittee for NAF Contracting.

1.2.6. Conducts periodic reviews of installation NAF purchasing programs.

1.2.7. Manages the NAF Purchase Card (P-Card) Program, including determining the purchasing thresholds for the NAF P-Card.

1.2.8. Manages the NAF Electronic Purchasing System, known as the NAF Internet Based Purchasing System (IBPS), and E-Commerce.

1.2.9. Manages the Commanders Smart Buy Program (CSBP) which includes:

1.2.9.1. Purchasing interior design projects.

1.2.9.2. Providing direct or individual support for NAF requirements that exceed base-level warrant authority.

1.2.9.3. Managing on-site Trade Show purchase teams.

1.2.9.4. Managing all marketing of AFNAFPO programs via brochures, catalogs, and web presence.

1.2.10. Acts as the appeal authority for protests filed on base-level acquisitions.

#### 1.3. Mission Support Group (MSG) Commander or Equivalent. The Mission Support Group Commander (or equivalent) assists the installation Wing Commander in overseeing NAFIs at the installation by:

1.3.1. Authorizing demonstration of commercial products. Such demonstrations shall be properly controlled to prevent violations of the Joint Ethics Regulation (JER) and Air Force policy. NAF Contracting Officer participation is required for all demonstrations of commercial products and contractor capability briefings.

1.3.2. Approving concessionaire contracts.

**1.4. Force Support Squadron (FSS) Commander or Equivalent.** The FSS Commander (or equivalent) directs services activities at an installation. NAF contracting responsibilities include:

1.4.1. At least annually, presiding over a meeting of key NAF procurement personnel to identify methods of improving NAF contracting procedures.

1.4.2. Certifying in accordance with paragraph 3.12, on an annual basis, that adequate controls are in place and NAF contracting is being conducted in accordance with current directives.

1.4.3. Ensuring NAF personnel receive adequate procurement training to support the NAF Contracting Officer in NAF procurements. The training will include policies, procedures, and standards of conduct.

1.4.4. Ensuring adequate acquisition planning.

1.4.5. Ensuring compliance with the CSBP.

1.4.6. Approving ratification actions IAW paragraph 12.7 of this manual.

**1.5. Resource Manager (RM) or Equivalent.** The RM (or equivalent) is responsible for ensuring NAF purchases, including NAF P-Card purchases, are made in accordance with current directives and guidance.

**1.6. NAF Contracting Officer.** This manual authorizes the NAF Contracting Officer, at installation level, to make purchases using NAFs. The NAF contracting office shall keep a current copy of this manual on file, either electronically or in hard copy. The Contracting Officer has limited delegation authority. NAF Contracting Officers:

1.6.1. Delegate purchasing authority in accordance with paragraph 3.3.

1.6.2. Execute orders or contracts within the limits of their warrants.

1.6.3. Use the Commander's Smart Buy Program (CSBP) as the primary source of supply (except as otherwise required) for acquiring products/services.

1.6.4. Comply with the Essential Products Program (EPP).

1.6.5. Resolve protests filed at base level.

1.6.6. Settle contract disputes.

1.6.7. Seek legal coordination and review as required or otherwise appropriate.

1.6.8. Interpret and ensure compliance with the terms and conditions of contracts and safeguard the interests of the NAFI in its contractual relationships.

1.6.9. Ensure that sufficient funds are available for obligation.

1.6.10. Ensure that prices offered are fair and reasonable prior to award and document appropriately when required.

1.6.11. Identify and evaluate potential organizational conflicts of interest when awarding contracts to government employees or business organizations substantially owned or controlled by government employees. Coordinate with legal.

**1.7. Servicing Contracting Office (SCO).** The SCO coordinates with NAF Contracting Officers to ensure an effective NAF contracting program. The SCO shall:

- 1.7.1. Provide contracting support, technical purchasing assistance when requested.
- 1.7.2. Purchase NAF requirements not specifically assigned to the AFNAFPO or the local NAF Contracting Officer.
- 1.7.3. Include NAF requirements in acquisitions for services common to both appropriated and nonappropriated fund supported activities when applicable.

**1.8. Servicing Staff Judge Advocate (SJA) or Contract Attorney.** The servicing SJA or Contract Attorney shall provide legal oversight of all NAF contracting activities and conduct annual ethics briefings or other authorized training in compliance with the Joint Ethics Regulation (JER). The SJA or Contract Attorney shall determine:

- 1.8.1. If NAF contracting actions comply with this manual and AFPD 64-3.
- 1.8.2. If proposed ratifications are legally sufficient.
- 1.8.3. If proposed resolution of a contract dispute is legally supportable.
- 1.8.4. The legal sufficiency of proposed contracting actions including novation agreements and any proposed termination action.

## Chapter 2

### NAF REQUIREMENTS

**2.1. AF NAF Policy.** NAF procurements shall be accomplished by trained procurement personnel in a fair, equitable and impartial manner, and in the best interest of the NAFI. NAF or Appropriated Fund (APF) personnel may procure NAF requirements. NAF procurements shall use competitive negotiation procedures to the maximum extent practicable. Offers shall be solicited from a reasonable number of sources except when non-competitive procurement is justified. NAF contracts shall be awarded to responsible offerors and to offerors who offer the best value to the NAFI. NAF contracts will not be awarded to entities on the “List of Parties Excluded from Federal Procurement and Nonprocurement Programs.” Existing NAF and APF contracts and agreements shall be used to satisfy NAF requirements when available, cost effective, and meet the needs of the requiring activity. NAFIs shall authorize other DoD NAFI organizations to place delivery orders against their contracts to the maximum extent possible. Procurement methods and procedures that result in firm fixed-price contracts are preferred; however, price adjustment provisions may be used when the Contracting Officer determines it is in the best interest of the NAFI. In executing NAF procurements, Contracting Officers shall comply with the requirements of applicable statutes, regulations, or directives. Each NAF contract shall:

2.1.1. Contain clauses governing: changes, examinations of records, dispute resolutions, and terminations. Required NAF Contracting Clauses/Provisions are located in the NAF electronic purchasing system and can also be found at <http://www.afnafpo.com>.

2.1.2. Apply the Buy American Act and Trade Agreements Act to the procurement of non-resale supplies and equipment.

**2.2. Waivers to NAF Procedures.** Field activity waivers to NAF procedures must be obtained from AFNAFPO. AFNAFPO requests for waivers to NAF procedures set forth in this manual must be approved by SAF/AQC.

**2.3. Master Library.** Each NAF purchasing operation shall have available, either via hard copy or electronically, a complete set of the Commander’s Smart Buy Program (CSBP) catalogs. NAF purchasing personnel are responsible for ensuring that the appropriate activity managers have access to these catalogs.

**2.4. Review Meetings.** The head of the installation Services function (e.g., squadron commander, director, or equivalent) will meet at least annually or more frequently, if desired, with operating personnel to identify ways and means of improving NAF contracting procedures and to review the CSBP and purchasing reports generated through the NAF electronic purchasing system. Minutes of the meeting should be taken, distributed to all attendees and activity managers, and kept on file.

**2.5. NAF Purchasing Training.** Personnel delegated purchasing duties must receive formal training from the delegating authority. NAF P-Card cardholders will receive training by the issuing authority. The RM will maintain records of such training. The RM will ensure NAF purchases are made in accordance with current directives and guidance.

**2.6. Suspended or Debarred Firms.** Contracting Officers must be sure that firms or individuals named in the Consolidated List of Debarred, Suspended, and Ineligible Contractors are not solicited for offers or quotations or awarded contracts. Information on parties excluded from receiving Federal contracts is located on the Excluded Parties List System (EPLS) located at <https://www.epls.gov>.

**2.7. Legal Review.** At a minimum, a legal review will be obtained for protests, terminations, contract disputes, novation agreements, contract claims, changes to NAF contract templates, and ratifications (see paragraph 12.7), deviations or any other legal issue at the discretion of the CO. Legal advice should be obtained from the servicing SJA Office or Contract Attorney. If the servicing SJA requires additional guidance/direction on a NAF contracting issue, they should contact the HQ Air Force Administrative Law Directorate, Services Law Division (HQ AF/JAA-S). The Air Force General Counsel (SAF/GCQ) will advise SAF/AQC on all matters regarding their authority as outlined in DoDD 4105.67, DoDI 4105.71 and this manual.

**2.8. Team Approach.** A successful NAF procurement requires a team approach. The team is composed of key stakeholders, and each has a vital role to play in the procurement process. The team, at a minimum, consists of the requiring activity, finance, the Contracting Officer, and the individual responsible for receiving the end-item, or service. Although the team supports the various members, individuals possess the expertise to complete their area of responsibility. When the separation of duties is not practicable, the circumstances must be clearly documented in the NAF electronic purchasing system. The roles and responsibilities include:

2.8.1. Requiring Activity:

2.8.1.1. Preparation of the purchase request

2.8.1.2. Approval of the purchase request

2.8.1.3. Receipt of goods and services & initiation of the payment process

2.8.2. NAF Accounting Office/Contracting Officer.

2.8.2.1. Certification of funds availability

2.8.2.2. Execution of a contract document

2.8.2.3. Resolution of issues related to the contract

2.8.2.4. Contract Modifications

2.8.3. NAF Accounting Office/Shared Service Center (SSC). Issuance of payment for the goods or services.

**2.9. NAF Procurement Exemptions.** The following do not apply to NAF procurements:

2.9.1. Federal Acquisition Regulation (FAR), the Defense Federal Acquisition Regulation supplement or DoD Component supplements.

2.9.2. Small Business Act. Public Law 85-536, Small Business Act of 1958 and FAR guidance relative to small business and other award-preference programs do not apply to NAF contracting. NAF contracts shall be awarded to the firm whose proposal is most advantageous to the NAFI.

2.9.3. Federal Property and Administrative Services Act and the Federal Information Requirements Management Regulation do not apply to NAF contracts.

2.9.4. The Buy American Act and section 2512 of the Trade Agreements Act of 1979 do not apply to purchases of resale items.

**2.10. Audit Review.** The Air Force Audit Agency may audit selected activities IAW AFPD 65-3 and may also conduct audits requested by management. As provided in DoDI 7600.6, Defense Contract Audit Agency (DCAA) may provide audit services to evaluate price proposals, to audit contracts, and to review NAF contract pricing claims against contractors.

## Chapter 3

### NAF CONTRACTING OFFICER TRAINING AND PURCHASING AUTHORITY

#### **3.1. NAF Contracting Training.** Training requirements for NAF Contracting Officers include:

3.1.1. AFNAF/IBPS Course offered by AFNAFPO. This course provides comprehensive training in Air Force NAF Contracting Policies and Procedures and hands-on training in the NAF electronic purchasing system. It provides students with the knowledge needed to effectively perform as a NAF Purchasing Agent or Contracting Officer and is a prerequisite for obtaining a NAF Contracting Officer warrant. Major topics include the CSBP (NAF Purchasing Agreements and Essential Products Program), special types of NAF contracts, contract provisions, contract templates, and NAF Contracting Officer warrant authority.

3.1.2. Contracting courses offered through the Defense Acquisition University (DAU) or other commercial providers. These courses offer additional training needed to qualify for a \$25,000 (and above) warrant. Equivalent college courses from an accredited university may be substituted for the DAU courses if they specifically relate to contracting.

#### **3.2. Selection and Appointment of Contracting Officers.** In selecting Contracting Officers, the appointing official shall consider the complexity and dollar value of the acquisitions to be assigned and the individual's experience, training, education, business acumen, judgment, character, and reputation.

3.2.1. Contracting Officers shall be appointed by AFNAFPO, in writing, by means of a certificate of appointment. Warrant appointment limits are set forth in paragraphs 3.7 and 3.8. The certificate will state and define the scope of the Contracting Officer's authority with respect to dollar limitations, legal or regulatory limitations, and types of contracts which the Contracting Officer is authorized to enter into. Certificates will be posted in public view or made available on request. Warranted Contracting Officers at the SCO are not required to have a NAF certificate of appointment to obligate nonappropriated funds.

3.2.2. The appointing official is the authority for terminating a Contracting Officer's appointment. Terminations may be for reasons such as reassignment, termination of employment, or unsatisfactory performance.

#### **3.3. Authority of Contracting Officers and Their Representatives.** Contracting Officers are the only individuals authorized to enter into NAF contracts. Contracting Officers are allowed wide latitude to exercise sound business judgment and have the authority to:

3.3.1. Negotiate, award, administer, or terminate contracts and make related determinations and findings. Contracting Officers shall bind the NAFI only to the extent of the authority delegated to them.

3.3.2. NAF Contracting Officers may delegate, in writing, purchasing authority to NAF or appropriated fund personnel (APF) as follows:

3.3.2.1. ITT resale against the Leisure Travel contract when using the NAF P-Card.

3.3.2.2. Calls against Blanket Purchase Agreements (BPAs) and Blanket Delivery Orders (BDOs).

3.3.2.3. NAF P-Card purchases (see chapter 9).

3.3.2.4. Execution of Entertainment Contracts.

**3.4. Restrictions.** Contracting Officers shall not:

3.4.1. Award a purchase order or contract that has a total price (including options) over the dollar limitations authorized by his/her warrant.

3.4.2. Modify a purchase order or contract if it increases the total price of the award (including options) to an amount that exceeds the dollar limitations authorized by his/her warrant, even though the amount of the modification may be within the dollar limitation of the warrant.

3.4.3. Delegate their signature and/or decision-making authority as Contracting Officer, except as authorized by this manual.

3.4.4. Obligate appropriated funds of the United States. Generally, procurements that combine APF and NAF dollars will be accomplished by an APF Contracting Officer using APF contracting procedures.

**3.5. Ethics.** All individuals involved directly or indirectly in the acquisition process for NAF shall abide by the requirements of the Joint Ethics Regulation (JER) (DOD 5500.7-R). Contracting Officers and other personnel are responsible for reporting any suspected violations of law or regulation to the proper authorities. As required by the JER, individuals involved in the NAF acquisition process shall receive ethics training. Contracting Officers and other personnel involved with the NAF acquisition process may be required to file financial disclosure reports.

**3.6. Requesting a Warrant.** A NAF Contracting Officer warrant is required for contracting authority. Personnel must complete the requirements at paragraph 3.7 to qualify for a Contracting Officer appointment.

3.6.1. At the installation, the FSS Commander (or equivalent) recommends and provides complete justification for the appointment of a NAF Contracting Officer. The request for appointment must be submitted in writing and include the person's name, grade, position title, phone and fax number, and duty address. The request for appointment must be forwarded to the applicable Major Command Directorate of Services (MAJCOM/AIS) for review and endorsement before the request is forwarded to AFNAFPO.

3.6.2. Contracting Officer Appointments shall be reviewed annually by the FSS Commander (or equivalent). The FSS Commander (or equivalent) will forward requests for termination to AFNAFPO when the appointment is no longer needed or at the recommendation of the MAJCOM.

**3.7. Contracting Officer Warrant Qualifications.** At the Installation, warrants are limited to \$10,000 and \$25,000 on open market non-resale purchases. When the Service Contract Act (SCA) and Davis Bacon Act (DBA) apply, then the warrant is limited to \$2,500 and \$2,000 respectively. Warrants that exceed \$25,000 are reserved for AFNAFPO employees.

3.7.1. \$10,000 NAF Contracting Officer appointment. To qualify, the applicant must have at least 1 year of Services experience or 1 year of contracting experience with the government or industry. In addition, the individual must complete the AFNAF/IBPS Course offered by AFNAFPO.

3.7.2. \$25,000 NAF Contracting Officer appointment. The applicant must meet the criteria set forth in paragraph 3.7.1. and complete two additional contracting courses offered through the Defense Acquisition University (DAU) or other commercial providers. (e.g., ESI International or Management Concepts, Inc). Equivalent college courses from an accredited university may be substituted for the above courses. In addition, the applicant must have held a \$10,000 warrant for at least six months before becoming eligible to apply for a \$25,000 warrant. Requests for warrants that exceed \$25,000 may be considered on a case-by-case basis.

3.7.3. Further Limitations:

3.7.3.1. Construction limit is \$2,000 when the Davis-Bacon Act applies. (**Note:** The Davis-Bacon Act applies within the 50 states (including all U.S territories) and the District of Columbia).

3.7.3.2. Non-personal services limit is \$2,500 when the Service Contract Act applies. (**Note:** The Service Contract Act applies in the 50 states (including all U.S territories) and the District of Columbia. On contracts performed both inside the U.S and outside the U.S., the Act applies only to the portion of the contract performed inside the U.S).

3.7.3.3. Concessionaire contracts for services (including Amusement/Vending Machine and Charter Flight & Tour Desk) limit is \$2,500 when the Service Contract Act applies.

3.7.3.4. Contact the applicable regional AF Labor Advisor's office if there is any doubt about the applicability of the Service Contract Act or Davis-Bacon Act. A directory of regional Labor Advisors is available at: <http://ww3.safaq.hq.af.mil/contracting>

3.7.3.5. Education and Training services (see chapter 9 for restrictions on purchasing training with the NAF P-Card).

3.7.3.6. Use of the NAF P-Card (see chapter 9).

3.7.3.7. Personal services contracts are prohibited, as defined in DoD 1401-1M, DoD Personnel Policy Manual for Nonappropriated Fund Instrumentalities.

**3.8. Unlimited Contracting Officer Authority.** Individuals holding a NAF Contracting Officer warrant have unlimited authority (no monetary limit) to purchase the following (subject to funds availability):

3.8.1. Resale items. Some examples of resale items are sporting goods for pro shops; bowling balls and shoes; automotive care products, aviation fuel.

3.8.2. Items for bingo prizes, door prizes, and any other items that would fall under the category of prizes.

3.8.3. Delivery orders issued against AFNAFPO contracts, or other Indefinite Delivery/Indefinite Quantity (ID/IQ) type contracts where allowed. Delivery orders issued against GSA contracts must be competed to determine price reasonableness.

3.8.4. Purchases from government entities, e.g., commissaries, exchanges, other Air Force Services or Department of Defense (DoD) activities.

3.8.5. Transportation associated with purchases of supplies or services when shipped Free on Board (FOB) origin.

- 3.8.6. Entertainment contracts.
- 3.8.7. Concessionaire contracts for commodities, open house events, and tickets and tours.
- 3.8.8. Purchases for bonafide emergencies outside of normal operational hours or away from the installation (e.g., aero club aircraft repair).
- 3.8.9. Direct buys for transportation tickets (airlines, bus, etc.) and all lodging facilities including any food requirements associated with lodging. (Contracting Officers shall seek best value for the NAFI.)
- 3.8.10. Individual service contracts.
- 3.8.11. Consignment contracts.
- 3.8.12. Purchases of tickets associated with events and tours.
- 3.8.13. Aircraft lease agreements.
- 3.8.14. Flight and Ground Instructor contracts.

**3.9. Splitting Requirements.** The total dollar value of a contract is based on the aggregate sum whether it includes revenues or expenses of the NAFI. Contracting Officers and requirements generating personnel shall not split requirements into smaller dollar amounts to circumvent the dollar limitations set forth in this manual.

**3.10. Emergency Purchases.** If bonafide emergencies arise outside of normal business hours, individuals may execute emergency purchases to mitigate loss, damage, or interruption in service. Individuals must document the reason for the emergency and notify the NAF Contracting Officer the first working day after the purchase. (**Note:** IAW AFI 34-201, paragraph 4.1.6., when APFs are authorized, use of NAFs to purchase equipment for MWR activities in an emergency must be certified in writing by the Wing Commander.)

**3.11. Warrants not Required.** Warrants are not required to make Special Morale and Welfare (SM&W) purchases under the commander's SM&W expenditure authority, petty cash purchases, or purchases from other intra-base NAFIs.

**3.12. Annual Review.** The FSS Commander (or equivalent) will certify on an annual basis that adequate controls are in place and that NAF contracting is being conducted in accordance with current directives. Certifications for the previous fiscal year will be submitted to HQ AFSVA/SVC, NLT 30 Nov each year. The SCO may be requested to perform a review of NAF purchasing to serve as the basis for the certification.

**3.13. AFNAFPO Review.** The AFNAFPO may conduct periodic reviews of installation NAF purchasing programs to augment installation-level reviews. These can be conducted by on-site visits or a review of documents in the NAF electronic purchasing system.

- 3.13.1. On-site Staff Assistance Visits (SAV). An on-site SAV will consist of, but not be limited to, a random review of contract files at the NAF Accounting Office and the activities. AFNAFPO team members will use the NAF Surveillance Checklist, located at <http://www.afnafpo.com/> as a guide to determine compliance with NAF contracting procedures. In addition, the SAV team may provide additional Internet Based Purchasing System (IBPS) training to installation activity personnel. At the conclusion of the SAV, the installation FSS Commander is provided a debriefing summarizing the results of the visit.

AFNAFPO will also provide a written report within a couple of weeks. The intent of the on-site SAV program is to provide guidance and assistance to installation NAF activities and provide recommendations for improving their purchasing program.

3.13.2. NAF Electronic Purchasing System Reviews. AFNAFPO will periodically conduct installation-level reviews of contracts and other documentation loaded in IBPS. This type of review is a less formal review than the on-site SAV; however, the main purpose is the same to assist the base by identifying specific problem areas and offering recommendations for improvement. No formal report is provided to the base with this review.

## Chapter 4

### NAF PURCHASING PROCEDURES USING THE COMMANDER'S SMART BUY PROGRAM (CSBP)

**4.1. Central Purchasing Requirements.** Essential Products Program (EPP) contracts are mandatory. Requests for waivers to an EPP contract shall be submitted in writing to AFNAFPO. Nonappropriated Fund Purchasing Agreements (NPA) shall be used as primary sources of supply for other requirements.

**4.2. Selection of Essential Products Program (EPP) Sources.** Selection of a contractor for this program may be determined by competitive solicitations or by an internal selection process (by an evaluation panel) from current NPA holders. When a selection is made from an NPA source, a written determination shall be included in the contract file supporting best value to the Air Force NAFL. The operational director or designee and the contracting director or designee are required to sign this supporting document.

**4.3. Interior Design Projects.** Interior design projects change the design of a room or building. Interior design projects are purchased through AFNAFPO. A requirement is considered an interior design project when a minimum of three elements of a room are changed (e.g., carpeting, draperies, lighting, wall art, furniture). Interior design projects and furniture requirements that involve Customer's Own Material (COM) will be forwarded to AFNAFPO for purchase.

**4.4. Trade Shows.** This program presents an opportunity each year for installation level managers to receive direct support from AFNAFPO while attending various trade shows. Working in concert with our NPA holders, special discounts are offered during these shows that are ordinarily not offered during any other time of the year. AFNAFPO may support the following Trade Shows: Professional Golfers Association (PGA) Show; Hospitality Design Expo & Conference; National Restaurant Association (NRA) Show; Bowl Expo; and the International Hotel/Motel & Restaurant (IH/M&R) Show.

**4.5. Consolidated Buys.** Consolidated buys create an opportunity for Services operations worldwide to participate in unique purchasing opportunities by consolidating common requirements under one order issued by AFNAFPO. Consolidated buys focus on generating volume to create additional discounts from the NPA pricing program. Golf carts, skiing equipment, party kits, computers, and televisions are a few examples of bulk purchases being made under the consolidated buy initiative.

**4.6. Product Bulletins.** This program works very successfully for our NPA contractors who want to market their programs aggressively to our customer base. The AFNAFPO works with our trading partners to promote and market various products in their product line. It is a simplified process distributed via product bulletin format announcing pricing specials, closeouts, new products, and various other applications that complement our trading partners' annual marketing strategy. In addition to distributing these bulletins to our worldwide Services customers, the AFNAFPO posts these special buying opportunities on the AFNAFPO website.

## Chapter 5

### SERVICING CONTRACTING OFFICE (SCO)

**5.1. Contracting Support.** The SCO will use the guidance and procedures of this manual as the method of contracting in support of local NAF requirements to the fullest extent possible. When FAR clauses are used in NAF contracts, the Contracting Officer will delete references to “Government” and substitute “NAFI”. The SCO will provide contracting support for the following:

- 5.1.1. Purchases using NAFs and APFs. For purchases using both NAFs and APFs, the acquisition will use FAR procedures.
- 5.1.2. Service contracts that exceed NAF Contracting Officer purchasing authority.
- 5.1.3. Construction contracts that exceed NAF Contracting Officer purchasing authority.
- 5.1.4. NAF requirements placed against APF indefinite-delivery contracts.
- 5.1.5. Special requests for contracting support or technical assistance.

**5.2. Appropriated Fund Purchases.** Delivery orders citing APFs cannot be issued against NAF Contracts and Agreements. However, the Contracting Officer may use a NAF Contract or Agreement holder as a source for APF requirements.

**5.3. Repair of Aero Club Aircraft.** The SCO will obtain at least two repair cost estimates for aircraft repair from Federal Aviation Administration (FAA) licensed aircraft repair firms. The solicitation will advise offerors that no award will be made if it is determined the aircraft is not economical to repair or if a decision is made to accomplish repairs in-house. The SCO will provide the repair estimates, including price and terms or conditions, to the local aero club manager. The manager submits the estimates and required photographs of the damage to the HQ AFSVA, Directorate of Programs for repair authorization.

## Chapter 6

### SPECIAL NAF REQUIREMENTS

**6.1. NAF Contracting Requirements.** The FAR, DoD supplements (DFARS), and Air Force FAR supplements (AFFARS) do not apply to NAF procurement. Only those clauses required by law or otherwise stated in this manual shall be mandatory. FAR procedures may be used as guidance in support of NAF purchasing processes.

**6.2. Construction Contracts.** Construction contracts awarded by AFNAFPO may use the FAR as a guideline. However, the process for acquiring construction may be based upon standard commercial practices if such practices are in the best interest of the NAFI. Such commercial standards may include a total turnkey service, including construction with the same firm that provided the A&E design. Construction requirements shall not be split to circumvent dollar limitations set forth in Chapter 3. Government or NAFI furnished supplies and equipment is not included when determining the contract value. Coordinate construction services with the Base Civil Engineer (BCE) prior to issuing a purchase order. When necessary, make arrangements for BCE inspectors to inspect and accept the work.

**6.3. Purchase Orders/Contracts.** Unilateral purchase orders (except for resale) shall not exceed the SAT. The Contracting Officer shall issue bilateral purchase orders or formal contracts for requirements exceeding the SAT or where otherwise determined appropriate. Purchase orders for resale items may be issued for any amount.

**6.4. Sources of Supply.** Before considering open market commercial suppliers, Contracting Officers shall consider the following sources in the following order of precedence: (1) EPP contracts, (2) NPAs, (3) General Services Administration (GSA) contracts. Contracting Officers will also consider other sources of supply described in paragraphs 6.12 and 6.13 of this manual.

**6.5. Buying Products Containing Recovered Materials.** Where procuring cumulatively more than \$10,000.00 of certain products not for resale that can contain recovered materials, activities should consult the Environmental Protection Agency list at <http://www.epa.gov/epawaste/conserves/tools/cpg/products/index.htm> and 40 CFR 247.3. Such products must be procured where they meet our performance standards, are competitively and reasonably available, and not unreasonably priced.

#### **6.6. Competition Requirements.**

6.6.1. The Contracting Officer must promote competition to the maximum extent practicable to obtain supplies and services from the source whose offer is the most advantageous to the NAFI, considering the administrative cost of the purchase. For purchases up to and including \$5,000, maximum practicable competition ordinarily can be obtained by soliciting quotes or offers from sources within the local area. When Contracting Officers cannot make a determination of price reasonableness, quotes must be obtained from at least two offerors. Price reasonableness addresses the issue of whether the offered price is too high and may be determined based on one or more of the following considerations: market research, comparison with previous competitive purchase of same or similar item, current catalog/published price list/advertisement, buyer's personal knowledge of item. The Contracting Officer's signature constitutes certification that prices are fair and reasonable. Contracting Officers shall not engage in the practice of auctioning one company's bid against

another company's bid in an attempt to obtain a lower price. Contracting Officers will determine price fair and reasonableness on all purchases when required and document the determination in the contract file and attach it in the NAF electronic purchasing system. (See chapter 9 for limitations concerning the use of the NAF P-Card.)

6.6.2. Purchases exceeding \$5,000. At least two sources shall be solicited for requirements estimated over \$5,000 and up to and including the SAT amount. When possible, written or electronic solicitations will be issued to a minimum of three qualified sources when practicable for requirements exceeding the SAT. If only one bid is received then the Contracting Officer shall include a written memorandum outlining the basis of price reasonableness.

**6.7. Resale/Rental (Open Market).** Competition is not mandatory for resale or rental items. When competition is not obtained the Contracting Officer will prepare a determination of price reasonableness and include the determination in the contract file and attach it in the NAF electronic purchasing system.

6.7.1. Food purchases under resale. Standard commercial practices concerning the purchase of food items apply to NAF purchasing. Branding is a commonly accepted concept in food services. Brand name food items may be purchased without further competition and established as standard presentations (e.g., core menus and core recipes) within food operations. Food items in general (whether they are directly provided to the consumer or they are part of the recipe) may be considered items for resale; however, competition may be in the best interest of the NAFI in certain cases. Price reasonableness must be determined when purchases are made outside the NAF Prime Vendor program.

6.7.2. Rental item purchases without competition. The decision to purchase brand name items for rental without competition is made by the Contracting Officer in coordination with the requesting activity. Contracting Officers are required to seek competition for rental items not driven by brand name preference only if it is in the best interest of the NAFI.

6.7.3. Items that generate revenues by virtue of their function, such as amusement machines, vending machines, and bingo prizes may be purchased without competition. When competition is not obtained, the Contracting Officer will determine price reasonableness and include this determination in the contract file and attach it in the NAF electronic purchasing system.

**6.8. Brand Name and Sole Source.** Brand Name is used when only one particular manufacturer's product, and not a substitution or equivalent, meets the essential requirements of the NAFI. Requirements are generally based on customer preference and/or demand. Sole Source implies that there is only one person or company that can provide the contractual services needed and that any attempt to obtain bids would only result in one person or company being available to meet the need. Written justification for brand name and sole source purchases shall be provided by the requesting activity along with the purchase request. The justification must state what specific or unusual need makes the required brand name product(s)/sole source necessary. Personal preference is not sufficient justification for a sole source purchase. The Contracting Officer will determine whether there is sufficient justification to purchase the brand name or from the sole source. A brand name only purchase may be competed to determine if the item can be procured at various discounts from the manufacturer or from authorized distributors. Sole source requests may be validated by publicizing the requirement. When competition is not

obtained the Contracting Officer will determine price reasonableness and include the determination in the contracting file.

**6.9. Brand Name or Equal.** The brand name or equal method is another procedure for describing a requirement. The purchase description should set forth those salient characteristics of the brand name product that are essential to the needs of the NAFI. The make or model number or other appropriate nomenclature and all other known acceptable brand name products, should be listed as a part of the description. The Contracting Officer shall require the offerors to submit information that establishes that the product offered meets the NAFI requirement. Brand name or equal procurements are not accomplished on a sole-source basis. Therefore, no justification or approval is required other than documentation in the file showing that competition was sought, and a determination of fair and reasonable pricing was made, with subsequent award of the contract.

**6.10. Determination of Responsibility.** Before award of any contract, the Contracting Officer must determine the responsibility of the firm that is being considered for award. Contracting Officers may use the standards in FAR 9.104-1 as a guide in determining contractor responsibility. To be determined responsible, a prospective contractor must demonstrate they:

- 6.10.1. Have adequate financial resources to perform the contract, or the ability to obtain them;
- 6.10.2. Are able to comply with the required or proposed delivery or performance schedule;
- 6.10.3. Have a satisfactory performance record;
- 6.10.4. Have a satisfactory record of integrity and business ethics;
- 6.10.5. Have the necessary organization, experience, accounting and operational controls, and technical skills, or the ability to obtain them; and
- 6.10.6. Have the necessary production, construction, and technical equipment and facilities, or the ability to obtain them.

**6.11. Design Inclusion Provision.** A firm that designs or specifies projects (or its subsidiaries or affiliates) generally may not have to compete for a contract to provide items for that project if the Contracting Officer determines that it meets the business objectives of the requesting activity and is in the best interest of the NAFI.

**6.12. Performance Period of NAF Contracts or Agreements.** Contracts subject to the Service Contract Act (SCA) are restricted to 5 years. Maximum time for contracts not subject to the SCA will be determined by the Contracting Officer. Contracts that exceed 10 years must be supported by the Contracting Officer's determination that demonstrates the extended performance is in the best interest of the NAFI. Contracts for leases of real property are unlimited. Blanket Purchase Agreements (BPAs) and Nonappropriated Fund Purchase Agreements (NPA's) must state the beginning and ending dates of the basic period. BPAs and NPA's may include option periods to extend their duration; however, they will not exceed ten years.

**6.13. Buying Products and Services from the Blind and Disabled.** The Javits-Wagner-O'Day Act requires the Government to purchase supplies or services from the mandatory AbilityOne "Procurement List" if the supplies or services are available within the period required. The "Procurement List" is located at the AbilityOne website at <https://www.abilityone.org>.

**6.14. Buying from Federal Prison Industries (FPI) Inc.** (FPI), also referred to as UNICOR, is a self-supporting, wholly owned Government corporation. Contracting Officers are encouraged to purchase FPI supplies and services to the maximum extent practicable. FPI supplies and services are located at [www.unicor.gov](http://www.unicor.gov).

**6.15. Purchase of Hazardous Materials.** Orders or contracts which include the purchase of hazardous materials shall include the FAR clause 52.223-3, *Hazardous Material Safety Data*, by reference or in full text. Orders shall identify where safety hazardous sheets should be submitted. All purchases of hazardous material must be coordinated in advance with the Hazardous Materials Pharmacy (see AFI 32-7086, *Hazardous Materials Management*).

**6.16. Controlled Medical Substances.** Controlled medical substances purchased for the base veterinarian shall include the veterinarian's Drug Enforcement Agency (DEA) number. If the veterinarian does not have a DEA number (digital certificate), he or she shall order medical substances from base medical supply.

**6.17. Information Technology Coordination.** All AFNAFPO contracts for Automated Information Systems (AISs), and Information Technology (IT) equipment and services must be coordinated through the Air Force Personnel Operations Agency, AFPOA, prior to award. MAJCOM/installation-level contracts for AIS and IT should be coordinated with the supporting Communications Directorate or Communications Squadron to ensure compliance with Air Force IT criteria and standards.

**6.18. NAF Vehicles.** All NAF vehicles must be purchased by AFNAFPO unless a waiver has been granted by AFNAFPO for local purchase.

## Chapter 7

### PURCHASE REQUEST (PR)

**7.1. PR Guidance.** Purchase requests shall as a minimum identify the requesting NAFI (e.g., Randolph AFB Morale Welfare & Recreation (MWR) fund), the requirement, and requested delivery date. PRs for services should be submitted with a performance work statement (PWS) or statement of work (SOW).

**7.2. Numbering PRs.** Numbering of PRs should be configured to identify base name, branch of service, cost center code, fiscal year, and four unique numbers that identify the particular PR. The PR numbers will be compatible with NAF electronic purchasing system. Cost center codes and NAF identifications are provided in the NAF Financial Management and Accounting regulation (AFMAN 34-214, *Procedures for Nonappropriated Funds Financial Management and Accounting*).

7.2.1. Purchase Request Register. A register for purchase requests and resulting purchase orders is maintained electronically in the NAF electronic purchasing system. If the electronic purchasing system is not available, a manual register must be maintained until the system becomes available and is updated with the information.

7.2.2. Funds Availability. All purchase requests must contain certification of funds availability (signed by an individual with fund certification authority) before purchasing action is initiated.

7.2.3. Distribution of Purchase Requests. The preferred method of distribution is through the NAF electronic purchasing system.

**7.3. Green Procurement.** All purchase requests for non-resale products or services must define requirements that comply with the Green Procurement Program. Training on green procurement is available at Defense Acquisition University.

**7.4. Authorization of Additional Funds against Original PRs.** Any contracting action that requires more funds than originally authorized cannot be executed without certification that funds are available. Additional NAFs are obtained by the Contracting Officer before commitment of NAFs to settle claims. Freight and other miscellaneous costs not included in the resulting order/contract are not considered part of the funding estimates submitted on the PR. Additional funds may be cited by way of an additional PR. Verbal confirmation is authorized and will be documented in the NAF electronic purchasing system for additional funding that does not exceed \$500.

## Chapter 8

### SOLICITATIONS AND AWARD

**8.1. Solicitations.** Contracting Officers will provide identical information to all prospective offerors in the bidding process. Written solicitations may be structured as a request for quotation (RFQ) or a request for proposal (RFP). RFQs may be oral and the responses to RFQs are not binding on the offeror. An RFP will be issued when a binding offer is needed and will bear the signature or electronic certification of an official in the company authorized to commit the firm. The offer will become a binding contract when accepted and signed by the Contracting Officer. Solicitations may be transmitted and received electronically and have the same binding effect as a written solicitation. The NAF electronic purchasing system, which is located at <http://www.afnafpo.com/> will provide necessary formats to forward to prospective offerors electronically or manually.

8.1.1. Over the SAT. Written solicitations will be used for open market purchases exceeding the SAT.

8.1.2. Change in NAFI requirements. If there are changes in the requirement before or after receipt of quotations or proposals, the Contracting Officer will notify offerors of the change. If the quotations or proposals are not yet due, an amendment will be sent to all firms that received the solicitation. If the deadline for quotations or proposals has passed, send the amendment only to those firms that responded. The Contracting Officer will make a written determination if the changes are significant enough to warrant canceling the entire solicitation and resoliciting.

**8.2. Source Selection.** Solicitations for requirements exceeding the SAT may require written proposals (ordinarily using AF Forms 2640 and 2641, **Nonappropriated Fund Contract Award**) or electronic proposals, and may include oral presentations by prospective contractors. Contract award will be made to the offeror whose proposal represents the best value to the NAFI. The source selection approach and evaluation factors are specific to each acquisition and shall be identified in the solicitation. Where appropriate, an acquisition strategy is developed prior to the drafting of the solicitation to determine the most effective source selection approach for the requirement, to establish evaluation criteria, to identify the source selection evaluation team evaluating proposals, and develop the documents to support the Source Selection Authority (SSA) decision. Solicitations shall inform offerors of the format required for the submission of a proposal and will elicit from offerors only the material needed to fairly evaluate offers. Past performance shall be an evaluation factor. Poor past performance ratings may disqualify an offeror from receiving an award. Offerors are required to meet all solicitation requirements, such as terms and conditions, representations and certifications, and technical requirements, in addition to those identified as evaluation factors or subfactors. Failure to meet a requirement may result in an offer being ineligible for award. Non-disclosure agreements shall be used during the source selection process. The Director of AF NAF Purchasing, or designee, is the SSA for contracts estimated to exceed the SAT. The SSA is responsible for the proper and efficient conduct of the entire source selection process encompassing proposal solicitation, evaluation, selection, and contract award.

**8.3. Synopsis.** Synopsis is not a requirement for NAF purchases. However, the Contracting Officer may synopsisize requirements when it is determined to be in the best interest of the NAFI. If synopsis is deemed appropriate, the Contracting Officer will use the Government-wide Point of Entry system and will determine the length of time for publicizing NAF requirements. Solicitation and contract award notices for synopsisized NAF purchases shall include the following as the last part of the notice to be published: “This is a nonappropriated fund purchase and it does not obligate appropriated funds of the United States Government. Nonappropriated funds are generated by the military community through the sale of goods and services and the collection of fees and charges for participation in military community programs. This purchase does not involve federal tax dollars.” Contract award notices are not a mandatory requirement for NAF purchases. However, AFNAFPO will send written notification to all unsuccessful offerors that outlines their debriefing rights.

**8.4. Pricing Summaries and Price Negotiation Memorandums (PNM).** After the receipt of offers, the Contracting Officer may make an award based on the initial quotations/proposals, or conduct negotiations. The Contracting Officer will ensure that discussions, if held, are conducted openly and fairly without affording any offeror a competitive advantage and that the discussions are documented in the PNM. A PNM or pricing summary will be prepared to document the price analysis and to establish the fairness and reasonableness of the proposed pricing. When price reasonableness is based upon adequate competition (two or more technically acceptable offers), no further supporting documentation is required. When only one offer is received or found to be technically acceptable, the file will include catalog references, price lists, previous prices for similar goods or services, a brief statement of facts regarding the anticipation of competition, or other documents that support the reasonableness of the offered price.

**8.5. Award.** If factors other than price alone are used as a basis of award, then these factors shall be identified in the solicitation with their order of importance in selecting an offer for award.

8.5.1. Purchases up to and including the SAT. Using price and other factors as the basis of award, the Contracting Officer will document the file with the rationale for making award to a particular contractor.

8.5.2. Purchases over the SAT. Using price and other factors as the basis of award, the Contracting Officer will prepare a written summary of the analysis of all offers showing the results of the evaluation in relation to price, technical factors, and past performance (when it is used as part of the evaluation criteria). This document will be marked “Source Selection Sensitive” and will not be released to the public.

**8.6. Purchase Orders (PO).** POs are offers to buy items on the open market at specified prices and other terms and conditions. POs are binding when the firm accepts the offer either by signing the order or initiating performance. Use the template provided in the NAF electronic purchasing system. If automated ordering is not available, then the AF Form 2209, **Nonappropriated Fund Order for Supplies or Services**, will be used. Commercial vendor literature, business agreements and licenses may be attached as part of the order; however, commercial business agreements shall be reviewed by the local SJA/Contract Attorney prior to including them in any order or contract. The NAF General Provisions will be added to open market purchase orders.

**8.7. Confirmation Orders.** Orders may be issued orally with follow-on written orders confirming the oral requirements. The written order will contain the date and individual with

whom the verbal order was placed. Confirmation Orders should be used only in an emergency situation.

**8.8. POs Outside the United States.** In the event of inconsistency in the translation between terms of a contract written outside the United States, the English definition shall take precedence.

**8.9. Delivery Orders (DO).** A DO is an order written against an existing contract or agreement. Terms and conditions set forth in the basic contract will apply to delivery orders issued.

**8.10. Numbering of Contracts/Orders.** The numbering system shall be consistent with the NAF electronic purchasing system to provide an audit trail of contracts/orders issued against individual purchase requests. Contracts or Orders issued by the SCO will be consistent with the SCO numbering system.

**8.11. Equal Low Quotes or Proposals.** Negotiation with responsible offerors should be used to break a tie. After further negotiations, if there is still a tie, award shall be made by a drawing witnessed by a minimum of two individuals. Offerors may be invited to attend the drawing. Document the contract file with the names and addresses of persons witnessing the drawing.

**8.12. Debriefings.** An offeror who desires a post-award debriefing must make a written request to the Contracting Officer within 3 days after the date on which that offeror received notice of the contract award. When determined appropriate by the Contracting Officer, the requesting offeror will be debriefed promptly and furnished the basis for the selection decision and contract award. The debriefing shall not include point-by-point comparisons of the debriefed offeror's proposal with those of other offerors and is not a forum for debate regarding the subjective judgment of the SSA and shall not reveal any information exempt from release under the Freedom of Information Act or other applicable law or regulation. At a minimum, the debriefing information should include:

8.12.1. The Government's evaluation of the significant weaknesses or deficiencies in the offeror's proposal, if applicable

8.12.2. The overall evaluated cost or price (including unit prices), and technical rating, if applicable, of the successful offeror and the debriefed offeror, and past performance information on the debriefed offeror;

8.12.3. The overall ranking of all offerors, when any ranking was developed by the agency during the source selection;

8.12.4. A summary of the rationale for award;

8.12.5. For acquisitions of commercial items, the make and model of the item to be delivered by the successful offeror;

8.12.6. Reasonable responses to relevant questions about whether source selection procedures contained in the solicitation, applicable regulations, and other applicable authorities were followed.

**8.13. Clauses and Certifications.** Contracts, orders, and agreements funded exclusively with NAFs shall contain only those clauses and certifications required for the purpose of complying with Federal law, DoD requirements, and protecting the interests of the NAFI. The NAF electronic purchasing system contains the approved contract formats, minimum clauses and certifications to be used for NAF purchases. In addition, the AFNAFPO web site contains the

minimum clauses and certifications. Commercial literature, business agreements and licenses may be incorporated as part of NAF contracts and orders providing they do not conflict with a federal requirement or immunity. Legal review shall be obtained when any of the aforementioned documents are incorporated into NAF contracts.

**8.14. Payment Terms.** Payment terms shall be specified on orders/contracts. The Contracting Officer may negotiate payment terms other than the standard “Net 30 days” if it is in the best interest of the NAFI and there is mutual agreement between the contracting parties.

**8.15. Contract Approvals.** Within AFNAFPO, a contract review committee will review all solicitations estimated to exceed the SAT to ensure all actions comply with the applicable rules and regulations, including this manual and AFNAFPO Office Instructions (OIs). The following actions will be taken by AFNAFPO during the review process:

8.15.1. All solicitations, contracts, amendments and modifications exceeding the SAT will be administratively reviewed by the AFNAFPO Director or designee.

8.15.2. Legal review will be obtained for all solicitations and contracts/agreements (excluding NPAs using a previously approved format) and amendments or modifications.

8.15.3. Contracts, agreements and amendments or modifications that exceed \$500,000 require approval by the AFNAFPO Director or designee and legal. Any contract or agreement awarded as a result of the competitive bid process through Request for Proposal and Source Selection will require review and approval by the AFNAFPO Director or Deputy Director.

8.15.4. All termination actions, including cure notices, show cause notices, notices of terminations and termination settlement agreements will be reviewed by the AFNAFPO Director or designee and legal.

## Chapter 9

### NAF PURCHASE CARD (P-CARD)

**9.1. Introduction.** The NAF P-Card is used to make purchases for official government use. The purchasing thresholds for the card are determined by AFNAFPO in coordination with the HQ AFSVA, Directorate of Financial Management and Comptroller. The NAF P-Card is the preferred method of acquiring standard commercial items within the dollar thresholds set forth in this manual.

**9.2. Functions and Responsibilities.** At installation-level, the local RM is the Installation Program Coordinator (IPC) for the services activities in the Services/FSS and serves as the focal point for coordinating the issuance and destruction of cards, establishment of reports and administrative training. The RM oversees the NAF P-Card Program and establishes installation level guidelines. The RM outlines authority of cardholders by issuing letters designating authority and appointing cardholders. Prior to receiving a NAF P-Card, cardholders receive a letter of appointment outlining responsibilities and indicating the maximum amount for each purchase. The nonappropriated fund financial analyst (NAFFA) shall perform an annual review of all cardholder accounts and document the results of their findings IAW AFI 65-107, Nonappropriated Funds Financial Management Oversight Responsibilities. At MAJCOM level, the MAJCOM/AISR serves as the IPC, and at HQ AFSVA, the AFNAFPO has overall management of the NAF P-Card program.

**9.3. Training.** Training is managed by the IPC. Training should address policies and procedures pertaining to small purchases, the use of the NAF P-Card and ethical standards. The training may be conducted by NAF Contracting Officers, senior procurement personnel, or the RM. All cardholders shall be familiar with the requirements of this manual and other instructions pertaining to the NAF P-Card Program and NAF P-Card Standard Operating Procedures (SOP) developed by the Air Force Services Agency.

**9.4. Dollar Limitations/Restrictions.** The RM is responsible for overseeing the execution of purchasing transactions to ensure they do not exceed the individual cardholder's dollar limitations and that the card is being used only for authorized government transactions. The limitations set at installation and MAJCOM level must not exceed the overall thresholds established through AFNAFPO (i.e., each installation or MAJCOM may set its own thresholds as long as they do not exceed the dollar amounts set forth in this manual).

9.4.1. The NAF P-Card card may be used to purchase supplies, equipment, and non-personal services. Individual transactions may not exceed \$2,500 except as follows:

9.4.1.1. For purchases from the Commissary, the Army and Air Force Exchange Service (AAFES), Naval Exchange Service (NEX), Prime Vendor, and printing services from the Defense Automated Printing Service (DAPS) the limit is \$25,000 per transaction.

9.4.1.2. Cardholder accounts may be established by training and education program managers with a single purchase limit up to \$25,000. The NAF P-Card does not replace the DD Form 1556, **Request, Authorization Agreement, Certification of Training and Reimbursement.**

9.4.2. NAF Contracting Officers may specify the NAF P-Card as a method of payment on agreements, purchase and delivery orders, and contracts up to the limit of their warrant authority. The Contracting Officer can specify any NAF P-Card cardholder at their installation, except themselves, as the payer. Card limits shall be adjusted by the local card approving authority to meet mission needs and maximize use of the NAF P-card.

9.4.3. The NAF P-Card shall not be used for the following:

9.4.3.1. Personal Purchases.

9.4.3.2. Use as a travel card for official government travel.

9.4.3.3. Cash Advances.

9.4.3.4. Rental or lease of land or buildings.

9.4.3.5. Purchase of hazardous/dangerous items such as explosives, toxins.  
EXCEPTION: The purchase of ammunition and firearms used for resale in Rod & Gun Clubs or on skeet ranges is authorized if proper purchase authorization is obtained from applicable base, local, state and/or federal agencies.

9.4.3.6. Items designated for purchase with APFs.

## Chapter 10

### BLANKET PURCHASE AGREEMENTS (BPAS) AND BLANKET DELIVERY ORDERS (BDOS)

**10.1. BPAs.** BPAs provide a method of purchasing supplies and services on a recurring basis on the open market when the use of the NAF P-Card card is not practicable. NAF Contracting Officers negotiate BPAs. A PR is not required to create a BPA. BPAs will be accomplished by using the templates provided in Internet Based Purchasing System (IBPS) and will include the NAF General Provisions. NAF Special Provisions will also be added on BPAs for perishable items. BPA numbering will be compatible with the NAF electronic purchasing system. If the BPA is accomplished manually, then the agreement shall contain as a minimum: pricing, identification of items covered, delivery terms, Contracting Officer's signature, dollar call limitations, individuals or positions authorized to place calls against the BPA, and mandatory clauses identified in this manual, i.e., NAF General Provisions and Special Provisions.

10.1.1. Description of Agreement. A statement that the supplier shall furnish supplies or services, described in general terms, if and when requested by the contracting officer (or the authorized representatives of the contracting officer) during a specified period and within a stipulated aggregate amount, if any.

10.1.2. Extent of the Obligation. A statement that NAF is obligated only to the extent of authorized purchases actually made under the BPA.

10.1.3. Purchase Limitation. A statement that specifies the dollar limitation for each individual under the BPA.

10.1.4. Individuals Authorized to Purchase Under the BPA. A statement that a list of individuals authorized to purchase under the BPA identified either by title of position or by name of individual, organizational component, and the dollar limitation per purchase for each title or individual shall be furnished to the supplier by the contracting officer.

10.1.5. Delivery Tickets. A requirement that all shipments under the agreement, except those for newspapers, magazines, or other periodicals, shall be accompanied by delivery tickets or sales slips that shall contain the following minimum information:

10.1.5.1. Name of supplier

10.1.5.2. BPA number

10.1.5.3. Date of purchase

10.1.5.4. Purchase number

10.1.5.5. Itemized list of supplies or services furnished.

10.1.5.6. Quantity, unit price, extension of each item, less applicable discounts (unit prices and extensions need not be reflected with the use of automated systems, provided the invoice is itemized.)

**10.2. Prepriced and Unpriced BPAs.** The Contracting Officer is responsible for determining whether a prepriced or unpriced BPA should be established. Products or services that fluctuate in price on a frequent basis are usually established as an unpriced BPA. The Contracting Officer

should attempt to ensure adequate competition is available when establishing sources that qualify for BPAs.

10.2.1. The Contracting Officer shall approve price lists or negotiate firm fixed pricing for prepriced BPAs. Approved price lists will contain the effective dates and a copy will be maintained with the BPA.

10.2.2. Distribution. Copies of the price list or negotiated prices for services shall be dated and distributed to the applicable activities. The activities shall not solicit additional pricing discounts against the pre-negotiated prices. However, voluntary price reductions are acceptable if offered by the contractor.

10.2.3. Items not covered by the BPA are not eligible for purchases under the BPA. Requirements for these items should be referred to the Contracting Officer for inclusion under the BPA.

10.2.4. Documenting Calls. Calls against BPAs should be documented by the activity using the Call Register located in the NAF electronic purchasing system. Other controls may be established by the Contracting Officer as necessary. Sales slips, invoices, delivery tickets, and other commonly accepted documents may be used by the activity to verify receipt of goods. Discrepancies shall be noted. Documentation shall be forwarded to the appropriate paying office to support payment.

10.2.5. Administration of BPA Calls. The activity that placed the call is responsible for follow-up action as it relates to delivery, cancellation, and other related matters. Problems that cannot be resolved will be referred to the Contracting Officer.

10.2.6. Payment. Consolidated payments shall be made on a monthly basis. The specific time and conditions of payment are established within the terms of the BPA. BPAs for commodities subject to accelerated payment under the Prompt Payment Act (meat, perishables, etc.) shall contain appropriate payment provisions.

**10.3. BDOs.** A BDO provides a way of ordering undetermined quantities of supplies and services through prepriced contracts using the call process similar to a BPA. A PR is required to create a BDO. The total estimated dollar amount to be used during the specified time will be identified on the order. The BDO is created against an existing contract using a purchase order form.

**10.3.1. The order should specify a time frame in which calls will be valid against the BDO, however, the performance period of the BDO must fall within the performance period of the source contract.**

10.3.2. The Contracting Officer shall provide the contractor a list of individuals or position titles authorized to place calls against the BDO. The list will include maximum call limitations. BDOs will be accomplished by using the same format as delivery orders. BDO numbering will be compatible with the NAF electronic purchasing system and local controls.

10.3.3. Documenting Calls. Calls against BDOs must be documented by the activity using the Call Register located in the NAF electronic purchasing system. Other controls may be established by the Contracting Officer as necessary. Sales slips, invoices, delivery tickets, and other commonly accepted documents may be used by the activity to verify receipt of

goods. Discrepancies shall be noted. Documentation shall be forwarded to the appropriate paying office to support payment.

10.3.4. Administration of BDO Calls. The activity that placed the call is responsible for follow-up action as it relates to delivery, cancellation, and other related matters. Problems that cannot be resolved will be referred to the Contracting Officer.

10.3.5. Payment. Consolidated payments shall be made on a monthly basis. The specific time and conditions of payment are established within the terms of the BPA. BPAs for commodities subject to accelerated payment under the Prompt Payment Act (meat, perishables, etc.) shall contain appropriate payment provisions.

**10.4. Reviews.** Annual review of BPAs and BDOs shall be performed by the Contracting Officer to monitor compliance and to determine if continuance of the agreement is warranted.

## Chapter 11

### SPECIAL TYPE CONTRACTS AND AGREEMENTS

**11.1. Formats.** The formats provided in the NAF electronic purchasing system for the special contracts and agreements are mandatory for special contracts and agreements. All NAF contract templates, including the NAF General and Special Provisions can be found in the Policy & Training area of the AFNAFPO website: <http://www.afnafpo.com/>. Apply the guidance on the special contracts and agreements discussed in this chapter. If the contractor's social security number is required by accounting to process appropriate Internal Revenue Service (IRS) forms, it will be not be included as a part of the contract or stored in the NAF electronic purchasing system. The Privacy Act precludes open access to certain information such as social security numbers. Legal review is required when a change is made to the any of the contract templates.

**11.2. Entertainment Contracts.** Commercial entertainment may be purchased noncompetitively. Contracting with booking agents shall utilize the same format prescribed for contracting directly with entertainment acts. Obtain legal review for contracts with agents.

**11.3. Aircraft Lease Agreement.** The Aero Club cannot operate the leased aircraft until written approval is obtained from HQ AFSVA/SVPC. When approval has been obtained, the Contracting Officer will submit a copy of the completed lease agreement to HQ AFSVA/SVXB for inclusion in the Air Force Insurance Program. Extension of leases should be forwarded to HQ AFSVA/SVXB.

**11.4. Aero Club Instructor and Mechanic Contracts.** These contracts include flight and ground instructors, aircraft and power plant (A&P) mechanics, and inspection authorization inspectors. These contracts may be entered into noncompetitively and paid on an hourly basis.

**11.5. Individual Service Contracts (ISCs).** These contracts may be entered into noncompetitively. Insurance should be considered where unique risks are associated with the services to be performed. These contracts are awarded to specified individuals for their unique skills, experience, or knowledge in performing a service for the NAFI. Consider the Twenty Common Law Factors in [attachment 2](#) to determine whether an employer-employee relationship will result. Contracts for individual services to a Federal agency are generally exempt from the requirements of the Service Contract Act.

11.5.1. An ISC will meet, as a minimum, the following criteria:

11.5.1.1. Only the individual specified on the contract will perform the service.

11.5.1.2. Payment should be based on a fixed amount or per job basis. Do not pay on a per hour basis or specify a percentage of the fees (except as authorized in Paragraph 11.4).

11.5.1.3. The ISC cannot exceed one year.

11.5.1.4. The ISC does not create an employer/employee relationship (e.g., supervision by a government employee).

11.5.2. Rights, benefits, and privileges that NAFI payroll employees accrue do not apply to a person who furnishes services under an ISC.

11.5.3. Do not use ISCs in the following situations:

11.5.3.1. For services that the individual is obligated to provide the NAFI as a result of his or her military or civilian employee position.

11.5.3.2. For construction services.

11.5.3.3. For services by an employee of the activity where performance of the service would create a conflict of interest. Consult with the base legal office for conflict of interest issues.

**11.6. Nonpersonal Services.** A nonpersonal service contract is negotiated with a contractor (individual, corporation, etc.) for services that do not require unique skills and the individual or individuals performing the service are not specified within the performance work statement of the contract. The Services Contract Act may apply to nonpersonal services (see Para. 3.7.3.4). For service contracts that will not exceed \$2,500, the contractor must pay its employees at least minimum wage. Service contracts that exceed \$2,500 may require wage rate determinations for various types of service employees. Therefore, service requirements greater than \$2,500 in the aggregate shall be forwarded to the local Servicing Contracting Office for purchase. The purchase request form and the statement of work are provided to the SCO when establishing nonpersonal service contracts.

**11.7. Consignment Contract, Charter Flight/Tour Desk Concessionaire Contract, and Ticket Consignment Agreement.** Legal review is required if the prescribed format is changed on any of these contracts.

**11.8. Concessionaire Contract.** Concessionaire contracts will be approved at one level above the FSS Commander (or equivalent). (See AFI 34-262, *Services Programs and Use Eligibility*, paragraph 2.6 for additional guidance.) Concessionaire contracts stipulate a fixed return to the NAFI or provide for a percentage of the income. The gross amount (income to NAFI and income to contractor) is used in determining the contract amount. Contracting Officers shall obtain advance approval from the appropriate HQ AFSVA Program Manager before awarding a contract to operate a club, golf course, bowling center, child care center, other services activities, or any part thereof.

11.8.1. NAF concessionaire contracts for aerial demonstrations or other MWR related events held off an Air Force installation should not be awarded unless the local community or other appropriate entity executes a MOA with the installation and requests or concurs that the installation may provide concessions or other services to support MWR related elements of a proposed event. Consult with your local legal office and call AFNAFPO if you need additional assistance."

**11.9. Contracting for Training and Education.** When NAFs are authorized to contract for vocational training and part-time college level education of NAF personnel, compete training and education needs in excess of \$25,000 among commercial firms or educational institutions, unless a sole source justification is included in the contract file.

**11.10. Contracts with Government Employees.** Contracts or lease agreements are authorized with military personnel, government employees, or business organizations substantially owned or controlled by government employees, when such contracts or leases are funded solely with

NAFs. However, legal review is required prior to the execution of any such contracts or agreements.

**11.11. Donations.** NAF contracts funded completely with donations do not require competition if the donor specifies the source to be used.

**11.12. Purchasing of Advertising.** See AFI 34-264, *Services Marketing and Publicity Program*).

**11.13. Public-Private Ventures (PPV).** PPV contracts/agreements must be considered as alternative methods of satisfying capital requirements in excess of \$1 million for Category C MWR activities. PPV arrangements may be used to provide only those services and activities that are within the mission and scope of Morale, Welfare, and Recreation (MWR) programs as authorized in DoDI 1015.13, *Department of Defense Procedures for Implementing Public-Private Ventures (PPVS) for Morale, Welfare, and Recreation (MWR), and Armed Services Exchange Category C Revenue-Generating Activities*. MWR services and activities provided through PPV arrangements must be limited to authorized patrons (AFI 34-262, *Services Programs and Use Eligibility*).

## Chapter 12

### CONTRACT ADMINISTRATION

**12.1. Contract Administration.** Contract administration covers actions necessary to ensure compliance with the terms and conditions of the order or contract. It includes, but is not limited to monitoring contractor compliance and the resolution of problems associated with shipments (lost or damaged goods), processing claims, payments, modifications and terminations. A contract generally will be considered to be completed when final payment has been made under the contract. Contracting Officers will not modify completed contracts. NAFIs will notify the AFNAFPO of any contractor associated with the CSBP whose goods or services do not conform to contract terms and conditions.

**12.2. Inspection, Acceptance, and Receiving Reports.** The receiving activity is the authorized representative of the Contracting Officer for the purpose of conducting oversight and acceptance of supplies and services when the contract provides for acceptance and/or inspection at final destination. The receiving activity will accomplish acceptance/rejection of goods and services in the NAF electronic purchasing system within 3 working days following delivery unless otherwise specified in the order/contract. When the contracting office is advised that delivery did not occur, the Contracting Officer will perform follow up within a reasonable time (maximum 7 days) after the original delivery date to determine the cause of delay and establish an acceptable delivery date. For overseas activities, follow-up requests should be made within 30 days after the delivery date to the stateside port. The delivery date identified on the order/contract for shipments overseas is the required delivery date to the port and not the final destination. If defective or nonconforming supplies are not rejected within the time allowed by the contract, or in the absence of such provision, within a reasonable length of time, the NAFI will be considered to have accepted them. If a contractor fails to make delivery after follow-up action, cancellation of the order/contract may be executed if it is in the best interest of the NAFI.

12.2.1. The following actions should be taken whenever a shipment is received:

12.2.1.1. The receiving official should be present when goods are received.

12.2.1.2. All boxes, cartons, packages, containers, etc., must be examined for damage before opening. Outside damage may consist of cave-ins, holes, water marks, etc.

12.2.1.3. Inspection of actual goods should consist of at least matching stock numbers, quantity, kind, color, etc., with the contract and any modifications thereto. **See Attachment 3** to file claims for the loss of or damage to in-transit NAF property.

12.2.2. Receiving reports shall include acceptance by signature and date either electronically or manually. Sales slips, delivery tickets, DD Forms 250, **Material Inspection and Receiving Report**, AF Form 2209, electronic formats established for receiving, or other forms used commercially or internally are acceptable to verify receipt and acceptance of goods or services. Partial shipments should be processed in a timely manner to ensure payment to the contractor. Payments shall be made for partial deliveries when authorized by the terms of the order/contract.

12.2.3. Proof-of-Shipment Procedure (Overseas only). Under the proof-of-shipment procedure, acceptance occurs when the shipment is received by the common carrier or the

government representative at the Consolidation Containerization Point (CCP) or Port of Embarkation (POE). Inspection of goods is waived until receipt at final destination. Payment is made upon receipt of a proper invoice and proof of shipment.

**12.3. Termination of Orders or Contracts.** Only Contracting Officers are authorized to terminate orders or contracts. Legal coordination/review will be obtained when any termination action is contemplated. There are two types of terminations: Termination for Convenience (T for C) and Termination for Default (T for D).

12.3.1. Termination for Convenience occurs when the Contracting Officer determines that such termination is in the best interest of the NAFI. A termination for convenience may involve costs. Any termination costs exceeding the Contracting Officer's warrant authority should be forwarded to the SCO or AFNAFPO for termination action. The parties may mutually agree to a no cost termination or cancellation.

12.3.2. Termination for Default is warranted when the contractor fails to deliver supplies or perform services within the time specified in the contract, when the contractor fails to perform any other provision of the contract, or when the contractor fails to make progress so as to endanger performance of the contract. A termination for default must be supported by sufficient documentation to validate the termination. Before proceeding with a termination for default, the contractor should be issued a cure notice or show cause notice as appropriate. If, after compliance with the procedures in paragraphs 12.3.2.1 or 12.2.3.2, the Contracting Officer determines that a termination for default is proper, the Contracting Officer shall issue a notice of termination which includes the contract number and date; the acts or omissions constituting the default; that the contractor's right to proceed further under the contract (or a specified portion of the contract) is terminated; that the supplies or services terminated may be purchased against the contractor's account, and that the contractor will be held liable for any excess costs; that the NAFI reserves all rights and remedies provided by law or under the contract, in addition to charging excess costs; and that the contractor has the right to appeal the termination to AFNAFPO. The NAFI shall provide a copy of the notice of termination (electronically or in writing) to AFNAFPO.

12.3.2.1. Cure notice. If a contractor fails to perform other provisions of the contract (such as not furnishing a required performance bond) or so fails to make progress as to endanger performance of the contract, the Contracting Officer shall give the contractor written notice specifying the failure and provide a period of 10 days (or longer period as necessary) in which to cure the failure. A cure notice shall be issued by certified mail, return receipt requested. Upon expiration of the 10 days (or longer period), the contracting officer may issue a notice of termination for default unless it is determined that the failure to perform has been cured.

12.3.2.2. Show cause notice. If the contractor has failed to make delivery of the supplies or to perform the services within the specified time, a notice of failure or notice of the possibility of termination for default is not required to be sent to the contractor before the actual notice of termination. However, the contractor may be issued a show cause notice. This show cause notice should be sent immediately upon expiration of the delivery period and should state that failure of the contractor to present an explanation may be taken as an admission that no valid explanation exists. A show cause notice shall be issued by certified mail, return receipt requested.

**12.4. Changes to Award Documents.** Only Contracting Officers are authorized to issue modifications to award documents. However, NAF activity personnel who have been delegated the authority by the Contracting Officer to place calls can make changes to calls against BPAs/BDOs provided the change is within the scope of the BPA/BDO. NAFs must be available or obtained when additional funding is required.

12.4.1. Use the SF 30, **Amendment of Solicitation/Modification of Contract**, or the format provided in the NAF electronic purchasing system to issue modifications or amendments to purchasing documents. The contracting office that issued the order/contract will make all modifications/amendments unless the written authority is delegated to another contracting office.

12.4.1.1. Modifications/amendments shall be numbered sequentially. Modification/amendment numbering shall be compatible with the NAF electronic purchasing system. Any downward adjustments do not require a modification unless the Contracting Officer deems it is in the best interest of the NAFI.

12.4.1.2. Unilateral/Bilateral modifications are determined based on the nature of the change to the order/contract. Unilateral modifications require only the Contracting Officer's signature whereas bilateral modifications require the signature of the Contracting Officer and the contractor's authorized representative. Administrative changes usually can be accomplished with a unilateral modification whereas significant changes such as change in quantity, dollar adjustments, or changes in the delivery schedule require a bilateral modification. Bilateral modifications will be prepared and forwarded to the contractor for signature prior to signing by the Contracting Officer.

**12.5. Protests.** Protests involving NAF contracts (except when issued by an APF buying office) are not subject to the jurisdiction of the General Accounting Office (GAO) or courts. AFNAFPO makes determinations on protests for contracts executed centrally. Protests of base level contracts will be resolved by the NAF Contracting Officer. All protests will be reviewed by the servicing legal office prior to a final decision being issued.

12.5.1. Protests shall be concise and logically presented to facilitate review by the agency. Failure to substantially comply with any of the requirements in the subparagraphs below may be grounds for dismissal of the protest.

12.5.1.1. Protests shall include the following information:

12.5.1.1.1. Name, address, and fax and telephone numbers of the protester;

12.5.1.1.2. Solicitation or contract number;

12.5.1.1.3. Detailed statement of the legal and factual grounds for the protest, to include a description of resulting prejudice to the protester;

12.5.1.1.4. Copies of relevant documents;

12.5.1.1.5. Request for a ruling by the agency; and,

12.5.1.1.6. Statement as to the form of relief requested.

12.5.1.1.7. All information establishing that the protester is an interested party for the purpose of filing a protest.

12.5.1.1.8. All information establishing the timeliness of the protest.

12.5.1.2. All protests filed directly with the agency will be addressed to the contracting officer or other official designated to receive protests.

12.5.2. Protests based upon alleged improprieties in a solicitation which are apparent prior to bid opening or the time set for receipt of initial proposals shall be filed prior to bid opening or the time set for receipt of initial proposals. All other protests shall be filed not later than 10 calendar days after the basis of protest is known or should have been known.

12.5.3. The contractor may appeal a protest decision within 10 calendar days of its issuance by AFNAFPO or the base NAF Contracting Officer. Comptroller General decisions and this manual are primary sources of authority for deciding protests.

12.5.4. Decisions issued by AFNAFPO may be appealed to Deputy Assistant Secretary (DAS) (Contracting), SAF/AQC. SAF/AQC is the protest appeal authority for AFNAFPO awarded acquisitions. SAF/AQC's address: 1060 Air Force Pentagon, Washington D.C. 20330-1060.

12.5.5. Appeals of decisions issued by a base NAF Contracting Officer must be filed with the executing base's NAF contracting office. The base NAF contracting office will forward the appeal to AFNAFPO, accompanied by a background paper outlining the facts, a copy of the contract and all related documents, and a proposed reply. The Director of AF NAF Purchasing will be the decision authority on appeals of decisions issued by the base NAF Contracting Officer.

**12.6. Claims.** The Contracting Officer is responsible for processing contract claims filed against the NAFI. A claim by the contractor shall be certified in writing and submitted to the Contracting Officer for a written decision. The Contracting Officer must immediately notify the funds custodian and the Staff Judge Advocate in writing when a claim is filed by a contractor. Include in the notification the amount claimed by the contractor. Additional funds must be obtained by the Contracting Officer from the funds custodian before commitment of funds to settle a claim when the amount of available funds on the purchase request would be exceeded.

**12.7. NAF Ratification Procedures.** The individual who committed the unauthorized purchase will prepare a detailed statement of facts and a purchase request, then forward to his/her supervisor for review and action. The supervisor will review the statement of facts for adequacy and certify that the item(s)/services were received and used for an authorized purpose; that funds were available at the time the commitment was made; and indicate what actions were taken to prevent recurrence. The supervisor will forward all documentation (Employee's Statement of Facts, Supervisor's Certification, Invoice, and funded Purchase Request) to the NAF Contracting Officer. In the event a signed statement from the individual who made the unauthorized commitment cannot be obtained, the supervisor of the individual will explain in writing why the statement is unavailable. The NAF Contracting Officer will review the ratification package for adequacy, prepare the necessary contractual documents, and forward to the servicing legal office for review. After legal review, the package will be forwarded to the ratifying authority for consideration. If approved by the ratifying authority, the Contracting Officer will sign the contract and make appropriate distribution. If the action is not ratified the file must include the method used to resolve the matter. At base level, the FSS Commander (or equivalent) may

approve ratifications up to and including \$50,000. Ratifications that exceed that amount will be forwarded to AFNAFPO for approval.

## Chapter 13

### ELECTRONIC COMMERCE (EC) IN NAF CONTRACTING

**13.1. Electronic Commerce (EC).** EC as it applies to NAF contracting means the exchange of contracting information electronically between the NAFI and the private sector. The Internet Based Purchasing System (IBPS) or other electronic purchasing system approved by AFNAFPO will be used for purchases made by NAF activities.

**13.2. Contracting Officer's Signature.** Contracting documents generated by automated procurement systems may use an electronic signature to represent the Contracting Officer's authorization of the contract action. This authorization applies to all electronically generated contracting documents, even when EC cannot be completely executed (e.g., some contractors may not be capable of accepting EC). In this situation, the contracting office will mail the electronically generated contracting document with the option to sign the hard copy. The following conditions must be met for EC:

13.2.1. Use of personal identification codes to control access to electronic generation software and to permit only the signer use of the digital signature.

13.2.2. Transmission and storage of a discrete electronic symbol to represent the Contracting Officer's signature.

13.2.3. Use of a discrete authentication intended to bind, as a means of verifying the identity of the individual originating the contracting action and to validate transaction content.

13.2.4. The electronic signature is linked to the data in the signed document in such a way that modification of the data would invalidate the signature.

13.2.5. Entering documents by proxy. The NAF electronic purchasing system allows documents such as PR's, orders, and contracts to be created and entered by proxy. Before using this function, Contracting Officers must ensure that documents with original signatures are electronically scanned and attached in the NAF electronic purchasing system.

**13.3. Electronic Commerce Distribution.** EC contracting systems may be used to distribute contractual documents if they transmit all the information contained in the input to the reviewing system and provide an electronic signature in accordance with paragraph 13.2.

**13.4. Electronic Creation and Storage of Contract Files.** Contracting activities shall create and store contractual documents and files electronically and ensure:

13.4.1. Access to document creation software and applications are controlled.

13.4.2. Audit trails of transactions and significant events are maintained.

13.4.3. Electronic documents and files are executed by individuals acting within their authority.

13.4.4. Dates and times of all records and modifications are defined and recorded.

David M. Van Buren  
Air Force Service Acquisition Executive

## Attachment 1

### GLOSSARY OF REFERENCES AND SUPPORTING INFORMATION

#### *References*

AFPD 64-3, the Nonappropriated Fund Contracting System, 1 December 2005

AFI 32-7086, Hazardous Materials Management, 1 November 2004

AFI 34-104, Services Marketing and Publicity Program, 25 July 1994

AFI 34-201, Use of Nonappropriated Funds, 17 June 2002

AFI 34-275, Air Force NAF Government Purchase Card Program, 31 March 2006

AFI 65-106, Appropriated Fund Support of Morale, Welfare and Recreation and Nonappropriated Fund Instrumentalities, 06 May 2009

AFI 65-107, NonAppropriated Funds Financial Management Oversight Responsibilities, 1 December 1999

AFMAN 34-214, Procedures for Nonappropriated Funds Financial Management and Accounting), 14 February 2006

DoD Directive 4105.67, Nonappropriated Fund (NAF) Procurement Policy, 2 May 2001

DoD Instruction 4105.71, Nonappropriated Fund (NAF) Procurement Procedure, 26 February 2001

FAR, Federal Acquisition Regulation, 01 January 2000

#### **Prescribed Forms**

AF Form 1408, *NAF Call Register*

AF Form 1409, *NAF Purchase Order/Contract/PR Register*

AF Form 2209, *Nonappropriated Fund Order for Supplies or Services*

AF Forms 2640 and 2641, *Nonappropriated Fund Contract Award*

#### *Abbreviations and Acronyms*

**AAFES**—Army and Air Force Exchange Service

**A&E**—Architect and Engineer

**AFFARS**—Air Force Federal Acquisition Regulation Supplement

**AFNAFPO**—Air Force Nonappropriated Fund Purchasing Office

**AMC**—Air Mobility Command

**APF**—Appropriated Fund

**BCE**—Base Civil Engineer

**BDO**—Blanket Delivery Order

**BPA**—Blanket Purchasing Agreement  
**CCP**—Consolidation Containerization Point  
**COM**—Customer’s Own Material  
**CSBP**—Commander’s Smart Buy Program  
**DAPS**—Defense Automated Printing Service  
**DBA**—Davis Bacon Act  
**DEA**—Drug Enforcement Agency  
**DFARS**—DoD Federal Acquisition Regulation Supplement  
**DISREP**—Discrepancy Report  
**DO**—Delivery Order  
**DRU**—Direct Reporting Unit  
**EC**—Electronic Commerce  
**EPP**—Essential Products Program  
**FAA**—Federal Aviation Administration  
**FAR**—Federal Acquisition Regulation  
**FOA**—Field Operating Agency  
**FOB**—Free On Board  
**FSS**—Force Support Squadron  
**GAO**—General Accounting Office  
**GSA**—General Services Administration  
**HQ AFSVA**—Headquarters Air Force Services Agency  
**IBPS**—Internet Based Purchasing System  
**ID/IQ**—Indefinite Delivery/Indefinite Quantity  
**IRS**—Internal Revenue Service  
**ISC**—Individual Service Contract  
**MAJCOM**—Major Command  
**MSC**—Military Sealift Command  
**MWR**—Morale Welfare & Recreation  
**NAF**—Nonappropriated Fund  
**NAFFA**—Nonappropriated Fund Financial Analyst  
**NAFI**—Nonappropriated Fund Instrumentality  
**NPA**—Nonappropriated Fund Purchasing Agreement

**PNM**—Price Negotiation Memorandum

**PO**—Purchase Order

**POD**—Port of Debarkation

**POE**—Port of Embarkation

**PR**—Purchase Request

**SAF/AQC**—Deputy Assistant Secretary for Acquisitions (Contracting)

**SCA**—Service Contract Act

**SCO**—Servicing Contracting Office

**SM&W**—Special Morale and Welfare

**SOP**—Standard Operating Procedures

**SOW**—Statement of Work

### *Terms*

**Best Value**—The expected outcome of a procurement that, in the NAFI's estimation, provides the greatest overall benefit in response to the requirement.

**Branding**—The term and business approach used to enhance an existing concept or operation. Three types of branding include; National Retail Brands, In-house or Signature Brands, and Manufacturer's Brands. As referenced in this manual, branding is a method or business relationship where a product or service is obtained from a vendor with an identifiable brand name attached. The brand name may be identified with the vendor or the NAFI. Branding may include purchase incentives and ancillary support programs.

**Commander's Smart Buy Program**—A cooperative purchasing program between installation level NAF activities and the Air Force Nonappropriated Fund Purchasing Office.

**Concessionaire Contract**—A contract to furnish predetermined goods or services for sale. The concessionaire agrees to pay the NAFI a negotiated percentage of gross sales or set fees.

**Construction**—The term "construction" means construction, alteration, or repair (including paving, dredging, excavating, and painting) of buildings, structures, or other real property. It does not include the installation of carpet, wall covering, or draperies. Also, it does not include the manufacture, production, furnishing, construction, alteration, repair, processing or assembling of products or other kinds of personal property.

**Continental United States (CONUS)**—The 48 contiguous states and the District of Columbia, further defined as the United States territory, including adjacent territorial waters, located within the North American Continent between Canada and Mexico.

**Contract**—An agreement that creates a legal obligation. The elements of a contract are: (1) a mutual agreement; (2) between competent parties; (3) for a legal purpose; (4) involving the exchange of legal consideration; (5) which creates a mutuality of obligation to perform between the parties. The term contract as used in this manual includes, without limitation, formal bilateral contracts, purchase orders, agreements, and modifications as well as other agreements entered into by an authorized Contracting Officer acting within his/her authority.

**Contracting Officer**—A person authorized in writing, either by appointment or by position, to execute and administer contracts on behalf of a NAFI.

**Delivery Order**—An order issued against an existing contract.

**Essential Products Program (EPP)**—Mandatory contracts issued by AFNAFPO.

**FOB (Free On Board) Destination**—Freight charges are included in the costs of supplies or figured separately as a lump sum. The contractor or carriers are responsible for the risk of loss or damage during shipment.

**FOB (Free On Board) Origin**—Freight is prepaid and billed separately on invoice by the contractor. Claims for risk of loss or damage are between the NAFI and carrier.

**Free Freight Allowed**—Contractor assumes cost of freight, but claims for risk of loss or damage are between the NAFI and carrier.

**Interior Design Project**—A design project involving changes to at least three elements of a room (e.g., carpeting, draperies, lighting, wall art, furniture).

**Nonappropriated Fund Instrumentality (NAFI)**—An integral DoD organizational entity that performs a government function. It acts in its own name to provide or assist DoD components in providing morale, welfare and recreational programs for military personnel and authorized civilians. As a fiscal entity, it maintains custody and control over its nonappropriated funds. It is not incorporated under the law of any state or of the District of Columbia and it enjoys the legal status of an instrumentality of the United States.

**Nonappropriated Fund Purchasing Agreement (NPA)**—A fixed priced agreement, against which delivery orders are issued using nonappropriated funds.

**Petty Cash**—A cash fund of a fixed amount set through an advance of funds, for immediate cash payment of relatively small amounts for authorized buys of goods and services.

**Purchase Order**—A simplified method to buy goods or services. All necessary terms and conditions are included in the order form, and the price is obtained based on oral or written solicitations. A unilateral purchase order is where the NAFI issues an order for goods or services without express written acceptance of the terms by the vendor. Acceptance occurs when and if the vendor performs according to the order, at which time a binding contract is formed. A bilateral purchase order is where both parties expressly agree to enter into mutual obligations (for NAF contracting, this involves obtaining a vendor's signature on a contract document before performance).

**Procurement**—Includes, without limitation: purchasing, renting, and leasing of real or personal property; construction (including third party financed projects), renovation and alteration of real property; and obtaining goods, equipment, and services for either direct use of the NAFI or for resale to authorized patrons. Procurement also includes functions such as selection and solicitation of sources, preparation of award of contracts, and all phases of contract administration. Procurement does not include the determination of requirements.

**Qualified Source**—A contractor who is normally engaged in the type of work or sells, markets, or distributes the product or service requested and from whom a valid quote could be reasonably expected.

**Ratification**—The act of validating an unauthorized commitment for the purpose of paying for the supplies or services provided to the government as a result of the unauthorized commitment. Unauthorized commitment as used in this document means an agreement that is not binding solely because the government representative who made it lacked the authority to enter into a contract on behalf of the government.

**Real Property**—Includes land and any buildings, facilities or improvements thereon.

**Request for Proposal (RFP)**—A request made to suppliers which communicates NAFI requirements and solicits offers which can be accepted by the Contracting Officer to form a binding contract.

**Request for Quotation (RFQ)**—Written or oral request for the purpose of obtaining price, delivery, and related information from suppliers.

**Resale Item**—An item or service purchased to generate revenue, including items whose form may be changed before it is sold to a customer (e.g., carcass beef). Consignment items, prizes, and other revenue generating purchases are treated as resale items as used in this manual.

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

**Sole Source**—There is only one known source that can provide the goods or services requested.

**Source Selection**—Formal process employed in procurement of goods and services, consisting of an invitation to bid, evaluation of the responses received, short-listing of the most suitable sources, and award of contract or order.

**Supplies**—All property, except land or interest in land. “Supplies,” as used in this regulation, means the same as “property,” “goods,” or “equipment.”

**Synopsis**—The publicizing of NAF purchases in the “Synopsis of U.S. Government Proposed Procurement, Sales, and Contract Awards.”

**United States**—The “United States” is defined to include any State of the United States, the District of Columbia, Puerto Rico, the US Virgin Islands, Outer Continental Shelf Lands, as defined in the Outer Continental Shelf Lands Act (43 U.S.C. 1331 et seq.), American Samoa, Guam, Wake Island, Eniwetok Atoll, Kwajalein Atoll, Johnson Island, and Canton Island, but does not include any territory under the jurisdiction of the United States or any US base or possession within a foreign country.

## Attachment 2

### TWENTY COMMON LAW FACTORS IN INDIVIDUAL SERVICE CONTRACTS

**A2.1. Instructions.** A worker who is required to comply with other persons' instructions about when, where, and how he or she is to work is ordinarily an employee. This control factor is present if the person or persons for whom the services are performed have the right to require compliance with instructions.

**A2.2. Training.** Training the worker by requiring an experienced employee to work with the worker, by corresponding with the worker, by requiring the worker to attend meetings, or by using other methods, indicates that the person or persons for whom the services are performed want the services performed in a particular method or manner.

**A2.3. Integration.** Integration of the worker's services into the overall business operations generally shows that the worker is subject to direction and control. When the success or continuation of a business depends to an appreciable degree upon the performance of certain services, the workers who perform those services must necessarily be subject to a certain amount of control by the owner of the business.

**A2.4. Services Rendered Personally.** If the services must be rendered personally, presumably the person or persons for whom the services are performed are interested in the methods used to accomplish the work as well as in the results, and the control factor is satisfied.

**A2.5. Continuing Relationship.** A continuing and regular relationship between the worker and the person or persons for whom the services are performed indicates that an employer/employee relationship exists. A continuing and regular basis may exist where work is performed at frequently recurring, although irregular intervals.

**A2.6. Set Hours Of Work.** The establishment of set hours of work by the person or persons for whom the services are performed is a factor indicating and showing necessary control.

**A2.7. Doing Work On Employer's Premises.** If the work is performed on the premises of the person or persons for whom the services are being performed, that factor suggests control over the worker, especially if the work could be done elsewhere. Work done off the premise of the person or persons receiving the services, such as at the office of the worker, indicates some freedom from control. However, this fact by itself does not mean that the worker is not an employee. The importance of this factor depends on the nature of the service involved and the extent to which an employer generally would require that employees perform such services on the employer's premises. Control over the place of work is indicated when the person or persons for whom the services are performed have the right to compel the worker to travel a designated route, to canvas a territory within a certain time, or to work at specific places as required.

**A2.8. Order Or Sequence Set.** If a worker must perform services in the order or sequence set by the person or persons for whom the services are performed, that factor shows that the worker is not free to follow the worker's own pattern of work but must follow the established routines and schedules of the person or persons for whom the services are performed. Often, because of the nature of an occupation, the person or persons for whom the services are performed do not set the order of the services or set the order infrequently. It is sufficient to show control, however, if such person or persons retain the right to do so.

**A2.9. Oral Or Written Reports.** A requirement that the worker submit regular or written reports to the person or persons for whom the services are performed indicates a degree of control appropriate for an employee.

**A2.10. Payment Of Business And/Or Traveling Expenses.** If the person or persons for whom the services are performed ordinarily pay the worker's business and/or traveling expenses, the worker is ordinarily an employee. An employer, to be able to control expenses, generally retains the right to regulate and direct the worker's business activities

**A2.11. Furnishing Of Tools And Materials.** The fact that the person or persons for whom the services are performed furnish significant tools, materials, and other equipment tends to show the existence of an employer/employee relationship.

**A2.12. Right To Discharge.** The right to discharge a worker is a factor indicating that the worker is an employee and the person possessing the right is an employer. An employer exercises control through the threat of dismissal, which causes the worker to obey the employer's instructions. An independent contractor, on the other hand, cannot be fired so long as the independent contractor produces a result that meets the contract specifications.

**A2.13. Right To Terminate.** If the worker has the right to end his or her relationship with the person for whom the services are performed at any time he or she wishes without incurring liability, that factor indicates an employer/employee relationship.

**A2.14. Significant Investment.** If the worker invests in facilities that are used by the worker in performing services and are not typically maintained by employees (such as the maintenance of an office rented at fair value from a related party), that factor tends to indicate that the worker is an independent contractor. On the other hand, lack of investment in facilities indicates dependence on the person or persons for which the services are performed for such facilities and accordingly, the existence of an employer/employee relationship. Special scrutiny is required with respect to certain types of facilities such as home offices.

**A2.15. Realization Of Profit Or Loss.** A worker who can realize a profit or suffer a loss as a result of the worker's services (in addition to the profit or loss ordinarily realized by employees) is generally an independent contractor, but the worker who cannot is an employee. For example, if the worker is subject to a real risk of economic loss due to significant investments or a bona fide liability for expenses, such as salary payments to unrelated employees, that factor indicates that the worker is an independent contractor. The risk that the worker will not receive payment for his or her services, however, is common to both independent contractors and employees and thus does not constitute a sufficient economic risk to support treatment as an independent contractor.

**A2.16. Working For More Than One Firm At A Time.** If a worker performs more than minimal services for a multiple of unrelated persons or firms at the same time, that factor generally indicates that the worker is an independent contractor. However, a worker who performs services for more than one person may be an employee of each of the persons, especially where such persons are part of the same service arrangement.

**A2.17. Making Services Available To General Public.** The fact that a worker makes his or her services available to the general public on a regular and consistent basis indicates an independent contractor relationship.

**A2.18. Hiring Supervising, And Paying Assistants.** If the person or persons for whom the services are performed hire, supervise, and pay assistants, that factor generally shows control over the workers on the job. However, if one worker hires, supervises, and pays the other assistants pursuant to a contract under which the worker is responsible only for the attainment of a result, this factor indicates an independent contractor status.

**A2.19. Full Time Required.** If the worker must devote substantially full time to the business of the person or persons for whom the services are performed, such person or persons have control over the amount of time the worker spends working and thereby restricts the worker from doing other gainful work. An independent contractor, on the other hand, is free to work when and for whom he or she chooses.

**A2.20. Payment By Hour, Week, Month.** Payment by the hour, week, or month generally points to an employer/employee relationship, provided that this method of payment is not just a convenient way of paying a lump sum agreed upon as the cost of a job. Payment made by the job or on a straight commission generally indicates that the worker is an independent contractor.

### Attachment 3

#### FILING CLAIMS FOR LOSS OF OR DAMAGE TO INTRANSIT NAF PROPERTY

**A3.1. Applicability.** These instructions apply only to property in transit that is lost or damaged. This refers to the period of time before receipt of the property by the servicing base transportation office or by the NAFI to which the shipment is intended.

#### **A3.2. General Information.**

A3.2.1. Claim Exemptions. A claim cannot be filed against:

A3.2.1.1. The government for damage, shortage, or loss of goods when transportation is provided by a DoD military component (for example, US owned vessel, aircraft, or vehicle).

A3.2.1.2. An Air Mobility Command (AMC) contract carrier, unless loss or damage occurs due to willful negligence by the aircraft crew, as provided in the contract with the contract air carrier.

A3.2.2. Free on Board (FOB) Origin Shipments. Transportation charges for FOB origin shipments are prepaid by the contractor and billed as a separate item on the invoice. Title passes to the NAFI when the goods are turned over to the common carrier (freight company) at the point of the carrier's first receipt. Any claims for loss of or damage to goods on this type of shipment are filed against the common carrier (freight company) by the requiring NAFI. The Contracting Officer and the servicing legal office provide assistance in filing such claims. Payment for the goods, including any invoiced contractor prepaid transportation charges, regardless of loss of or damage, are made to the contractor pending settlement of the claim, particularly in any case where delay may result in the loss of any discount.

A3.2.3. FOB Destination Shipments. Transportation charges for FOB destination shipments may be included in the cost of items, quoted as a lump sum amount, or prepaid and billed as a separate item on the invoice for payment. Risks of loss of or damage to goods on this type of shipment are filed against the common carrier by the contractor. The contractor is advised, in writing, through the Contracting Officer, of any discrepancies so that a timely claim can be filed. The NAFRMS must make prompt payment on goods accepted, particularly in any case where delay may result in the loss of a discount. No payment will be made for goods before acceptance.

#### **A3.3. Claims by Continental United States (CONUS) Activities.**

A3.3.1. Claims on FOB-Origin Shipments. Responsibilities of the manager or representative:

A3.3.1.1. Note any damage, shortage, or loss that is not of a concealed nature on the reverse of the carrier's delivery receipt or freight bill, then sign and date the document and obtain the signature of the carrier's representative. Such notations will include specific identification of the items determined to be over, short, or damaged, and indicate the current date. A notation, "OVER", "SHORT", or "DAMAGED", with a statement "SEE REVERSE", will be stamped or marked on the front of the carrier's delivery receipt or freight bill. The notations also will be made and signed on the reverse of the consignee's copy of the carrier's delivery receipt or freight bill.

A3.3.1.2. Contact the common carrier and request inspection of the damaged goods. The carrier may waive inspection of the damaged goods based on the information furnished concerning the extent of observed damage. If inspection is waived, request the carrier to confirm the waiver in writing, and document the file. Obtain a copy of the inspection report when the common carrier sends a representative to inspect the goods. In any event, request disposition instructions from the freight company for the damaged goods when they cannot be used to satisfy the requirement for which they were purchased.

A3.3.1.3. Process claims with the carrier delivering the goods. A copy of the delivery receipt and any inspection report is furnished the carrier (freight company) along with the claim.

A3.3.1.4. Advise the Contracting Officer when replacement items are required.

A3.3.2. Claims on FOB-Destination Shipments. Responsibilities of the manager or representative:

A3.3.2.1. Indicate any damage, shortage, or loss of goods.

A3.3.2.2. Contact the delivering carrier and request inspection of damaged goods. Obtain a copy of the inspection report when the common carrier sends a representative to inspect the goods. The carrier may waive inspection of the damaged goods based on the information furnished concerning the extent of observed damage. If inspection is waived, request the carrier confirm this waiver in writing, and document the file.

A3.3.2.3. Furnish the contractor through the Contracting Officer, a copy of the carrier's delivery receipt (freight bill) and inspection report or carrier's letter waiving inspection (if available) so the firm can file a claim against the carrier.

A3.3.2.4. Advise the Contracting Officer when replacement items are required.

A3.3.2.5. Request that the Contracting Officer secure disposition instructions for the damaged goods from the contractor.

#### **A3.4. Claims by Overseas Activities.**

A3.4.1. Claims on Overseas Shipments. The ultimate consignee (requiring NAFI) must obtain documentary evidence from DoD transportation personnel to satisfy legal requirements for successful prosecution of valid loss or damage claims. Obtain legal assistance from the servicing legal office.

A3.4.2. Claims on FOB Origin Shipments to POE or CCP. A government representative at the POE CCP:

A3.4.2.1. Indicates any damage, shortage, or loss of goods.

A3.4.2.2. Contacts the common carrier, requests inspection and disposition instructions of the damaged goods, and obtains a copy of the inspection report if the common carrier sends a representative to inspect the goods. The carrier may waive inspection of the damaged goods based on the information furnished concerning the extent of observed damage. If inspection is waived, request the carrier confirm the waiver in writing and document the file.

A3.4.2.3. Prepares SF 361, **Transportation Discrepancy Report** ("DISREP"), and makes distribution. If a discrepancy reported on a DISREP concerning an overage, shortage, or astray freight is not resolved after 60 calendar days, puts the DISREP package together and makes distribution.

A3.4.2.4. Furnishes a copy of the carrier's delivery receipt, any inspection report, and DISREP, as applicable, to the requiring NAFI so a claim can be filed against the common carrier.

**A3.4.3. Claims on FOB-Destination Shipments to POE or CCP.** A government representative at the POE or CCP:

A3.4.3.1. Indicates any damage, shortage, or loss of goods.

A3.4.3.2. Contacts the common carrier, requests inspection and disposition instructions of the damaged goods, and obtains a copy of the inspection report if the common carrier sends a representative to inspect the goods. The carrier may waive inspection of the damaged goods based on the information furnished concerning the extent of observed damage. If inspection is waived, request the carrier confirm the waiver in writing and document the file.

A3.4.3.3. Prepares Transportation Discrepancy Report and makes distribution pursuant to AFJI 24-228, *Report of Transportation Discrepancies In Shipments*. A copy of the common carrier's delivery receipt, any inspection report of damaged goods, and discrepancy report are given to the contractor so the firm can furnish disposition instructions on damaged goods and file a claim against the carrier.

**A3.4.4. Military Sealift Command (MSC) Shipments.**

A3.4.4.1. Claims for loss of or damage to goods against MSC contract carriers are mainly limited to bulk cargo and break-bulk-type container shipments that are broken down at the port and goods shipped to more than one consignee. Other ocean cargo sea van containers seldom are opened at the Port of Debarkation (POD) unless (i) damage results during shipment, (ii) a broken seal indicates pilferage, or (iii) damage results during off-loading:

A3.4.4.1.1. If a loss of or damage to goods occurs after acceptance at the POE during storage, handling, or loading, DoD transportation personnel prepare and distribute Transportation Discrepancy Report.

A3.4.4.1.2. If a loss of or damage to goods occurs during shipment from the POE or POD or during off-loading, handling, or storage at the POD, DoD transportation personnel prepare and distribute DD Form 470, **Cargo Outturn Report**, and SF 361, **Transportation Discrepancy Report**.

A3.4.4.1.3. If loss of or damage to goods is discovered at the base after opening a sealed container and DoD transportation personnel determine that it did not occur during shipment from the POD, then DoD transportation personnel prepare a Transportation Discrepancy Report and make distribution as specified in the regulation.

A3.4.4.2. The ultimate consignee (requiring NAFI) uses the DISREP to document its claim against the MSC contract carrier, stevedoring contractor, or contractor that packed

the container. Claims against a MSC contract carrier or stevedoring contractor are sent to the address provided by the servicing base transportation office.

A3.4.4.3. If loss or damage is due to faulty packaging by the contractor, a claim should be placed against the contractor for the damage, by trained purchasing people, in a fair manner, showing favor to no one person, or group, or business firm, and to the best advantage of the NAFI.