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SECRETARY OF THE AIR FORCE**

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Contracting

**NONAPPROPRIATED FUND (NAF)
CONTRACTING PROCEDURES**

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This Air Force Manual (AFMAN) implements Department of Defense Instruction (DoDI) 4105.67, *Nonappropriated Fund (NAF) Procurement Policy and Procedure*, and Air Force Policy Directive (AFPD) 64-1, *The Contracting System*, by providing guidance and procedures for Air Force NAF contracting. This is a specialized publication intended for use by contracting subject matter experts. This manual applies to all civilian and uniformed members of the Regular Air Force, Air Force Reserve, and the Air National Guard. This publication does not apply to the Civil Air Patrol. This manual may be supplemented only by Major commands (MAJCOMs), field operating agencies (FOAs), and direct reporting units (DRUs). MAJCOMs, FOAs, and DRUs will coordinate their supplements through Air Force Nonappropriated Fund Purchasing Office (AFNAFPO) for approval by the Deputy Assistant Secretary (Contracting), SAF/AQC. No further supplements are permitted. Refer recommended changes and questions about this publication to the Office of Primary Responsibility using the AF Form 847, *Recommendation for Change of Publication*; route AF Form 847s from the field through the appropriate functional chain of command. The authorities to waive wing/unit level requirements in this publication are identified with Tier (“**T-0, T-1, T-2, T-3**”) number following the compliance statement. See Air Force Instruction (AFI) 33-360, *Publications and Forms Management*, for a description of the authorities associated with the Tier numbers; for this publication, the **T-2** waiver authority is the Director, Air Force Nonappropriated Fund Procurement Office, AFSVC/SVC. Submit requests for waivers through the chain of command to the appropriate Tier waiver approval authority, or alternately, to the requestor’s commander for non-tiered compliance item. This manual requires the collection

and or maintenance of information protected by the Privacy Act of 1974 authorized by Title 10 United States Code, Section 9013 (10 U.S.C. § 9013), *Secretary of the Air Force*. The applicable SORN F036 AF PC C, *Military Personnel Records System* is available at: <https://dpcl.d.defense.gov/>. Ensure that all records created as a result of processes prescribed in this publication are maintained in accordance with (IAW) AFMAN 33-363, *Management of Records*, and disposed of IAW the AF Records Disposition Schedule located in the Air Force Records Information Management System. The use of the name or mark of any specific manufacturer, commercial product, or service in this publication does not imply endorsement by the Air Force.

SUMMARY OF CHANGES

This document has been revised and should be completely reviewed. This revision increased the threshold for competition from \$5,000 to \$10,000; increased the NAF Purchase Card single purchase limit from \$5,000 to \$10,000; authorizes warranted NAF Contracting Officers at Continental United States (CONUS) installations to purchase motor vehicles locally; and replaced all references to the Joint Ethics Regulation with 5 CFR Part 2635, *Standards of Ethical Conduct for Employees of the Executive Branch*.

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Chapter 1

PURPOSE, APPLICABILITY, AND RESPONSIBILITIES

1.1. Purpose. This manual describes contracting policies and procedures for Air Force Nonappropriated Fund (AF NAF) Contracting Officers. It creates no rights or remedies and may not be relied on by any person, organization, or other non-governmental entity to allege a denial of any rights or remedies.

1.2. Roles and Responsibilities.

1.2.1. Deputy Assistant Secretary (Contracting) (SAF/AQC):

- 1.2.1.1. Is responsible for approving NAF contracting policies and procedures and oversees the Air Force Nonappropriated Fund Procurement Office (AFNAFPO).
- 1.2.1.2. Serves as the protest appeal authority for AFNAFPO awarded acquisitions.
- 1.2.1.3. Acts as the approval authority for requests for waivers to NAF contracting policy.
- 1.2.1.4. Oversees NAF claims exceeding \$500,000.00.

1.2.2. The Directorate of NAF Purchasing, Air Force Services Activity:

- 1.2.2.1. Issues NAF Contracting Officer warrants.
- 1.2.2.2. Provides NAF contracting training and administers the NAF Contracting Officer warrant program.
- 1.2.2.3. Approves ratification actions above the threshold established for base level in accordance with [paragraph 12.7](#).
- 1.2.2.4. Represents the Air Force on the Department of Defense (DoD) Subcommittee for NAF Contracting.
- 1.2.2.5. Conducts periodic reviews of installation NAF purchasing programs.
- 1.2.2.6. Manages the NAF Purchase Card Program, including determining the purchasing thresholds for the NAF Purchase Card.
- 1.2.2.7. Manages the NAF Electronic Purchasing Systems and E-Commerce.
- 1.2.2.8. Manages the Commander's Smart Buy Program which includes:
 - 1.2.2.8.1. Purchasing interior design projects.
 - 1.2.2.8.2. Providing direct or individual support for NAF requirements that exceed base-level warrant authority.
 - 1.2.2.8.3. Managing on-site Trade Show purchase teams.
 - 1.2.2.8.4. Managing all marketing of AFNAFPO programs via brochures, catalogs, and web presence.
- 1.2.2.9. Acts as the appeal authority for protests filed on base-level acquisitions.

1.2.3. Mission Support Group Commander or Equivalent. Assists the installation Wing Commander in overseeing Nonappropriated Fund Instrumentalities (NAFIs) at the installation by:

1.2.3.1. Authorizing demonstration of commercial products. The Mission Support Group Commander will properly control such demonstrations to prevent violations of 5 CFR Part 2635 and Air Force policy. **(T-0)**. NAF Contracting Officer participation is required for all demonstrations of commercial products and contractor capability briefings. **(T-2)**.

1.2.3.2. Approving concessionaire contracts.

1.2.4. Force Support Commander or Equivalent. Directs services activities at an installation, including the following NAF contracting responsibilities. The Force Support Commander (or equivalent) will:

1.2.4.1. At least annually, preside over a meeting of key NAF procurement personnel and Servicing Contracting Office representative to identify methods of improving NAF contracting procedures. **(T-2)**.

1.2.4.2. Certify on an annual basis, that adequate controls are in place and NAF contracting is being conducted IAW current directives. **(T-2)**. Certifications for the previous fiscal year are submitted to AFSVC/SVC, no later than 30 November each year. The Servicing Contracting Office may be requested to perform a review of NAF purchasing to serve as the basis for the certification.

1.2.4.3. Ensure NAF personnel receive adequate procurement training to support the NAF Contracting Officer in NAF procurements. **(T-2)**.

1.2.4.4. Ensure adequate acquisition planning. **(T-2)**.

1.2.4.5. Ensure compliance with the Commander's Smart Buy Program. **(T-2)**.

1.2.4.6. Approve ratification actions IAW **paragraph 12.7** of this manual. **(T-2)**.

1.2.5. Resource Manager or Equivalent. Responsible for ensuring NAF purchases, including NAF Purchase Card purchases, are made IAW current directives and guidance.

1.2.6. NAF Contracting Officer. The NAF contracting office shall keep a current copy of this manual on file, either electronically or in hard copy. **(T-2)**. NAF Contracting Officers will:

1.2.6.1. Delegate purchasing authority IAW **paragraph 3.8.2**. **(T-2)**.

1.2.6.2. Execute orders or contracts within the limits of their warrants. **(T-2)**.

1.2.6.3. Use the Commander's Smart Buy Program as the primary source of supply (except as otherwise required) for acquiring products and services. **(T-2)**.

1.2.6.4. Comply with the Essential Products Program. **(T-2)**.

1.2.6.5. Resolve protests filed at base level. **(T-2)**.

1.2.6.6. Settle contract disputes. **(T-2)**.

1.2.6.7. Seek legal coordination and review as outlined in **paragraph 2.6** and other areas of this manual, AFI 34-101, *Air Force Morale, Welfare, and Recreation (MWR) Programs and Use Eligibility*, AFI 34-108, *Commercial Sponsorship and Sale of Advertising*, AFI 65-106, *Appropriated Fund Support of Morale, Welfare and Recreation (MWR) and Other*

Nonappropriated Fund Instrumentalities (NAFIS), AFI 65-107, *Nonappropriated Funds Financial Management Oversight Responsibilities*, or otherwise appropriate. **(T-2)**

1.2.6.8. Interpret and ensure compliance with the terms and conditions of contracts and safeguard the interests of the NAFI in its contractual relationships. **(T-2)**.

1.2.6.9. Ensure that sufficient funds are available for obligation. **(T-2)**.

1.2.6.10. Ensure that prices offered are fair and reasonable prior to award and document appropriately. **(T-2)**.

1.2.6.11. 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 the servicing Office of the Staff Judge Advocate or Contract Attorney. **(T-2)**.

1.2.6.12. Ensure all requirements packages for NAF projects and procurements that will, or have the potential to, modify, alter, connect to and/or add to Air Force real property and/or utility systems, includes evidence of Base Civil Engineer approval (typically AF Form 332, *Base Civil Engineer Work Request*) prior to acceptance. **(T-2)**.

1.2.7. Servicing Contracting Office. The Servicing Contracting Office coordinates with NAF Contracting Officers to ensure there is an effective NAF contracting program. The Servicing Contracting Office will: **(T-1)**.

1.2.7.1. Provide NAF contracting support IAW DoDI 4105.67 and this manual.

1.2.7.2. Purchase NAF requirements not specifically assigned to the AFNAFPO or the local NAF Contracting Officer.

1.2.7.3. Include NAF requirements in acquisitions for services common to both appropriated and nonappropriated fund supported activities when cost effective to the NAFI.

1.2.8. Servicing Office of the Staff Judge Advocate or Contract Attorney. The Servicing Office of the Staff Judge Advocate or Contract Attorney shall provide legal oversight of all NAF contracting activities and conduct annual ethics briefings or other authorized training in compliance with 5 CFR Part 2635. **(T-0)**. If the servicing Office of the Staff Judge Advocate requires additional guidance and direction on a NAF contracting issue, they should contact the Air Force Services Center Legal Office (AFSVC/JA). The Air Force General Counsel, Acquisition Division (SAF/GCQ), advises SAF/AQC on all matters regarding authority as outlined in DoDI 4105.67 and this manual, as prescribed by Headquarters Air Force Mission Directive 1-14, *General Counsel and The Judge Advocate General*. Specifically, the servicing Office of the Staff Judge Advocate or Contract Attorney shall:

1.2.8.1. Determine if NAF contracting actions comply with this manual and AFPD 64-1. **(T-2)**.

1.2.8.2. Determine if proposed ratifications are legally sufficient. **(T-2)**.

1.2.8.3. Determine if proposed resolution of a contract dispute is legally supportable. **(T-2)**.

- 1.2.8.4. Determine the legal sufficiency of proposed contracting actions including novation agreements and any proposed termination action. (T-2).
- 1.2.8.5. Provide advice on potential organizational conflicts of interest. (T-2).
- 1.2.8.6. Provide advice on resolution of protests. (T-2).
- 1.2.8.7. Provide legal advice on contracting actions as outlined in [paragraph 2.6](#). (T-2).

Chapter 2

NAF REQUIREMENTS

2.1. Air Force Nonappropriated Fund (AF NAF) Guidance. NAF procurements shall be accomplished by trained procurement personnel in a fair, equitable and impartial manner, and in the best interest of the NAFI. **(T-0).** NAF or Appropriated Fund personnel may procure NAF requirements. NAF procurements shall use competitive negotiation procedures to the maximum extent practicable. **(T-0).** Offers shall be solicited from a reasonable number of sources except when non-competitive procurement is justified. **(T-0).** Contracting Officers will award NAF contracts to responsible offerors who offer the best value to the NAFI. **(T-0).** NAF Activities shall ensure existing NAF and Appropriated Fund contracts and agreements are used to satisfy NAF requirements when available, cost effective, and meet the needs of the requiring activity. **(T-2).** NAFIs shall authorize other DoD NAFI organizations to place delivery orders against centralized contracts to the maximum extent possible. **(T-0).** 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. **(T-0).** Contracting Officers will ensure each NAF contract:

2.1.1. Contains clauses governing: changes, examinations of records, dispute resolutions, and terminations. **(T-2).** Required NAF Contracting Clauses and General Provisions are located in the NAF electronic purchasing system and can also be found at <https://www.afnafpo.afsv.net>.

2.1.2. Applies 41 U.S.C. §§ 8301-8305, also known and referred to in this manual as the “*Buy American Act*,” and 19 U.S.C. §§ 2501-258, also known and referred to in this manual as the “*Trade Agreements Act of 1979*,” to the procurement of non-resale supplies and equipment. **(T-0).**

2.2. Waivers to NAF Procedures. Field activity waivers to NAF procedures must be obtained from the AFNAFPO. **(T-2).** AFNAFPO requests for waivers to NAF procedures set forth in this manual must be approved by the Deputy Assistant Secretary (Contracting) (SAF/AQC). **(T-1).**

2.3. 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 Commander’s Smart Buy Program and purchasing reports generated through the NAF electronic purchasing system. **(T-2).** Minutes of the meeting will be taken, distributed to all attendees and kept on file.

2.4. NAF Purchasing Card Training. Personnel delegated purchasing duties must receive formal training from the delegating authority. **(T-2).** NAF Purchase Card cardholders will receive training by the issuing authority. **(T-2).** The Resource Manager will maintain records of such training. **(T-2).** The Resource Manager will ensure NAF purchases are made IAW current directives and guidance. **(T-2).**

2.5. Suspended or Debarred Firms. Contracting Officers must be sure that firms or individuals named in the entity exclusion records are not solicited for offers or quotations or awarded contracts.

(T-0). Information on parties excluded from receiving Federal contracts is located on the System for Award Management located at <https://www.sam.gov>.

2.6. Legal Review. Contracting Officers should obtain legal advice from the servicing Office of the Staff Judge Advocate Office or Contract Attorney during all phases of the acquisition. In particular, Contracting Officers shall obtain legal advice, coordination, and review for the following (T-0):

2.6.1. Regardless of dollar amount (T-0):

2.6.1.1. Concessionaire, no-cost, and entertainment contracts, (T-0)

2.6.1.2. Source selections, (T-0)

2.6.1.3. Contracts involving licensing, technical data rights and patents, (T-0)

2.6.1.4. Protests before and after award (see [paragraph 12.5](#)), (T-0)

2.6.1.5. Terminations (see [paragraph 12.3](#)), (T-0)

2.6.1.6. Contract disputes, (T-0)

2.6.1.7. Novation agreements, (T-0)

2.6.1.8. Contract claims (see [paragraph 12.6](#)), (T-0)

2.6.1.9. Changes to NAF contract templates, (T-0)

2.6.1.10. Ratifications (see [paragraph 12.7](#)), (T-0)

2.6.1.11. Potential organizational conflicts of interest, (T-0) and

2.6.1.12. Deviations (see [paragraph 8.8](#)). (T-0).

2.6.2. All brand name and sole source justification requests for actions expected to exceed \$150,000 (see [paragraph 6.8](#)). (T-0).

2.6.3. The Contracting Officer may also seek legal advice on any other legal issue at the discretion of the Contracting Officer.

2.7. 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. For all work involving the modification or addition to Air Force real property, the team shall have a representative from the Base Civil Engineer office. (T-2). 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 Force Support Commander (or equivalent) will ensure the circumstances are clearly documented in the NAF electronic purchasing system. (T-2). The roles and responsibilities include:

2.7.1. Requiring Activity:

2.7.1.1. Preparation of the purchase request to include a realistic delivery schedule as well as appropriately coordinated requirement documents (i.e. performance work statement, statement of work, Independent Government Estimate, market research, suggested sources, Base Civil Engineer coordination).

2.7.1.2. Approval of the purchase request.

2.7.1.3. Receipt of goods and services.

2.7.2. Resource Manager or Designated Funds Custodian: Certification of funds availability.
Contracting Officer:

2.7.2.1. Execution of a contract document.

2.7.2.2. Resolution of issues related to the contract.

2.7.2.3. Contract Modifications.

2.7.3. NAF Accounting Office/Shared Service Center: Issuance of payment for the goods or services.

2.7.4. Base Civil Engineer: Approve all work affecting Air Force real property.

2.7.5. Servicing Office of Staff Judge Advocate or the Contract Attorney Provide legal oversight of all NAF contracting activities. **(See paragraphs 1.3.8 and 2.6).**

2.8. NAF Procurement Exemptions. The following regulations and similar directive publications do not apply to NAF procurements:

2.8.1. Federal Acquisition Regulation, the Defense Federal Acquisition Regulation Supplement, or DoD Component supplements to the same.

2.8.2. The 15 U.S.C. § 631 et seq., also known as the “*Small Business Act*,” as amended, and Federal Acquisition Regulation guidance relative to small business along with other award-preference programs. NAF contracts are awarded to the firm whose proposal is most advantageous to the NAFI.

2.8.3. *Buy American Act* and *Trade Agreements Act of 1979*, do not apply to NAFI purchases of resale items.

2.9. Audit Review. The Air Force Audit Agency may audit selected activities IAW AFPD 65-3, *Audit Services*, and may also conduct audits requested by management. As provided in DoDI 7600.06, *Audit of Nonappropriated Fund Instrumentalities (NAFI) and Related Activities*, the Defense Contract Audit Agency 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. NAF Contracting Officers will complete the required training listed below:

3.1.1. Air Force NAF Purchasing Course. **(T-2).** 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 perform as a NAF Purchasing Agent or Contracting Officer and is a prerequisite for obtaining a NAF Contracting Officer warrant.

3.2. Contracting Officer Warrants. At the installation, warrants are limited to \$10,000 and \$25,000 on open market non-resale purchases. Warrants that exceed \$25,000 are reserved for AFNAFPO employees.

3.2.1. \$10,000 NAF Contracting Officer appointment. To qualify, the applicant must have at least 1 year of NAF Services experience or 1 year of contracting experience with the government or industry. **(T-2).** In addition, the individual must complete the AF NAF Purchasing Course offered by AFNAFPO. **(T-2).**

3.2.2. \$25,000 NAF Contracting Officer appointment. The applicant must meet the criteria set forth in paragraph 3.2.1. and complete two additional contracting courses. **(T-2).** 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. **(T-2).**

3.3. 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):

3.3.1. Resale and rental items (except vehicles) include: sporting goods for pro shops, bowling balls and shoes, automotive care products, aviation fuel, tents, etc. See [paragraph 6.7](#) for additional documentation requirements.

3.3.2. Prizes. Examples: Bingo prizes, door prizes, or any other items that would fall under the category of prizes. Activity managers should consult with the servicing Office of the Staff Judge Advocate on appropriateness of the contemplated prize items.

3.3.3. Delivery orders issued against AFNAFPO contracts, or other Indefinite Delivery/Indefinite Quantity type contracts where allowed subject to the limitations in [paragraph 3.4](#). Contracting Officers must review delivery orders issued against General Services Administration contracts to the maximum extent possible to determine price reasonableness. **(T-2).**

3.3.4. Purchases from government entities, e.g., commissaries, exchanges, other Air Force Services or DoD activities.

3.3.5. Transportation associated with purchases of supplies or services when shipped Free on Board origin.

3.3.6. Concessionaire contracts for commodities and services, open house events and tickets and tours.

3.3.7. Purchases for emergencies outside of normal operational hours or away from the installation (e.g., aero club aircraft repair).

3.3.8. Direct buys for transportation tickets (airlines, bus, etc.) and all lodging facilities including any food requirements associated with lodging. (Contracting Officers seek best value for the NAFI.)

3.3.9. Individual service contracts.

3.3.10. Consignment contracts.

3.3.11. Purchases of tickets associated with events and tours.

3.3.12. Aircraft lease agreements.

3.3.13. Flight and Ground Instructor contracts.

3.3.14. Non-personal Service Awards for Overseas Special Events: Overseas NAF Contracting Officers have authority to procure elements in conjunction with special events, (e.g., tours). Purchases must be competed, and price reasonableness documented. **(T-2)**. Consider ticket purchases as resale and thus without limit. All pertinent documentation will accompany the subsequent award in NAF electronic purchasing system. **(T-2)**.

3.3.14.1. Rental of bus, boat, ferry, airline, or train for passenger transportation.

3.3.14.2. Hotel or other lodging, accommodations (may include meals).

3.3.14.3. Entrance/admissions, tickets to theme parks, museums, castles, historic sites, etc.

3.3.14.4. Tour guide services.

3.3.14.5. Meals, which may include breakfast, lunch, dinner, buffet, and/or snacks.

3.4. Warrant Limitations: Dollar Limitation on a NAF Contracting Officer warrant are based on the total award value.

3.4.1. NAF Contracting Officer has an unlimited authority to issue delivery orders against prepriced Nonappropriated Fund Purchasing Agreements and/or Indefinite Delivery/Indefinite Quantity contracts as authorized. The exception is where these ordering agreements contain unpriced services subject to *Service Contract Labor Standards Act*, 41 U.S.C. §§ 6701-6707, or *Construction Wage Rate Requirements Statute*, 40 U.S.C. §§ 3141-3148 for which they are subject to the warrant limitations IAW **paragraphs 3.4.2 and 3.4.3** Local contracting actions exceeding these limits must be executed by the Servicing Contracting Office IAW **paragraphs 5.1.3 and 5.1.4 (T-0)**.

3.4.2. Construction shall not exceed \$2,000 when the *Construction Wage Rate Requirements Statute* applies. **(T-0)**. **(Note:** The *Construction Wage Rate Requirements Statute* applies within the 50 states (including all U.S territories) and the District of Columbia).

3.4.3. Non-personal services shall not exceed \$2,500 when the *Service Contract Labor Standards Act*, applies. **(T-0)**. **(Note:** The *Service Contract Labor Standards 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.

3.4.4. Entertainment contracts are limited to \$500,000 at installation level. Contracts that exceed \$500,000 must be sent to the Base Servicing Contracting Office or AFNAFPO for award. **(T-2)**.

3.4.5. Concessionaire contracts for services (including Amusement and Vending Machine and Charter Flight & Tour Desk) shall not exceed \$2,500 when the *Service Contract Labor Standards Act* applies. **(T-2)**.

3.4.6. Contact the applicable regional Air Force Labor Advisor's office if there is any doubt about the applicability of the Service Contract Labor Standards Act or Construction Wage Rate Requirements Statute. A directory of regional Labor Advisors is available at.

<http://ww3.safaq.hq.af.mil/Contracting>

3.4.7. See **chapter 9** for limited use of the NAF Purchase Card.

3.4.8. Personal services contracts are prohibited, as defined in DoDI 1400.25-V1401, *General Information Concerning Nonappropriated Fund (NAF) Personnel Policy*. **(T-0)**.

3.4.9. Transportation, postage, and insurance charges are not considered in computing the total cost of an award.

3.5. Requesting a Warrant. NAF Contracting Officers are required to have a NAF Contracting Officer warrant for contracting authority. **(T-2)**. Personnel must complete the requirements at **paragraph 3.2** to qualify for a Contracting Officer appointment. **(T-2)**.

3.6. NAF Contracting Officer Nominations. At the installation, the Force Support Commander (or equivalent) recommends and provides complete written justification for the appointment of a NAF Contracting Officer. The Force Support Commander (or equivalent) must submit the request for appointment in writing and include the person's name, grade, position title, phone and fax number, duty address, and documentation concerning the completion of course requirements. **(T-2)**. The Force Support Commander (or equivalent) must forward the request for appointment to AFNAFPO. **(T-2)**.

3.6.1. In nominating Contracting Officers, the Force Support Commander (or equivalent) will 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. **(T-2)**

3.6.2. The Force Support Commander (or equivalent) will review the Contracting Officer Appointments annually. **(T-2)**. The Force Support Commander (or equivalent) will forward requests for termination to AFNAFPO when the appointment is no longer needed. **(T-2)**.

3.7. Appointment of Contracting Officers. Contracting Officers shall be appointed by AFNAFPO, in writing, by means of a certificate of appointment. **(T-0)**. Warrant appointment limits are set forth in **paragraphs 3.2, 3.3** and **3.4** 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. **(T-0)**. Certificates will be posted in public view or made available on request. Warranted Contracting Officers at the Servicing Contracting Office are not required to have a NAF certificate of appointment to obligate nonappropriated funds. **(T-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.

3.8. Authority of Contracting Officers and Their Representatives. Contracting Officers are the only individuals authorized to enter into NAF contracts. **(T-2)**. Contracting Officers are allowed wide latitude to exercise sound business judgment and have the authority to:

3.8.1. 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. **(T-2)**.

3.8.2. Delegate, in writing, purchasing authority for the following:

3.8.2.1. Information Ticket and Tours resale when using the NAF Purchase Card.

3.8.2.2. Calls against Blanket Purchase Agreements and Blanket Delivery Orders.

3.8.2.3. NAF Purchase Card purchases (see [chapter 9](#)).

3.8.2.4. Execution of Entertainment Contracts.

3.9. Restrictions. Contracting Officers shall not:

3.9.1. Award a purchase order or contract that has a total price (including options) over the dollar limitations authorized by his/her warrant. **(T-0)**.

3.9.2. 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. **(T-2)**.

3.9.3. Delegate their signature and/or decision-making authority as Contracting Officer, except as authorized by this manual. **(T-2)**.

3.9.4. Obligate appropriated funds of the United States. **(T-0)**. Procurements that combine Appropriated Fund and NAF dollars are accomplished by an Appropriated Fund Contracting Officer using Appropriated Fund contracting procedures. **(T-2)**.

3.9.5. Award a NAF project requiring connection to or modification of Air Force real property prior to Base Civil Engineer approval (typically via AF Form 332). **(T-3)**.

3.9.6. Award a concessionaire or other “no-cost” contract or agreement that may create a contingent liability requiring appropriated funds or nonappropriated funds. **(T-2)**.

3.10. Ethics. All individuals involved directly or indirectly in the acquisition process for NAF shall abide by the requirements of the *Standards of Conduct*, (DoDD 5500.07). **(T-0)**. Contracting Officers and other personnel are responsible for reporting any suspected violations of law or regulation to the proper authorities. Individuals involved in the NAF acquisition process shall receive ethics training, as prescribed by the *Standards of Conduct*. **(T-0)**. Contracting Officers and other personnel involved with the NAF acquisition process may be required to file financial disclosure reports.

3.11. 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. **(T-2)**.

3.12. Emergency Purchases. If 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. **(T-2).** **(Note:** IAW AFMAN 34-201, *Use of Nonappropriated Funds*, **paragraph 4.1.6.**, installation commanders must certify and identify the emergency in writing and submit waivers to use NAFs instead of Appropriated Funds to temporarily fund supplies and equipment.) Submit waiver requests to Air Force Services Center Installation Support Directorate. Only the AFSVC Commander with coordination from the Air Force Installation Mission Support Center Resource Manager is authorized to grant these requests. **(T-2).**

3.13. Warrants not Required. Warrants are not required to make Special Morale and Welfare purchases under the commander's Special Morale and Welfare expenditure authority, petty cash purchases, or purchases from other intra-base NAFIs.

3.14. Annual Review. On an annual basis, the NAF Contracting Officer shall prepares the NAF Surveillance Checklist for certification by the Force Support Commander (or equivalent). **(T-2).** Certifications for the previous fiscal year will be submitted to AFSVC/SVC, no later than 30 November each year. **(T-2).** The Servicing Contracting Office may be requested to perform a review of NAF purchasing to serve as the basis for the certification.

3.15. 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.

3.15.1. On-site Field Training Visits. A Field Training Visit is conducted at the request of the individual installation. The intent of the on-site Field Training Visit program is to provide guidance and training to installation NAF activities and provide recommendations for improving the purchasing program. At the conclusion of the Field Training Visit, the installation Force Support Commander (or equivalent) is provided a summary of the visit, if requested.

3.15.2. NAF Electronic Purchasing Systems Reviews. AFNAFPO periodically conducts installation-level reviews of contracts and other documentation loaded in the NAF Electronic Purchasing Systems. The main purpose is 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

4.1. Commander's Smart Buy Program. The Commander's Smart Buy Program is a cooperative purchasing program between installation level NAF activities and the AFNAFPO. The program assists all commanders, regardless of service component, to acquire quality products at favorable prices.

4.1.1. Essential Products Program. Essential Products Program is for standardizing common-need products; if an item is on an Essential Products Program contract, any purchase of that item must be from that contract. **(T-2)**. NAF Contracting Officer has an unlimited authority (funds permitting) to issue delivery orders. Competition is not required. Contracting Officers will submit requests for waivers to an Essential Products Program contract in writing to AFNAFPO. **(T-2)**.

4.1.2. Nonappropriated Fund Purchasing Agreements. Contracting Officers will use Nonappropriated Fund Purchase Agreements where Essential Products Program is not applicable. **(T-2)**. NAF Contracting Officers have unlimited authority (funds permitting) to award pre-priced delivery orders against pre-priced Nonappropriated Fund Purchase Agreements. Competition is not required. Contracting Officer warrant limitations IAW **paragraph 3.4.2** and **paragraph 3.4.3** apply to Nonappropriated Fund Purchase Agreement orders requiring negotiation, such as those with service requirements subject to *Service Contract Labor Standards Act* or *Construction Wage Rate Requirements Statute*. These limitations also apply to agreements where only labor rates are negotiated and the services such as installation are not pre-priced.

4.1.3. Interior Design Projects. Interior design projects change the design of a room or building. AFNAFPO purchases interior design projects. 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). Contracting Officers will forward interior design projects and furniture requirements that involve Customer's Own Material to AFNAFPO for purchase. **(T-2)**. All projects modifying Air Force real property (e.g. carpet, wall coverings, painting, electrical outlet moves, etc.) shall be approved by the Base Civil Engineer. **(T-3)**.

4.1.4. 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 Nonappropriated Fund Purchase Agreement vendors, special discounts are offered during these shows that are ordinarily not offered during any other time of the year. AFNAFPO may perform leverage buying in support of programs and installations during trade shows, (e.g. Professional Golfers Association Show; Hospitality Design Expo; National Restaurant Association Show; Bowl Expo).

4.1.5. 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 Nonappropriated Fund Purchase Agreement

pricing program. Golf carts and ski equipment are a few examples of bulk purchases made under the consolidated buy initiative.

4.1.6. Product Bulletins. This program works very successfully for our Nonappropriated Fund Purchase Agreement contractors who want to market their programs aggressively to our customer base. 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, AFNAFPO posts these special buying opportunities on the AFNAFPO websites.

Chapter 5

SERVICING CONTRACTING OFFICE

5.1. Contracting Support. The Servicing Contracting Office must use the guidance and procedures of this manual as the method of contracting in support of local NAF requirements to the fullest extent possible. **(T-1).** When Federal Acquisition Regulation clauses are used in NAF contracts, the Contracting Officer deletes references to “Government” and substitutes “NAFI”. The *Small Business Act* is not to be applied to NAF contracting actions IAW [paragraph 2.8](#) of this manual. The Servicing Contracting Office provides contracting support for the following:

5.1.1. Contracts that exceed NAF Contracting Officer purchasing authority. NAF Contracting Officers will coordinate the need for the purchase with the Servicing Contracting Office as early as possible in the purchase process. **(T-2).**

5.1.2. Nonpersonal services contracts that exceed NAF Contracting Officer purchasing authority when the *Service Contract Labor Standards Act* applies. Nonpersonal services limit is \$2,500 CONUS where the *Service Contract Labor Standards Act* applies and up to the NAF Contracting Officer warrant overseas. This limitation applies to requirements containing goods and services where the service exceeds the NAF Contracting Officers warrant. Provide a purchase request and statement of work to the Servicing Contracting Office when establishing a nonpersonal service contract. The value of a recurring services contract and or agreement is measured not by the amount of an individual award or call but by the total value of the award or calls when considered together.

5.1.3. Construction contracts that have received approval through the civil engineer work order/requirements review board process and exceed NAF Contracting Officer purchasing authority when the *Construction Wage Rate Requirements Statute* applies. Limit for NAF Contracting Officer is \$2,000 CONUS and up to the NAF Contracting Officer warrant overseas.

5.1.4. Concessionaire contracts for services. Limit for NAF Contracting Officer is \$2,500 CONUS, when the *Service Contract Labor Standards Act* applies, and up to the NAF Contracting Officer warrant overseas. While many are zero dollar contracts, it is the total monetary value of the relationship that determines the appropriate warrant level to execute. Prior to award/execution of any concessionaire contracts, Base Civil Engineer coordination is required to ensure compliance with utility provision and infrastructure codes. Additionally, the Office of the Staff Judge Advocate coordination is required IAW [paragraph 2.6](#)

5.1.5. NAF requirements placed against Appropriated Fund indefinite-delivery contracts where cost effective.

5.1.6. Special requests for contracting support or technical assistance.

5.1.7. Purchases combining both NAF and Appropriated Fund dollars. Federal Acquisition Regulation procedures will be followed.

5.2. General Solicitation Provisions. The Contracting Officer will attach NAF General Solicitation Provisions to all open market purchases. **(T-2).**

5.3. Appropriated Fund Purchases. Delivery orders citing Appropriated Funds shall not be issued against NAF Contracts and Agreements. **(T-2).** However, the Contracting Officer may use a NAF Contract or Agreement holder as a source for Appropriated Fund requirements.

5.4. Repair of Aero Club Aircraft. The Servicing Contracting Office will obtain at least two repair cost estimates for aircraft repair from Federal Aviation Administration licensed aircraft repair firms. **(T-0).** The solicitation advises offerors that no award is made if it is determined the aircraft is not economical to repair or if a decision by the Servicing Contracting Office is made to accomplish repairs in-house. The Servicing Contracting Office will provide the repair estimates, including price and terms or conditions, to the local aero club manager. **(T-2).** The manager submits the estimates and required photographs of the damage to the Air Force Services Center, Directorate of Programs for repair authorization.

Chapter 6

SPECIAL NAF REQUIREMENTS

6.1. NAF Contracting Requirements. The Federal Acquisition Regulation, Defense Federal Acquisition Regulation Supplements, and Air Force Federal Acquisition Regulation Supplements do not apply to NAF procurement. Only those clauses required by law or this manual are mandatory for inclusion in NAF contracts. Federal Acquisition Regulation procedures may be used as guidance in support of NAF purchasing processes.

6.2. NAF Renovation, Repair and Construction Contracts. Base the process for acquiring construction upon standard commercial practices. Contracting Officers will not split construction requirements to circumvent dollar limitations set forth in Chapter 3. **(T-0).** Government or NAFI furnished supplies and equipment is not included when determining the contract value. Construction services must be approved by the Base Civil Engineer prior to issuing an award. **(T-2).** When necessary, make arrangements for Base Civil Engineer inspectors to inspect and accept the work.

6.3. NAF Sources of Supply. Before considering open market commercial suppliers, Contracting Officers shall consider the following sources in the following order of precedence **(T-2)**:

6.3.1. Essential Products Program.

6.3.2. Nonappropriated Fund Purchasing Agreement.

6.3.3. General Services Administration contracts.

6.3.4. Outside Continental United States (OCONUS). Some of these contract instruments may not provide coverage overseas. In the event that an activity has a recurring requirement, they should work with the Base Servicing Contracting Office or AFNAFPO, in this order, to determine an appropriate solution.

6.4. Other Sources. Contracting Officers also consider the following sources of supply:

6.4.1. AbilityOne®. 41 U.S.C. §§ 8501–8506, *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. **(T-0).** The Procurement List is located at the AbilityOne® website at <http://www.abilityone.org>.

6.4.2. Federal Prison Industries, also referred to as UNICOR, is a self-supporting, wholly owned Government corporation. Contracting Officers are encouraged to purchase Federal Prison Industries supplies and services to the maximum extent practicable. Federal Prison Industries supplies and services are located at <http://www.unicor.gov>.

6.5. Buying Products Containing Recovered Materials. Where procuring cumulatively more than \$10,000 of certain products not for resale that can contain recovered materials, Contracting Officers should consult the Environmental Protection Agency list at <https://www.epa.gov/smm/comprehensive-procurement-guideline-cpg-program> and Title 40, Code of Federal Regulations, Part 247, *Comprehensive Procurement Guideline for Products Containing Recovered Materials*. Such products are procured where they meet performance standards, are competitively and reasonably available, and not unreasonably priced.

6.6. Competition Requirements for Open Market Purchases. Competition, not otherwise required, shall be obtained when the Contracting Officer cannot make a determination of price reasonableness. **(T-2).** Contracting Officers shall not engage in the practice of auctioning one company's proposal against another company's proposal in an attempt to obtain a lower price. **(T-2).** Contracting Officers will determine price fair and reasonableness on all purchases when required and document the determination in the contract file and/or attach it in the NAF electronic purchasing system. **(T-2).**

6.6.1. Purchases up to and including \$10,000. Competition is not required for purchases up to and including \$10,000. The Contracting Officer's signature constitutes certification that prices are fair and reasonable. Price lists or other public offerings of products and services (including past orders) should be reviewed by the Contracting Officer when there is doubt that prices are fair and reasonable. (See chapter 9 for limitations concerning the use of the government purchase card.)

6.6.2. Purchases exceeding \$10,000. Contracting Officers will issue written or electronic solicitations and solicit at least two sources for requirements estimated over \$10,000 and up to and including \$150,000. **(T-2).** The written order will be executed in the NAF electronic purchasing system. **(T-2).** If only one proposal is received then the Contracting Officer shall include a written pricing memorandum outlining the basis of price reasonableness. **(T-2).**

6.6.3. Purchases exceeding \$150,000. Contracting Officers will issue written or electronic solicitations to a minimum of three qualified sources. **(T-2).** If only one proposal is received then the Contracting Officer shall include a written pricing memorandum outlining the basis of price reasonableness. **(T-2).**

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/or attach it in the NAF electronic purchasing system. **(T-2).**

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. **(T-2).** Eighty percent (80%) of NAFI food purchases must be purchased from the respective Prime Vendor in the region. **(T-2).** The 80% is calculated using the total purchases for the NAF Force Support food and beverage operations.

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 must seek competition for rental items not driven by brand name preference only if it is in the best interest of the NAFI. **(T-2).**

6.7.3. Items that generate revenue 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. (T-2).

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. Brand Name requirements are generally based on customer preference and/or demand, while personal preference is not sufficient justification for a sole source purchase. Sole Source implies that there is only one person or company that can provide the contractual services needed and that any attempt to obtain proposals would only result in one person or company being available to meet the need. Contracting Officers must receive written justification for brand name and sole source purchases from the requesting activity along with the purchase request. (T-2). Contracting Officers will ensure the justification states what specific or unusual need makes the required brand name product(s)/sole source necessary. (T-2). For Air Force Services Activity requirements, the program office must provide supporting documents to include the market research report, business case analysis, life cycle cost analysis, etc. to support a sole source contract or agreement. (T-2). The Contracting Officer determines 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. The Contracting Officer determines price reasonableness and includes the determination in the contracting file. (T-2).

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. (T-2). Brand name or equal procurements are not accomplished on a sole-source basis. Therefore, no justification or approval is needed 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. (T-2). Contracting Officers will use the standards listed below as a guide in determining contractor responsibility. (T-2). 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. (T-0).

6.10.2. Are able to comply with the required or proposed delivery or performance schedule. (T-2).

6.10.3. Have a satisfactory performance record. (T-2).

6.10.4. Have a satisfactory record of integrity and business ethics. (T-2).

6.10.5. Have the necessary organization, experience, accounting and operational controls, and technical skills, or the ability to obtain them. (T-2).

6.10.6. Have the necessary production, construction, and technical equipment and facilities, or the ability to obtain them. (T-2).

6.10.7. Are not presently suspended or debarred from government-wide procurement (See excluded parties list at www.sam.gov). (T-2).

6.11. Design Inclusion Provision. A firm that designs or specifies projects (or its subsidiaries or affiliates) cannot compete for a contract to provide items for that project. (T-2). This is not to be confused with a competed design build contract.

6.12. Performance Period of NAF Contracts or Agreements. Contracts subject to the *Service Contract Labor Standards Act*, as amended, 41 U.S.C. § 353(d), are restricted to 5 years. Contracts not subject to the *Service Contract Labor Standards Act* are limited to 10 years unless otherwise approved by the Director, NAF Purchasing (T-2). Contracting Officers will ensure that Blanket Purchase Agreements and Nonappropriated Fund Purchase Agreements state the beginning and ending dates of the basic period. (T-2). Blanket Purchase Agreements and Nonappropriated Fund Purchase Agreements may include option periods to extend the duration; however, they cannot exceed 10 years. For AFNAFPO issued contracts that exceed 10 years, the Contracting Officer must provide a written determination that demonstrates the extended performance is in the best interest of the NAFI and be approved by the Director of NAF Purchasing. (T-2).

6.13. Purchase of Hazardous Materials. Contracting Officers will ensure that awards, which include the purchase of hazardous materials cite the FAR clause 52.223-3, *Hazardous Material Identification and Material Safety Data*, by reference or in full text. (T-2). Contracting Officers will ensure orders identify where safety hazardous sheets should be submitted. (T-2). Requester will ensure that all purchases of hazardous material are coordinated in advance with the Hazardous Materials Pharmacy and the Contracting Officer will ensure the coordination is documented in the file (see AFI 32-7086, *Hazardous Materials Management*). (T-2). Awards which include hazardous waste removal must require that removal be conducted IAW the installations' hazardous waste plans. (T- 1).

6.14. Information Technology Coordination. All AFNAFPO awards for Automated Information Systems and Information Technology equipment and services must be coordinated through the Air Force Services Center, Directorate of Systems to ensure compliance with Air Force Information Technology criteria and standards prior to award. (T-2). Installation-level requirements for Automated Information Systems and Information Technology will be coordinated with the supporting Communications Directorate or Communications Squadron prior to submittal to contracting to ensure compliance with Air Force Information Technology criteria and standards. (T-2).

6.15. NAF Vehicles. For CONUS installations, warranted NAF Contracting Officers may locally purchase motor vehicles, including cars, trucks, and buses that are designed and operated principally for highway transportation of property or passengers, with unlimited warrant authority when utilizing approved Nonappropriated Fund Purchase Agreements. This also includes golf carts that are purchased for rental purposes. Vehicle purchasing procedures, current vehicle Nonappropriated Fund Purchase Agreements and Price Lists are published on the AFNAFPO website. However, all vehicle purchases approved under the Air Force Services Center Capital Lease Program and Air Force Lodging vehicles, regardless of type, will be accomplished by AFNAFPO. Other types of vehicles purchased specifically for rental purposes on the open market, including pop-up and other types of campers, general purpose trailers, fishing, ski boats, jet skis,

etc. may be purchased locally up to the limit of the NAF Contracting Officer's warrant authority. NAF Contracting Officers shall seek assistance from local Servicing Contracting Office first for purchases exceeding Contracting Officers' warrant authority on open market purchases before submitting the Purchase Request to AFNAFPO. (T-2). For OCONUS installations, because of unique vehicle requirements and local laws pertaining to the operation of motor vehicles, NAF Contracting Officers shall utilize the applicable Servicing Contracting Office to make purchases on their behalf for motor vehicles that will be used off the installation. (T-2). Regardless of the type of vehicle, all requirements outlined in AFMAN 34-204, *Property Management*, **Chapter 6**, must be complied with before any vehicles can be purchased, either CONUS or OCONUS, including an approved Vehicle Requirements Checklist. (T-2).

6.16. Financial Services. All AFNAFPO awards for merchant processing machines/equipment, services, and installation must be coordinated through the Air Force Services Center, Directorate of Financial Management and the Shared Service Center prior to award. (T-2). This includes any non-standard point of sale system that may use an alternate payment gateway. Installation-level requirements for merchant processing machines and equipment, services, and installation must be coordinated through the Air Force Services Center, Directorate of Financial Management prior to award. (T-2).

Chapter 7

PURCHASE REQUEST

7.1. Purchase Request Guidance. Contracting Officers shall ensure purchase requests, at a minimum, identifies the requesting Nonappropriated Fund Instrumentality (e.g., Offutt AFB Morale Welfare & Recreation fund), the requirement, and requested delivery date. **(T-2)**. Purchase Requests must be submitted with a realistic delivery schedule and the appropriate requirement documents (e.g., performance work statement, statement of work, Independent Government Estimate, market research, suggested sources, Base Civil Engineer coordination, etc.). **(T-2)**.

7.2. Numbering Purchase Requests. Numbering of Purchase Requests should be configured to identify base name, branch of service, fiscal year, and a unique number that identifies the particular Purchase Request. Contracting Officers shall ensure the Purchase Request numbers are compatible with NAF electronic purchasing system. **(T-2)**. Exception will be a base Servicing Contracting Office generated PR number.

7.2.1. Purchase Request Register. Maintain a register for purchase requests and resulting purchase orders electronically in the NAF electronic purchasing system. If the electronic purchasing system is not available, Contracting Officers shall ensure a manual register is maintained until the system becomes available and is updated with the information. **(T-2)**.

7.2.2. Funds Availability. Contracting Officers shall ensure all purchase requests contain certification of funds availability (signed by an individual with fund certification authority) before purchasing action is initiated. **(T-2)**.

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

7.3. Green Procurement. Contracting Officers will ensure all purchase requests for non-resale products or services includes written statement from the requisitioner that requirements comply with the Green Procurement Program. **(T-2)**. Training on green procurement is available at Defense Acquisition University, <https://www.dau.mil/training/>.

7.4. Authorization of Additional Funds against Original Purchase Requests. Any contracting action (modifications, claims, equitable adjustments, etc.) that requires more funds than originally authorized shall not be executed without certification that funds are available. **(T-2)**.

Chapter 8

SOLICITATIONS AND AWARD

8.1. Solicitations. Contracting Officers will provide any information that would be necessary for the preparation of proposals to all prospective offerors in the bidding process in order to avoid creating an unfair competitive advantage. (T-2). Written solicitations may be structured as a request for quotation or a request for proposal. Responses to request for quotations are not binding on the offeror. The Contracting Officer will issue a request for proposal when a binding offer is needed and bears the signature or electronic certification of an official in the company authorized to commit the firm. (T-2). The offer becomes 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 <https://www.afnafpo.afsv.net>, provides necessary solicitation formats to forward to prospective offerors electronically or manually.

8.1.1. Contracting Officers will use written solicitations for open market purchases exceeding \$150,000. (T-2).

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. (T-2). If the quotations or proposals are not yet due, Contracting Officer shall send an amendment to all firms that received the solicitation. (T-2). If the deadline for quotations or proposals has passed, Contracting Officer shall send the amendment only to those firms that responded. (T-2). The Contracting Officer will make a written determination if the changes are significant enough to warrant canceling the entire solicitation and resoliciting. (T-2).

8.2. Synopsis (Applies to AFNAFPO Only). A synopsis is not a requirement for NAF purchases. However, the AFNAFPO Contracting Officer may synopsis requirements when it is determined to be in the best interest of the NAFI only after obtaining written approval from the Director of AF NAF Purchasing. If synopsis is deemed appropriate, the Contracting Officer will use the Government-wide Point of Entry system and determines the length of time for publicizing NAF requirements. (T-2). Contracting Officers will ensure solicitation and contract award notices for synopsisized NAF purchases include the following as the last part of the notice to be published (T-2): *“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 the right to request a debriefing IAW [paragraph 8.4](#) below. (T-2).

8.3. Source Selection (Applies to AFNAFPO Only). Source selections require written proposals. (T-2). Contract award will be made to the offeror whose proposal represents the best value to the NAFI. (T-0). The source selection approach and evaluation factors are specific to each acquisition and the Contracting Officer will ensure they are identified in the solicitation. (T-2). 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 decision. The Source Selection Authority will determine if a formal acquisition plan is required. **(T-2)**. Contracting Officers will ensure solicitations 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. **(T-2)**. Contracting Officers will use, at minimum, cost and past performance as evaluation factors. **(T-2)**. 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. **(T-2)**. Failure to meet a requirement may result in an offer being ineligible for award. Contracting Officers will require non-disclosure agreements from source selection team members during the source selection process. **(T-2)**. The Director of AF NAF Purchasing, or designee, is the Source Selection Authority. The Source Selection Authority is responsible for the proper and efficient conduct of the entire source selection process encompassing proposal solicitation, evaluation, selection, and contract award.

8.3.1. When using source selection procedures, the Contracting Officer will identify the evaluation factors in the solicitation with order of importance in selecting an offer for award. **(T-2)**.

8.3.2. The Contracting Officer will document the source selection decision with the rationale for making award to a particular contractor. **(T-2)**.

8.4. Debriefings. An offeror, upon its written request received by the agency within 3 days after the date on which that offeror received notification of contract award, shall be promptly debriefed and furnished the basis for the selection decision and contract award. **(T-2)**. The Contracting Officer will ensure the debriefing does not include point-by-point comparisons of the debriefed offeror's proposal with those of other offerors and is not used as a forum for debate regarding the subjective judgment of the Source Selection Authority, and shall not reveal any information exempt from release under the Freedom of Information Act or other applicable law or regulation. **(T-0)**. At a minimum, the debriefing information should include:

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

8.4.2. 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.

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

8.4.4. A summary of the rationale for award.

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

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

8.5. Pricing Summaries and Price Negotiation Memorandums. 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 Price Negotiation Memorandum. (T-2). The Contracting Officer will prepare a Price Negotiation Memorandum or pricing summary to document the price analysis and to establish the fairness and reasonableness of the proposed pricing. (T-2). When price reasonableness is based upon adequate competition (two or more technically acceptable offers), no further supporting documentation is needed. When only one offer is received or found to be technically acceptable, the Contracting Officer will include in the file documents that support the reasonableness of the offer (i.e. price catalog references, price lists, previous prices for similar goods or services, a brief statement of facts regarding the anticipation of competition, or other documents.). (T-2). 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 and published price list and advertisement, buyer's personal knowledge of item.

8.6. Award Types.

8.6.1. Purchase Orders. Purchase Orders are offers to buy items on the open market at specified prices and other terms and conditions. Purchase Orders 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. (T-2). If automated ordering is not available, then utilize the Nonappropriated Fund Order for Supplies or Services, available on the AFNAFPO website. (T-2). Commercial vendor literature, business agreements and licenses may be attached as part of the order; however, the Contracting Officer will ensure commercial business agreements are reviewed by the local Office of the Staff Judge Advocate/Contract Attorney prior to including them in any order or contract. (T-2).

8.6.2. Confirmation Orders. Orders may be issued orally with follow-on written orders confirming the oral requirements. Contracting Officers will ensure the written order contains the date and individual with whom the verbal order was placed. (T-2). Confirmation Orders should be used only in an emergency situation. See [paragraph 3.12](#).

8.6.3. Purchase Orders 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 takes precedence. (T-2).

8.6.4. Delivery Orders. A Delivery Order is an order written against an existing contract or agreement. Terms and conditions set forth in the basic contract apply to delivery orders issued.

8.7. Numbering of Contracts and Orders. Contracting Officers will ensure the numbering system is consistent with the NAF electronic purchasing systems to provide an audit trail of contracts/orders issued against individual purchase requests. (T-2). Contracts or Orders issued by the Servicing Contracting Office will be consistent with the Servicing Contracting Office numbering system. (T-2).

8.8. Clauses and Certifications. Contracting Officers will ensure contracts, orders, and agreements funded exclusively with NAFs contain only those clauses and certifications required for the purpose of complying with Federal law and DoD requirements, and protecting the interests of the NAFI. (T-2). The NAF electronic purchasing system contains the approved contract formats and general provisions to be used for NAF purchases. Any deviations including the incorporation

of proposed contractor clauses, 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. Contracting Officers will obtain a legal review when any of the aforementioned documents are proposed to be incorporated into NAF contracts. **(T-2)**.

8.9. Payment Terms. Contracting Officers will specify payment terms on orders and contracts. The Contracting Officer may choose from the payment terms available in the electronic purchasing systems. Deviations must be approved by AFNAFPO in coordination with Air Force Services Center Shared Services Center. **(T-2)**.

8.10. Contract Approvals. Within AFNAFPO, a contract review committee, as defined by local Operating Instruction, will review solicitations estimated at \$150,000 and above to ensure all actions comply with the applicable rules and regulations, including this manual and AFNAFPO Office Instructions (OIs). **(T-2)**. The following actions are taken by AFNAFPO during the review process:

8.10.1. The Director of AF NAF Purchasing, or designee, will administratively review solicitations and contracts, at \$150,000 and above. **(T-2)**. This includes amendments and modifications that affect price and scope, excluding those that are administrative in nature.

8.10.2. AFNAFPO Contracting Officer will obtain a legal review for solicitations and contracts/agreements and amendments or modifications at \$150,000 and above. **(T-2)**.

8.10.3. Contracts, agreements and amendments or modifications at \$500,000 and above require approval by the Director of AFNAF Purchasing, or designee. **(T-2)**. The Director of AFNAF Purchasing, or designee, will review and approve any contract or agreement awarded as a result of the competitive proposal process through Request for Proposal and Source Selection. **(T-2)**.

8.10.4. The Director of AFNAF Purchasing, or designee, and legal will review all termination actions, including cure notices, show cause notices, notices of terminations and termination settlement agreements. **(T-2)**.

8.11. Base Servicing Contracting Office Contract Actions. All solicitations, contracts, amendments and modifications executed by the Base Servicing Contracting Office will be administered by the Base Servicing Contracting Office and reviewed by the local Office of the Staff Judge Advocate, as required. **(T-2)**.

Chapter 9

NAF PURCHASE CARD

9.1. Introduction. The NAF Purchase Card is used to make purchases for official government use. The purchasing thresholds for the card are determined by AFNAFPO. The NAF Purchase Card is the preferred method of acquiring standard commercial items within the dollar thresholds set forth in this manual. All cardholders shall be familiar with the requirements of this publication and those outlined in the AFMAN on the NAF Government Purchase Card Program, as well as any other instructions pertaining to the NAF Purchase Card Program. **(T-2).**

9.2. Dollar Limitations and Restrictions. The Resource Manager 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 level cannot exceed the overall thresholds established by AFNAFPO. **(T-2).**

9.2.1. The NAF Purchase Card may be used to purchase supplies, equipment, and non-personal services. *Services Contract Labor Standards Act* does not apply, where feasible and practical. (Note: Cardholders are prohibited from obtaining/purchasing any Service or Entertainment without a prior written agreement from a warranted contract officer regardless of the amount). **(T-2).** Any waivers, deviations, or exceptions to policy require authorization in writing from Air Force Services Center, NAF Purchasing and shall be for that instance only unless specified otherwise in the authorization. **(T-2)** Purchases below the Single Purchase Limit are exempt from the *Competition in Contracting Act*, 41 U.S.C. § 253, the *Buy American Act*, and the *Economy Act*, 31 U.S.C. § 1535. The Servicing Contracting Office must use the guidance and procedures of this manual as the method of contracting in support of local NAF requirements to the fullest extent possible. **(T-2)** When Federal Acquisition Regulation clauses are used in NAF contracts, the Contracting Officer deletes references to "Government" and substitutes "NAFI". The *Small Business Act* does not apply to NAF contracting actions IAW **paragraph 2.8** of this manual. However, a written award, executed by the Servicing Contracting Office, is required for all transactions under the Service Contract or *Wage Rate Requirements Statute*, greater than \$2,500 and \$2,000 respectfully. **(T-0).** This chapter does not exempt a Cardholder from using the proper contracting channels when making purchases exceeding the Single Purchase Limit. Individual transactions may not exceed \$10,000 except as follows: **(T-2).**

9.2.1.1. For purchases from the Commissary, the Army and Air Force Exchange Service, Naval Exchange Service, and printing services from the Defense Automated Printing Service, the limit is \$25,000 per transaction.

9.2.1.2. Cardholder accounts may be established by training and education program managers with a single purchase limit up to \$25,000. The NAF Purchase Card does not replace the need to fill out the SF 182, *Authorization, Agreement, and Certification of Training*.

9.2.1.3. Specified delegation of authority may also be issued by a warranted contracting officer for cable, utilities, and telecommunication (Internet) services up to \$25,000. These

services are defined as water, steam, sewage, electricity, natural and propane gas, heating oil, cable television, internet, cell and landline telecommunications expenses.

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

9.2.3. Cardholders shall not use the NAF Purchase Card for the following:

9.2.3.1. Personal Purchases. **(T-0)**.

9.2.3.2. Official government travel. **(T-0)**.

9.2.3.3. Cash Advances. **(T-0)**.

9.2.3.4. Rental or lease of land or buildings. **(T-0)**.

9.2.3.5. Purchase of hazardous and dangerous items such as explosives and toxins. **(T-0)**.
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 federal agencies.

9.2.3.6. Items designated for purchase with Appropriated Funds. **(T-0)**.

9.2.3.7. Purchasing any goods or services requiring modification to Air Force real property without Base Civil Engineer approval. **(T-3)**.

9.2.4. AFI 65-107, *Nonappropriated Funds Financial Management Oversight Responsibilities*, requires the Nonappropriated Fund Financial Analyst conduct an annual review of the NAF Purchase Card program.

Chapter 10

BLANKET PURCHASE AGREEMENTS AND BLANKET DELIVERY ORDERS

10.1. Blanket Purchase Agreements. Provide a method of purchasing supplies and services on a recurring basis on the open market when the use of the NAF Purchase Card is not practicable. NAF Contracting Officers negotiate Blanket Purchase Agreements. A Purchase Request is not required to create a Blanket Purchase Agreement for resale. Contracting Officers will accomplish Blanket Purchase Agreements by using the templates provided in the NAF Electronic Purchasing System and will include the NAF General Provisions. **(T-2)**. Also, add NAF Special Provisions on Blanket Purchase Agreements for perishable items. Contracting Officers will ensure the Blanket Purchase Agreements numbering is compatible with the NAF electronic purchasing system. **(T-2)**. Contracting Officers will ensure the agreement contains 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 Blanket Purchase Agreement, and mandatory clauses identified in this manual, i.e., NAF General Provisions and Special Provisions. **(T-2)**.

10.1.1. The following terms and conditions are mandatory **(T-2)**:

10.1.1.1. Description of Agreement. A statement that requires the supplier to 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. Blanket Purchase Agreements should be for a basic period of one year. Option years shall not exceed 9 years, so that the total duration of this agreement shall not exceed 10 years from the date of its inception.

10.1.1.2. Extent of the Obligation. A statement that NAF is obligated only to the extent of authorized purchases actually made under the Blanket Purchase Agreement.

10.1.1.3. Purchase Limitation. A statement that specifies the dollar limitation for each individual under the Blanket Purchase Agreement.

10.1.1.4. Individuals Authorized to Purchase Under the Blanket Purchase Agreement. The Contracting Officer will furnish to the supplier a statement with a list of individuals authorized to purchase under the Blanket Purchase Agreement identified either by title of position or by name of individual, organizational component, and the dollar limitation per purchase for each title or individual.

10.1.1.5. Delivery Tickets. The Contracting Officer will include a requirement that all shipments under the agreement, except those for newspapers, magazines, or other periodicals, are accompanied by delivery tickets or sales slips that contain the following minimum information:

10.1.1.5.1. Name of supplier.

10.1.1.5.2. Blanket Purchase Agreement number.

10.1.1.5.3. Date of purchase.

10.1.1.5.4. Purchase number.

10.1.1.5.5. Itemized list of supplies or services furnished.

10.1.1.5.6. 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.)

10.1.2. Prepriced and Unpriced Blanket Purchase Agreements. The Contracting Officer is responsible for determining whether a prepriced or unpriced Blanket Purchase Agreement should be established. Products or services that fluctuate in price on a frequent basis are usually established as an unpriced Blanket Purchase Agreement. The Contracting Officer should attempt to ensure adequate competition is available when establishing sources that qualify for Blanket Purchase Agreements.

10.1.3. The Contracting Officer shall approve price lists or negotiate firm fixed pricing for prepriced Blanket Purchase Agreements. **(T-1)**. The Contracting Officer will ensure the approved price lists contain the effective dates, and a copy is maintained with the Blanket Purchase Agreement. **(T-2)**.

10.1.4. Distribution. The Contracting Officer will ensure copies of the price list or negotiated prices for services are dated and distributed to the applicable activities. **(T-2)**. The activities shall not solicit additional pricing discounts against the pre-negotiated prices. **(T-2)**. However, voluntary price reductions are acceptable if offered by the contractor.

10.1.5. Items not covered by the Blanket Purchase Agreement are not eligible for purchases under the Blanket Purchase Agreement. Requirements for these items should be referred to the Contracting Officer for inclusion under the Blanket Purchase Agreement.

10.1.6. Documenting Calls. Calls against Blanket Purchase Agreements 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 are noted. Authorized Blanket Purchase Agreement Callers ensure call registers are documented in NAF electronic purchasing system. **(T-2)**.

10.1.7. Administration of Blanket Purchase Agreement 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 are referred to the Contracting Officer.

10.1.8. Payment. Consolidated payments are made on a monthly basis. The specific time and conditions of payment are established within the terms of the Blanket Purchase Agreement. Contracting Officers will ensure Blanket Purchase Agreements for commodities subject to accelerated payment under the Prompt Payment Act contain appropriate payment provisions. **(T-0)**.

10.2. Blanket Delivery Orders. A Blanket Delivery Order provides a way of ordering undetermined quantities of supplies and services through prepriced contracts using the call process similar to a Blanket Purchase Agreement. A Purchase Request is required to create a Blanket Delivery Order. The total estimated dollar amount to be used during the specified time is identified on the order. The Blanket Delivery Order is created against an existing contract using a purchase order form.

10.2.1. The order should specify a time frame in which calls are valid against the Blanket Delivery Order. However, the performance period of the Blanket Delivery Order has to fall within the performance period of the source contract.

10.2.2. The Contracting Officer shall provide the contractor a list of individuals or position titles authorized to place calls against the Blanket Delivery Order and maximum call limitations. **(T-2)**. Blanket Delivery Orders are accomplished by using the same format as delivery orders. Blanket Delivery Order numbering will be compatible with the NAF electronic purchasing system. **(T-2)**.

10.2.3. Documenting Calls. Calls against Blanket Delivery Orders should be documented by the activity using the Call Register located in the NAF electronic purchasing system. **(T-2)**. 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 are noted. Documentation is forwarded to the appropriate paying office to support payment.

10.2.4. Administration of Blanket Delivery Order 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 are referred to the Contracting Officer.

10.2.5. Payment. Consolidated payments are made on a monthly basis. The specific time and conditions of payment are established within the terms of the Blanket Purchase Agreement. Contracting Officers will ensure Blanket Purchase Agreements for commodities subject to accelerated payment under the Prompt Payment Act (meat, perishables, etc.) contain appropriate payment provisions. **(T-0)**.

10.3. Reviews. The Contracting Officer will perform an annual review of Blanket Purchase Agreements and Blanket Delivery Orders to monitor compliance and to determine if continuance of the agreement is warranted. **(T-2)**.

Chapter 11

SPECIAL TYPE CONTRACTS AND AGREEMENTS

11.1. Formats. Formats for all special NAF contracts and agreements are maintained in the NAF electronic purchasing system and on the AFNAFPO website: <https://www.afnafpo.afsv.net>. Apply the guidance on the special contracts and agreements discussed in this chapter. Contracting Officers will obtain legal review when making a change to any of the contract templates. **(T-2)**. DO NOT include the contractor social security number as a part of the contract or store in the NAF electronic purchasing system. **(T-0)**. The Privacy Act precludes open access to certain information such as social security numbers.

11.2. Entertainment Contracts. Commercial entertainment may be entered into noncompetitively. Contracting with booking agents utilizes the same format prescribed for contracting directly with entertainment acts. Legal review must be obtained for all entertainment contracts. **(T-2)**.

11.3. Aircraft Lease Agreement. The Aero Club shall not operate the leased aircraft until written approval is obtained from AFSVC/SVPC. **(T-2)**. When approval has been obtained, the Contracting Officer will submit a copy of the completed lease agreement to AFSVC/SVPC for inclusion in the Air Force Insurance Program. **(T-2)**. Extension of leases should be forwarded to AFSVC/SVPC.

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

11.5. Individual Service Contracts. 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 unique skills, experience, or knowledge in performing a service for the NAFI. Contracts for individual services to a Federal agency are generally exempt from the requirements of the *Service Contract Act*.

11.5.1. The Contracting Officers will ensure the Individual Service Contract meets, as a minimum, the following criteria:

11.5.1.1. Only the individual specified on the contract performs the service. Substitutes and/or assistants are not allowed. **(T-2)**.

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](#)). **(T-2)**.

11.5.1.3. The Individual Service Contract shall not exceed one year. **(T-2)**.

11.5.1.4. The Individual Service Contract must not create an employer/employee relationship (e.g., supervision by a government employee). **(T-2)**. Consider the Twenty Common Law Factors in [Attachment 2](#) to determine whether an employer-employee relationship results.

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

11.5.3. Do not use Individual Service Contracts in the following situations: **(T-2)**.

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 *Service Contract Labor Standards Act* may apply to nonpersonal services (see [paragraph 3.4.3](#)). For service contracts that do not exceed \$2,500, the contractor must pay its employees at least minimum wage. **(T-0)**. 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 are forwarded to the local Servicing Contracting Office for purchase. The purchase request form and the statement of work are provided to the Servicing Contracting Office when establishing nonpersonal service contracts.

11.7. Consignment Contract, Charter Flight/Tour Desk Concessionaire Contract, and Ticket Consignment Agreement. Contracting Officers will obtain a legal review if the prescribed format is changed on any of these contracts. **(T-2)**.

11.8. Concessionaire Contract. One level above the Force Support Commander (or equivalent) must approve concessionaire contracts. **(T-2)**. (See AFI 34-101, *Air Force Morale, Welfare, and Recreation (MWR) Programs and Use Eligibility*, for additional guidance.) Concessionaire contracts stipulate a fixed return to the NAFI or provide for a percentage of the income. The gross amount (includes income of both the NAFI and contractor) is used in determining the contract amount. Contracting Officers shall obtain advance approval from the appropriate Air Force Services Activity Program Manager before awarding a contract to operate any services activities, or any part thereof. **(T-2)**. All modifications to Air Force real property to meet concessionaire contract operations shall have Base Civil Engineer approval. All concessionaire contracts must obtain legal review. **(T-3)**.

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. **(T-2)**.

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, Contracting Officers will obtain a legal review prior to the execution of any such contracts or agreements. **(T-2)**.

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 34-108, *Commercial Sponsorship and Sale of Advertising*.

11.13. Public-Private Ventures. Public-Private Venture contracts and agreements are considered to be alternative methods of satisfying capital requirements in excess of \$1 million for Category C MWR activities. The use of Public-Private Venture arrangements is limited to those services and activities that are within the mission and scope of MWR programs as authorized in DoDI 1015.13, *Department of Defense Procedures for Implementing Public- Private Ventures for Morale, Welfare, and Recreation (MWR), and Armed Services Exchange Category C Revenue-Generating Activities. (T-0)*. MWR services and activities provided through Public-Private Venture arrangements are limited to authorized patrons, as prescribed by DODI 1015.13 **(T-0)** and Air Force policy.

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. Generally a contract is considered complete when final payment has been made under the contract. Contracting Officers will not modify expired contracts. **(T-2)**. The Contracting Officer is responsible for ensuring contract closeout is accomplished within the electronic purchasing systems. NAFIs will notify the AFNAFPO of any contractor associated with the Commander's Smart Buy Program whose goods or services do not conform to contract terms and conditions. **(T-2)**.

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 of goods and services in the NAF electronic purchasing systems within the first business day after delivery. **(T-2)**. When delivery does 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 and contractor consideration, as applicable. **(T-2)**. 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 and 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 is 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. When a shipment is received:

12.2.1.1. The receiving official should be present.

12.2.1.2. The receiving official must examine all boxes, cartons, packages, containers, etc., for damage before opening. **(T-2)**. 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. The receiving official shall ensure receiving reports include acceptance by signature and date either electronically or manually. **(T-2)**. Sales slips, delivery tickets, Material Inspection and Receiving Report, 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. The receiving official shall ensure payments are made for partial deliveries when authorized by the terms of the award. **(T-2)**.

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 or Port of Embarkation. 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. The Contracting Officer will obtain legal coordination/review when any termination action is contemplated. **(T-2)**. 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 Servicing Contracting Office 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 material provision of the contract, or when the contractor fails to make progress that can endanger performance of the contract. A termination for default requires 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 must refer the proposed final decision to the cognizant legal office for legal advice and coordination with the Commercial Litigation Field Support Center of the Air Force Legal Operations Agency (AFLOA/JAQC). **(T-1)**. Notice of termination must include the contract number and date; the acts or omissions constituting the default; a statement 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 is 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. **(T-1)**. The NAFI shall provide a copy of the notice of termination (electronically or in writing) to AFNAFPO. **(T-2)**. A copy of any notice of termination for default with estimated re-procurement costs greater than \$500,000 shall be provided to SAF/AQCA. **(T-2)**.

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, required certifications, etc.) 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. **(T-2)**. The Contracting Officer shall issue cure notices by certified mail, return receipt requested. **(T-2)**. 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. The Contracting Officer shall issue show cause notices by certified mail, return receipt requested. **(T-2)**.

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 Blanket Purchase Agreements and Blanket Delivery Orders provided the change is within the scope of the Blanket Purchase Agreement/ Blanket Delivery Order. NAF Activity Personnel must ensure NAFs are available or obtained when additional funding is needed. **(T-2)**.

12.4.1. Use the NAF electronic purchasing system to issue modifications or amendments to purchasing documents. **(T-2)**. If the electronic system is not available, then utilize the, **Amendment of Solicitation and Modification of Contract**, available on the AFNAFPO website. **(T-2)**. Only the contracting office that issued the order/contract will make all modifications and amendments unless the written authority is delegated to another contracting office. **(T-2)**.

12.4.1.1. Contracting Officers will number modifications and amendments sequentially. **(T-2)**. Contracting Officers will ensure modification and amendment numbering is compatible with the NAF electronic purchasing system. **(T-2)**. 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 and bilateral modifications are determined based on the nature of the change to the order and 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. **(T-2)**. Bilateral modifications are prepared and forwarded to the contractor for signature prior to signing by the Contracting Officer.

12.4.2. In the event a NAF contractor makes an allegation of frustration of purpose or breach of contract, that information should be immediately communicated to the chain of command and the servicing legal office with a notification to AFLOA/JAQC.

12.5. Protests. Protests involving NAF contracts (except when issued by an Appropriated Fund buying office) are not subject to the jurisdiction of the U.S. Government Accountability Office or courts. AFNAFPO makes determinations on protests for contracts executed centrally. The NAF Contracting Officer will resolve all protests of base level contracts. **(T-2)**. All protests will be reviewed by the servicing legal office prior to a final decision being issued. **(T-2)**.

12.5.1. Protests should 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 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 are addressed to the Contracting Officer or other official designated to receive protests.

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

12.5.2.1. When a protest is received prior to the award of a contract, the award will be delayed until the protest (including appeals) is resolved, unless one of the following applies (such determination will be made at one level above the Contracting Officer) **(T-2)**:

- 12.5.2.1.1. The supplies or services to be contracted for are urgently required.
- 12.5.2.1.2. Delivery or performance will be unduly delayed by failure to make a prompt award.
- 12.5.2.1.3. Expiration of current contract is imminent and continued service is required.
- 12.5.2.1.4. A timely award will otherwise be advantageous to the NAFL.

12.5.2.2. Before awarding a contract under the above-cited circumstances, written advice of legal counsel shall be obtained and placed in the contract file. **(T-2)**

12.5.2.3. The Contracting Officer will determine the merits of the protest as expeditiously as possible. **(T-2)**. If the Contracting Officer finds that a protest has merit (for example, ambiguous specifications, flawed evaluation process), he or she will promptly take appropriate corrective action. **(T-2)**. Such possible actions include, among others, the rejection of all proposals and issuance of a new or amended solicitation or using revised specifications or evaluation criteria. In the event of amended solicitations, the scheduled date for receipt of proposals will be extended accordingly. **(T-2)**. If the resolution of the protest makes previously ineligible offers eligible for award, appropriate notification will be given to the offerors concerned. **(T-2)**.

12.5.3. Protests after award. To be considered, a protest shall be lodged within 10 calendar days of notification of contract award. **(T-2)**. When a protest is received by the Contracting Officer after the contract has been awarded, the contract normally will not be terminated. If

the Contracting Officer finds merit in the protest, he or she shall seek legal advice to determine the most appropriate course of action. **(T-2)**.

12.5.4. The protestor may appeal a protest decision within 10 calendar days of its issuance by AFNAFPO or the base NAF Contracting Officer. Comptroller General decisions, Government Accountability Office, *Principles of Federal Appropriations Law*, Volume III, Part 15C, and this manual are primary sources of authority for deciding protests. The requirement to file a protest within 10 calendar days may be waived for good cause by AFNAFPO.

12.5.5. Decisions issued by NAF Contracting Officers may be appealed to AFNAFPO. AFNAFPO is the final protest appeal authority for protests to the NAF Contracting Officer. Decisions made by AFNAFPO may be appealed to Deputy Assistant Secretary (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.

12.5.6. Appeals of decisions issued by a base NAF Contracting Officer are 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. **(T-1)**. The Director of AF NAF Purchasing is 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 must be in writing and submitted to the Contracting Officer for a written decision. **(T-2)**. Where the claim exceeds \$100,000, the claim shall be certified and signed by a person authorized to bind the contractor. **(T-2)**. The content of the certification is prescribed by the Disputes Clause in the contract. The Contracting Officer must immediately notify the funds custodian and the Office of the Staff Judge Advocate in writing when a claim is filed by a contractor. **(T-2)**. Include in the notification the amount claimed by the contractor. The Contracting Officer must obtain additional funds 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. **(T-1)**.

12.6.1. A claim by the Contractor shall be made in writing and submitted to the NAF Contracting Officer for a written decision. **(T-2)**. A claim by the NAFI against the Contractor shall be subject to a written decision by the NAF Contracting Officer. **(T-2)**.

12.6.1.1. Claims include the following information:

- 12.6.1.1.1. Name, address, and fax and telephone numbers of the claimant,
- 12.6.1.1.2. Contract number,
- 12.6.1.1.3. Detailed statement of the legal and factual grounds for the claim,
- 12.6.1.1.4. Copies of relevant documents,
- 12.6.1.1.5. Request for a ruling by the Contracting Officer; and,
- 12.6.1.1.6. Statement as to the form of relief requested.
- 12.6.1.1.7. All information establishing the timeliness of the claim.

12.6.1.1.8. All claims filed are addressed to the Contracting Officer or other official designated to receive protests.

12.6.2. For contract claims less than \$100,000, the NAF Contracting Officer must, if requested in writing by the Contractor, render a decision within 60 days of the request. **(T-2)**.

12.6.3. For Contractor-certified claims over \$100,000, the NAF Contracting Officer must, within 60 days, make a decision regarding the claim or notify the Contractor of the date by which the decision will be made. **(T-2)**. Prior to making a final decision on a claim, the Contracting Officer must refer the matter to the servicing legal office for advice, alternative dispute resolution suitability, and appropriate dispute resolution strategies. **(T-2)**. Contracting Officers must use alternative dispute resolution to the maximum extent practicable. (See AFPD 51-12, *Negotiation and Dispute Resolution*). **(T-0)**. All proposed final decisions must be reviewed by AFLOA/JAQC. **(T-2)**

12.6.4. The NAF Contracting Officer's final decision on claims may be appealed by submitting a written appeal to ASBCA with a copy to the Contracting Officer, within 90 days of receipt of the Contracting Officer's final decision. ASBCA decisions are final, but certain claims may be subject to the jurisdiction U.S. Court of Federal Claims. See DoDI 4105.67.

12.6.4.1. AFLOA/JAQC represents the Air Force in appeals to the ASBCA.

12.6.4.2. If the contractor files an appeal with the ASBCA, the Contracting Officer must notify AFNAFPO and forward to AFLOA/JAQC and the servicing legal office a copy of any notice of appeal to the ASBCA, along with the envelope in which the notice was received. **(T-2)**. If the contractor files an appeal with the Contracting Officer instead of the ASBCA, the Contracting Officer must immediately notify AFLOA/JAQC of the date the appeal was received and forward to AFLOA/JAQC and the servicing legal office a copy of the appeal and a copy of the envelope in which the appeal was received. **(T-2)**. The Contracting Officer must forward the original appeal and envelope to AFLOA/JAQC, which will then forward the appeal and envelope to the ASBCA, as necessary. **(T-2)**.

12.6.4.3. The Contracting Officer must prepare a "Rule 4 file" for any appeal to the ASBCA IAW Rule 4 of the ASBCA rules (see DFARS Appendix A, Part 2). **(T-1)**. The Contracting Officer must consult with AFLOA/JAQC before including in the Rule 4 file any legal opinions or intra-governmental or inter-governmental documents as described in DoD Directive 5400.07, *DoD Freedom of Information Act Program*, and Federal Acquisition Regulation 24.2. **(T-1)**.

12.6.4.4. While an appeal is pending, the Contracting Officer along with the customer and servicing legal office will support the assigned trial attorney as required including; identifying and locating government witnesses, gathering contractual documents and other physical evidence for conferences and hearings necessary to defend or otherwise dispose of an appeal. **(T-2)**.

12.6.4.5. Once the Rule 4 file is complete, AFLOA/JAQC will file it with the ASBCA on behalf of the Contracting Officer. **(T-0)**.

12.6.5. All claims will be reported to the Director of NAF Purchasing within 5 business days. **(T-1)**. AFNAFPO will maintain a record of each claim submitted. **(T-1)**. NAF Contracting

Officers will provide periodic updates to the Director of NAF Purchasing until the claim is settled or appeals have expired. **(T-2)**.

12.6.6. AFNAFPO must promptly notify SAF/AQC with all known information relating to any proposed final decision on a claim over \$500,000, and provide periodic updates to SAF/AQCA until the claim is settled or appeals have expired. **(T-2)**.

12.7. NAF Ratification Procedures. At base level, the Force Support Commander (or equivalent) may approve ratifications up to and including \$50,000. Ratifications that exceed that amount are forwarded to AFNAFPO for approval. At a minimum, the ratification package will contain the following:

12.7.1. 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. **(T-2)**.

12.7.2. The supervisor will review the statement of facts for adequacy and certify that the item(s) or 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. **(T-2)**. The supervisor will forward all documentation (Employee's Statement of Facts, Supervisor's Certification, Invoice, and funded Purchase Request) to the NAF Contracting Officer. **(T-2)**. 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. **(T-2)**.

12.7.3. 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. **(T-2)**. After legal review, the package is forwarded to the ratifying authority for consideration. If approved by the ratifying authority, the Contracting Officer will sign the contract and make appropriate distribution. **(T-2)**. If the action is not ratified the file includes the method used to resolve the matter.

Chapter 13

ELECTRONIC COMMERCE IN NAF CONTRACTING

13.1. Electronic Commerce. Electronic Commerce as it applies to NAF contracting means the exchange of contracting information electronically between the NAFI and the private sector. NAF Activities will use the NAF electronic purchasing systems approved by AFNAFPO for purchases. **(T-2).** All users requiring access to the electronic purchasing systems must be submitted through the NAF base system administrator to verify that the access and authority levels requested in the system correspond to the users' job duties. **(T-2).** Do not grant access to personnel without a specific need to access the electronic purchasing systems. **(T-2).**

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 Electronic Commerce cannot be completely executed (e.g., some contractors may not be capable of accepting Electronic Commerce). In this situation, the contracting office mails the electronically generated contracting document with the option to sign the hard copy. Contractors may use an electronic signature on contracting documents where applicable. NAF Activities will use EC only if the following conditions are met:

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. **(T-2).**

13.2.2. Transmission and storage of a discrete electronic symbol to represent the Contracting Officer's signature. **(T-2).**

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. **(T-2).**

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. **(T-2).**

13.2.5. Entering documents by proxy. The NAF electronic purchasing system allows documents such as Purchase Requests, 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. **(T-2).**

13.3. Electronic Commerce Distribution. Electronic Commerce 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 IAW [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. **(T-2).**
- 13.4.2. Audit trails of transactions and significant events are maintained. **(T-2).**
- 13.4.3. Electronic documents and files are executed by individuals acting within the users' authority. **(T-2).**
- 13.4.4. Dates and times of all records and modifications are defined and recorded. **(T-2).**

William B. Roper, Jr.
Assistant Secretary of the Air Force (Acquisition,
Technology & Logistics)

Attachment 1**GLOSSARY OF REFERENCES AND SUPPORTING INFORMATION*****References***

- DoDI 4105.67, *Nonappropriated Fund (NAF) Procurement Policy and Procedures*, 26 February 2014
- AFPD 64-1, *The Contracting System*, 6 November 2018
- AFMAN 33-363, *Management of Records*, 1 March 2008
- AFI 33-360, *Publication and Forms Management*, 1 December 2015
- 5 CFR Part 2635, *Standards of Ethical Conduct for Employees of the Executive Branch*
- AFI 34-108, *Commercial Sponsorship and Sale of Advertising*, 21 August 2018
- AFI 65-106, *Appropriated Fund Support of Morale, Welfare and Recreation (MWR) and Other Nonappropriated Fund Instrumentalities (NAFIS)*, 15 January 2019
- HAF MD 1-14, *General Counsel and The Judge Advocate General*, 29 December 2016
- 41 U.S.C. §§ 8301–8305, *Buy American Act*
- 19 U.S.C. §§ 2501–2581, *Trade Agreements Act of 1979*
- 15 U.S.C. § 631 et. seq., *Small Business Act*
- AFPD 65-3, *Audit Services*, 8 August 2018
- DoDI 7600.06, *Audit of Nonappropriated Fund Instrumentalities (NAFI) and Related Activities*, 5 November 2012
- 41 U.S.C. §§ 6701–6707, *Service Contract Labor Standards Act*
- 40 U.S.C. §§ 3141–3148, *Wage Rate Requirements*
- DoDI 1400.25-V1401, *General Information Concerning Nonappropriated Fund (NAF) Personnel Policy*, 18 October 2011
- DoDD 5500.07, *Standards of Conduct*, 29 November 2007
- AFMAN 34-201, *Use of Nonappropriated Funds*, 28 September 2018
- 41 U.S.C. §§ 8501–8506, *The Javits-Wagner-O’Day Act*
- 40 U.S.C. § 247, *Comprehensive Procurement Guideline for Products Containing Recovered Materials*
- Federal Acquisition Regulation, *Federal Acquisition Regulation*, 12 June 2019
- Defense Federal Acquisition Regulation Supplements, 31 May 2018
- AFI 32-7086, *Hazardous Materials Management*, 4 February 2015
- AFI 65-107, *Nonappropriated Funds Financial Management Oversight Responsibilities*, 13 June 2018

AFI 34-101, *Air Force Morale, Welfare, and Recreation (MWR) Programs and Use Eligibility*, 16 April 2019

41 U.S.C. § 253, *Competition in Contracting Act*

31 U.S.C. § 1535, *Economy Act*

AFI 34-108, *Commercial Sponsorship and Sale of Advertising*, 21 August 2018

DoDI 1015.13, *Department of Defense Procedures for Implementing Public- Private Ventures for Morale, Welfare, and Recreation (MWR), and Armed Services Exchange Category C Revenue-Generating Activities*, 11 March, 2004

Principles of Federal Appropriations Law, Volume III, September 2008

AFPD 51-12, *Negotiation and Dispute Resolution*, 5 June 2018

DoDD 5400.07, *DoD Freedom of Information Act Program*, 5 April 2019

AFMAN 34-204, *Property Management*, 9 October 2018

Prescribed Forms

None

Adopted Forms

SF 182, *Authorization, Agreement, and Certification of Training*

DD Form 361, *Transportation Discrepancy Report*

DD Form 470, *Cargo Outturn Report*

AF Form 332, *Base Civil Engineer Work Request*

AF Form 847, *Recommendation for Change of Publication*

Abbreviations and Acronyms

AFNAFPO—Air Force Nonappropriated Fund Purchasing Office

AFSVC—Air Force Services Center

ASBCA—Armed Services Board of Contract Appeals

CONUS—Continental United States

MWR—Morale Welfare & Recreation

NAF—Nonappropriated Fund

NAFI—Nonappropriated Fund Instrumentality

OCONUS—Outside Continental United States

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—Includes erection, installation, or assembly of a new facility; the addition, expansion, extension, alteration, conversion, or replacement of an existing facility; the relocation of facilities and equipment; the adjustment of interior arrangements or other physical characteristics of a facility; the installation of utilities and equipment made a part of a facility, and related site preparation, excavation, filling and landscaping or other improvements. It includes pouring, dredging, excavating, and painting. It does not include installation of carpet, wall covering, or draperies.

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 a warranted 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—Mandatory contracts issued by AFNAFPO.

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.

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.

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

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

Request for Proposal—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—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—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 a request for proposal, 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.”

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.

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 USC. 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 because 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 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, if 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 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 Origin Shipments. Transportation charges for Free on Board 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. Free on Board Destination Shipments. Transportation charges for Free on Board 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. **(T-1)**. The NAFRMS will not make payment for goods before acceptance. **(T-1)**.

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

A3.3.1. Claims on Free on Board-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 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", are stamped or marked on the front of the carrier's delivery receipt or freight bill. The notations also are 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 needed.

A3.3.2. Claims on Free on Board-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. The Receiving Official advises the Contracting Officer when replacement items are needed.

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. **(T-1)**. Obtain legal assistance from the servicing legal office.

A3.4.2. Claims on Free on Board Origin Shipments to Port of Embarkation or Consolidation Containerization Point. A government representative at the Port of Embarkation Consolidation Containerization Point:

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 DD Form 361, **Transportation Discrepancy Report**, and makes distribution. If a discrepancy reported on a Discrepancy Report concerning an overage, shortage, or astray freight is not resolved after 60 calendar days, puts the Discrepancy Report package together and makes distribution.

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

A3.4.3. Claims on Free on Board-Destination Shipments to Port of Embarkation or Consolidation Containerization Point. A Government representative at the Port of Embarkation or Consolidation Containerization Point:

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 Shipments.

A3.4.4.1. Claims for loss of or damage to goods against Military Sealift Command 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 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 Port of Embarkation 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 Port of Embarkation or Port of Debarkation or during off-loading, handling, or storage at the Port of Debarkation, DoD transportation personnel prepare and distribute DD Form 470, *Cargo Outturn Report*, and DD Form 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 Port of Debarkation, 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 Discrepancy Report to document its claim against the Military Sealift Command contract carrier, stevedoring contractor, or contractor that packed the container. Claims against a Military Sealift Command 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.