MEMORANDUM FOR ASSISTANT SECRETARIES OF THE MILITARY DEPARTMENTS (FINANCIAL MANAGEMENT AND COMPTROLLER)
DIRECTOR, ADMINISTRATION AND MANAGEMENT
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES


This memorandum clarifies a description in the Department of Defense Financial Management Regulation (DoDFMR) of authorities under which DoD working capital fund (WCF) activities provide goods and services. Working capital funds were not established to encourage Economy Act or Project Order transactions as is suggested at Section 010102A of Volume 11A, Chapter 1, DoDFMR 7000.14-R. Although WCF organizations often perform work under the Project Order statute (41 U.S.C. § 23) and Economy Act (31 U.S.C. § 1535), those two reimbursable authorities are not the basic legal authorities under which WCF organizations provide goods or services within the Department.

Orders placed with WCF activities may fall under any number of authorities (e.g., Project Orders for depot maintenance). The basic transactional authority derives from Section 405 of the National Security Act Amendments of 1949, now codified at 10 U.S.C. § 2208(a). This authority for buyer-seller transactions is not dependent on the Economy Act or Project Order statute. Whether a class of orders is governed by Section 2208 or by another authority is dependent on the nature of the transaction, to include the assigned mission and function of the performing activity. Activities performing reimbursable operations should be able to identify the transactional authority for work performed for others.

Additional guidance regarding the authorities for Defense WCF organizations to provide goods and services on a reimbursable basis will be provided in a future update to the DoDFMR.
Please direct any questions to my staff points of contact. For policies regarding working capital fund operations (Volume 11B) please contact Mr. Stewart Petchenick at (703) 602-0369 or stewart.petchenick@osd.mil. For non-WCF reimbursable operations (Volume 11A), please contact Ms. Joy Marcou at (703) 602-0125 or joy.marcou@osd.mil.

David P. Smith
Acting Deputy Chief Financial Officer

cc : OGC(Fiscal)
DoD, OIG
USTRANSCOM