



OFFICE OF THE UNDER SECRETARY OF DEFENSE  
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MAY 15 2009

COMPTROLLER

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

SUBJECT: Clarification of DoD Financial Management Regulation 7000.14-R,  
Volume 11A, Chapter 1, "General Reimbursement Procedures and  
Supporting Documentation"

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](mailto: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](mailto:joy.marcou@osd.mil).



David P. Smith  
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cc : OGC(Fiscal)  
DoD, OIG  
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