

CHAPTER 1**ANNEX 1****OBJECTIVES OF THE DEFENSE WORKING CAPITAL FUNDS****A. The DWCF is designed to:**

1. Provide a more effective means for controlling the costs of goods and services required to be produced or furnished by DWCF activities, and a more effective and flexible means for financing, budgeting, and accounting for the costs thereof.
2. Create and recognize contractual relationships between DWCF activities and those activities that budget for and order the end-products or services.
3. Provide managers of DWCF activities the financial authority and flexibility required to procure and effectively use manpower, materials, and other resources.
4. Encourage more cross-servicing among the DoD Components and among their operating agencies, with the aim of obtaining more economical use of facilities.
5. Facilitate budgeting for and reporting of the costs of end-products. This will underline the cost consequences of choosing between alternatives.

B. Specific objectives include the following:

1. Furnish managers of DWCF activities with modern management tools comparable to those utilized by efficient private enterprises engaged in similar types of activities.
2. Improve cost estimating and cost control through comparison of estimates and actual costs.
3. Obtain alert, forward-looking financial planning at DWCF activities by making them financially dependent on reimbursements received for goods and services furnished in fulfilling orders from customers.
4. Encourage producers of goods and services to coordinate labor forces and inventories with workload, budgeting, and cost control.
5. Instill in the officials of ordering Agencies a greater sense of responsibility and self-restraint in balancing the cost of specific goods and services to be ordered against the benefits and advantages of their procurement, especially in the light of alternative or competing demands.
6. Place ordering agencies in the position of critically evaluating purchase prices (that is, costs of performing activities) as well as quality and delivery-speed of goods and services ordered.

7. Enable ordering agencies to budget and account on an “end-product” basis (the same as when buying from commercial contractors), thereby simplifying budget presentations, budgetary control, and accounting procedures for both producers and ordering agencies.

8. Establish, whenever feasible, standard prices or stabilized rates and unit prices for goods and services furnished by DWCF activities, thus enabling ordering Agencies to more confidently plan and budget.

9. Encourage ordering agencies’ management to improve program planning and scheduling in response to producers’ efforts to plan and negotiate for orders as far in advance as feasible.

10. Provide flexibility within budget cycles to changes in supply and demand.