

## Chapter 24

## DEFENSE WORKING CAPITAL FUND

**24-1. General Information.** Under the authority of DMRD 971, and effective 1 October 1991, the Air Force revolving funds began operating as business activities under the umbrella entity designated as the Defense Working Capital Fund (DWCF) (formerly Defense Business Operations Fund (DBOF)). In addition to the Air Force revolving funds, the DWCF capitalized the revolving funds of all the services plus selected other service and agency operations, previously appropriated, whose mission exemplified the DWCF concept. For the purpose of this manual, applicable descriptions and codes of the various Air Force revolving fund business activities are in AFCDD, ADE AP-620. In general, process transactions and maintain A&F records for the revolving fund business activities the same as prescribed for general funds, except for additional procedures levied upon the fund to derive full costing objectives and to operate under a unit cost funding environment. Proof revolving fund financial reports against the AFO/OPLOC's DD Form 1329, Statement of Transactions.

**24-2. Supply Management Business Area (Former Stock Funds).** Beginning 1 October 1991, the Air Force stock funds operated under two business areas of the DWCF. These were the Distribution Depot (97X4930.FBXX) and Supply Management (97X4930.FCXX) areas. Each business area consists of individual business activities (formerly known as divisions). The Distribution Depot Business Area was formed specifically by DMRD 901. Costs formerly resourced in the Operations and Maintenance (O&M) accounts were financed by the DBOF in order to provide visibility over total costs and increase reprogramming flexibility. These costs included the Inventory Control Points (ICPs) and Supply Depots functions, and accounts required to provide overhead cost visibility (e.g., Military Pay, Real Property Maintenance, Capital and related amortization accounts). During FY 1992, the Supply Depot function, within the Distribution Depot Business Area, was transferred to DLA under the authority of DMRD 902. On 1 October 1992 (FY 93), two other decisions affecting the remainder of the Distribution Depot Business Area were initiated. The source accounting for this business area was transferred from the Air Force to DFAS-CO. Departmental reporting and funding remained the responsibility of DFAS-DE and Air Force, respectively. Also, the Distribution Depot Business Area was transferred and merged with the Supply Management Business Area, which contains all the supply activities managed by the Air Force. All individual funds are managed without apportionment. However, apportionment is kept at DoD level, permitting each activity to operate under separate unit cost goals, inventory objectives and capital budget programs.

**a. Inventory Control.** Operating programs developed for all levels of management within the Supply Management Business Activities use phased inventory objectives as controlling factors rather than limitations on obligating authority. These inventory objectives include all inventory on hand, (that is, operating stocks, war readiness materiel, contingency retention stocks, etc.) as well as inventory on order and inventory in transit. The DWCF activity managers increase or decrease their inventory turnover to adjust to customer demands without reprogramming, so long as they keep within approved inventory objectives, including any authorized flexibility. The Cost of Operations Business Activity contains no inventory levels.

**b. Capital Control.** Except for major construction, acquisition of all capital assets for use by DWCF activities will be financed through the DWCF. Within the Distribution Depot and Supply Management business areas, all capital assets will be centrally accounted for in the Cost of Operations Business Activity. The total approved capital budget may only be exceeded to the extent that projects which were included in the operating budget based on approved expense/investment criteria must be executed as capital budget items due to revised estimates. Transfer of projects from the operating budget to the capital budget, reduces the amount earned in the operating budget. Exceeding the total capital budget (the total includes amounts reprogrammed) is an Anti-Deficiency Act Violation.

**c. Operating Program Submission.** Each Air Force base primary DWCF business activity manager prepares and submits an annual operating program for each DWCF inventory under his or her control. The division office prepares a consolidated operating program for submission to HQ USAF.

**d. Accounting and Reporting Procedures.** DFAS-DE 7420.1-R (formerly AFR 170-25) in conjunction with DFAS-DE 7077.4-R (formerly AFR 177-383), prescribes the accounting and reporting procedures for the Supply Management Business area. Under the current DMR environment, additional and normally time-sensitive policy is

being directed by the DoD Comptroller under the correspondence title of "Defense Business Operations Fund Financial Policy". These policy documents are supplemented and disseminated as required.

**24-3. Industrial Funds.** The industrial funds operate under three business areas of the DWCF. These business areas are the Depot Maintenance, Transportation, and Base Support. Each business area consists of secondary business activities such as:

- Depot Maintenance/Aviation Depots (97X4930.FA20) formerly Depot Maintenance Industrial Fund.
- Transportation; DBOF-T (97X4930.5D14), formerly Airlift Service Industrial Fund and HQ AMC (97X4930.FD11), formerly HQ MAC.
- Base Support/Laundry & Dry Cleaning (97X4930.FE20) formerly Laundry & Dry Industrial Fund.

**a. Funding Requirements.**

(1) The Secretary of the Air Force/Financial Management Budget (SAF/FMB) will receive an annual operating budget that provides total cost authority in unit cost terms for the Air Force and for each business area. SAF/FMB is expected to allocate the annual cost authority to the activities within a business area by establishing individual annual activity unit cost goals.

(2) Individual activities and business areas can continue to incur costs as long as the total cost for all activities and business areas in the Air Force do not exceed the total cost authority/earnings as of fiscal year end.

(3) SAF/FMB will receive a capital budget for each business area, which will provide the obligation authority for Air Force and its business areas. Reprogramming between business areas and from the operating to the capital budgets must be in conformance with the reprogramming limitations contained in the Defense Business Operations Fund Policy Guidance.

**b. General Policies.** General policies applicable to activities of the industrial fund are in DFAS-DE 7410.1-R (formerly AFR 170-10).

**c. Accounting and Reporting.** Industrial fund budgeting, accounting, and reporting procedures are in:

DoDFMR 7000.14, Vol 11	formerly AFR 170-24, Airlift Service, AFIF
DoDFMR 7000.14, vol 12	formerly AFR 170-16, Laundry and Dry Cleaning Service, AFIF
AFLCR 170-10	Depot Maintenance
DFAS-DE 7410.1-R	formerly AFR 170-10, Air Force Industrial Fund (AFIF)
AFI 10-213	formerly AFR 170-18, Comptroller Operations Under Emergency Conditions

**d. Government Property Lost or Damaged (GPLD) Collections.** Collections for loss, damage, or destruction of industrial fund property will be credited to the appropriate industrial fund accounting classification and not to a treasury receipt account. All TORT claims documents forwarded to the judge advocate for review and approval should include the accounting classification that will be cited on the collection voucher when processed.