

# CHAPTER 7:



# REVOLVING FUNDS

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## CHAPTER 7

### REVOLVING FUNDS

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## CHAPTER 7

### REVOLVING FUNDS

#### I. INTRODUCTION.

##### A. References.

1. 10 U.S.C. 2208. Working-capital funds.
2. 10 U.S.C. 2209. Management funds.
3. Department of Defense Financial Management Regulation, DoD Reg. 7000.14-R, vol. 2B, ch.9 [hereinafter DoD FMR]; vol. 3, ch. 19; vol. 11B, ch. 1; and vol. 12, ch. 1.

##### B. Definition.

1. “A fund established to finance a cycle of operations through amounts received by the fund. Within the Department of Defense, such funds include the Defense Working Capital Fund, as well as other working capital funds.” DoD FMR, vol. 2A, ch. 1, para. 010107.B.54.
2. “Accounts authorized by specific provisions of law to finance a continuing cycle of business-type operations, and which are authorized to incur obligations and expenditures that generate receipts.” DoD FMR, Glossary.
3. “A revolving fund has two key features: it is a ‘single combined account to which receipts are credited and from which expenditures are made’” and its “generated or collected receipts are available for expenditure for the authorized purposes of the fund without the need for further Congressional action and without fiscal year limitation.”<sup>1</sup>

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<sup>1</sup> Congressional Research Service, *Interagency Contracting: An Overview of Federal Procurement and Appropriations Law*, Jan, 11, 2011, at 13 (quoting the GAO Redbook).

4. “Revolving funds fall into three broad categories: public interest revolving funds, trust revolving funds, and intragovernmental revolving funds.”<sup>2</sup>
  - a. Public Enterprise Revolving Fund: a fund that “derives most of its receipts from sources outside the federal government. It usually involves a business-type operation, which generates receipts, that are in turn, used to finance a cycle of operations.”<sup>3</sup> “These funds finance most government corporations and are commonly used for credit programs (direct loan, loan guarantee) of agencies such as the Department of Housing and Urban Development and the Small Business Administration.”<sup>4</sup>
  - b. Trust Revolving Fund: a fund that is “permanently established to fund a continuing cycle of business-type operations except that it is used for specific purposes or programs in accordance with a statute that designates the fund as a trust fund.”<sup>5</sup> Examples of trust revolving funds include certain statutorily created life insurance funds such as the Employee’s Life Insurance Fund and the Veteran’s Special Life Insurance Fund.
  - c. Intragovernmental Revolving Funds: a “revolving fund whose receipts come primarily from other government agencies, programs, or activities. It is designed to carry out a cycle of business-type operations with other federal agencies or separately funded components of the same agency.”<sup>6</sup> Examples of these types of funds “include stock funds, industrial funds, supply funds, working capital funds, and franchise funds.”<sup>7</sup>

C. Background. DoD FMR, vol. 2B, ch. 9, para. 090102.

1. Revolving funds satisfy the DoD’s recurring requirements using a business-like buyer-and-seller approach. The revolving fund structure creates a customer-provider relationship between military operating units and their support organizations. The intent of this structure is to make decision-makers at all levels more aware of the costs of goods and services by making military operating units pay for the support they receive.

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<sup>2</sup> *Id.*

<sup>3</sup> *Id.*

<sup>4</sup> *Id.*

<sup>5</sup> *Id.* at 14.

<sup>6</sup> *Id.*

<sup>7</sup> *Id.*

2. Revolving funds are not profit-oriented entities. The goal of a revolving fund is to break even over the long term. Revolving funds stabilize or fix their selling prices to protect customers from unforeseen fluctuations.
3. In the past, there were two distinct types of revolving funds.
  - a. The DoD used stock funds to procure material in bulk from commercial sources, hold it in inventory, and sell it to authorized customers.
  - b. The DoD used industrial funds to provide industrial and commercial goods and services (e.g., depot maintenance, transportation, and research and development) to authorized customers.
4. In 1991, Congress established the Defense Business Operations Fund (DBOF) and authorized its indefinite continuation in 1994. National Defense Authorization Act, 1995, Pub. L. No. 103-337, § 311, 108 Stat. 2662, 2708-09 (1994). The DBOF combined the DOD's existing nine stock and industrial funds and five defense business functions into a single revolving fund.
5. In 1996, the DoD Comptroller reorganized the DBOF and created several working capital funds including an Army Working Capital Fund, a Navy Working Capital Fund, an Air Force Working Capital Fund, and a Defense-Wide Working Capital Fund.<sup>8</sup>
6. In 1998, Congress repealed the statutory authority (10 U.S.C. § 2216a) for the DBOF. See Strom Thurmond National Defense Authorization Act for Fiscal Year 1999, Pub.L. No. 105-261, § 1008(b), 112 Stat. 1921, 2114 (1998).

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<sup>8</sup> In 1997, the DOD Comptroller established a separate working-capital fund for the Defense Commissary Agency. This working-capital fund took effect in FY 1999.

7. Defense Working Capital Fund (DWCF). Is a revolving fund using a business-like buyer-and seller approach with a goal of breaking even over the long term. Stabilized rates or prices are generally established each fiscal year. The DWCF was established on December 11, 1996, upon the reorganization of the former Defense Business Operations Fund (DBOF). DoD FMR, Glossary.

D. General Concepts.

1. Revolving funds are designed to give management personnel the financial authority and flexibility necessary to adjust their operations.
  - a. Funding is not tied to a particular fiscal year.
  - b. Revolving funds operate under a buyer/seller or provider/customer relationship concept.
  - c. Revolving funds derive their name from the cyclic nature of their cash flow.
2. Congress normally provides appropriations to start, increase, or restore a revolving fund.
  - a. The working capital resources are referred to as “the corpus” of the fund.
  - b. Working capital and assets may also be transferred from existing appropriations and fund accounts.
3. Customer orders provide the budgetary resources necessary to finance the revolving fund’s continued operations.
  - a. The fund sells inventory and/or services to authorized customers.
  - b. The fund then deposits the proceeds of the sales back into the fund to pay for the resources required to operate the fund.

- E. Other Federal Agency Revolving Funds. Most agencies have at least one working capital fund covering common agency services and/or supplies. The following is a partial listing of the various authorities applicable to civilian agencies: 33 U.S.C. § 576 (Corps of Engineers); 15 U.S.C. § 1521 (Commerce); 7 U.S.C. § 2235 (Agriculture); 15 U.S.C. §278b (National Institute of Standards and Technology); 20 U.S.C. § 3483 (Education); 22 U.S.C. § 2684 (State); 28 U.S.C. § 527 (Justice); 29 U.S.C. §§ 563, 563a (Labor); 31 U.S.C. § 322 (Treasury); 40 U.S.C. §293 General Services Administration; 42 U.S.C. §3513 (Health and Human Services); 42 U.S.C. §3535(f) (Housing and Urban Development); 43 U.S.C. 1467 (Interior); 43 U.S.C. § 1472 (Bureau of Reclamation); and 49 U.S.C. § 327 (Transportation).

## II. STATUTORY BASIS AND REQUIREMENTS.

- A. Working-Capital Funds. 10 U.S.C. §§ 2208(a)-(b). The Secretary of Defense may request the Secretary of the Treasury to establish working-capital funds.
1. Purpose. 10 U.S.C. § 2208(a). The DoD uses working-capital funds to:
    - a. Finance inventories of supplies;
    - b. Provide working capital for industrial-type activities; and
    - c. Provide working capital for commercial-type activities that provide common services within or among the DOD's various departments and agencies.
  2. Goal. 10 U.S.C. §§ 2208(a), (e). The DoD's goal is to account for and control program costs and work as economically and efficiently as possible.
  3. The Charter. DoD FMR, vol. 2B, ch. 9, para. 090102.B.
    - a. The Secretary or Assistant Secretary of the Military Department (or the Director of the Defense Agency) must prepare and sign charter that details the scope of the potential activity group.

- b. The Military Department (or Defense Agency) must submit the charter to the DoD Comptroller for approval.
- c. The DoD Comptroller will evaluate the potential activity group based on the following criteria:
  - (1) The products or services the potential activity group will provide to its customers;
  - (2) The potential activity group's ability to establish a cost accounting system to collect its costs;
  - (3) The potential customer base;<sup>9</sup> and
  - (4) Any buyer-seller advantages and disadvantages (e.g., the customers' ability to influence cost by changing demand).

4. Policy. DoD FMR, vol. 2B, ch. 9, para 090103.

- a. Operating Expenses. 10 U.S.C. §§ 2208(c)-(d), (g)-(h). Working-capital funds pay for their own operations.
  - (1) Congress normally appropriates funds to capitalize working-capital funds initially; however, the Secretary of Defense may also provide capitalizing inventories.
  - (2) Working-capital funds pay the cost of:
    - (a) Supplies acquired, manufactured, repaired, issued, or used;
    - (b) Services or work performed; and
    - (c) Applicable administrative expenses.

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<sup>9</sup> The DOD Comptroller's goal is to align resources with requirements.

- (3) Customers then reimburse working-capital funds from:
  - (a) Available appropriations; or
  - (b) Funds otherwise credited for those costs.<sup>10</sup>
  
- b. Cash Management. DoD FMR, vol. 2B, ch. 9, para. 090103.A. See Memorandum, DoD Comptroller, Working Capital Funds Cash Management Responsibility (5 Jan. 95).
  - (1) Military Departments (and Defense Agencies) are responsible for the cash management of their working capital funds.
  - (2) Working capital funds should maintain the minimum cash balance necessary to meet their operational (7-10 days) and disbursement (6 months) requirements.
  - (3) Working capital funds should strive to eliminate the need to use advance billings to maintain their cash solvency.
  
- c. Contracting in Advance of the Availability of Funds. 10 U.S.C. § 2208(k). Working-capital funds may contract for the procurement of a capital asset in advance of the availability of funds in the working-capital fund if that capital asset is for:
  - (1) Unspecified minor military construction projects costing more than \$250,000<sup>11</sup>;
  - (2) Automatic data processing equipment or software costing more than \$250,000;
  - (3) Other equipment costing more than \$250,000; and

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<sup>10</sup> Requisitioning agencies may not incur costs for goods or services that exceed the amount of their appropriations or other available funds. 10 U.S.C. § 2208(f).

<sup>11</sup> See note 14, *infra*.

- (4) Other capital improvements costing more than \$250,000.
- d. Advance Billing. 10 U.S.C. § 2208(l). The Secretary of a military department may bill a customer before it delivers the goods or services.<sup>12</sup>
- (1) The Secretary concerned must notify Congress of the advanced billing within 30 days of the end of the month in which it made the advanced billing.<sup>13</sup>
  - (2) The notification must include: the reason(s) for the advance billing; an analysis of the effects of the advance billing on military readiness; and an analysis of the effects of the advance billing on the customer.
  - (3) The total amount of the advance billings rendered or imposed for all working capital funds of the DoD in a given fiscal year may not exceed more than \$1 billion per year.
- e. Separate Accounting, Reporting, and Auditing. 10 U.S.C. § 2208(n). The Secretary of Defense must account for, report, and audit the funds and activities managed through working-capital funds separately.
- f. Charges for Goods and Services Provided through the Fund. 10 U.S.C. § 2208(o).
- (1) Charges for the goods and services provided through a working-capital fund must include amounts necessary to recover:

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<sup>12</sup> “The term ‘advance billing,’ with respect to a working-capital fund, means a billing of a customer by the fund, or a requirement for a customer to reimburse or otherwise credit the fund, for the cost of goods or services provided (or for other expenses incurred) on behalf of the customer that is rendered or imposed *before* the customer receives the goods or before the services have been performed.” 10 U.S.C. 2208(l). *But see, National Technical Information Service – Use of Customer Advance Deposits for Operating Expenses*, B-243710, 71 Comp. Gen. 224, 226 (1992) (NTIS had no authority to use customer advances that were not directly related to a firm order to pay its operating expenses).

<sup>13</sup> The Secretary of Defense may waive the notification requirement during a war, national emergency, or contingency operation. 10 U.S.C. 2208(l)(2).

- (a) The full costs of the goods and services provided; and
  - (b) The depreciation of the fund's capital assets.
- (2) Charges for the goods and services provided through a working-capital fund may **not** include amounts necessary to recover:
  - (a) The costs of military construction projects other than minor military construction projects financed under 10 U.S.C. § 2805(c)(1)<sup>14</sup>;
  - (b) The costs incurred to close or realign military installations; or
  - (c) The costs associated with mission critical functions.
- g. Procedures for Accumulation of Funds. 10 U.S.C. § 2208(p). The SecDef and the Secretaries of the military departments must establish billing procedures to ensure that the balance in their working-capital fund does not exceed the amount necessary to operate the fund.
- h. Capital Budget. DoD FMR, vol. 2B, ch. 9, para. 090103.C.
  - (1) Working capital funds must finance the acquisition of most of their capital assets through the fund.<sup>15</sup>
  - (2) Capital assets include depreciable property, plant, equipment, and software that:

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<sup>14</sup> 10 U.S.C. § 2805(c)(1) authorizes the funding of minor military construction with Operations and Maintenance funds in an amount not exceeding \$750,000. The increased threshold for funding life, health, or safety deficiencies up to \$1.5 million was removed in section 2802 of the FY 2012 NDAA.

<sup>15</sup> This requirement does not apply to construction or the capital assets listed in DoD FMR, vol. 2B, ch. 9, para. 090103C.5 (e.g., major Range and Test Facility Activities items, major weapons systems, equipment and minor construction purchased to meet mobilization requirements, and several others). DoD FMR, vol. 2B, ch9, para 090103C.

- (a) Has a unit cost that is greater than or equal to \$250,000 (except for Minor Construction, which has a capitalization threshold of \$100,000); and
  - (b) Has a useful life of 2 years or more.
- i. Minor Construction. DoD FMR, Vol. 2B, ch. 9, para. 090103.C.16.
  - (1) Working-capital funds must finance minor construction projects costing more than \$750,000 through the annual Military Construction Appropriations Act.<sup>16</sup>
  - (2) Working-capital funds may finance project planning and design costs through the fund.
- j. The Full Recovery of Costs and Setting of Prices. DoD FMR, Vol. 2B, ch. 9, paras. 090103.F and 090104.
  - (1) Managers of activity groups must set their prices to recover their full costs over the long run (i.e., they must set their prices to recoup actual/projected losses or return actual/projected gains in the budget year).
    - (a) Supply management activity groups establish customer rates by applying a surcharge to the commodity costs.
    - (b) Non-supply management activity groups establish unit cost rates based on identified output measures or representative outputs (e.g., cost per direct labor hour, cost per product, cost per item received, cost per item shipped, etc.).

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<sup>16</sup> Projects costing more than \$100,000 must be approved in writing by the Director for Revolving Funds and identified separately in the component's annual operating budget (AOB) prior to execution. DoD FMR, vol. 2B, ch. 9, para. 090103.C.16.

- (2) Prices normally remain fixed during the budget year.<sup>17</sup> This is known as the stabilized rate policy.<sup>18</sup> This policy protects customers from unforeseen inflationary increases and other cost uncertainties.
- k. Revenue Recognition. DoD FMR, vol. 2B, ch. 9, para. 090103.N.
- (1) Working-capital funds must recognize revenue and associated costs in the same accounting period. Recognizing gains and losses in the same period enables activity managers to evaluate the performance of their organizations.
  - (2) Non-supply Defense Working Capital Fund activities must use the “Percentage of Completion Method” of recognizing revenue.
  - (3) Working-capital funds may not recognize an amount of revenue that exceeds the amount specified in the order.
- l. Apportionments and Budgetary Resources.<sup>19</sup> DoD FMR, vol. 3, ch. 19, paras. 1902 and 1903.
- (1) The Office of Management and Budget (OMB) apportions appropriations and contract authority<sup>20</sup> to working-capital funds by means of an SF 132.

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<sup>17</sup> See DoD FMR, vol. 2B, ch. 9, para. 090103.F.4 and 090105 for exceptions to this policy.

<sup>18</sup> The “stabilized rate” is defined as “the cost per direct labor hour (or other output measure) customers are charged for the products and services provided by the depot or activity group . . . [It] is determined by taking the approved Direct Labor Hour rate (or other cost per output measure) for the budget year and adjusting it for both inter-Fund transactions (adjustments to reflect changes in the costs of purchases between activity groups within the Fund), and for the impact of prior year gains or losses as reflected by the [Accumulating Operating Result].” DoD FMR, vol. 2B, ch. 9, para. 090104B.1.

<sup>19</sup> The following budgetary resources are available for apportionment: (1) appropriations; (2) unobligated balances available at the beginning of the FY; (3) reimbursements and other income; (4) recoveries of prior year obligations; (5) restorations; and (6) anticipated contract authority. Other assets (e.g., inventories and capital assets) are not budgetary resources. DoD FMR, vol. 3, ch. 19, paras. 190203 and 190205.

- (2) Working-capital funds may not incur obligations in excess of its apportioned budgetary resources or total approved operating costs.
- (3) Working-capital funds may not obligate the difference between the fund's total budgetary resources and the amount of contract authority the OMB has apportioned to it.
- (4) Working-capital funds must maintain a positive budgetary balance.

### III. DEFENSE WORKING CAPITAL FUNDS.

#### A. Types of Funds. DoD FMR, vol. 2B, ch. 9.

##### 1. Supply Management Activity Groups.<sup>21</sup>

- a. Supply management activity groups provide a means of accounting for and financing the purchase, storage, and sale of common use items and depot level repair assemblies.
- b. Each supply management activity group acquires materials and supplies with its appropriations and other cash accounts. These transactions increase the activity group's inventory and decrease its cash.
  - (1) The materials and supplies are held in inventory until the activity group issues (sells) them to authorized customers.

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<sup>20</sup> "Contract authority is the legal ability to enter into contracts and incur obligations *before* budgetary authority is available to make outlays to liquidate those obligations." DoD FMR, Vol. 3, Ch. 19, para. 190206.

<sup>21</sup> These types of funds were previously known as Supply Management Business Areas or Stock Funds.

- (2) Examples of the types of materials and supplies that supply management activity groups typically acquire are listed in DoD FMR, Vol. 4, Ch. 4, and typically include: subsistence items; military exchange items; fuel, chemicals, and gases; construction materials; medical and dental supplies; military clothing and individual equipment; and certain spare and repair parts.
- c. When the supply management activity group issues (sells) supplies to authorized customers, the activity group charges the supplies to the customers' account. These transactions increase the activity group's cash and decrease its inventory.

2. Non-Supply Management Activity Groups.<sup>22</sup>

- a. Non-supply management activity groups finance the operating costs of major service units, such as arsenals, depots, and shipyards.
- b. Non-supply management activity groups provide services on a reimbursable basis to authorized customers.
  - (1) Non-supply management activity groups do not maintain inventories of finished products.
  - (2) Non-supply management activity groups generate work by accepting customer orders.

3. Management Funds. 10 U.S.C. § 2209.

- a. Management fund accounts are working fund accounts authorized by law to facilitate accounting for administration of intragovernmental activities other than a continuing cycle of operations. The DoD uses management funds to conduct operations financed by at least two appropriations and whose costs may not be distributed and charged to those appropriations immediately.

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<sup>22</sup> These types of funds were previously known as Depot Maintenance Business Areas or Industrial Funds.

- b. There is an Army Management Fund, a Navy Management Fund, and an Air Force Management Fund. Such accounts generally do not own a significant amount of assets.
- c. A military department may use a management fund to procure goods and services; however, the military department responsible for the procurement must have appropriations available to reimburse the fund immediately. *See* DoD FMR, vol. 12, ch. 1, para. 0105.

#### **IV. OTHER REVOLVING FUND AUTHORITIES**

##### **A. The Clinger-Cohen Act of 1996.**

- 1. General. Section 5112(e) of the FY 1996 National Defense authorization Act (Pub. L. No. 104-106) (permanently codified at 40 U.S.C. § 14129e)) instructed the Director, Office of Management and Budget (OMB), to designate as considered appropriate, one or more heads of executive agencies as executive agent for Government-wide acquisitions of information technology.
- 2. Implementation.
  - a. OMB has designated the General Services Administration (GSA) as the executive agent for certain government-wide acquisitions of information technology (IT).
  - b. The scope of the designation is limited to programs that are funded on a reimbursable basis through the Information Technology Fund established by 40 U.S.C. § 757. These programs include the Federal Systems Integration and Management Center (FEDSIM) and Federal Computer Acquisition Center (FEDCAC), as well as other existing government-wide IT acquisition programs. The OMB designation, in combination with 40 U.S.C. § 757 provides separate authority for acquisition from these GSA programs.
  - c. If the Clinger-Cohen Act applies, the Economy Act is inapplicable.

- d. Obligation. Orders placed pursuant to the Clinger-Cohen Act shall be treated for obligational purposes as if they were placed with commercial activities. In other words, obligation occurs upon the formation of a binding agreement between the ordering agency and the GSA, and deobligation is not required to take place merely because the ordering agency's appropriation has expired. **NOTE:** While not required by law, DoD policy requires deobligation for non-Economy act orders essentially the same as for Economy Act orders. DoD FMR, vol. 11A, ch. 18, para. 180302. See Chapter 6, *Interagency Acquisitions*, of this Deskbook for further details of DoD policy on use of non-DoD contracts.
  
- e. Funds may not be used for other purposes in addition to or in lieu of what was included in the interagency agreement. See *Continued Availability of Expired Appropriation for Additional Project Phases*, B-286929, April 25, 2001 available at: [http://www.access.gpo.gov/su\\_docs/aces/aces170.shtml](http://www.access.gpo.gov/su_docs/aces/aces170.shtml).
  
- f. As with Economy Act orders, agencies may not circumvent the competition requirements by placing an order against a contract under one of these programs which falls outside the scope of that contract. See e.g., *Floro & Associates*, B-285451.3; B-285451.4, 2000 CPD ¶172 (GSA's task order for "management services" was materially different from that of the underlying contract, which required "commercially off-the shelf hardware and software resulting in turnkey systems for GSA's client agencies").

## B. Franchise Funds.

- 1. Background. Congress has decided that competition between agencies on services that were common between the various agencies would result in increased efficiency and lower cost. As a result, Section 403 of the Government Management Reform Act of 1994, Pub. L. no. 103-356, 108 Stat. 3410, 3413 (found at 31 U.S.C. § 501 note) established a pilot "franchise fund" program. These franchise funds are a special version of working capital funds which permit other agencies (not just the franchise fund's sponsor) to place orders.

2. The Pilot Program. The Office of Management and Budget (OMB) selected six agencies to run pilot programs covering capital equipment, automated data processing systems, and financial management / management information systems. The following agencies have authority to establish franchise funds:
  - a. Department of Veterans Affairs. See Pub. L. No. 104-201, 110 Stat. 2874, 2880 (1996);
  - b. Environmental Protection Agency. See Pub. L. No. 104-204, 110 Stat. 2874, 2912-13 (1996);
  - c. Department of Commerce. See Pub. L. No. 104-204, 110 Stat. 2874, 2912-13 (1996);
  - d. Department of Interior. See Pub. L. No. 104-208, §113, 110 Stat. 3009, 3009-200 (1996); and
  - e. Department of Treasury. See Pub. L. No. 104-208, 110 Stat. 3009, 3009-316, -317 (1996).
  - f. Federal Aviation Administration. See Pub. L. No. 104-205, 110 Stat. 2951, 2957-58 (1996);
  - g. Health and Human Services. This franchise fund operates under authority of the HHS service and supply fund.
3. OMB defined 12 operating principles for business-like operations in a 1996 guide for franchise fund pilots.
  - a. Services
  - b. Organization
  - c. Competition
  - d. Self-Sustaining/ Full Cost Recovery
  - e. Performance Measures
  - f. Benchmarks

- g. Adjustments to Business Dynamics
  - h. Surge Capacity
  - i. Cessation of Activity
  - j. Voluntary Exit
  - k. FTE Accountability
  - l. Initial Capitalization
4. Franchise fund pilots provide common administrative services such as acquisition management, administrative management, information technology services, financial management services, records management, employee assistance programs, facilities management and clinical occupational health.
  5. Franchise funds share a common feature with other revolving funds in that they are intended to break even over the long term. Most franchise fund authorities do however, authorize servicing agencies to charge a fee calculated to return in full all expenses necessary for operation of the fund. Some also allow the funds to retain up to 4% of total annual income to support acquisition of capital equipment, with any excess funds reverting back to the Treasury.
  6. **Obligation.** The obligation rules of the franchise funds work similarly to the other non-Economy Act authorities. Upon entering into a binding interagency agreement, the ordering agency obligates funds and need not deobligate upon expiration of the ordering agency's appropriation. The interagency agreement establishes the boundaries on the amount to be obligated, however. In addition, if the work is accomplished at a lower rate than initially anticipated, the remaining obligated fund may not be used to pay for other work not covered by the initial interagency agreement. **NOTE:** While not required by law, DoD policy requires deobligation essentially the same as for Economy Act orders. DoD FMR, vol. 11A, ch. 18, para. 180302. See Chapter 6, *Interagency Acquisitions*, of this Deskbook for further details of DoD policy on use of non-DoD contracts.

## V. GENERAL FISCAL PRINCIPLES RELATED TO REVOLVING FUNDS.

A. The Miscellaneous Receipts Statute. 31 U.S.C. § 3302(b). The statute requires an official or agent of the Government to deposit money received from any source in the Treasury without deduction for any charge or claim.

### 1. General Rule.

a. Income generated by a revolving fund represents money collected for the use of the United States.

b. A revolving fund may only withdraw or expend this income in consequence of an appropriation made by law.

c. Retention of customer funds by Working Capital Fund. See 10 U.S.C. §§ 2208, 2210; *see also* 31 U.S.C. § 322(d). Congress has expressly created an exception to the Miscellaneous Receipts Statute permitting working capital funds to retain customer funds (“The fund shall be reimbursed . . . from amounts available to the Department or from other sources, for supplies and services at rates that will equal [its] expenses of operation . . . Amounts the Secretary decides are in excess of the needs of the fund shall be deposited . . . in the Treasury as miscellaneous receipts.”). Once the customer funds are transferred into the revolving fund, however, the ordering agency must comply with the normal fiscal rules concerning obligation and bona fide needs. Agencies, therefore, may not “bank” or “park” their money in a revolving fund to prolong its life. *See Implementation of the Library of Congress FEDLINK Revolving Fund*, B-288142, Sep. 6, 2001; *Matter of: Continued Availability of Expired Appropriation for Additional Project Phases*, B-286929, Apr. 25, 2001.

B. The Purpose Statute. 31 U.S.C. § 1301. The Purpose Statute requires federal agencies to apply appropriations only to the objects for which Congress made the appropriations.

### 1. Restrictions on the Use of Revolving Funds.

- a. Federal agencies may only use revolving funds for expenditures that are reasonably connected to the authorized activities of the fund. *See The Honorable Robert W. Kastenmeier*, B-230304, 1988 WL 27283 (C.G. Mar. 18, 1988) (unpub.) (Federal Prison Industries, Inc., can use its revolving fund to construct industrial facilities and secure camps to house prisoners engaged in public works, but not general penal facilities or places of confinement); *see also GSA – Working Capital Fund*, B-208697, 1983 WL 27433 (C.G. Sep. 28, 1983) (unpub.) (GSA cannot use its working-capital fund for its mail room, library, and travel services because these items were not specifically authorized); *To the Administrator, Veterans Admin.*, B-116651, 40 Comp. Gen. 356, 358 (1960) (a proposal to finance and operate a centralized silver reclamation program was not the type of operation the VA’s supply fund authorized).
  - b. A revolving fund must deposit any money generated by using the fund for an unauthorized purpose in the Treasury as a miscellaneous receipt. *See To the Administrator, Veterans Admin.*, B-116651, 40 Comp. Gen. 356, 358 (1960) (stating that the VA must deposit collections from the sale of reclaimed silver and scrap gold must be deposited in the Treasury).
2. Restrictions on the Use of Customer Appropriations. DoD FMR, vol. 11B, ch. 1, para. 010110.
- a. A revolving fund customer may not use its appropriated funds to do indirectly what it may not do directly.
  - b. Appropriated funds cited on reimbursable orders:
    - (1) Are only available for purposes permissible under the source appropriation; and
    - (2) Remain subject to restrictions applicable to the source appropriation.
- C. The Bona Fide Needs Rule. 31 U.S.C. § 1502(a). This statute states that an appropriation limited to a definite period is only available for the payment of expenses properly incurred during that period.

1. Restrictions on the Use of Revolving Funds.
  - a. 10 U.S.C. § 2210 states that: “Obligations may, without regard to fiscal year limitations, be incurred against anticipated reimbursements to stock funds in such amounts and for such period as the Secretary of Defense . . . may determine to be necessary to maintain stock levels consistently with planned operations for the next fiscal year.”
    - (1) Revolving funds are “no year” funds. *See, e.g.*, Department of Defense Appropriations Act, 2000, Pub. L. No. 106-79, 113 Stat. 1212 (1999). However, it is still improper to “bank” an agency’s annual funds with a GSA account to cover future year needs. *Matter of: Implementation of the Library of Congress FEDLINK Revolving Fund*, B-288142, Sep. 6, 2001; *Matter of: Continued Availability of Expired Appropriation for Additional Project Phases*, B-286929, Apr. 25, 2001.
    - (2) Revolving funds are not dependent upon annual appropriations.
  - b. The Bona Fide Needs Rule does not normally apply to the use of revolving funds. *But see* 10 U.S.C. § 2213(a) (limiting the acquisition of any supply item to 2 years of operating stock); U.S. GEN. ACCOUNTING OFFICE, REPORT TO CONGRESS, DEFENSE WORKING CAPITAL FUND: IMPROVEMENTS NEEDED FOR MANAGING THE BACKLOG OF FUNDED WORK (2001).
2. Restrictions on the Use of Customer Appropriations. DoD FMR, vol. 11B, ch. 1, para. 010110.
  - a. A revolving fund customer may not use its appropriated funds to do indirectly what it may not do directly.

- b. The Bona Fide Needs Rule does apply to the use of customer appropriations. In other words, a customer agency must obligate its funds pursuant to its own *bona fide* need within the specified period of availability of the appropriation it is using. A valid, definite, certain, and binding agreement with a servicing agency must be entered to support a valid obligation. *See GovWorks*, B-308977 (Jul 17, 2007).
- c. Once a revolving fund has “earned” the receipts and collections from customers, those funds may be used without fiscal year limitation. A fund “earns” customer funds by providing the requested goods or services. This is distinguishable from customer funds that are “advanced” to a revolving fund, which will retain their fiscal year limitation until the goods and services are provided. *See GAO Redbook*, Vol . III, p. 12-114.

## VI. VIOLATIONS OF THE ANTIDEFICIENCY ACT.

- A. Types of Violations. 10 U.S.C. §§ 1341-1342; DoD FMR, vol. 14, ch. 2. An Antideficiency Act violation occurs when a revolving fund:
  - 1. Obligates funds in excess of an appropriation or apportionment. 31 U.S.C. § 1341(a)(1)(A). *See U.S. Army, Corps of Engineers Civil Works Revolving Fund*, B-242974.8, Dec. 11, 1992, 72 Comp. Gen. 59, 61 (the Antideficiency Act prohibits the Corps of Engineers from overobligating the available budget authority in its Civil Works Revolving Fund); *National Technical Information Service – Use of Customer Advance Deposits for Operating Expenses*, B-243710, 71 Comp. Gen. 224, 227 (1992) (NTIS violated the Antideficiency Act to the extent it used monies that were not available to it to pay its operating expenses and no other funds were available to cover the obligations). *See also*, DoD FMR, Vol. 3, Ch 19, para. 190207 explaining that a potential ADA violation may occur when obligations exceed “apportioned contract authority and/or budgetary resources.”
  - 2. Obligates funds in advance of an appropriation required to support that obligation, absent a specific exception. 31 U.S.C. § 1341(a)(1)(B).
  - 3. Has an appropriation level deficit cash balance with the U.S. Treasury. 31 U.S.C. § 1341(a)(1)(A).

4. Accepts voluntary services. 31 U.S.C. § 1342.

B. Application of the Antideficiency Act to Reimbursable Orders.

1. A reimbursable order is an agreement to provide goods or services to certain activities, tenant activities, or individuals where the support is:
  - a. Initially provided using mission funds; and
  - b. Reimbursed through a billing procedure.
2. Reimbursable orders will not be administered or accounted for as separate subdivisions of funds like allotments.
  - a. The ordering activity will perform appropriation-type accounting for the order as if it were a contract.
  - b. A revolving fund will not necessarily violate 31 U.S.C. § 1517 if it incurs obligations, costs, or expenditures that exceed the amount of a single reimbursable order.
  - c. However, the revolving fund may not exceed its own total obligation authority, or the total obligation authority of the ordering activity.
3. Reimbursable orders for work or services done on a cost-reimbursable basis will contain a cost ceiling for billing purposes. This limits an ordering activity's liability if a revolving fund incurs costs that exceed the ceiling.

C. Other Possible Antideficiency Act Violations.

1. Construction. DoD FMR, vol. 2B, ch. 9, para. 090103.C.16. Activities financed by working capital funds may only use \$750,000 of these funds to finance construction projects.

2. Specific Statutory Limitations. *See, e.g.*, National Defense Authorization Act, 1995, Pub. L. No. 103-337, § 314, 108 Stat. 2663 (1994) (imposing a limit of 65% of sales on the obligational authority of stock funds during FY 1995 to further the drawdown of defense stocks).<sup>23</sup>

## VII. CONCLUSION.

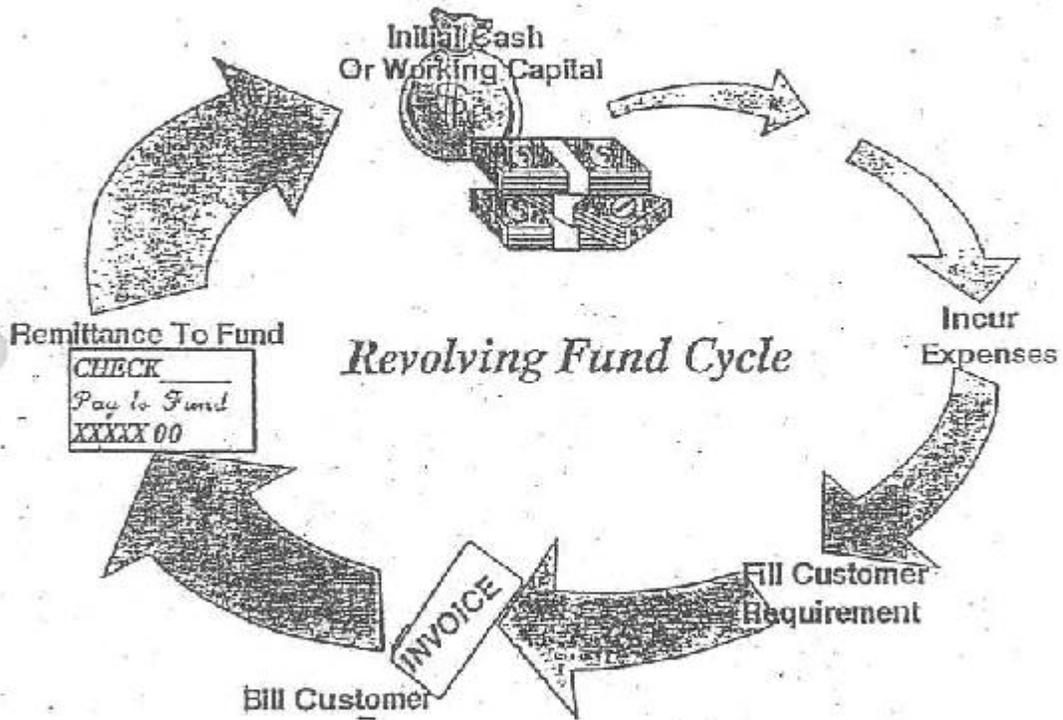
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<sup>23</sup> This is merely an illustrative example. This limitation no longer applies. *See, e.g.*, Strom Thurmond National Defense Authorization Act for Fiscal Year 1999, Pub.L. No. 105-261, 112 Stat. 1920 (1998). Practitioners dealing with working capital funds should review the yearly DoD authorization and appropriation acts to determine whether Congress has imposed any such limitations.

APPENDIX A

APPENDIX A

REVOLVING FUND CYCLE



## APPENDIX B

### **WORKING CAPITAL FUNDS - Statutes**

#### 10 USCS § 2208 – Working-Capital Funds

**(a)** To control and account more effectively for the cost of programs and work performed in the Department of Defense, the Secretary of Defense may require the establishment of working-capital funds in the Department of Defense to—

- (1)** finance inventories of such supplies as he may designate; and
- (2)** provide working capital for such industrial-type activities, and such commercial-type activities that provide common services within or among departments and agencies of the Department of Defense, as he may designate.

**(b)** Upon the request of the Secretary of Defense, the Secretary of the Treasury shall establish working-capital funds established under this section on the books of the Department of the Treasury.

**(c)** Working-capital funds shall be charged, when appropriate, with the cost of—

- (1)** supplies that are procured or otherwise acquired, manufactured, repaired, issued, or used, including the cost of the procurement and qualification of technology-enhanced maintenance capabilities that improve either reliability, maintainability, sustainability, or supportability and have, at a minimum, been demonstrated to be functional in an actual system application or operational environment; and

**(2)** services or work performed; including applicable administrative expenses, and be reimbursed from available appropriations or otherwise credited for those costs, including applicable administrative expenses and costs of using equipment.

**(d)** The Secretary of Defense may provide capital for working-capital funds by capitalizing inventories. In addition, such amounts may be appropriated for the purpose of providing capital for working-capital funds as have been specifically authorized by law.

**(e)** Subject to the authority and direction of the Secretary of Defense, the Secretary of each military department shall allocate responsibility for its functions, powers, and duties to accomplish the most economical and efficient organization and operation of the activities, and the most economical and efficient use of the inventories, for which working-capital funds are authorized by this section.

**(f)** The requisitioning agency may not incur a cost for supplies drawn from inventories, or services or work performed by industrial-type or commercial-type activities for which working-capital funds may be established under this section, that is more than the amount of appropriations or other funds available for those purposes.

**(g)** The appraised value of supplies returned to working-capital funds by a department, activity, or agency may be charged to that fund. The proceeds thereof shall be credited to current applicable appropriations and are available for expenditure for the same purposes that those appropriations are so available. Credits may not be made to appropriations under this subsection as the result of capitalization of inventories under subsection (d).

**(h)** The Secretary of Defense shall prescribe regulations governing the operation of activities and use of inventories authorized by this section. The regulations may, if the needs of the Department of Defense require it and it is otherwise authorized by law, authorize supplies to be sold to, or services to be rendered or work performed for, persons outside the Department of Defense. However, supplies available in inventories financed by working capital funds established under this section may be sold to contractors for use in performing contracts with the Department of Defense. Working-capital funds shall be reimbursed for supplies so sold, services so rendered, or work so performed by charges to applicable appropriations or payments received in cash.

**(i)** For provisions relating to sales outside the Department of Defense of manufactured articles and services by a working-capital funded Army industrial facility (including a Department of the Army arsenal) that manufactures large caliber cannons, gun mounts, recoil mechanisms, ammunition, munitions, or components thereof, see section 4543 of this title.

**(j)**

**(1)** The Secretary of a military department may authorize a working capital funded industrial facility of that department to manufacture or remanufacture articles and sell these articles, as well as manufacturing, remanufacturing, and engineering services provided by such facilities, to persons outside the Department of Defense if—

**(A)** the person purchasing the article or service is fulfilling a Department of Defense contract or a subcontract under a Department of Defense contract, and the solicitation for the contract or subcontract is open to competition between Department of Defense activities and private firms; or

**(B)** the Secretary would advance the objectives set forth in section 2474 (b)(2) of this title by authorizing the facility to do so.

**(2)** The Secretary of Defense may waive the conditions in paragraph (1) in the case of a particular sale if the Secretary determines that the waiver is necessary for reasons of national security and notifies Congress regarding the reasons for the waiver.

**(k)**

**(1)** Subject to paragraph (2), a contract for the procurement of a capital asset financed by a working-capital fund may be awarded in advance of the availability of funds in the working-capital fund for the procurement.

**(2)** Paragraph (1) applies to any of the following capital assets that have a development or acquisition cost of not less than \$250,000:

**(A)** An unspecified minor military construction project under section 2805 (c)(1) of this title.

**(B)** Automatic data processing equipment or software.

**(C)** Any other equipment.

**(D)** Any other capital improvement.

**(l)**

**(1)** An advance billing of a customer of a working-capital fund may be made if the Secretary of the military department concerned submits to Congress written notification of the advance billing within 30 days after the end of the month in which the advanced billing was made. The notification shall include the following:

**(A)** The reasons for the advance billing.

**(B)** An analysis of the effects of the advance billing on military readiness.

**(C)** An analysis of the effects of the advance billing on the customer.

**(2)** The Secretary of Defense may waive the notification requirements of paragraph (1)—

**(A)** during a period of war or national emergency; or

(B) to the extent that the Secretary determines necessary to support a contingency operation.

(3) The total amount of the advance billings rendered or imposed for all working-capital funds of the Department of Defense in a fiscal year may not exceed \$1,000,000,000.

(4) In this subsection:

(A) The term “advance billing”, with respect to a working-capital fund, means a billing of a customer by the fund, or a requirement for a customer to reimburse or otherwise credit the fund, for the cost of goods or services provided (or for other expenses incurred) on behalf of the customer that is rendered or imposed before the customer receives the goods or before the services have been performed.

(B) The term “customer” means a requisitioning component or agency.

**(m) Capital Asset Subaccounts.—** Amounts charged for depreciation of capital assets shall be credited to a separate capital asset subaccount established within a working-capital fund.

**(n) Separate Accounting, Reporting, and Auditing of Funds and Activities.—** The Secretary of Defense, with respect to the working-capital funds of each Defense Agency, and the Secretary of each military department, with respect to the working-capital funds of the military department, shall provide for separate accounting, reporting, and auditing of funds and activities managed through the working-capital funds.

**(o) Charges for Goods and Services Provided Through the Fund.—**

(1) Charges for goods and services provided for an activity through a working-capital fund shall include the following:

(A) Amounts necessary to recover the full costs of the goods and services provided for that activity.

(B) Amounts for depreciation of capital assets, set in accordance with generally accepted accounting principles.

(2) Charges for goods and services provided through a working-capital fund may not include the following:

(A) Amounts necessary to recover the costs of a military construction project (as defined in section 2801 (b) of this title), other than a minor construction project financed by the fund pursuant to section 2805 (c)(1) of this title.

(B) Amounts necessary to cover costs incurred in connection with the closure or realignment of a military installation.

(C) Amounts necessary to recover the costs of functions designated by the Secretary of Defense as mission critical, such as ammunition handling safety, and amounts for ancillary tasks not directly related to the mission of the function or activity managed through the fund.

**(p) Procedures For Accumulation of Funds.—** The Secretary of Defense, with respect to each working-capital fund of a Defense Agency, and the Secretary of a military department, with respect to each working-capital fund of the military department, shall establish billing procedures to ensure that the balance in that working-capital fund does not exceed the amount necessary to provide for the working-capital requirements of that fund, as determined by the Secretary.

**(q) Annual Reports and Budget.—** The Secretary of Defense, with respect to each working-capital fund of a Defense Agency, and the Secretary of each military department, with respect to each working-capital fund of the military department, shall annually submit to Congress, at the same time that the President submits the budget under section 1105 of title 31, the following:

**(1)** A detailed report that contains a statement of all receipts and disbursements of the fund (including such a statement for each subaccount of the fund) for the fiscal year ending in the year preceding the year in which the budget is submitted.

**(2)** A detailed proposed budget for the operation of the fund for the fiscal year for which the budget is submitted.

**(3)** A comparison of the amounts actually expended for the operation of the fund for the fiscal year referred to in paragraph (1) with the amount proposed for the operation of **the fund for that fiscal year in the President's budget.**

**(4)** A report on the capital asset subaccount of the fund that contains the following information:

**(A)** The opening balance of the subaccount as of the beginning of the fiscal year in which the report is submitted.

**(B)** The estimated amounts to be credited to the subaccount in the fiscal year in which the report is submitted.

**(C)** The estimated amounts of outlays to be paid out of the subaccount in the fiscal year in which the report is submitted.

**(D)** The estimated balance of the subaccount at the end of the fiscal year in which the report is submitted.

**(E)** A statement of how much of the estimated balance at the end of the fiscal year in which the report is submitted will be needed to pay outlays in the immediately following fiscal year that are in excess of the amount to be credited to the subaccount in the immediately following fiscal year.

**(r) Notification of Transfers.—**

**(1)** Notwithstanding any authority provided in this section to transfer funds, the transfer of funds from a working-capital fund, including a transfer to another working-capital fund, shall not be made under such authority unless the Secretary of Defense submits, in advance, a notification of the proposed transfer to the congressional defense committees in accordance with customary procedures.

**(2)** The amount of a transfer covered by a notification under paragraph (1) that is made in a fiscal year does not count toward any limitation on the total amount of transfers that may be made for that fiscal year under authority provided to the Secretary of Defense in a law authorizing appropriations for a fiscal year for military activities of the Department of Defense or a law making appropriations for the Department of Defense.

<b>FUSMO</b>	Funding United States Military Operations
<b>FY</b>	Fiscal Year
<b>G&amp;A</b>	General and Administrative
<b>GAO</b>	Government Accountability Office
<b>GETA</b>	Government Employees Training Act
<b>GFE</b>	Government Furnished Equipment
<b>GFM</b>	Government Furnished Material
<b>GIP</b>	Government Information Practices
<b>GOCO</b>	Government Owned/Contractor Operated
<b>GOGO</b>	Government-owned/Government-operated
<b>GPC</b>	Government Purchase Card
<b>GPE</b>	Government-wide Point of Entry
<b>GPO</b>	Government Printing Office
<b>GSA</b>	General Services Administration
<b>GSAR</b>	General Services Administration Acquisition Regulation
<b>GSBCA</b>	General Services Administration Board of Contract Appeals
<b>GWAC</b>	Government-Wide Acquisition Contract
<b>HA</b>	Humanitarian Assistance
<b>HCA</b>	Head of Contracting Agency
<b>HCA</b>	Humanitarian and Civic Assistance
<b>HIDTA</b>	High Intensity Drug Trafficking Area
<b>HN</b>	Host Nation
<b>HQDA</b>	Headquarters, Department of the Army
<b>HRA</b>	Human Resource Advisor
<b>HUD BCA</b>	Department of Housing and Urban Development Board of Contract Appeals
<b>IAW</b>	Inspection, Accordance and Warranty
<b>IBCA</b>	Department of Interior Board of Contract Appeals
<b>ID/IQ</b>	Indefinite Quantity/Indefinite Delivery Contract
<b>IDS</b>	Individual Replacement Site 31-9
<b>IFB</b>	Invitation for Bids
<b>IFF</b>	Iraqi Freedom Fund
<b>IGA</b>	Intra-governmental Acquisition
<b>IGCE</b>	Independent Government Cost Estimate (AKA: IGE)
<b>IGO</b>	International Governmental Organization
<b>IMCOM</b>	Installation Management Command
<b>IMET</b>	International Military Education and Training
<b>INL</b>	Bureau of International Narcotics and Law Enforcement (DOS)
<b>INCLE</b>	International Narcotics and Criminal Law Enforcement
<b>IO</b>	Investigating Officer
<b>IP</b>	Intellectual Property
<b>IRO</b>	Independent Review Officer
<b>IRRF</b>	Iraq Relief and Reconstruction Fund
<b>ISFF</b>	Iraq Security Forces Fund
<b>ITARs</b>	International Traffic in Arms Regulations
<b>ITMRA</b>	The Information Technology Management and Reform Act
<b>ITOP</b>	Information Technology Omnibus Procurement
<b>J&amp;A</b>	Justification and Approval
<b>JCCI/A</b>	Joint Contracting Command Iraq/Afghanistan
<b>JFTR</b>	Joint Federal Travel Regulation
<b>JOC</b>	Job Order Contract 29-7
<b>JRC</b>	Joint Reception Center 31-3

<b>JTR</b>	Joint Travel Regulation
<b>JWOD</b>	Javits-Wagner-O'Day Act
<b>KO</b>	Contracting Officer
<b>L-H Contract</b>	Labor-Hour Contract
<b>L&amp;S Lift and</b>	Sustain
<b>LATAM COOP</b>	Latin American Cooperation
<b>LBCA</b>	Department of Labor Board of Contract Appeals
<b>LDs</b>	Liquidated Damages
<b>LHWCA</b>	Longshoreman and Harbor Worker's Compensation Act 31-24
<b>LOA</b>	Letter of Agreement
<b>LOA</b>	Letter of Authorization 31-10\
<b>LOE</b>	Level of Effort
<b>LOGCAP</b>	Logistics Civil Augmentation Program
<b>LOO</b>	Letter of Obligation
<b>LPTA</b>	Lowest Price Technically Acceptable
<b>LSSS</b>	Logistic Support, Supplies, and Services
<b>MAAWS</b>	Money as a Weapon System (MNCI CJ8)
<b>MAC</b>	Multi-agency Contract
<b>MACOM</b>	Major Command
<b>MAS</b>	Multiple Award Schedule 9-43
<b>MCA</b>	Military Construction, Army
<b>MCCA</b>	Military Construction Codification Act
<b>MEJA</b>	Military Extraterritorial Jurisdiction Act 31-20
<b>MEO</b>	Most Efficient Organization
<b>MILCON</b>	Military Construction
<b>MILCONAA</b>	Military Construction Appropriations Act
<b>MILPER</b>	Military Personnel
<b>MIPR</b>	Military Interdepartmental Purchase Request
<b>MMCP</b>	Military to Military Contact Program
<b>MOA</b>	Memorandum of Agreement
<b>MPS</b>	Military Postal System
<b>MRS</b>	Miscellaneous Receipts Statute
<b>NAF's</b>	Non-Appropriated Funds
<b>NAFI</b>	Non-Appropriated Fund Instrumentality
<b>NAICS</b>	North American Industry Classification Code 13-2
<b>NAPS</b>	Navy Acquisition Procedures Supplement
<b>NCD</b>	Navy Contract Directives
<b>NDAA</b>	National Defense Authorization Act
<b>NDI</b>	Non-developmental Item
<b>NIB</b>	National Industries for the Blind
<b>NMCARS</b>	Navy Marine Corps Acquisition Regulations Supplement
<b>NOA</b>	Notice of Appeal
<b>NOK</b>	Next of Kin 31-13
<b>NPR</b>	National Performance Review
<b>NSN</b>	National Stock Number
<b>NTE</b>	Price Not to exceed price
<b>O&amp;M</b>	Operations and Maintenance
<b>OCI</b>	Organizational Conflicts of Interest
<b>OFCC</b>	Office of Federal Contract Compliance
<b>OFDA</b>	Office for Foreign Disaster Assistance

<b>OFPP</b>	Office of Federal Procurement
<b>OFPPA</b>	Office of Federal Procurement Policy Act
<b>OHDACA</b>	Overseas Humanitarian, Disaster, and Civic Aid
<b>OMA</b>	Operations and Maintenance, Army
<b>OMB</b>	Office of Management and Budget
<b>OPA</b>	Office of Public Affairs (Embassy)
<b>OPA</b>	Other Procurement, Army
<b>ORF</b>	Official Representation Funds
<b>ORHA</b>	Office of Reconstruction and Humanitarian Assistance
<b>OSD</b>	Office of the Secretary of Defense
<b>PACER</b>	Public Access to Court Electronic Records
<b>PARC</b>	Principal Assistant Responsible for Contracting
<b>PCH&amp;T</b>	Packaging, Crating, Handling, and Transportation
<b>PCO</b>	Procuring Contracting Officer
<b>PDS</b>	Permanent Duty Station
<b>PFA</b>	Procurement Fraud Advisor
<b>PFB</b>	Procurement Fraud Branch, Contract and Fiscal Law Division, US Army Legal Service Agency
<b>PFPP</b>	Partnership for Peace
<b>PIA</b>	Procurement Integrity Act 17-8
<b>PIK</b>	Payment-in-Kind
<b>PMR</b>	Procurement Management Review
<b>POA</b>	Period of Availability
<b>POLAD DOS</b>	Political Advisor
<b>PPA</b>	Prompt Payment Act
<b>PPV</b>	Public-Private Ventures
<b>PR</b>	Purchase Request
<b>PR&amp;C</b>	Purchase Request and Commitment
<b>PRT QRF</b>	Provincial Reconstruction Team Quick Response Fund
<b>PTO</b>	Patent and Trademark Office
<b>PWD</b>	Procurement Work Directive
<b>PWS</b>	Performance Work Statement
<b>QASP</b>	Quality Assurance Surveillance Plan
<b>QDR</b>	Quadrennial Defense Review
<b>QPL</b>	Qualified Products List
<b>R&amp;D</b>	Research and Development
<b>RCFC</b>	Rules of the Court of Federal Claims
<b>RDD</b>	Required Delivery Date
<b>RDT&amp;E</b>	Research, Development, Test, and Evaluation
<b>READ</b>	Recycling Electronics and Asset Disposition
<b>RFI</b>	Request for Information
<b>RFP</b>	Request for Proposals
<b>RFQ</b>	Request for Quotes
<b>RIK</b>	Replacement- in-Kind
<b>RSA</b>	Randolph Sheppard Act for the Blind 13-32
<b>RSS</b>	Required Sources of Supplies or Services
<b>SAA</b>	Supplemental Appropriations Act
<b>SAF</b>	Subject to the Availability of Funds
<b>SAGC</b>	Secretary of the Army General Counsel
<b>SAP</b>	Simplified Acquisition Procedures
<b>SAT</b>	Simplified Acquisition Threshold
<b>SAMM</b>	Security Assistance Management Manual

<b>SABER</b>	Simplified Acquisition of Base Engineer Requirements
<b>SBA</b>	Small Business Administration
<b>SCA</b>	McNamara-O'Hara Service Contract Act
<b>SCO</b>	Servicing Contracting Office 32B-8
<b>SDN</b>	Standard Document Number
<b>SLA</b>	State Licensing Agency
<b>SLCF</b>	Streamlined Competition Form
<b>SM&amp;W</b>	Special Morale and Welfare
<b>SOF</b>	Special Operations Forces
<b>SOFA</b>	Status of Forces Agreement
<b>SOO</b>	Statement of Objectives 6-56
<b>SOW</b>	Statement of Work
<b>SPS</b>	Standard Procurement System
<b>SSA</b>	Source Selection Authority 8-55
<b>SSEB</b>	Source Selection Evaluation Board
<b>SSP</b>	Source Selection Plan
<b>STARS GWAC</b>	Vehicle managed by GSA
<b>T4C</b>	Termination for Convenience
<b>T4D</b>	Termination for Default
<b>TAA</b>	Trade Agreements Act 13-43
<b>T&amp;E</b>	Train and Equip
<b>T&amp;M</b>	Contract Time and Materials Contract
<b>TCN</b>	Third Country National
<b>TCO</b>	Termination Contracting Officer
<b>TDP</b>	Targeted Development Program
<b>TIN</b>	Taxpayer Identification Number
<b>TINA</b>	Truth in Negotiations Act
<b>TRO</b>	Temporary Restraining Order
<b>UCA</b>	Undefinitized Contract Action
<b>UFM</b>	Uniform Funding and Management
<b>UMC</b>	Unspecified Military Construction
<b>UMMC</b>	Unspecified Minor Military Construction
<b>URD</b>	Uniform Resource Demonstration
<b>USAID</b>	United States Agency for International Development
<b>USARCS</b>	United States Army Claims Service
<b>USD (ATL)</b>	Undersecretary of Defense (Acquisition, Technology, and Logistics)
<b>USD(C)</b>	Undersecretary of Defense (Comptroller)
<b>UTSA</b>	Uniform Trade Secrets Act 16-5
<b>WAWF</b>	Wide Area Work Flow
<b>WD</b>	Wage Determination
<b>WDOL</b>	Wage Determinations Online
<b>WHA</b>	Walsh-Healy Public Contracts Act 14-20
<b>WHCA</b>	War Hazards Compensation Act 31-24