

adopted, it may be possible to reduce the amount of the working capital advance, since the interval between the time at which the post disburses the funds and the time at which the resulting expenditure information is available for reimbursing the advance would be significantly reduced.

Working Capital Advances Presently Being Considered

Earlier in this section we indicated our agreement with the recommendation arising out of the Preliminary Financial Management Survey conducted by the Passport Division, to the effect that the Division's operations should be financed through the use of a working capital advance. In the paragraphs that follow, we discuss the advantages and disadvantages of this method of financing and how it might operate.

The principal advantages of financing the Passport Division's operations by means of a working capital advance would be as follows:

1. It would provide for greater flexibility in financing the Division's operations, since revenues generated by a greater than anticipated volume of sales could be used to finance the correspondingly increased costs.
2. It would simplify the annual appropriation procedure by eliminating the need for the preparation and submission of estimates.
3. It would reduce the necessity of curtailing operations in periods of interim supply - which happen to overlap the Division's annual peak load period.

Offsetting these advantages to a very minor extent would be a certain amount of additional administrative and accounting work that would be entailed in operating under this type of system. However, even here, it would be very difficult to distinguish between the extra work caused by the use of a working capital advance and that created by the development of cost and other control information needed to put the Division's operations on a