USARPAC
Cost Management Guide

20 May 2014

Today, our military is adjusting to the reality that cost, in a way that it probably has never been, is an independent variable in national defense. We can no longer meet new threats just simply by throwing more resources at them. For the first time in a very long time, we have to make hard choices about where to put our resources and where to pull them back.

GEN Martin E. Dempsey
CJCS, 12 April 2012

One Team! As an Army we are fortunate to serve the United States of America. Our country has asked much of us over our 239 year history. No less so in the modern era of global commitments to conduct combat and stability operations to secure our Nation's interests. We are particularly fortunate that we were resourced amply to do the missions required of us. As we adjust national strategies, bringing many of the overseas combat and stability operations to a transition into steady state engagements our Nation must adjust the resources also. We have been good stewards and that stewardship remains as important, if not more important. <u>Bottom line – there will be fewer resources and we will have to adjust our approach accordingly.</u> So, how will we ensure that the resources given to us go the longest distance so that we can continue to meet every mission assigned?

I will ask you to join me in further imbedding a *leader-driven cost culture* into our daily operations. We will do this by integrating cost management into the decision-making process, enabling leaders, directors and managers to make financially sound decisions at all levels. Cost has to be considered in everything we do and factored into the decisions we make. I still want you to keep operating and to stay actively engaged in fulfilling tasks assigned by PACOM and Headquarters, Department of the Army. <u>Be fiscally prudent, and also opportunistic.</u>

That really describes the culture I am looking for: *prudent*, that is, being accountable for knowing and explaining unit operating costs; finding the best ways to use the resources; and making sure the activity is a good investment that provides a good return that is worth the costs in terms of moving us forward on our campaign objectives and outcomes. And, *opportunistic*, that is ensuring we are leveraging resources across activities and funding sources; seeking partnerships that bring resources; being always ready to responsibly execute funds made available through redistribution or reallocation.

Again, leadership is important if the right culture is to emerge and take hold of our thinking. Challenge existing assumptions. Review existing programs and contracts. Think about costs up-front. Then, move out, leading the way forward on your mission.

The guide that further details how we will institute our cost culture can be found at the following address: https://hq.usarpac.army.mil/staff/g8/fmap/CostMgmtGuide/Forms/AllItems.aspx. Use the tools and methodologies in it, including the "Keys to Fiscal Stewardship" portion, and you will be well on the way to implementing my guidance consistent with my intent. Thanks for your leadership and your stewardship. We owe that back to the Nation as a part of our service. Do well.

One Team!
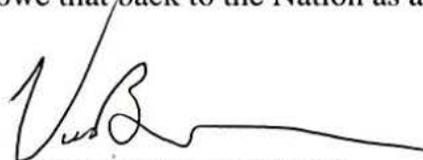
VINCENT K. BROOKS
General, USA
Commanding

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Cost Management is the management of business operations through accurate measurement and thorough understanding of the "full cost." It enables leaders/managers to identify, analyze, and understand cost issues; and consider cost factors in decision-making.

In a cost management process, operational leaders/managers and resource managers work together to manage costs by establishing targets, accounting for expenditures, measuring outcomes, analyzing results, and implementing changes to gain efficiencies and improve effectiveness. This is a significant change from how we currently do business.

This guide provides guidance, outlines responsibilities, describes tools and methodologies, integrates cost management principles into policies, and highlights keys to fiscal stewardship to manage costs more effectively and efficiently in the performance of our mission.
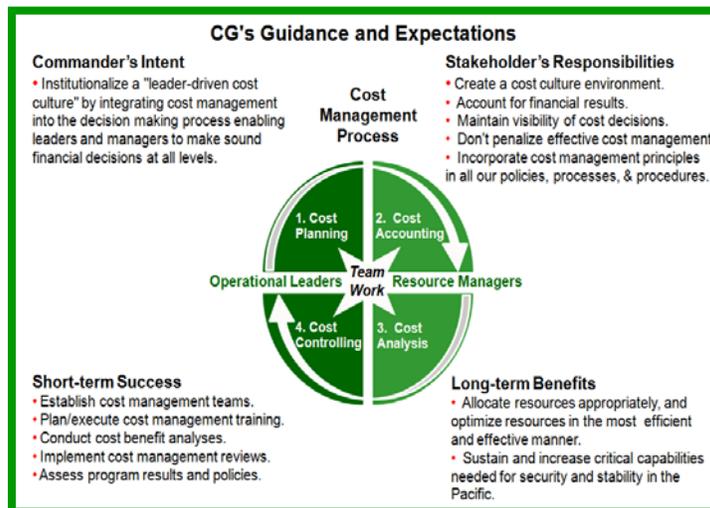
The CG's guidance and expectations for cost management consists of: the commander's intent, the expected long-term benefits, what constitutes short-term success, and the stakeholder's responsibilities required to achieve the desired short/long-term outcomes. Of these four components, the commander's intent (leadership support) is the key to cost management success.

Leaders/commanders effect the change to a "leader-driven cost culture." Only with leadership support can stakeholders "create a cost culture environment," where the most cost-efficient and effective means to accomplishing their missions becomes a natural part of their day-to-day decisions. In "account for financial results," they have cost management personnel, processes, and procedures in place to maximize utilization of scarce resources. In "maintain visibility of cost decisions," they know what their subordinates are doing to effectively manage costs. To "reward effective cost management," their units are able to use cost

savings to fund key requirements. Through "incorporate cost management principles in all of our policies, processes, and procedures," they integrate cost management into everything. Best practices become standards, costs become predictable, and resources are maximized. Although cost culture is leader-driven, day-to-day responsibility for cost management is centered on resource managers and operational leaders/managers at every echelon. As the resource manager, the G-8 exercises primary responsibility. In this role, the G-8 works closely with operational leaders like the G-3 to ensure: requirements are prioritized, resources are allocated, costs are captured, cost analysis is conducted, and results are reported. Bottom line, resource managers and operational leaders/managers work together every day to plan, account, analyze, and control costs.

There are various tools used to support cost management such as cost-benefit analysis (CBA), cost management reviews, cost management projects, Lean Six Sigma, and shared business practices. The CBA is a structured approach to compare costs and benefits of alternative courses of action in order to determine the optimum solution for achieving a stated goal or objective. It improves decision-making by identifying and comparing feasible COAs, and by providing sound data to make resource-informed decisions. A CBA must be prepared to accompany any new resource proposal submitted to HQDA for decision.

A cost management review is a team effort involving operational leaders/managers and resource managers. It is used to determine how a unit performed for a specific operation, activity, or action (OAA), and/or over time relative to the commander's expectation.

Cost management projects are conducted by multi-functional teams (cost analysts, resource managers, operational leaders/managers, etc.) to achieve cost reduction (cost savings, cost avoidance and/or cost efficiencies). Projects require detailed analysis of an OAA and application of cost management strategies that include: eliminating requirements that are no longer necessary, applying risk mitigation strategies, reducing the cost of cost drivers, process improvement, cost sharing, and other strategies. Cost savings/cost avoidance offsets budget shortfalls, and the resulting "cost savings" can be used to pay for emerging or other key unfunded requirements.

Another excellent cost management tool is the Lean Six Sigma, the Army's tool of choice for "process" improvement. Employing a structured problem-solving process, it combines Lean (reducing and eliminating non-value activities) with Six Sigma (reducing variation and increasing quality) to improve process effectiveness and efficiency, and to enhance capability.

A Shared Business Practice [best practice] is a method that consistently leads to results that are superior than those achieved by other means, and is often used as a benchmark. It describes a standard way of doing something that multiple organizations can use. A shared business practice requires more than just identifying and borrowing a best practice; it also requires adaptation to your organization's culture and full adoption by your organization's leadership.

For the cost management program to endure, it is critical that cost management policies, processes and procedures be established, and cost management principles be integrated into our operational/functional policies. Chapters 8-14 of this guide address the cost management policy integration. Each of these chapters contain cost controlling techniques [best practices] that are integral to cost management success; thus these techniques are referred to as "Keys to Fiscal Stewardship." To the left is an extract of the G-1 chapter; this is an example of policy integration and highlights the "Keys to Fiscal Stewardship" for Civilian PCS Entitlements.

To assess the results of our cost management program, we will continue to utilize the two HQDA-directed cost management reports. The "quarterly" Army report captures USARPAC's progress in: conducting quarterly cost management reviews and utilization of CBAs to make resource-informed decisions. The "semi-annual" Army report, "Cost Management Maturity Model Assessment," helps USARPAC assess/ monitor our overall cost management progress using Army's nine cost management elements.

Additionally, to ensure that all USARPAC commands are working towards achieving the USARPAC CG's Cost Management Intent, the Organization Inspection Program (OIP) will be used to monitor compliance of the cost management policies outlined in Chapters 8-14 of this guide. The USARPAC Staff will conduct Staff Assistance Visits/inspections of their functional areas. Areas for improvement will be identified along with a plan to affect positive change. Specific lessons learned and best practices will be identified and communicated to ensure units accomplish their missions in the most cost-effective manner.

1.0 Introduction

1.1 Purpose

The purpose of this guide is to promote our cost management culture so that we can accomplish our missions in the most cost-effective manner. The tools, methodologies, and "Keys to Fiscal Stewardship" presented in this guide will help us make optimum use of available resources.

1.2 Cost Management

What is it? Cost Management is the management of business operations through accurate measurement and thorough understanding of the "full cost." It enables leaders/managers to identify, analyze and understand cost issues, and include cost factors in decision-making.

Why is it needed? The Army expects a substantial reduction in military funding as a result of decreased combat operations and ongoing Congressional initiatives to reduce discretionary spending to support important national priorities. Learning to apply cost factors in decision-making will allow for effective and efficient allocation of limited resources, and enable us to stretch our dollars to fund the right requirements at the right time.

What has the Army done? The Army has adopted an "enterprise mindset," calling for everyone to think and act on what is best for the entire Army rather than their individual units. To inculcate cost management, the Army has: directed cost-benefit analysis, developed enhanced measurements/analysis for controlling costs, instituted cost training/education, and implemented cost management reporting.

Cost Management Process. It is a process where operational leaders/managers work with their respective resource managers to manage costs by establishing cost targets, accounting for expenditures, measuring outcomes, and analyzing results to gain efficiencies and improve effectiveness. Presented below is the Army's four-phased process for planning, accounting, analyzing and controlling costs.

Cost Management Process

Cost Planning
- Provide guidance (cost targets/goals)
- Obtain cost data
- Identify cost drivers
- Estimate cost based on expected outputs

Cost Accounting
- Consume resources
- Replace resources
- Report/capture costs
- Align operational output/performance to cost data
- Valuate data

Cost Control
- Report results vs planned commitment
- Explain the variances
- Report lessons learned/actions planned
- Evaluate performance
- Implement change in target, resource, and quality levels

Cost Analysis
- Compile cost data (planned/actual)
- Compare cost data
- Analyze performance (resources consumed/outputs achieved)
- Determine variances
- Conduct trend analysis

1. Cost Planning — 2. Cost Accounting — 3. Cost Analysis — 4. Cost Controlling

Operational Leaders — Team Work — Resource Managers

2.0 CG's Guidance and Expectations

Commander's Intent
Institutionalize a "leader-driven cost culture" by integrating cost management into the decision-making process, enabling leaders and managers to make sound financial decisions at all levels.

Stakeholder's Responsibilities
- Create a cost culture environment.
- Account for financial results.
- Maintain visibility of cost decisions.
- Don't penalize effective cost management.
- Incorporate cost management principles in all our policies, processes & procedures.

Cost Management Process

1. Cost Planning
2. Cost Accounting
3. Cost Analysis
4. Cost Controlling

Operational Leaders — Team Work — Resource Managers

Short-term Success
- Establish cost management teams.
- Plan/Execute cost management training.
- Conduct cost-benefit analysis.
- Implement cost management reviews.
- Assess program results and policies.

Long-term Benefits
- Allocate resources appropriately, and optimize resources in the most efficient and effective manner.
- Sustain and increase critical capabilities needed for security and stability in the Pacific.

An Enterprise Approach to Inculcate Cost Culture

2.1 Stakeholder's Responsibilities

Create a Cost Culture Environment
• Instead of thinking of the budget as a constraint, think of it as a combat multiplier. In other words, instead of trying to keep a requirement under a certain amount, identify everything you think you need and assess the validity of each input. Then, think of how you can keep the cost for each required cost driver to a minimum, while accomplishing your mission. You may identify something you thought you needed, that you didn't need; or was something you could mitigate.

Account for Financial Results
• This is not an accounting drill where numbers are simply just numbers. Although you have direct control over inputs and outputs, you still must accomplish your mission within given constraints. As budgets get smaller, you must have the cost management personnel, processes, and procedures in place to maximize utilization of scarce resources.

Maintain Visibility of Cost Decisions
• It is not enough to talk cost management; know what your subordinates are doing to effectively manage costs. Ensure cost management techniques are deployed in your organization. Provide feedback through routine counseling. Validate cost management measures and give constructive feedback.

Reward Effective Cost Management
• Units able to reduce cost and still accomplish their mission will be able to use any savings realized toward their critical unfinanced requirements. This is not a ticket to get the things the unit wants, but instead is meant to allow units to obtain the things they need to sustain or increase critical capabilities.

Incorporate Cost Management Principles in All of Our Policies, Processes, and Procedures
• The success of any program is sustainability. To create an enduring cost management program, it is not only critical that we establish cost management policies, but we must incorporate cost management principles in all of our policies, processes, and procedures (e.g., personnel, training, logistics, etc); then document best practices. As best practices become organizational standards, costs become predictable, enabling leaders and managers to maximize available resources in all of their functional areas.

Cost Management Imperatives

Establish Cost Management Teams. Teams consist of operational leaders/managers, resource managers, and designated cost management analysts within units/staff down to the battalion level. Trained to analyze costs, these individuals conduct or review cost-benefit analysis, provide cost-related data to decision-makers, develop/assess cost estimates as part of the military decision-making process (MDMP), and lead or facilitate cost reduction projects. As a minimum, cost management analysts should be designated in the G-3/S-3, G-4/S-4, and G-8.

Plan/Execute Cost Management Training. Cost management training is necessary to be able to understand and implement the Army's cost management methodology. The diagram below highlights the cost management training opportunities currently available.
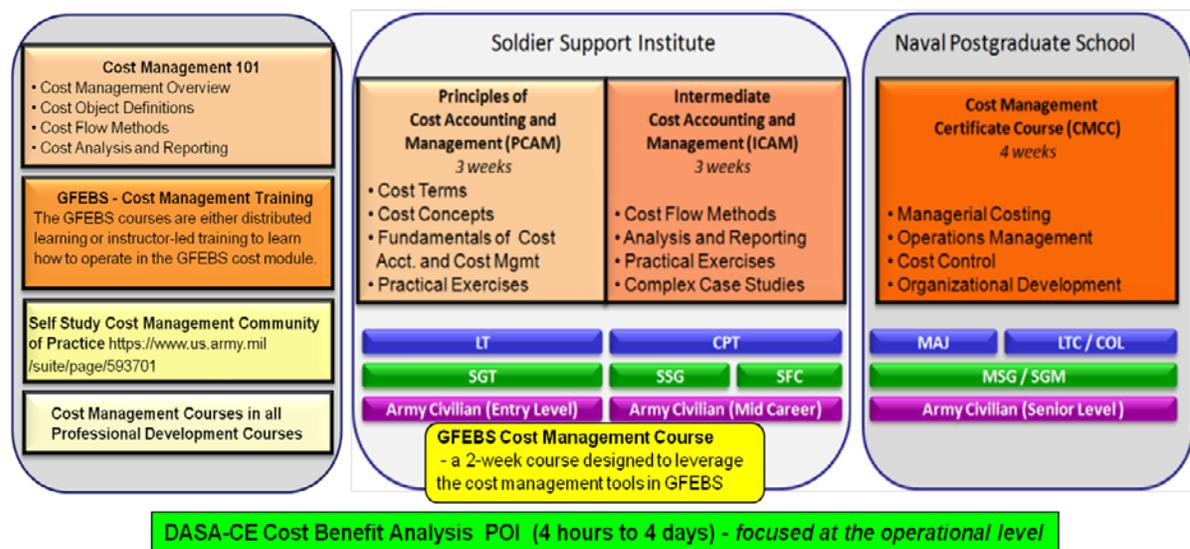
The USARPAC Cost Management Portal, under *Cost Management Training,* provides additional training information. The USARPAC G-8 Cost Management Branch can also provide additional guidance/training on the tools and methodologies presented in this guide.

Conduct Cost-Benefit Analysis (CBA). The CBA is an integral tool that facilitates resource-informed decision-making. It is used in identifying alternative courses of action (COA) for solving a problem or opportunity, determining and assessing COA costs and benefits, and recommending the COA that provides the best value to the Army for decision-making. The intent is to seek cost-informed, not cost-dominated, decision-making. Directed by the USA/VCSA on 30 December 2009, a CBA must be included with each new, expanded or unfunded requirement/new program proposal submitted to HQDA. The use of the CBA has since expanded; it is now mandated for a number of different requirements and reported in our quarterly cost management progress assessments to the Assistant Secretary of the Army for Financial Management & Comptroller (ASA(FM&C)).

Implement Cost Management Reviews. The ASA(FM&C) has directed implementation of quarterly cost management reviews. A cost management review is based on the four-phased cost management process (Cost Planning, Cost Accounting, Cost Analysis, and Cost Controlling), and enables an organization to execute its resources more effectively and efficiently. The review is a team effort requiring dedicated involvement from operational leaders/managers and resource managers. The purpose is to determine how an organization performed for a specific operation, activity or action (OAA) or over time for multiple OAAs relative to the commander's/leader's expectation (i.e. "planned" outputs/costs versus "actual" outputs/costs), and what is being done to improve performance levels.

The four phases of the Cost Management Process in more detail are as follows: *Cost Planning* – operational leaders/managers set cost-efficiency targets and prepare cost estimates based on planned inputs to perform work and outputs to meet the requirement. *Cost Accounting* – resource managers capture and align operational output/performance to cost data. *Cost Analysis* – resource managers gather and analyze key cost data to determine if there are any variances based on planned or historical output/cost versus actual output/cost; and reports the results to the operational managers to determine the cause and solution for any variance. *Cost Controlling* – operational leaders/managers and resource managers discuss the results (planned outputs/costs vs. actual outputs/costs); and operational leaders/managers determine the cause for any variance and take action to mitigate re-occurrence of issues, reduce/adjust cost targets, improve the process, and/or address changing demands. How and at what level the cost management review is conducted is up to USARPAC; however, ASA(FM&C) encourages cost management reviews at General Fund Enterprise Business System (GFEBS) Level 3 Fund Centers.

Assess Program Results and Policies. There are two components to this element. The first component includes ASA(FM&C) directives dated 15 June 2011 and 19 June 2012; these directives required Army Commands, Army Service Component Commands, and Direct Reporting Units to submit quarterly cost management reports concerning the execution of quarterly cost management reviews and use of cost-benefit analysis. Additionally, there is a semi-annual requirement to submit self-assessments of their organization's cost management progress using the Army Cost Management Maturity Model. The USARPAC Headquarters and Subordinate Commands participate in these reporting requirements.

The second component focuses on the integration of cost management principles into USARPAC functional policies, processes and procedures; inspection during the Organizational Inspection Program (OIP) assessments to ensure cost management policy compliance; and the identification/documentation of best practices based on these assessments. As best practices become organizational standards, costs become predictable, enabling leaders and managers to maximize available resources in all of their functional areas.

2.3 Long-Term Benefits

Efficient Operational Success in the Pacific

Allocate resources appropriately and optimize resources in the most efficient and effective manner.

Sustain and increase critical capabilities needed for security and stability in the Pacific.

3.0 Roles and Responsibilities

The **USARPAC ACoS, G-3** and the **USARPAC ACoS, G-8** work closely together to ensure USARPAC resources are allocated appropriately and optimized to sustain and increase critical capabilities needed for security and stability in the Pacific. The ACoS, G-3 prioritizes USARPAC requirements based on USARPAC CG Priorities, and the ACoS, G-8 allocates available resources appropriately to ensure these prioritized requirements are resourced. Cost Management is an essential mission enabler, which facilitates this process and ensures our prioritized requirements are resourced efficiently and effectively. The following roles and responsibilities list key Cost Management functions and tasks:

USARPAC G-8 Cost Management Branch performs the following:
- Develop, oversee, and sustain the USARPAC Cost Management Program.
- Develop, publish and maintain the USARPAC Cost Management Guide.
- Conduct/coordinate USARPAC cost management and cost-benefit analysis training, and oversee the cost management train-the-trainer program.
- Assist with the USARPAC OIP.
- Review Cost-Benefit Analysis (CBAs) subject to HQDA and USARPAC Command Group decisions.
- Conduct or facilitate cost analysis in support of quarterly/event-driven cost management reviews for HQ USARPAC and for select subordinate commands that currently do not have cost management analysts.
- Coordinate, prepare and submit quarterly/semi-annual cost management progress reports to HQDA.
- Conduct, facilitate and/or monitor the execution of cost management projects.

USARPAC HQ/MSCs/TECs perform the following:
- Incorporate cost management principles in functional policies, processes and procedures.

- Support cost management initiatives, including USARPAC G-8 Cost Management Branch's request for information/data.
- Prepare CBAs and use them to make resource-informed decisions.
- Conduct quarterly/event-driven cost management reviews.
- Complete and submit HQDA-required quarterly and semi-annual cost management progress reports to USARPAC G-8 Cost Management Branch.

USARPAC HQ Staff perform the following:
- Review their respective chapter in the USARPAC Cost Management Guide annually at a minimum, and submit required changes/updates to USARPAC G-8 Cost Management Branch.
- Develop functional policy inspection checklist for use in the USARPAC OIP.
- Provide assistance/training to aid in unit compliance with functional policies.
- Conduct or assist with cost management/cost reduction projects.

Operational Leaders and Managers perform the following:
- Integrate cost management into their decision-making processes.
- Support quarterly/event-driven cost management reviews by leading the cost planning and cost controlling phases, and assisting in the cost accounting and cost analysis phases.

Resource Managers perform the following:
- Perform key GFEBS Cost Management Roles (e.g. Business Intelligence Managerial Reporter, Cost Driver Controller) in support of the cost management process.
- Support quarterly/event-driven cost management reviews by leading the cost accounting and cost analysis phases, and assisting in the cost planning and cost controlling phases.
- Assist in collecting measurement data for cost management initiatives.

4.0 Cost-Benefit Analysis (CBA)

In the *13 June 2011 Memo*, the ASA(FM&C) established a goal to have units at the organizational fund center-level (USARPAC HQ, MSCs and TECs) use CBAs to make resource-informed decisions. Other guidance from senior military leaders also stressed the importance of using CBAs in the decision-making process.

The CBA is a structured methodology for comparing the anticipated costs and benefits of alternative courses of action in order to identify the optimum solution for achieving a stated goal or objective. The CBA process is similar to the Military Decision-Making Process (MDMP); however, the CBA considers the "full cost" of each COA and all bill-payers. It is important to note that the lowest-cost COA is not always the best COA. The recommended

COA should provide the best value to the Army, ensuring units accomplish their missions in the most cost-effective manner. The CBA improves the decision-making process by identifying and comparing feasible COAs, and by providing sound data for making resource-informed decisions.

Every USARPAC dollar should have some level of scrutiny prior to being spent. The level of scrutiny will vary depending on the type of goods or services being purchased, cost, applicable acquisition regulations, and other considerations. To assist in this effort, USARPAC uses three types of CBAs to help commanders make resource-informed decisions. **The three types of CBAs are Detailed, Abbreviated, and the CBA Checklist.** These tools assist commanders and staff sections comply with mandated CBA requirements and can be used for internal cost analysis. Additional information regarding each type of CBA is available in the *Cost Management Toolbox* of the USARPAC G-8 Cost Management Portal.

HQDA requires the use of CBAs for concept plans, development of the Program Objective Memorandum (POM) and Budget Estimate Submission (BES), and for other actions that require HQDA decision. Specific guidance is located in the *POM/BES CBA Annex* provided by the Deputy Assistant Secretary of the Army for Cost and Economics (DASA-CE).

For additional information regarding CBAs, refer to the *U.S. Army Cost-Benefit Analysis Guide* located on the USARPAC G-8 Cost Management Portal. The 8-step CBA process is summarized below.

Cost-Benefit Analysis - 8 Step Process

| 1. Define the Problem | 5. Identify Quantifiable and Non-Quantifiable Benefits |
2. Define the Scope; Formulate Facts and Assumptions	6. Define Alternative Selection Criteria
3. Define Alternatives	7. Compare Alternatives
4. Develop Cost Estimate for Each COA	8. Report Results and Recommendations
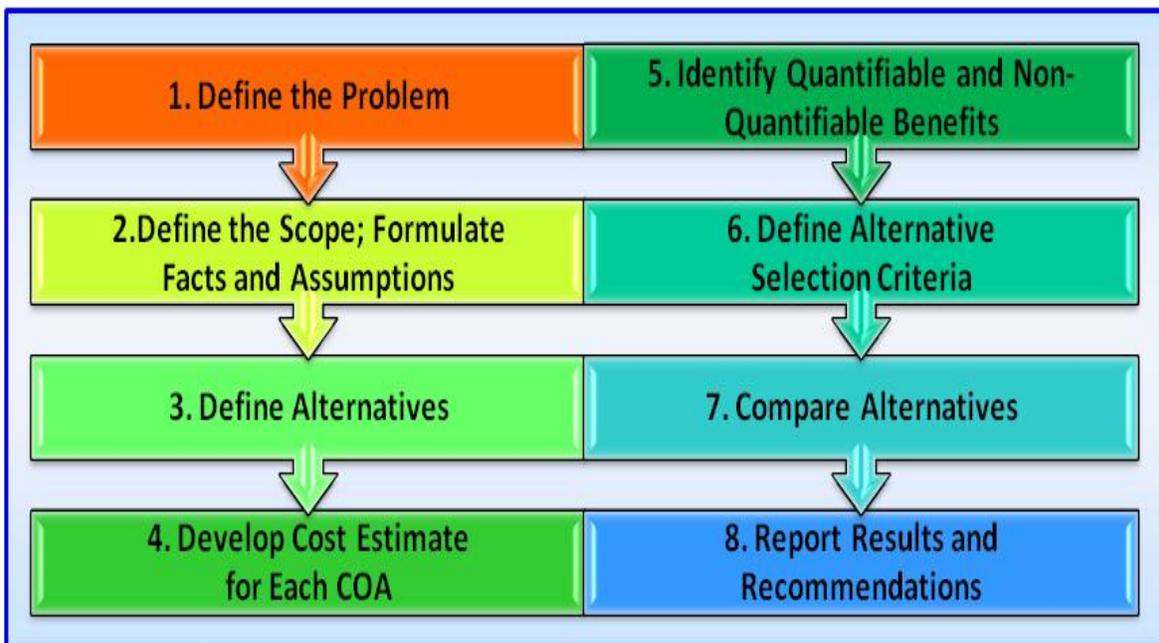
5.0 Cost Management Reviews

> **Description**
> • A Cost Management Review is a team effort involving operational leaders/managers and resource managers.
>
> • It is used to determine how an organization performed for a specific operation, activity, or action (OAA) or over time for multiple OAA relative to the commander's or leader's expectation, i.e. the planned outputs and costs vs actual outputs and costs, and what is being done to improve the performance levels.
>
> • Immediately below is a diagram highlighting each phase and key process steps of the Cost Management Review.
>
> • At the bottom of the page are the task organization, concept of operations, and process/procedures to conduct either an Event-Driven or Quarterly Cost Management Review.
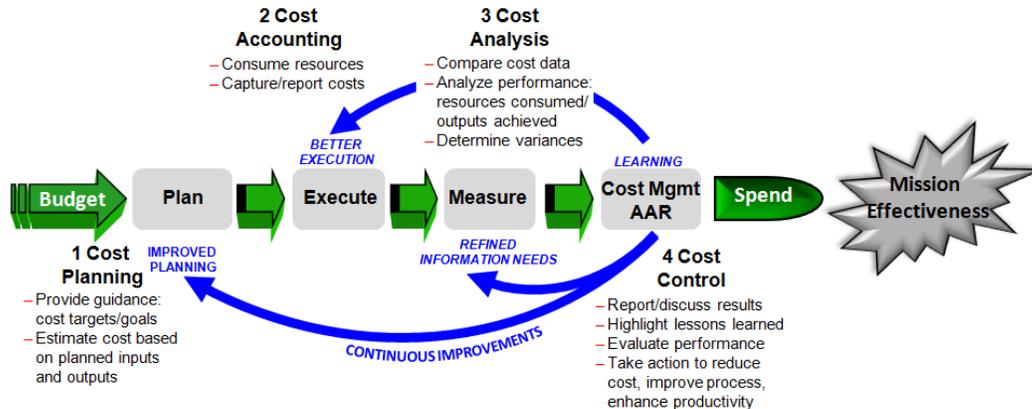
Cdr's/Ldr's Assessment - How Did We Perform Relative to Our Expectation, i.e., Planned Outputs/Costs vs Actual Outputs/Costs? What are We Doing to Improve?

5.1 Event-Driven Cost Mgmt Review   5.2 Quarterly Cost Mgmt Review

5.1 Event-Driven Cost Mgmt Review

Task Organization (Level 4 Fund Centers)

USARPAC HQ				8A	
A82HA	HBO	A82HE	G-6	A82JK	2ID
A82HB	G-2	A82HF	OPD	A82JL	19th ESC
A82HC	G-3/5/7	A82HG	EX	A82JM	35th ADA Bde
A82HD	G-4			A82JN	65th Med Bde
25ID				A82JO	8A HQ
A82AB	2/25 SBCT			**8th TSC**	
A82AC	3/25 IBCT			A82BC	8th TSC
A82AD	25ID CAB			A82BD	8th MP Bde
A82AE	25ID HHB			A82BE	45th Sus Bde
A82AF	TSS	A82KK	MSE-HI	A82BF	130th EN Bde

Concept of Operations
Integrated w/the unit MDMP, the Event-Driven Review covers an OAA planning execution, measurement, and AAR at a Level 4 Fund Center. The Opnl Ldr leads Cost Planning/Control, while the RM leads Cost Accounting/Analysis. GFEBS is used for cost accounting, to produce analytical reports, e.g., Actual Plan Variance Report.

Process and Procedures

1 Cost Planning Phase
Step 1 - Provide Cdr's Intent
Step 2 - Obtain Cost Data
Step 3 - Identify Cost Drivers
Step 4 - Develop Unit Cost/ Cost Driver
Step 5 - Develop Cost Estimate(s)

3 Cost Analysis Phase
Step 9 - Compile Cost Data
Step 10 - Compare Cost Data
Step 11 - Analyze Performance
Step 12 - Conduct Trend Analysis

2 Cost Accounting Phase
Step 6 - Acquire Resources/ Capture Costs
Step 7 - Consume Resources
Step 8 - Capture Actual Cost

4 Cost Control Phase
Step 13 - Prepare/present AAR
Step 14 - Implement Cost Control POAM

Level 4-Focused Assessment of a Single OAA Cost/Outcome

5.2 Quarterly Cost Mgmt Review

Task Organization (Level 3 Fund Centers)

A82HH	USARPAC HQ	A82BB	8th TSC
A82JJ	8A	A82GG	94th AAMDC
A82AA	25ID	A82EE	9th MSC
A82DD	USARJ	A82FF	196th IN Bde
A82CC	USARAK	A82HJ	5th BCD

Concept of Operations
Integrated w/in the G8 processes, the Quarterly Review covers multiple OAA planning, execution, measurement, and AAR at a Level 3 Fund Center. The Opnl Ldr leads Cost Planning/Control, while the RM leads Cost Accounting/Analysis. GFEBS is used for cost accounting, to produce analytical reports, e.g., Actual Plan Variance Report.

Process and Procedures

1 Cost Planning Phase
• Identify/plan operations, activities, and actions (OAA)
• Develop/input the OAA expected cost.

3 Cost Analysis Phase
• Compare OAA costs: actual to expected.
• Determine/analyze the variance--why did it occur?

2 Cost Accounting Phase
• Capture/measure OAA actual cost

4 Cost Control Phase
• Report/explain results
• Capture lessons learned

Level 3-Focused Assessment of Multiple OAA Costs/Outcomes over a Given Time Period

6.0 Cost Management Projects, Lean Six Sigma & Shared Business Practices

6.1 Cost Management Projects

A cost management project is a temporary endeavor with a defined beginning and end that is undertaken to identify cost savings, cost avoidance, and/or cost efficiencies. These projects are performed by multi-functional teams consisting of cost management analysts, operational leaders/managers, resource managers, and other subject-matter experts. Cost management projects require deliberate and detailed analysis of an operation, activity or action; and application of critical thinking, cost analysis, risk analysis, and cost management strategies. Cost management strategies include: eliminating requirements that are no longer necessary, applying risk mitigation strategies, reducing the cost of cost drivers, process improvement, cost sharing, and other strategies.

USARPAC Staff, MSCs and TECs should have ongoing initiatives to identify and carry-out cost management projects to accomplish their missions in the most cost-effective manner. *Actual/Realized cost savings could be used as bill-payer for critical unfunded requirements, and cost avoidance can serve to mitigate budget shortfalls.* A list of proposed cost management projects can be found at this link: *Cost Management Project List.*

6.2 Lean Six Sigma

Lean Six Sigma (LSS) is the Army's tool of choice for "process" improvement. A vital part of business operations, it is also an excellent cost management tool. Employing a structured problem-solving process, LSS combines Lean (eliminating non-value-added activities) with Six Sigma (reducing variation and increasing quality) to improve process efficiency, effectiveness, and enhance capability.

Led by our already-trained and certified Green Belts, Black Belts and Master Black Belts, our current LSS focus is on project identification, prioritization, and execution. With their LSS-proven techniques, these Belts have the skill to find, reduce, and eliminate process inefficiency resulting in time, money, and/or manpower saved. However, for the Belts to be truly successful, they require the full support of their project sponsors. The project sponsor is the linchpin of the Continuous Process Improvement (CPI)/LSS program.

6.3 Shared Business Practices

When others do things well, we tend to be interested in what they are doing and how they're doing it, so that we, too, can be successful. Sharing successful business practices [best practices] is important to the success of any organization as it enables us to learn from the experiences, mistakes and successes of others without "re-inventing the wheel," saving

Shared business practices or shared best practices are methods that have consistently produced the best performance and results. They describe a standard way of doing something that multiple organizations can use. A shared business practice requires more than just identifying and borrowing a best practice; it also requires adaptation to your organization's culture and full adoption by your organization's leadership.

One way to share good ideas such as successful business practices, lessons learned, or best practices is to document them in a standard format, consolidate them in a search-able file, and store them in a location accessible to all. We have done this for all our completed LSS projects. See the template to the right.

Shared Lessons Learned, Best Practices – Example

Sequence #	Unit	Name	Problem	Business Case	Scope
LD11415	196th IN Bde	Reduce Process Lead Time and Rework in Post-Mobilization Training for an ARNG Infantry Brigade Combat Team (IBCT)	The total mobilization time for ARNG units is 400 days. When time for post-mobilization training (63 days), reverse SRP (14 days), and block leave (30 days) is taken out, the Combatant Commander (CCDR) has the unit for less 300 days with boots on the ground (BOG).	Analyze the post-mobilization training time for a ARNG IBCT undergoing collective training at a mobilization station. Address the lead times (number of training days per event) for collective training juxtaposed with re-work time (training days spent in re-work) for pre-mob individual training tasks.	In Scope: Post-Mob Training at the Mobili-zation Station Out of scope: Training outside of the Mobili-zation Station.

Goal	Quick Win	Outcome	Lessons Learned	Best Practice	Function
• Cycle Time - Reduce the number of required training days from 63 to 39 days • Reduce % of Soldiers requiring re-work on pre-mob individual training tasks to < 30% • Cost - Reduce ARNG IBCT post-mobilization training cost from $3.2M (63 days) to $2.0M (39 days).	• Conduct individual weapons qualification prior to mobilization. • Conduct low density training at home station.	• Identified/eliminated through-put bottlenecks of: Close Qtrs Cbt (CQC), IED-Defeat (IED-D), Mounted Gunnery (Mtd Gnry), Urban Opns (UO) • Reduced the post-mobili-zation training time from 63 days to 39 days. • Increased ARNG IBCT BOG time from 293 to 317 days. • Achieved a cost avoidance of $1.2M.	• Give priority to RFF and CSC units over FP and C2 units for flight arrival and training lanes. • CQC – doubled OCs, added 2d SRM • IED-D – combined Modules 1 & 2 into 1 day • Mtd Gnry – added OCs • UO – reduced tng time from 3 to 2 days	• Conduct AARs to address – hourly throughput – training delays – training resources – OC utilization – potential improve-ment areas	Training

Number	Date	Operational Benefit	Financial Benefit	Keywords
68	4 Jan 09	Saved Training Time	Cost Avoidance	ARNG, Post-Mobilization, Training, Collective, Individual, AAR

7.0 Program Results and Policy Integration/Assessment

7.1 Program Results

The USARPAC HQ, MSCs, and TECs [Level 3 Fund Centers] participate in an ASA(FM&C)-directed cost management program assessment through submission of quarterly and semi-annual performance reports on the conduct of quarterly cost management reviews, use of CBAs, and a self-assessment using a cost management maturity model. Illustrated below is a description of each report.

Cost Management Performance Reporting

Quarterly Cost Management Report
• G-8 consolidates input from Level 3 Fund Centers and submits a report quarterly to ASA (FM&C) as of 30 Sep, 31 Dec, 31 Mar, and 30 Jun.
• The assessment/report features two questions:
– Does your organization conduct quarterly cost management reviews? Yes or No.
– Does your organization use Cost Benefit Analyses to make resource-informed decisions? Yes or No.

Semi-Annual Cost Management Maturity Model (CM³) Assessment
• G-8 consolidates input from Level 3 Fund Centers and submits a report semi-annually to ASA (FM&C) as of 31 Mar and 30 Sep.
• The CM³ is used to determine the current state of an organization's cost management processes.
• Each element is cluster of related activities essential to cost management capability.
• Maturity Level 3 (blue line) meets basic cost management reqm'ts and is the Army's baseline.

7.2 Policy Integration/Assessment

To create an enduring cost management program, it is not only critical that we establish and publish cost management policies, processes and procedures, but we must also integrate cost management principles into our operational/functional policies as well (e.g. personnel, training, logistics), then document the cost management best practices. Chapters 8-14 of the Cost Management Guide represent a sample of these policies. The cost management best practices include the "Keys to Fiscal Stewardship" contained in these chapters. As the best practices in these policies become organizational standards, costs become predictable enabling leaders and managers to maximize available resources in all of their functional areas.

Command oversight is a key component of policy integration. The policies outlined in Chapters 8-14 of this guide will be monitored through routine assistance visits and inspections. Members of the USARPAC HQ, MSCs, and TECs will conduct these visits to ensure compliance. Areas for improvement will be identified along with a plan to affect positive change. Specific lessons learned and best practices will be identified and communicated to ensure units are accomplishing their missions in the most cost-effective manner.

The primary USARPAC oversight and inspection mechanism is the OIP. As part of the OIP, the policies outlined in Chapters 8-14 of this guide will be inspected. The Staff Offices of Primary Responsibility (OPRs) are responsible for policy inspection and compliance, Staff-Assistance Visits (SAVs), and for maintaining OIP checklists. The OIP schedule and checklists are posted on the USARPAC Portal along with other OIP information.

SAVs are not inspections; they are teaching and training opportunities that support staff inspections. Staff directorates conduct SAVs to assist, teach and train subordinate staff sections on how to meet the standards required to operate effectively within a particular functional area. SAVs can occur at the discretion of the commander, or a staff principal at any level can request a SAV from the next higher staff echelon. SAVs can assist staff sections in preparing for upcoming inspections or train staff sections on new concepts, technologies or operating techniques.

Various types of checklists can be used as internal controls to ensure that proper oversight, approval, and/or consideration is given when conducting staff actions or when making decisions. A cost management checklist could include various things to be considered by the decision-maker to help him/her make resource-informed decisions and control costs. Units should create and institute checklists that will facilitate the integration of cost management in day-to-day operations.

8.0 Personnel Compensation and Benefits (OPR: USARPAC ACoS, G-1)

Chapter 8 provides *Keys to Fiscal Stewardship* for costs associated with civilian PCS entitlements, civilian premium work, incentive awards, and performance awards under the Total Army Performance Evaluation System (TAPES). Sections include:

8.1 Civilian PCS Entitlements

8.2 Civilian Premium Work

8.3 Incentive Awards

8.4 Performance Awards under TAPES

8.1 Civilian PCS Entitlements

Description

There are various entitlements associated with a permanent change of station (PCS) move for civilian employees who are or will be stationed within the USARPAC Area of Responsibility (i.e. Hawaii, Alaska, Korea, and Japan). Entitlements can be non-discretionary (mandatory) or discretionary. Non-discretionary entitlements are given to employees automatically if government-funded PCS is authorized by the proper approving official. An example of a non-discretionary entitlement is the movement and temporary storage of House-Hold Goods. Discretionary entitlements are subject to approval by the command, and are governed by budget constraints.

Cost Controlling Techniques

> **KEYS TO FISCAL STEWARDSHIP**
>
> **1.** **Select a local candidate from equally qualified candidates.**
>
> **2.** **Do not authorize PCS costs for positions recruited at or below GS-10 level or equivalent.**
>
> **3.** **Limit shipment of Privately-Owned Vehicles (POVs) to only one vehicle.**
>
> **4.** **Do not authorize house-hunting trips.**

References

For more information regarding civilian PCS entitlements, please refer to the following policy or contact the Office of the USARPAC ACoS, G-1:

Memo 11-29, HQUSARPAC, APCG, 23 November 2011, subject: Interim Policy on Permanent Change of Station (PCS) for US Army, Pacific (USARPAC) Civilian Employees PCSing to Hawaii – Policy

8.2 Civilian Premium Work

Description

Premium Work is any authorized overtime, holiday work, or compensatory time performed by civilian employees. ***Overtime*** is officially ordered or approved work beyond established tours of duty. For U.S. employees, overtime equates to any time worked that is generally in excess of 8 hours per day or 40 hours in a workweek. ***Holiday work*** is work performed on designated official U.S. holidays, and **compensatory time (CT)** is time credited for hours worked by the employee.

Subordinate officials designated by the commanders may approve overtime, holiday work and compensatory time. However, embedded in this authority is the managerial responsibility to control and manage premium work/pay, to include clear determinations that the proposed work must be done and that premium work is the best alternative for accomplishing that effort.

Cost Controlling Techniques

KEYS TO FISCAL STEWARDSHIP

1. To minimize premium work/pay, supervisors/managers should conduct periodic, informal employee/workload assessments and take necessary actions (quarterly recommended, but semi-annually as a minimum) to effectively and efficiently manage employees/workload.

2. Consider reorganization of employees/workload; changing the manpower mix; or hiring part-time or full-time employees to reduce premium work.

3. The authorized approving official must only approve premium work if it is the *best* alternative for accomplishing an effort; and approve the premium work request *before* the work is performed.

4. Supervisors must ensure employees use earned CT *before* annual leave (unless it results in loss of use-or-lose annual leave), and before CT converts to overtime pay (workload permitting).

References

For more information regarding civilian premium work, please refer to the following policies or contact the Office of the USARPAC ACoS, G-1:

USARPAC Regulation 37-7, Financial Administration: Overtime, Holiday Work, and Compensatory Time, 27 November 2001

Memo 690-1, HQUSARPAC, 5 August 2004, subject: Civilian Personnel Hours of Duty and Leave

8.3 Incentive Awards

Description

Incentive Awards include monetary and non-monetary awards, and are excellent ways to recognize outstanding performance or service. These awards also serve as a vital tool in increasing employee productivity, job satisfaction, and workforce morale; and help with employee retention. Although there are other factors that contribute to employee turn-over, awards can help reduce overall manpower costs, time and effort spent on recruiting and training new employees.

Monetary awards include Superior Accomplishment Awards such as the Special Act or Service Awards, On-the-Spot (OTS) Cash Awards, and Performance Awards. The OTS awards are small cash awards ($25 to $250) used to recognize day-to-day accomplishments of subordinate employees. Performance Awards are given in recognition of high-level performance for a specific period. ***Non-monetary awards*** include Time-off Awards and Honorary Awards.

The *USARPAC Funding Letter Narrative* guidance encourages the use of non-monetary awards to recognize performance. However, estimated award targets equivalent to no more than one percent of on-board aggregate salaries are issued to commands each year. Consequently, supervisors are also encouraged to consider small cash awards such as OTS awards.

Cost Controlling Techniques

> ### KEYS TO FISCAL STEWARDSHIP
>
> **1. Supervisors/Managers should use non-monetary and On-the-Spot cash awards to recognize outstanding performance of subordinate employees.**
>
> **2. Proposed cash awards must be within the respective command's award target/budget.**
>
> **3. The amount of time off/cash award that is approved should be commensurate with the extent of the employee's contribution/ achievement.**

References

For more information regarding incentive awards, please refer to the following documents or contact the Office of the USARPAC ACoS, G-1:

Memo 14-04, HQUSARPAC, APCG, 4 April 2014, subject: US Army, Pacific (USARPAC) Policy on Incentive Awards

Memo, HQUSARPAC, APRM, 20 December 2013, subject: Fiscal Year 2014 (FY 14) Funding Letter Narrative

8.4 Performance Awards under TAPES

Description	Performance Awards under the Total Army Performance Evaluation System (TAPES) consist of cash awards and quality step increases (QSIs). Performance Awards are given to recognize performance during the completed rating period. However, documentation will consist of a rating of record which shows the nominee exceeded the job objectives and will be submitted within 30 calendar days after the rating approval.

Cash Awards may be given to employees with Exceptional (Level 1) or Highly Successful (Level 2) ratings of record for the most recent rating period. Employees rated at Fully Successful (Level 3) who have exceeded at least one objective are also eligible.

A Quality Step Increase (QSI) is an additional within-grade pay increase given to General Schedule (GS) employees. Only employees receiving an Exceptional (Level 1) rating of record are eligible for a QSI. QSIs are appropriate for employees when performance has a major impact on mission accomplishment. QSIs must be submitted within 30 days of the approval of the rating of record and are not retroactive. The annual USARPAC Funding Letter Narrative provides guidance on QSI quotas. At this time, QSIs will not exceed FY10 spending levels.

Given the current fiscal environment and budget constraints, performance awards should be managed in a way that is cost-effective and results in increased employee productivity and organizational results. If monetary awards are authorized for the fiscal year, USARPAC G-8 will disseminate the cash awards/QSI budget to the USARPAC Staff and Subordinate Commands generally by the end of the first quarter of each fiscal year.

Cost Controlling Techniques

KEYS TO FISCAL STEWARDSHIP

1. Employees cannot receive a QSI and a cash award for the same performance achievement.

2. Awards must not be given solely as a "gift" to departing/retiring employees; or prompted solely because the employee's salary is capped due to pay retention or in the 10th step of his/her grade.

3. An employee is only authorized "one" QSI in a 52-week period and no back-to-back QSIs should be given.

4. Only the USARPAC Chief of Staff can approve cash award nominations over 3 percent for HQ USARPAC employees.

5. Only commanders of USARPAC Subordinate Commands can approve cash awards over 3 percent for their employees.

8.4 Performance Awards under TAPES

References	For more information regarding performance awards under TAPES, please refer to the following documents or contact the Office of the ACoS, G-1:
	Memo, HQUSARPAC, APCG, 19 December 2010, subject: US Army, Pacific (USARPAC) Total Army Performance Evaluation System (TAPES) and Award Interim Policy and Procedures
	Memo 14-04, HQUSARPAC, APCG, 4 April 2014, subject: US Army, Pacific (USARPAC) Policy on Incentive Awards
	Memo, HQUSARPAC, APRM, 20 December 2013, subject: Fiscal Year 2014 (FY 14) Funding Letter Narrative

9.0 Training and Operations (OPRs: USARPAC ACoS, G-3 and ACoS, G-7)

Chapter 9 provides *Keys to Fiscal Stewardship* for costs associated with Training Support Systems, Military Exercises and Security Cooperation, and conferences. Sections include:

9.1 Training Support Systems (OPR: ACoS, G-3)

9.2 Military Exercises (OPR: ACoS, G-7)

9.3 Conferences (OPR: ACoS, G-3)

9.1 Training Support Systems (OPR: USARPAC ACoS, G-3)

Description	The Training Support System (TSS) is an integrated training support enterprise that encompasses products, services, and facilities in support of the operational, institutional, and self-development training domains. The USARPAC TSS provides the resources required to support the Army and USARPAC-specific training strategies. They include training system products (instrumentation and training aides, devices, simulations and simulators (TADSS)); services (training support operations and manpower); and facilities (ranges, training lands, mission command centers, and training support centers). These training resources create the conditions that realistically portray the operational environment, enable training strategies focused on Unified Land Operations Mission Essential Task List (METL), and operate in a Live-Virtual-Constructive and Gaming (LVC-G) environment.
	The Army conducts Program Management Reviews (PMRs) and Modernization Reviews to ensure TSS planning, programming and execution are synchronized with current and future training needs. Mission Essential Requirements (MER) define what is needed to support training strategies to include products, services, facilities and sustainment capabilities.

9.1 Training Support Systems (OPR: USARPAC ACoS, G-3)

Description (Continued)

In USARPAC, the G-3 Training Division has the responsibility for Army Service Component Command (ASCC)-level TSS management and oversight. USARPAC MSCs and TECs have the responsibility for execution and day-to-day management of TSS functions in support of home station training sites in Alaska, Hawaii, Japan, and Korea.

The USARPAC TSS includes five major programs:

- Sustainable Range Program
- Integrated Training Area Management Program
- Mission Command Training Support Program
- Soldier Training Support Program
- Training Information Infrastructure Program

The *Sustainable Range Program (SRP)* is the Army's overall approach for improving the way in which it designs, manages, and uses its ranges and training lands to ensure long-term sustainability. The SRP includes range operations and range modernization.

The *Integrated Training Area Management (ITAM) Program* is used to maintain training lands to meet the Army's training requirements. To accomplish this mission, the ITAM program relies on the following program components: Training Requirements Integration, Land Rehabilitation and Maintenance, Range and Training Land Assessment, Sustainable Range Awareness, and Sustainable Range Program Geographic Information Systems.

The *Mission Command Training Support Program (MCTSP)* includes constructive and high-level (above crew) virtual TADSS, gaming, and mission training complexes (MTCs). The Mission Command (MC) training strategy for USARPAC provides leaders and units with effective mission command training from individual through ASCC levels. Under this program, requirements and resources for MC training capability are identified to provide commanders the necessary resources they need to train leaders, individual operators, and battle staffs on both Unified Land Operations Tasks and deployment specific tasks and associated skills, which includes supporting home station mission rehearsals and providing reach-back capabilities.

The *Soldier Training Support Program (STSP)* includes Soldier through crew-level virtual and live TADSS, Training Support Center (TSC) operations and TSC facilities.

The *Training Information Infrastructure (TII)* includes hardware, software, and communications systems conforming to Army architectures and

Description (Continued)	standards that enable the development, storage, retrieval, delivery, and management of TSS products and information for use by individuals, units, and institutions worldwide. HQ USARPAC TSS Program Managers provide policy and oversight of MSC TSS program implementation. They conduct telephone/video conferences, and necessary site-assistance visits to ensure program effectiveness and efficiency.
Cost Controlling Techniques	**KEYS TO FISCAL STEWARDSHIP** **1.** **In preparation for the semi-annual TSS Program Management Reviews, TSS managers should coordinate with commanders to reassess the Mission Essential Requirements (MER) and the levels of MER support required for each supported command based on** *current* **Army/USARPAC missions, mission risk analysis, and by leveraging other resources/capabilities available elsewhere in the Pacific Theater. Eliminate, reduce or update MERs and the levels of MER support required, as appropriate, to accomplish the Army/USARPAC mission in the most cost-effective manner. Ensure TSS requirements support the adjusted MERS and levels of MER support.** **2.** **USARPAC commands should use the HQDA (DAMO-TRS) MDEP TATM Funding Guidance when developing their ITAM and Work plans, and when expending ITAM funding to prevent/minimize expenditure of unnecessary program costs or costs that falls under the responsibility of the Garrison Directorate of Public Works.** **3.** **Commanders should ensure mission command training strategies are tailored with the right mix of Live-Virtual-Constructive and Gaming (LVC-G) training enablers to capitalize and take advantage of the extensive training support available in the Army; and to conserve costly training resources (e.g. fuel, ammunition, blade hours, repair parts).** **4.** **TSS managers should review TSS MDEP monthly execution reports for comparison of prior year execution rate and current fiscal year execution rate, check for discrepancies, and take appropriate actions.**
References	For more information regarding USARPAC TSS programs, please refer to the *Training Support Systems (TSS) Information Paper, June 2012* located on the USARPAC portal or contact the USARPAC G-3 Training office.

9.2 Military Exercises (OPR: ACoS, G-7)

Description	***Military Exercises,*** conducted within the USARPAC Area of Responsibility, are HQDA, HQ U.S. Pacific Command (USPACOM), and USARPAC directed, conducted, or coordinated events that are joint, multinational, army-to-army, disaster relief or other support to civil authorities to shape the region, posture, and prepare the force to respond to contingencies. The exercises provide venues to build partner capacity, enhance readiness, exercise unique capabilities, and improve interoperability between services and multinational partners and allies. USARPAC participates in more than 29 joint, combined, multinational, bilateral, and unilateral exercises as lead or supporting command in support of USPACOM Theater Campaign Plan. USARPAC joint and bilateral exercises provide opportunities to conduct combined Command Post, Field Training, Table Top, and disaster relief exercises. USARPAC G-7 implemented efficiencies in personnel participation to USARPAC JCS Joint Exercise Life Cycle (JELC) and AISCP Exercise Life Cycle (ELC) events. Specifically, the number of personnel authorized to attend a given event from supporting USARPAC Staff sections and participating/ supporting units will be based on validated mission requirements and will be approved by the USARPAC G-7, regardless of funding source.
Cost Controlling Techniques	**KEYS TO FISCAL STEWARDSHIP** **1. Commanders must focus exercise requirements and design based on: prioritized support to the USARPAC Theater Campaign Support Plan (primarily Line of Effort 1, Shaping the Theater) and USARPAC CG's training efficiency guidance by utilizing the right mix of Live, Virtual, Constructive and Gaming (LVC-G) venues; leveraging existing and available resources/capabilities in the Pacific AOR, including deployable training and simulation support packages; and applying other cost reduction strategies.** **2. Commanders must keep the cost of exercise site visits and planning conferences to a minimum by ensuring: the number and duration of planning conferences are kept to a minimum commensurate with the exercise scope, size, significance and familiarity; only participants critical to the mission attend; and the venue and TDY (e.g. lodging, meals, incidental costs, etc.) costs are kept to a minimum.**

9.2 Military Exercises (OPR: USARPAC ACoS, G-7)

Cost Controlling Techniques	**KEYS TO FISCAL STEWARDSHIP (CONTINUED)** **3.** **Commanders must conserve training resources by:** **- Using, where practical, sub-caliber devices when conducting combined arms live fire exercises (CALFEXs).** **- Substituting engagement simulation devices for small arms and other organic weapons during field training exercises (FTXs).** **- Combining and synchronizing exercises to reduce costs and avoid over committing Army forces.** **- Using available training areas.** **4.** **Commanders must conduct required planning as early as possible to keep military exercise costs to a minimum. In addition to other required costs, commanders must plan ahead to keep logistics contract costs necessary to deploy surface and air movements to exercises at a minimum by utilizing the most cost-effective transportation option. Maximize the use of surface shipment as much as possible.**
References	For more information regarding military exercises, please refer to the policies noted below, or contact the Office of the USARPAC ACoS, G-7. *AR 350-28, Training: Army Exercises, 9 December 1997* *AR 11-31, Army Programs: Army Security Cooperation Policy, 21 March 2013*

9.3 Conferences (OPR: USARPAC ACoS, G-3)

Description	The DoD and Army continue to stress the importance of reducing the number, frequency and cost of military conferences, including the cost of attending conferences. Rather than hosting, co-hosting or attending conferences, the DoD and the Army require the use of lower cost alternatives such as correspondence, teleconferencing, video conferencing, web-based communications or other appropriate means, if feasible. A "conference" subject to DoD and Army conference policies is defined in the Federal Travel Regulation and Joint Federal Travel Regulations as, "a meeting, retreat, seminar, symposium, or event that involves attendee travel." It also applies to training activities that are considered to be conferences under 5 CFR 410.404. An event could also be considered a conference subject to DoD and Army

Description (Continued)	conference policies particularly if it takes place in a hotel or conference center and/or involve registration, registration fees, a published substantive agenda, scheduled speakers, discussion panels, and/or participation from multiple or non-governmental agencies. Other commonly-used terms besides "conferences" include conventions, symposiums, workshops, or exhibitions.

conference policies particularly if it takes place in a hotel or conference center and/or involve registration, registration fees, a published substantive agenda, scheduled speakers, discussion panels, and/or participation from multiple or non-governmental agencies. Other commonly-used terms besides "conferences" include conventions, symposiums, workshops, or exhibitions.

Army Directive 2014-01 (Army Conference Policy), dated 18 December 2013, provides Army policy for sponsoring/co-sponsoring a conference, attending a conference, and obtaining proper conference approvals. Previously published HQDA memorandums include copies of different types of conference request templates that the functional units must use to prepare their conference request packets, depending on the scope of the conference.   Army-funded conferences must comply with DoD and Army conference policies, be approved in advance of conference expenditures, and must be planned/executed in the most cost-effective manner while accomplishing critical Army missions.

Conferences with service contracts also require proper service contract approvals via USARPAC's Senior Staffing Review Board (SSRB). Please refer to Chapter 12 of this guide for additional information and guidance regarding the service contract approval process.

Conference request packets should be submitted to USARPAC G-3 no later than 120 days prior to the start of the conference to allow adequate time for USARPAC staffing/review, updates to conference request packets, USARPAC approval/endorsement, and HQDA staffing/approval, if applicable. Early planning, submission/staffing of conference request packets, and approval allows for increased buying power, more flexibility and alternatives, and reduced conference costs.

A *Conference Facilities List* and other information are available at the USARPAC portal to assist conference planners in finding no-cost or low cost government and commercial venues. Government programs such as *FedRooms* is another good resource that could be used to help with venue selection.

9.3 Conferences (OPR: USARPAC ACoS, G-3)

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<td rowspan="2">Cost Controlling Techniques</td>
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KEYS TO FISCAL STEWARDSHIP

1. Conferences should only be considered if lower cost alternatives such as correspondence, teleconferencing, video conferencing, web-based communications or other appropriate means are not feasible.

2. If conducting a conference is the only option, no-cost government facilities/venues and conference locations should be considered first; and conference costs should be kept to a minimum by analyzing each cost driver/cost element (e.g. costs for airfare, lodging, rental car, meals, incidentals, venues, conference location/region, service contracts, supplies required, transportation costs, etc.).

3. When hosting or co-hosting a conference, plan as early as possible. This increases buying power, avoids unnecessary /increased costs, and allows for more flexibility/availability of options.

4. Use no-cost transportation if available; and if rental cars are necessary, share rental cars if possible.

5. Contact the Cost Management Branch, ACoS, G-8, for guidance on cost-savings strategies.

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For more information regarding conferences, please refer to the directive noted below, the link to additional conference policies and guidance, or contact the Office of the USARPAC ACoS, G-3.

Army Directive 2014-01, Army Conference Policy, 18 December 2013

Link to Additional Conference Memorandums and Guidance

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10.0 Logistics (OPR: USARPAC ACoS, G-4)

Chapter 10 provides *Keys to Fiscal Stewardship* for costs associated with the Command Supply Discipline Program, Recoverable Item Management, and Transportation of Passengers and Cargo. Sections include:

10.1 Command Supply Discipline Program

10.2 Recoverable Item Management - Standard Price and Credit

10.3 Movement of Passengers and Cargo

10.1 Command Supply Discipline Program

Description

Commanders must ensure all government property within their command is properly acquired, accounted for, used, maintained, stored, and disposed of. Supply discipline ensures compliance with established HQDA regulations to effectively administer good stewardship of resources. The Army uses the Command Supply Discipline Program (CSDP)—a compilation of existing regulatory requirements brought together for visibility purposes—to standardize supply discipline throughout the Army, and address the following:

1. Responsibilities of commanders and supervisory personnel to instill supply discipline in their operations.

2. Guidance for evaluating supply discipline.

3. Feedback through command and technical channels for improving supply policy and for improving procedures to monitor supply discipline.

4. Follow-up to ensure supply discipline is maintained.

The CSDP is a commander's program. Commanders at all levels must understand their role, be actively involved, and enforce the CSDP for units to have a successful CSDP. Absence of a CSDP increases the risk of reduced or inadequate command emphasis on important logistics accountability requirements, resulting in wasted time and effort and the unnecessary depletion of funding and resources.

To ensure good stewardship of limited resources, leaders/commanders must take steps to mitigate costs associated with unnecessary or erroneous requisitions. The following three cost-control measures enable leaders/commanders to achieve this goal:

1. Unit commanders must use the Commander's Exception Report to conduct a deliberate review of proposed requisitions.

10.1 Command Supply Discipline Program

Description (Continued)

2. Have assigned Brigade S-4s conduct a deliberate review of the unit commander-approved (mission essential) requisitions to ensure the accuracy of the items ordered (e.g. type, quantity, etc.), items are requisitioned in the most cost-effective manner, and to coordinate with their respective G-8s to ensure funds availability. The GCSS-Army Z-park module helps facilitate this review.

3. Materiel Managers at the Brigade Support Battalions/Sustainment Brigades must conduct a deliberate review of required Brigade S-4-approved requisitions that meet the GCSS-Army Release Strategies criteria before processing the requisitions.

Additionally, Appendix B (Tables B-1 through B-7) of AR 710-2 (Supply Policy Below the National Level) provides the CSDP requirements listing that each level of command must use/comply with. Each level of command must review this listing for completeness and make the necessary additions to account for any uniqueness within their command.

The requirements listing addresses key regulatory supply requirements that extend beyond property accountability including: property authorization documents, supply validation and reconciliation; property book responsibilities; requesting/receiving supplies; disposition of property; property responsibility/accountability; central issuing facility (CIF), organizational clothing and individual equipment (OCIE), and personal clothing; management of loads; inventories; adjustments for lost, damaged, or destroyed property; asset reporting; storage operations; petroleum management; hazardous material responsibility; supply performance standards; requisitioning; stockage control; issues and turn-in of supplies/materials; and excess management. Table B-7 of Appendix B also outlines the minimum frequency of evaluations required to monitor the status of supply discipline in subordinate units.

Cost Controlling Techniques

KEYS TO FISCAL STEWARDSHIP

1. Unit commanders must use the Commander's Exception Report to conduct a deliberate review of proposed requisitions.

2. Commanders must ensure that assigned Brigade S-4s conduct a deliberate review of the unit commander-approved (mission essential) requisitions to ensure the accuracy of the items ordered (e.g. type, quantity, etc.), items are requisitioned in the most cost-effective manner, and to coordinate with their respective G-8s to ensure funds availability.

3. Commanders must ensure that Materiel Managers at the Brigade Support Battalions/Sustainment Brigades conduct a deliberate review of required Brigade S-4-approved requisitions that meet the GCSS-Army Release Strategies criteria before processing the requisitions.

4. Effectively manage the Authorized Stockage List (ASL) to ensure that authorized/correct parts are readily available to avoid unnecessary ordering, shipping, and storage costs.

5. Property accountability is mission critical. All property acquired by the Army from any source—authorized, bought, laterally transferred, donated, found, and so forth—must be accounted for as prescribed by AR 710-2 and DA Pamphlet 710-2-1. Additionally, personnel must maintain accountability of all issued items IAW *Army Regulation (AR) 710-2*, *AR 735-5*, and *Common Table of Allowances (CTA) 50-900*.

6. Commands should reassess and update their existing policies to ensure efficient and effective use of logistical resources, and conduct necessary staff-assistance visits and training.

7. Command emphasis on cost controlling/reduction strategies should be addressed as part of Logistics Readiness Reviews (LRR) and Monthly Sustainment Readiness Reviews (MSRR).

8. Determine the "root" cause of new or repeat logistical problems; take timely corrective actions to address the recommended fix; and ensure accurate and timely reporting of the results of inspections to allow proper awareness, mitigate problem aggravation and costs, and to share lessons learned and best practices.

10.1 Command Supply Discipline Program

References	For more information regarding the Command Supply Discipline Program, please refer to the regulations, policies and guidance noted below or contact the USARPAC G-4 Supply & Services Branch.

AR 710-2, Inventory Management: Supply Policy Below the National Level, 28 March 2008

AR 735-5, Property Accountability: Property Accountability Policies, 10 May 2013 (Rapid Action Revision Issue Date: 22 August 2013)

DA Pamphlet 710-2-1, Inventory Management: Using Unit Supply System (Manual Procedures), 31 December 1997

Common Table of Allowances (CTA) 50-900, Clothing and Individual Equipment, 20 November 2008

Memo, HQUSARPAC, APLG-MM, 2 September 2009, subject: Command Supply Discipline Program (CDSP) Memorandum of Instruction (MOI)

Memo 10-08, HQUSARPAC, APCG, 19 January 2010, subject: U.S. Army, Pacific (USARPAC) Property Accountability and Management Policy

10.2 Recoverable Item Management - Standard Price and Credit

Description

As of 1 October 2013, USARPAC is no longer under Exchange Pricing (EP), the dual-pricing system for the purchase of repairable items that have existing or planned National Repair Programs. EP was developed and implemented to ensure a "one for one" requisition and to ensure the turn-in policy was enforced. The primary enforcement tool was the "delta bill"—the cost difference between the Standard Price (SP) and EP—that was charged to the units that did not provide a turn-in to match a requisition. EP was replaced by the Standard Price and Credit System, which still enforces the "one for one" requisition policy, but without the delta bill.

Under the Standard Price and Credit System, Standard Army Retail Supply System (SARSS) and Global Combat Support System - Army (GCSS-A) customers will be charged the SP and will receive a credit for unserviceable and serviceable turn-ins. For SARSS customers, credit paid for identified turn-ins that exceeds one-for-one criteria will be subject to reversal. Under GCSS-A, customers will receive a turn-in document number with each issue. These turn-in document numbers will expire after 60 days of receipt. Returns for shop stock and long lead items may be granted credit prior to an issue under certain circumstances. Requesting units will have a reorder point (ROP) that

Description (Continued)

equals the requirements objective (RO) minus one (ROP = RO – 1) and supporting documentation that a replacement item is on backorder. Note: Units deployed to GCSS-A will no longer operate under either EP or SARSS in the future regardless of deployment status.

When an unserviceable or serviceable turn-in occurs and matches the catalog turn-in table, units will receive a credit. The recoverable tracking system will attempt to match the turn-in with the oldest issue that is already in tracking for that NSN family and Department of Defense Activity Address Code (DoDAAC). If a match occurs at the DoDAAC level, both the issue and turn-in transactions are closed for future matches. If no matching issue occurs at the DoDAAC level during the subsequent 60 days of the return, the unmatched turn-in transaction will be reported to the Life Cycle Management Command (LCMC) for possible reversal of credit. Under no circumstance shall credit be authorized for condemned condition code H and condition code S turn-ins.

Commanders at all levels must enforce supply discipline to reduce the frequency and dollar amount of credit reversals. Credit reversals can be extremely dangerous especially since the receiving unit could have already expended those funds. Since the units "buying power" is based on direct funding plus credits, the reversal of those credits reduces "buying power".

The Logistics Support Activity (LOGSA) Logistics Information Warehouse (LIW) and Funds Control Module (FCM) contain reports visible to the users that show potential credit reversals and unmatched serviceable turn-ins tracked by DoDAACs and should be used to minimize credit reversals. A credit challenge system will be put in place to process disputes as described in Chapter 13, DFAS Regulation 37-1.

Cost Controlling Techniques

KEYS TO FISCAL STEWARDSHIP

1. **Review and take timely action on potential and actual credit reversals; prioritize review based on high-dollar amounts and credit reversals closest to the end of the Delay Days Period.**

2. **Conduct Review & Analysis of actual credit reversals received; provide proper explanation and supporting documentation; and take corrective/preventative actions to preclude receipt of future credit reversals.**

3. **When an unit receives a turn-in document from GCSS-A for a valid recurring issue, ensure the turn-in is made within the 60-day window.**

10.2 Recoverable Item Management - Standard Price and Credit

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<tr>
<td>Cost Controlling Techniques</td>
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KEYS TO FISCAL STEWARDSHIP (CONTINUED)

4. When a credit reversal is received in error, immediately submit a credit challenge to the applicable AMC LCMC in accordance with DFAS Regulation 37-1. Additionally, if no credit was received for a turn-in, submit appropriate credit challenge.

5. Ensure that the correct National Stock Number (NSN) is used for issues and turn-ins and, if applicable, the proper Interchangeability and Substitutability (I&S) relationship exists. If the proper I&S relationship does not exist, submit a credit price challenge to the appropriate LCMC.

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<td>References</td>
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For more information regarding recoverable item management, please refer to the regulation and website noted below or contact the Office of the USARPAC ACoS, G-4.

DFAS-IN 37-1 Regulation, Finance and Accounting Policy Implementation, 13 November 2013; Chapter 13: Pricing for Goods and Services

The U.S. Army Materiel Command Transformation & Integration Portal: https://tip.ssf.army.mil (you will need to sign-up for a user account; instructions are on the home-page of this website/portal)

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10.3 Movement of Passengers and Cargo

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USARPAC units are required to use Defense Transportation System (DTS) services except when they have organic or theater-assigned transportation assets available to complete the mission. U.S. Transportation Command (USTRANSCOM) is the single agent in the DoD responsible for procuring operational and strategic mobility platforms and systems. Organic transportation assets, USTRANSCOM reimbursable services, common carriers, and contract carriers should all be considered when planning transportation missions. Planning should be done well in advance to provide for flexibility in the mode of transportation (land, sea, and air). Time, risk to mission, and cost should be considered when developing transportation solutions or courses of action to ensure that equipment and personnel are moved efficiently while supporting the operational requirements. The most cost-effective method that successfully accomplishes a transportation mission must be used.

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10.3 Movement of Passengers and Cargo

Description (Continued)

All transportation requests must go through the respective supporting Transportation Officers (TO) or Traffic Management Officers (TMO). All shipping documentation for Army-funded transportation services will cite a four character Transportation Account Code (TAC) in lieu of a line of account (LOA) for shipments moving within the DTS. The proper TAC should be used when shipping property inter-theater and intra-theater. Additionally, all transportation requests will be accompanied with a Funds Verification and Use Authorization Form (FVUA) signed by the applicable Funds manager. TOs/TMOs will reject Army shipping requests that do not have an associated funds verification document stating there are sufficient funds to cover the requested shipment. For additional information, please refer to the *USARPAC Transportation Accounting Code Policy*.

The *USARPAC Container Management Policy* provides USARPAC with 100% visibility, centralized acquisition and maintenance; and management of government/installation-owned containers, leased containers, and intermodal distribution platforms. The end state is to reduce detention and demurrage costs within the theater, and effectively manage assets to support deployments and contingencies.

USARPAC will work with the Army Intermodal and Distribution Platform Management Office (AIDPMO) to ensure AIDPMO has the required documentation to support reduction/cancellation of demurrage and leased fees.

For inter-island equipment transportation requirements, the 8th Theater Sustainment Command-managed Logistics Support Vessels (LSVs) must be used if the LSVs are available and capable of supporting the mission. Use of LSVs are generally more cost-effective than other transportation methods. If possible, the maximum use of LSVs should be considered during the planning of training events.

USARPAC Staff and Subordinate Commands will exercise control and supervision over all Non-Tactical Vehicles (NTV) within their organizations. All requests for Garrison-funded NTVs will be reviewed and approved by the local Garrison Commander's Vehicle Utilization Review Board (VURB). VURB-approved NTVs that support Health, Safety, or Readiness (emergency or maintenance) requirements are funded by the local Garrison Command. Units will reimburse their local Garrison Command for utilization of VURB-approved NTVs that do not directly support Health, Safety, or Readiness requirements. Additionally, units are not permitted to rent or lease NTVs directly from any vendor; this prevents the creation of a parallel vehicle fleet (shadow fleet) that

Description (Continued)	is not authorized. For additional information, please refer to the *USARPAC Non-Tactical Vehicle Policy*.
Cost Controlling Techniques	**KEYS TO FISCAL STEWARDSHIP** **1.** **Conduct planning of transportation missions as early as possible to allow for flexibility and increased buying power. Additionally, consider all feasible courses of action, including the costs and benefits of each alternative.** **2.** **If the mission allows, select the most cost-effective mode of transportation from the port of embarkation to the port of debarkation.** **3.** **Maximize use of unit transportation assets; and use LSVs for inter-island transportation missions, when feasible.** **4.** **Shippers may arrange alternative transportation with contract and/or commercial carriers only if Air Mobility Command airlift service is not available to meet the shippers' requirements.** **5.** **Greensheeting (priority/expedited movement) should be used only if there is an immediate requirement for a shipment to move in advance of all other priority shipments, including required delivery date 999 (expedited handling signal).**
References	For more information regarding movement of passengers and cargo, please refer to the documents noted below or contact the Office of the USARPAC ACoS, G-4. *AR 59-3, Movement of Cargo by Scheduled Military Air Transportation, 28 June 2013* *Memo 11-16, HQUSARPAC, APCG, 13 June 2011, subject: USARPAC Container Management Policy* *Draft Memo, HQUSARPAC, APCG, subject: U.S. Army, Pacific (USARPAC) Transportation Accounting Code (TAC) Policy* *Draft Memo, HQUSARPAC, APCG, subject: USARPAC Non-Tactical Vehicle (NTV) Policy*

11.0 Information Technology (OPR: USARPAC ACoS, G-6)

Chapter 11 provides *Keys to Fiscal Stewardship* for costs associated with Information Technology (IT) hardware and software; communication services; and rental payments for IT equipment and services. Sections include:

11.1 IT Hardware & Software

11.2 Communication Services

11.3 Rental Payments for IT Equipment or Services

11.1 IT Hardware & Software

Description

This section discusses requests for mission command IT hardware and software capabilities, acquisition policies and procedures, and lifecycle management of systems in use and to be procured over time. This includes Capability Requests (CAPRs); Computer Hardware, Enterprise Software, and Solutions (CHESS); Goal 1 Waivers; and Life-Cycle Management.

Capability Requests (CAPRs): A CAPR is used to identify an IT requirement, need or shortfall. With a few exceptions, all requests for Information Management/ IT equipment, software, services and upgrades must be initiated on a CAPR.

Commanders and staff directorates may submit a CAPR at any time, but must defend their requests for the development, operation, and logistical support of assigned IT capabilities. CAPRs must clearly articulate the need for the proposed requirement and quantify the economic benefit to be achieved.

USARPAC units will submit CAPRs to their supporting Network Enterprise Center (NEC). The supporting NEC is responsible for providing the technical validation, and ensuring compatibility and compliance with higher-level and installation-level systems and technical architectures. Additionally, requests for any new hardware need to be listed on the Approved Products Lists (APL), and requests for any new computing software, equipment and devices using an Army IP address must have a Certificate of Networthiness (CON).

CAPR approvals are valid for a period of one year, after which the CAPR must be resubmitted for revalidation by the approving authority. The command IMO, USARPAC G-6, and the Network Enterprise Center (NEC) must validate requirements before procurement. CAPRs must be signed by the command/organization IMO and the organization's director before reaching the USARPAC G-6 for signatures.

11.1 IT Hardware & Software

Description (Continued)

CHESS: In accordance with AR 25-1, regardless of dollar value or financial appropriation, Army organizations must use the Army's Computer Hardware Enterprise Software and Solutions (CHESS) contracts to purchase commercial off-the shelf (COTS) software, desktops, and notebook computers. The use of CHESS contracts enable the Army to make purchasing more efficient through volume purchases, thereby simplifying and centralizing IT lifecycle management throughout the Army enterprise.

Goal 1 Waiver: According to AR 25-1, a request for waiver (Goal 1 Waiver) must be submitted to the HQDA Chief Information Officer for all IT expenditures utilizing non-IT programmed funds that exceed the dollar thresholds of $25K Operations and Maintenance, Army (OMA) funds and $100K Research, Development, Test and Evaluation (RDT&E) funds as published in the annual resource guidance. Further, the USARPAC Funding Letter requires commands to use the Goal 1 Waiver process prior to procurement of data-center equivalent services, and applications and software that operate on a server.

Additionally, in accordance with Secretary of the Army Memo, signed 6 June 2013, concerning the Army Waiver Process, HQDA CIO G6 approval is required for all Army organizations seeking to purchase COTS IT through sources other than PD CHESS, regardless of cost or appropriation. Commands funding the purchase will request a waiver of this policy by using the Goal 1 Waiver website prior to purchase of all IT hardware or software.

Life-Cycle Management (LCM): When planning lifecycle requirements and calculating economic benefits of automation IT, three to five years from the initial date of installation will be used as the metric for obsolescence of common-use IT. Serviceability, maintainability, and utility will also be considered in lifecycle replacement decisions. Please note that this metric may vary based on mission requirements.

There is no standard lifecycle replacement. COTS IT can be replaced when broken or when unusable. Annual lifecycle purchases must coincide with the two annual consolidated IT buys from CHESS that are published each fiscal year.

Generally, USARPAC plans and budgets for a replacement plan of 20% of its systems each year. Sufficient LCM of IT hardware is important to maintain sufficient computing power, limit hardware failures, and to prevent massive IT purchases in any one year.

11.1 IT Hardware & Software

Description (Continued)

The Automated Table of Equipment (ATOE) lists the number of non-tactical notebook and desktop computers, printers, and digital senders that a staff directorate or MSC is authorized based on its personnel strength and external mission requirements. USARPAC G-6 must receive requests for modifications to the ATOE no later than 1 April and 1 October each year to obtain approval from the USARPAC Chief of Staff. These suspense dates are important as they facilitate the timely submission of the acquisition package for approval and enable procurement during the consolidated buy periods.

Cost Controlling Techniques

> ### KEYS TO FISCAL STEWARDSHIP
>
> **1. CAPRs are required to initiate COTS IT procurements.**
>
> **2. Organizations must use the Army's CHESS contracts to purchase commercial off-the shelf (COTS) software, desktops and notebook computers, regardless of dollar value.**
>
> **3. To the maximum extent possible, limit IT purchases to semi-annual consolidated buys; consolidating purchases reduce costs.**
>
> **4. Factors to consider in lifecycle replacement decisions include: mission requirements, the three to five-year metric for obsolescence of common-use IT, serviceability, maintainability, and utility.**
>
> **5. Share IT equipment/device (e.g. SIPR stations, printers, and copy machines), where feasible, to reduce IT requirements/costs.**

References

For more information regarding CAPRs, CHESS, Goal 1 Waivers, and Life-Cycle Management, please refer to the policies and guidance listed below or contact the Office of the USARPAC ACoS, G-6.

AR 25-1, Army Information Technology, 25 June 2013

https://chess.army.mil/

Memo, Secretary of the Army, 6 June 2013, subject: Army Waiver Process for Commercial-Off-the-Shelf Information Technology (COTS IT) Procurement Outside the Computer Hardware, Enterprise Software and Solutions Program

11.2 Communication Services

Description

This section covers purchases of electronic data transmission services. Units request communications and telecom services through USARPAC or on location via 8th Army, USARJ, and USARAK. Operations and exercises are required to make use of currently owned or leased networking services.

By using the daily mission command capabilities of the Pacific AOR, USARPAC is able to leverage *Defense Information Systems Agency* - Pacific (DISA-PAC) and the Defense Information Systems Network (DISN) network to minimize the costs associated with operations and exercises. Specific cost reductions and efficiencies can be achieved by following the OSD policy *(DoD Instruction 4640.14)* for Long Haul communications. Requests for long haul IT services are submitted to DISA via USARPAC ACoS, G-6 coordination. This prevents requests and provisioning of repetitive long haul communications leases where they are not needed.

The Joint Hawaii Information Transfer System (JHITS) provides the primary inter- and intra-base telecommunications services for the Department of Defense. Via the Defense Information Technology Contracting Organization (DITCO) and JHITS, contracted services are cyclically checked and customers informed.

Acquisition Requirements Packages (ARPs) include all information required by leaders to make educated IT acquisition decisions. ARPs that are funded by USARPAC ACoS, G-6 will contain a Cost-Benefit Analysis (CBA) that has sufficient detail to make resource-informed decisions. The CBAs will be reviewed by the Assessment of Contracts for Efficiencies Board (ACE) and the Senior Review Board (SRB). USARPAC units with non-USARPAC ACoS, G-6-funded ARPs should follow their local contract review board process.

Cost Controlling Techniques

> ### KEYS TO FISCAL STEWARDSHIP
>
> **1. All IT Acquisition Requirements Packages funded by USARPAC ACoS, G-6 will include a Cost-Benefit Analysis.**
>
> **2. Coordinate requests for long haul IT services with USARPAC ACoS, G-6 to prevent requests and provisioning of repetitive long haul communications leases where they are not needed.**
>
> **3. When making long distance phone-calls for non-secure communications, utilize commercial lines vice DSN lines.**

11.2 Communication Services

References	
	For more information regarding communication services, please refer to the policy noted below, the *USARPAC Portal,* or contact the Office of the USARPAC ACoS, G-6. *DoD Instruction 4640.14, Base and Long-Haul Telecommunications Equipment and Services, 6 December 1991*

11.3 Rental Payments for IT Equipment or Services

Description	
	This section provides guidance and procedures for rental payments of IT equipment and services such as BlackBerry smart-phones and cell phones. USARPAC BlackBerry/cell phones are assigned to select personnel that must be accessible by telephone or electronic mail throughout the duty day and during non-duty hours. Leaders should manage government phones available to their organizations and turn in any excess or underutilized phones. USARPAC policy requires that all government-issued BlackBerry/cell phones be used for official business only and warrant strict adherence to policies outlined in Chapter 6, AR 25-1. Cost analysis is conducted at the Army level for purchases of BlackBerry equipment and services. Cell phone equipment and services are purchased at the command level. Each unit's Telephone Control Officer coordinates with the NETCOM NEC for contracting requirements and payment of bills. All Blackberry/cell phone users are required to read and sign the *User BlackBerry/Cell Phone Hand Receipt Holder Responsibility Statement* upon receipt of their BlackBerry or cell phone.

Cost Controlling Techniques	**KEYS TO FISCAL STEWARDSHIP** **1. Leaders should manage government phones available to their organizations and turn in any excess or underutilized phones.** **2. Ensure government phone users are aware of the most cost-effective means to make calls.** **3. Government cell phones and Blackberries should be used for official business only. Users should limit the frequency and duration of personal calls made using government phones.** **4. Telephone Control Officers should review their respective telephone bills for billing errors and to identify indications of misuse.**

11.3 Rental Payments for IT Equipment or Services

Cost Controlling Techniques

> ### KEYS TO FISCAL STEWARDSHIP (CONTINUED)
>
> **5.** **Leaders should periodically conduct internal reviews of Blackberry and cell phone use to determine utilization, and to ensure users are in compliance with the USARPAC user agreement and Army Regulations.**

References

For more information on rental payments for IT equipment or services, please refer to the documents noted below or contact the USARPAC ACoS, G-6.

AR 25-1, Army Information Technology, 25 June 2013

Draft Memo, HQUSARPAC, APCS, subject: United States Army Pacific (USARPAC) Command Government Owned BlackBerry/Cell Phones Policy

12.0 Financial Management (OPR: USARPAC ACoS, G-8)

Chapter 12 provides *Keys to Fiscal Stewardship* for costs associated with Service Contracts and Other Reimbursable Manpower, and Temporary Duty Travel. Sections include:

12.1 Services Contracts and Other Reimbursable Manpower

12.2 Temporary Duty (TDY) Travel

12.1 Service Contracts and Other Reimbursable Manpower

Description

The Federal Acquisition Regulation (FAR) defines a Service Contract as a "contract that directly engages the time and effort of a contractor whose primary purpose is to perform an identifiable task rather than to furnish an end item of supply." Other Reimbursable Manpower includes other manpower augmentation, besides contracted personnel, that are USARPAC-funded.

Service Contracts and Other Reimbursable Manpower enable our commands to carry out important and diverse operations using skillsets that are not currently or readily available within our military and civilian workforce. However, due to the high cost of service contracts and other reimbursable manpower, these types of manpower augmentation should serve as temporary solutions to accomplishing our missions, while commands work towards permanent solutions using our military and civilian workforce.

A detailed Cost-Benefit Analysis is a useful tool that can be used to identify the most cost-effective means to accomplish the mission. In some cases, service contracts or other reimbursable manpower may be the only solution.

12.1 Service Contracts and Other Reimbursable Manpower

Description (Continued)

USARPAC commands are required to have an internal process for reviewing service contracts and other reimbursable manpower. Requests for approval of service contracts and other reimbursable manpower must be scrutinized through a deliberate validation and approval process to ensure that USARPAC is exercising due diligence and fiscal stewardship. These processes must meet minimum requirements as outlined in *USARPAC Policy for Initiation/ Continuation of Services Contracts or Use of Other Reimbursable Manpower.*

Service acquisitions are not just about awarding contracts; they are about acquiring performance results that meet performance requirements needed to successfully execute an organization's mission, in the most cost-effective manner. To accomplish this, the DoD *Guidebook for the Acquisition of Services* provides the acquisition team with a disciplined, seven-step process for the acquisition of services. One of the key steps include conducting Post Contract Award Reviews to ensure the contractor is performing in accordance with the contract. The Contracting Officer's Representative (COR) must conduct Post Contract Award Reviews and provide the results to the respective Contracting Officer (KO) on a quarterly basis. The DoD Guidebook addresses COR and KO post contract award responsibilities in Step Seven (Performance Management).

The acquisition process is a shared "team responsibility". Commands must ensure their acquisition teams engage in acquisition planning as early as possible to achieve the intended results and mitigate costs. The acquisition team should be composed of not just the requiring activity, but include contracting specialists, CORs, key resource management personnel (i.e. supporting budget and cost management analysts), the command's fiscal law attorney, and other key personnel. As part of the acquisition process, the team should utilize a detailed Cost-Benefit Analysis to develop well thought-out courses of action, and to determine the course of action that will result in the best value to USARPAC and the Army.

Cost Controlling Techniques

KEYS TO FISCAL STEWARDSHIP

1. Utilization of service contracts and other reimbursable manpower should only be considered if USARPAC military and civilian personnel cannot fulfill the mission, and resources and capabilities available elsewhere in USARPAC cannot be leveraged to fulfill the mission.

2. Requests for approval of service contracts and other reimbursable manpower must be scrutinized through a deliberate validation and approval process to ensure that USARPAC is exercising due diligence and fiscal stewardship.

Cost Controlling Techniques	**KEYS TO FISCAL STEWARDSHIP (CONTINUED)** **3.** The seven-step process noted in the DoD *Guidebook for the Acquisition of Services* should be used by the acquisition team when acquiring services. **4.** Performance Work Statements (PWS) should describe the required results in clear, specific and objective terms with measurable outcomes. A good PWS achieves its intended results without costly contract modifications. **5.** When developing a new PWS, or before renewing a contract or exercising an option: - Review the PWS to ensure service contract requirements are absolutely/still necessary to meet the "current" USARPAC mission. - Analyze each contract cost element/cost driver to keep the cost to a minimum. Reduce or eliminate low risk and unnecessary requirements, and leverage existing resources/capabilities, if feasible, while accomplishing the USARPAC mission. **6.** Select/Negotiate contract types that enable USARPAC to accomplish its mission in the most cost-effective manner; the contract type should provide reasonable contractor risk and provide the contractor with the greatest incentive for efficient and economical performance. **7.** The COR must conduct Post Contract Award Reviews and provide the results to the respective KO on a quarterly basis. **8.** As appropriate, consolidate contract requirements across geographic locations within the USARPAC Theater if the consolidation results in operational and/or cost efficiencies (e.g. reduction in contract overhead and redundancy) while enabling mission accomplishment.
References	For more information regarding Service Contracts and Other Reimbursable Manpower, please refer to the policies/guidance noted below, or contact the Office of the USARPAC ACoS, G-8. *Memo 14-06, HQ USARPAC, APRM-RM, 16 May 2014, subject: U.S. Army, Pacific (USARPAC) Policy for Initiation/Continuation of Services Contracts or Use of Other Reimbursable Manpower* *DoD Guidebook for the Acquisition of Services, 20 July 2011* *Federal Acquisition Regulation (FAR): http://www.acquisition.gov/far/*

12.2 Temporary Duty (TDY) Travel

Description

Temporary Duty (TDY) travel is defined as official duty at one location other than the permanent duty station; and, in accordance with the Joint Travel Regulations (JTR), may not exceed 180 consecutive days, except when authorized under Paragraph C4430-C, Chapter 4, Volume 2 of the JTR. TDY travel requires the government to pay the traveler for official travel-related expenses such as travel, lodging, rental car and other miscellaneous expenses. The Joint Federal Travel Regulation (JFTR) prescribes travel policy for uniformed personnel and the JTR prescribes travel policy for DoD civilian personnel and others traveling at DoD expense.

TDY travel should only be conducted if mission objectives cannot be effectively accomplished using lower cost alternatives such as correspondence, teleconferencing, video conferencing, web-based communications or other appropriate means. If lower cost alternatives are not feasible and effective, and TDY is the only solution for successfully accomplishing the mission, individual travelers must state on their DD Form 1610 (Request and Authorization for TDY Travel of DOD Personnel) or in the Defense Travel System (DTS) that the "*Objective cannot be satisfactorily accomplished less expensively by correspondence, teleconferencing, video-conferencing, web-based communications, or other appropriate means.*"

The Authorizing Official (AO) is the official at the operational level who has the responsibility for the mission and the authority to obligate funds to support TDY travel for the mission. An AO must be appointed in writing as an accountable official, and as such, may be pecuniarily liable for erroneous payments resulting from the negligent performance of their duties. An AO must be appointed specifically in writing as a Certifying Official (CO) in order to perform certification of payment and to approve and forward completed trip records to the disbursing office for payment. The AO and CO may not certify their own travel claim for payment.

AOs must ensure travelers use the most expeditious and economical means of transportation. Likewise, travelers must be prudent and exercise good judgment and stewardship by making every effort to keep TDY expenses to a minimum. Travelers are discouraged from spending appropriated funds/tax-payer dollars merely because the traveler is authorized to do so.

USARPAC military and civilian personnel shall use the Defense Travel System (DTS) for all official travel except Permanent Change of Station (PCS), Outside the Continental United States Temporary Change of Station, and TDY enroute on a PCS. When using DTS, the air travel reservation module should be set to 'sort by price' to facilitate choosing the most cost-effective flights.

When TDY is directed to a military installation, the installation name must be on the travel order and government lodging at that location should be used. If the traveler is lodging off-post, the traveler is required to obtain a statement of non-availability (SNA) in order to receive reimbursement for lodging. SNAs

**Description
(Continued)**

may be obtained by calling 1-800-GOARMY1. If military lodging is not available, travelers should stay at tax-exempt hotels, if possible.

KEYS TO FISCAL STEWARDSHIP

1. TDY travel should only be conducted if mission objectives cannot be effectively accomplished using lower cost alternatives such as correspondence, teleconferencing, video conferencing, web-based communications or other appropriate means.

2. TDY travel will be limited to the minimum number of personnel and days needed to accomplish the mission. Controls must be established at all command levels and within each activity.

3. The AO must only authorize travel necessary to accomplish a mission; and travelers must have approved travel orders prior to the commencement of travel.

4. Travelers should plan their travel well in advance of their travel dates since associated travel costs such as airfare, lodging and rental car costs are generally lower the earlier the traveler makes the reservations.

5. In accordance with the JFTR, the traveler should obtain restricted airfare (vice the government contracted "unrestricted" airfare) via the Defense Travel Management Office (DTMO)-contracted Commercial Travel Office if the AO completes the DTMO "Restricted Fares Checklist for AOs," and determines that potential cost savings outweigh the risk of trip cancellation/itinerary change.

6. Travelers must make every effort to keep reimbursable TDY expenses to a minimum and are discouraged from spending TDY dollars merely because the traveler is authorized to do so.

7. The preferred use of transportation for personnel TDY to foreign countries is U.S. Government-provided transportation. Public transportation may be used depending on the security conditions of the country being visited; seek DoS and DoD guidance. Do not use rental vehicles while visiting foreign countries except where deemed mission essential, consistent with U.S. policy, and operated by contracted drivers.

**Cost
Controlling
Techniques**

References

For more information regarding Temporary Duty Travel, please refer to the following policies and guidance or contact the FM Accounting & Policy Division, Office of the USARPAC ACoS, G-8: *USARPAC Regulation 37-2, Financial Administration: USARPAC Temporary Duty (TDY) Travel Policies*

12.2 Temporary Duty (TDY) Travel

References (Continued)	*HQUSARPAC Defense Travel System (DTS) Business Rules, 15 April 2004 (Version 1.7)*
	DoD Travel Regulations (Includes JFTR and JTR): http://www.defensetravel.dod.mil/site/travelreg.cfm
	GSA Tax-Exempt Hotel Information: https://smartpay.gsa.gov/about-gsa-smartpay/tax-information/state-response-letter
	USARJ Supplement 1 to AR 190-5, Military Police: Motor Vehicle Traffic Supervision, 17 December 1999
	http://www.defensetravel.dod.mil/site/restrictedfares.cfm

13.0 FEWR Validation and Energy Conservation (OPR: USARPAC ACoSENG)

Chapter 13 provides *Keys to Fiscal Stewardship* for costs associated with Facility Engineer Work Requests and energy conservation in facilities. Sections include:

13.1 Facility Engineer Work Requests

13.2 Energy Conservation in Facilities

13.1 Facility Engineer Work Requests

Description	A Facility Engineer Work Request (FEWR), DA Form 4283, is a document that is submitted to initiate any repair or new construction to real property. To determine if the work qualifies as a DPW-executable FEWR, the customer must coordinate with DPW to determine the work classification. Qualified requests will either be repair and maintenance, or considered new work, each of which comes with limitations and thresholds. Costs that exceed these thresholds, as determined by the work classification, cannot be applied to a FEWR; they must be done through the Military Construction process.
	There are two types of FEWRs that can be submitted to the Directorate of Public Works (DPW), U.S. Army Garrison (USAG)—the Reimbursable FEWR and the Permission-Only FEWR.
	Reimbursable FEWRs. The customer/unit funds the project, but DPW manages and executes the project, inspects the project, and appoints a Contracting Officer's Representative (COR) to ensure contractor performance. DPW accepts very few reimbursable projects; they are generally projects that have an impact on life, health, safety, or Overseas Contingency Operations.

Description (Continued)

Permission-Only FEWRs. The customer/unit funds, manages and executes the project, inspects the project, and appoints a Contracting Officer's Representative (COR) to ensure contractor performance. DPW's role is primarily to provide written permission through an approved FEWR for the units to perform work on DPW's real property facilities. Units should only request Permission-Only FEWRs if they have the necessary expertise to properly manage these projects; otherwise, they should submit a Reimbursable FEWR. Once a COR has been appointed, the customer/unit and/or COR must obtain at least three quotes from vendors. One of the quotes can be an Independent Government Estimate (IGE).

DA Form 4283 (Facility Engineering Work Request). Both Reimbursable and Permission-Only FEWRs require preparation of DA Form 4283 and supporting documents (including proper justification for the required work) prior to DPW submission for review and approval. FEWR Statements of Work (SOWs) must be clear, accurate and thorough. Additionally, FEWRs must be validated prior to request for funds or submission to DPW, whichever occurs first, depending on whether the FEWR will be submitted as a reimbursable or permission-only FEWR.

DPW Annual Work Plans. Each year, DPW publishes a Small Annual Work Plan (SAWP) and a Large Annual Work Plan (LAWP) to prioritize work that DPW will accomplish. The SAWP gives Brigade Commanders and Directors maximum input into funding decisions for projects estimated up to $100,000. DPW requests that Commanders and Directors submit their SAWP projects in the 2nd Quarter of each fiscal year.

If the projects selected for the SAWP are DPW's responsibility to fund (non-reimbursable), executable, validated by the facility managers for scope and cost, receive the unit commander's signature, and does not exceed the 10 percent annual limit on large scope work, DPW will approve the FEWR and send it for design and/or execution. However, most projects that DPW are responsible for funding fall within the LAWP, which includes repair and maintenance projects ranging from $100,001 to $5 million and minor construction between $100,000 and $750,000.

Troop Self Help (TSH). The TSH program allows the customer/USARPAC unit to perform basic facilities maintenance or minor construction projects. DPW conducts a quarterly four-day training class for personnel who do self-help projects. The TSH store managers provide in-store technical advice, assist with the approval process, and order the necessary work materials. This is the quickest and easiest way to get FEWR work completed, unless there are environmental and/or historical considerations.

13.1 Facility Engineer Work Requests

Description (Continued)	USARPAC units that have the capability to work on their own projects will need to annotate "self-help" on their DA 4283 and include sketches/drawings detailing the scope of work. In some cases, a FEWR may not be necessary; consult the TSH manager.
Cost Controlling Techniques	**KEYS TO FISCAL STEWARDSHIP** **1. Commands should make every effort to submit their requests for repairs and new construction requirements (within FEWR thresholds) as part of DPW's Small and Large Annual Work Plans.** **2. FEWRs must be validated prior to request for funds or submission to DPW, whichever occurs first, depending on whether the FEWR will be submitted as a reimbursable or permission-only FEWR (i.e. FEWRs requiring USARPAC G-8 funding must be validated by the USARPAC Assistant Chief of Staff for Engineers (ACoSENG)).** **3. Commands should consider whether or not they can afford to pay for future maintenance/sustainment costs before submitting Permission-Only FEWRs to their supporting DPW for approval.** **4. SOWs must be clear, accurate and thorough to reduce the need to make costly modifications to contracts. Conduct acquisition planning as early as possible to avoid rushing to prepare SOWs. See Sub-Chapter 13.1 (Service Contracts and Other Reimbursable Manpower) for more information on DoD's seven-step acquisition process.** **5. Once a COR has been appointed for a Permission-Only FEWR, the customer/unit and/or COR must obtain <u>at least</u> three quotes from vendors. One of the quotes can be an Independent Government Estimate (IGE).**
References	For more information regarding FEWRs, please contact the unit's supporting Garrison DPW office or the unit's supporting ACoSENG.

13.2 Energy Conservation in Facilities

Description	Due to the uncertainty of costs associated with fuel, there is anticipation that energy costs will continue to rise. In 2008, USARPAC and IMCOM-Pacific issued a policy to address the increasing costs of energy. In addition to this policy, the Assistant Secretary of the Army for Installations, Energy and Environment issued a policy for Net Zero installations. The Metering Program helps us track energy usage. By using Energy Conservation, Net Zero

Description (Continued)

approaches, and the Metering Program, USARPAC and IMCOM-Pacific can achieve its goal to reduce energy costs.

Energy Conservation. Energy conservation refers to actively reducing the amount of energy used, or making sure it is used as efficiently as possible. By implementing energy conservation measures to reduce energy demand, cost savings can be used to provide funding for critical Army missions.

Net Zero. The Army approaches net zero in five interrelated steps: reduction, re-purpose, recycling and composting, energy recovery, and disposal. The Army is determined to manage its natural resources with a goal of Net Zero installations in energy, water, and waste. Net Zero is a force multiplier that will allow the Army to become stewards of available resources, manage costs, and provide Soldiers and Civilians with a sustainable future.

Metering Program. The Army Metering Program includes the installation of advanced meters with remote reporting capability to a central database that is accessible via the Engineering Knowledge Online website. This program will provide Army installations the ability to measure and track electricity, water and steam consumption at the facility level.

Cost Controlling Techniques

KEYS TO FISCAL STEWARDSHIP

1. **Commanders should have at least one Building Energy Manager per facility.**

2. **The Building Energy Manager should implement measures for energy reductions (e.g. submission of work/service orders to install efficient lighting, occupancy sensors; and track required services conducted on AC units and building generators).**

3. **Commanders, utilizing facilities that have a Metering Program, should use the meters to achieve their energy reduction goals.**

4. **Utilize direction from excerpt "Interim Policy, Guidance Army Energy Conservation," which is part of the *IMPA-PWD-O Joint Energy Conservation Memo and Interim Policy, Army Energy Conservation, 27 December 2005*.**

5. **Leaders at all levels in USARPAC are responsible for demonstrating good environmental stewardship and conserving energy dollars whether in our offices, training areas, motor pools, or MWR facilities. Our behavior in this regard is a direct reflection of the Army Values.**

13.2 Energy Conservation in Facilities

Cost Controlling Techniques

> ### KEYS TO FISCAL STEWARDSHIP (CONTINUED)
>
> **6.** Office thermostats should be maintained at 78 degrees per Assistant Secretary of the Army Installations, Energy and Environment Guidance. Any deviations must be authorized by the unit's supporting USAG.
>
> **7.** Wear climate temperate clothing to minimize in-door heating and cooling temperature fluctuations.

References

For more information regarding energy conservation in facilities, please refer to the following policies and guidance or contact the Office of the USARPAC ACoSENG:

The U.S. Army Energy Strategy for Installations, 8 July 2005

The U.S. Army Energy and Water Campaign Plan for Installations: The Army's 25 Year Plan in Support of POM FY 2010-2015, 1 December 2007

Net Zero Energy Military Installations: A Guide to Assessment and Planning, August 2010

Memo, ASA (IEE), 24 August 2012, subject: Energy Goal Attainment Responsibility Policy for Installations

Memo ASA (IEE), 23 January 2013, subject: Installations, Energy, and Environment Fiscal Year (FY) 2013 Budget Guidance

http://energy.gov/eere/femp/energy-policy-act-2005 (Please refer to the information regarding "Energy Independence and Security Act of 2007" and "Executive Order 13423").

14.0 Cost Sharing with Japan: Special Measures Agreement (OPR: USARJ G-8)

Chapter 14 provides *Keys to Fiscal Stewardship* for costs associated with U.S. stationing in Japan. This chapter includes one section that discusses the Special Measures Agreement between the U.S. Government and the Government of Japan.

Description

The U.S. Government and the Government of Japan (GOJ) have a Special Measures Agreement (SMA) that provides for Japan Host Nation Support (HNS) for the U.S. Forces in Japan. The SMA is renegotiated with the GOJ every five years, and includes the GOJ's Cost-Sharing Program. This program provides U.S. Army commands with the opportunity to reduce U.S. cost of operations in

Description (Continued)

Japan by using GOJ funds rather than U.S. funds for labor, utilities, training relocation, and major construction.

Under the Status of Forces Agreement (SOFA) and SMA, the GOJ funds:

- "All or a part of" personnel resources such as Master Labor Contract (MLC), Mariner Contractors (MC), and Indirect Hire Agreement (IHA))

- 60-70% of utilities cost

- Training relocation

- New construction similar to Military Construction (MILCON)

DoD Financial Management Regulation, Chapter 8, requires consideration of MLC labor to reduce the need for appropriated sustainment funding. Requirements are reduced by the amount of MLC support. GOJ currently pays for 97% of Army's Foreign National Indirect Hire (FNIH) workforce.

Direct Support (Cost Avoidance) for Army includes:

  -- **Labor Cost Sharing (LCS).** $250M. Without the SMA, the U.S. bill for MLC, MC, and IHA payroll would have been $260M for 3,650 Japanese National employees.

  -- **Utilities Cost Sharing (UCS).** $20M for electricity, water, gas, kerosene, sewerage, propane, and heating oil. Total Army requirement is $24M.

  -- **GOJ-Funded Construction.** $140M. GOJ helps build new infrastructure, and quality of life and mission-related buildings such as housing, barracks, administrative buildings, gyms, and schools.

  -- **Land Rent.** $20M. GOJ pays private landowners for use of their land for the U.S. Army.

  -- **Training Relocation (TR).** $50K. GOJ funds cost to relocate training within Japan to lessen the impact to the local communities and create a safer environment to train.

Indirect Support for Army includes:

-- **Installation Real Estate.** $60M. GOJ provides rent-free installation cost for the U.S. Army in Japan.

  -- **Import Fees and Tax Exemptions.** $50.2M. GOJ exempts Army from import fees and taxes related to POL and local procurement; and for landing, port and road tolls.

Cost Controlling Techniques	**KEYS TO FISCAL STEWARDSHIP** **1. Conduct Cost-Benefit Analysis (compare labor and benefits cost) of U.S. civilian and Japan foreign national costs that are paid by the Host Nation such as overtime, and consider any potential cost avoidance in the decision-making process.** **2. Consider whether utilities costs may be covered under the Utilities Cost Sharing (UCS) program in order to receive 60-70% refund of utilities cost paid by the U.S. Army. It is important to understand GOJ's recognition of valid UCS payments that are subject to refund.** **3. Consider whether facilities should be funded by MILCON; or whether the GOJ-funded FIP program is better for construction of the new facilities. Consider type, time, programming, and projected approval.** **4. Review the Ground Rules for Labor Cost Sharing and funds allocation. Key Rule: Any reduction, elimination, or downsizing directed by an authority outside of Japan will revert funded spaces back to USFJ and be lost to the Army for reallocation. Contact the USARJ Cost Sharing Division for LCS and UCS Ground Rules.** **5. Renegotiate SMA (2 years before expiration) and defend Army position at monthly Joint Labor Resources Committee (JLRC) to ensure the Army receives its fair share of LCS, UCS, and TR funds. Other Component increases (e.g. Navy for LCS and Marines for UCS) results in Army receiving less cost sharing funds, which increases U.S. Army costs.**
References	For more information regarding the SMA, please refer to the documents noted below or contact the G-8 Cost Sharing Division (CSD), U.S. Army, Japan. Special Measures Agreement 2011 (FOUO); contact USARJ CSD DoD 7000.14-R, DoD Financial Management Regulation (FMR), May 2013; Volume 8: Civilian Pay Policy U.S. Forces, Japan Instruction 38-3 (FOUO); contact USARJ CSD

Definitions

best practice - A technique, method, process, or activity that has consistently shown results superior to those achieved via other means; and is used as a benchmark. It becomes an organization standard that is often used by multiple organizations. A "best" practice can evolve to become better as improvements are discovered.

capability - An allocation of enterprise processes (a combination of people, process, and technology) that enables the achievement of a mission, function, or task.

capacity - The combination of physical facilities, personnel and process available to meet the product or service needs of customers. Generally refers to the maximum output or producing ability of a machine, a person, a process, a factory, a product, or a service.

command inspection - An inspection of an organization conducted by a commander in the chain of command of the inspected activity. Command inspections tend to be compliance oriented and are designed to determine the status of an organization's adherence to established law, regulations, policies, procedures, and directives.

Continuous Process Improvement - A strategic approach for developing a culture of continuous improvement in the areas of reliability, process cycle times, costs in terms of less total resource consumption, quality, and productivity.

cost - The price or value of resources (quantitative or non-quantitative) used (expenditures) to produce a program, project or activity.

cost accounting - Collecting and valuating relevant data accurately and timely; and identifying the relationship between cost and operational output and performance data.

cost analysis – Assessment of cost data to facilitate the decision making process. Provides operational leaders/managers with an understanding of the full cost of products and services.

cost avoidance - A cost reduction of a requirement that is not part of the Army's Program Objective Memorandum (POM), or is not generally part of an organization's annual budget (e.g. emerging requirements).

cost-benefit analysis - A technique used to compare the various costs associated with an investment with the benefits that it proposes to return. Both quantifiable and non-quantifiable factors should be addressed and accounted for.

cost center - A logical or physical grouping of one or more similar services for the purpose of identifying obligations or developing the cost identification for the services. It incurs costs and has a manager who is accountable for those costs

cost controlling – Based on the results of cost analysis, taking action to realign the direction in order to achieve the organizational objectives. This includes changing targets, moving resources (capacity management), and adjusting output to maximize value of products and services.

cost culture - A cost culture entails - through leadership, education, discipline and experience - understanding the importance of: making resource-informed decisions and cost-effective trade-offs, leveraging cost-sharing opportunities, being accountable for knowing and explaining unit costs, and finding the best ways to use the resources we have been given.

cost driver - Any factor that causes a change in the cost of an activity or output.

cost management - Managing business operations efficiently and effectively through the accurate measurement and thorough understanding of the "full cost" of an organization's business processes, products and services.

cost management review - A team effort involving operational leaders/managers and resource managers to determine how an organization performed for specific operation, activity, or action (OAA), or over time for multiple (OAA). It is conducted relative to the commander's or leader's expectation (i.e. the planned outputs and costs versus the actual outputs and costs, and what is being done to improve the performance levels).

cost planning – The process involving the receipt of planning guidance; identification of requirements and cost drivers; and the estimation of cost based on expected outputs.

cost object - An activity, output, or item whose cost is to be measured. In a broad sense, a cost object can be an organizational division, a function, task, product, service, or a customer.

cost reduction - A reduction of an established cost; it can be categorized as either savings, cost avoidance or cost efficiencies.

cost savings - A cost reduction of a requirement that is part of the Army's Program Objective Memorandum (POM), or is generally part of an organization's annual budget. The savings can be used to pay for other emerging or other unfunded requirements.

cost sharing – The act of sharing costs with other stakeholders to achieve a common goal. This is a "win-win" cost savings strategy since each cost sharing participant is able to realize cost reductions due to sharing of expenditures.

cost target - Estimated cost for a given requirement

direct cost - The cost of resources (labor and materiel) directly consumed by an activity. Direct costs are assigned to activities by direct tracing of units of resources consumed by individual activities.

effective - Doing the "right" things (e.g. Set targets to achieve an overall goal—the effect—and attain the goal).

efficient - Doing things "right" in the best and most economical way; wasting no resources.

energy conservation - Actively reducing the amount of energy used, or making sure it is used as efficiently as possible. By implementing energy conservation measures to reduce energy demand, cost savings can be used to provide funding for critical Army missions.

enterprise process - The end-to-end, cross-departmental, and often, cross coordination of work activities that create and deliver ultimate value to customers.

fixed cost - A cost that does not vary in the short term with the volume of activity. Fixed cost information is useful for cost savings by adjusting existing capacity, or by eliminating idle facilities.

function – A function is a broad, general, and enduring role for which an organization is designed, equipped, and trained.

full cost - The sum of all costs required by a cost object including the costs of activities performed by other entities regardless of funding sources. The full cost of an output produced by a responsibility segment is the sum of: (1) the costs of resources consumed by the segment that directly or indirectly contributes to the output; and (2) the costs of identifiable supporting services provided by other responsibility segments within the reporting entity, and by other reporting entities.

General Fund Enterprise Business System - Is a web-based enterprise resource planning solution that enables gathering/sharing accurate, up-to-date resource management data across the Army. This system leverages commercial, off-the-shelf business enterprise software; supplies standardized, real-time financial data and information; and empowers leadership to make strategic business decisions that have a direct and positive impact on the warfighter.

indirect cost - A cost that cannot be identified specifically with or traced to a given cost object in an economically feasible way.

initiatives - The specific programs, activities, projects, or actions an organization will undertake in an effort to meet performance targets.

Integrated Training Area Management (ITAM) – A program used by the Army to maintain training lands to meet the Army's training requirements. To accomplish this mission, the ITAM program relies on the following program components: Training Requirements Integration, Land Rehabilitation and Maintenance, Range and Training Land Assessment, Sustainable Range Awareness, and Sustainable Range Program Geographic Information Systems.

Lean Six Sigma - A business improvement methodology that maximizes shareholder value by achieving the fastest rate of improvement in customer satisfaction, cost, quality, process, speed, and invested capital.

legacy system - An existing system that is designated for closure when the capability is absorbed by an interim or core system, or if the capability is no longer required.

lesson learned - An evaluated insight that improves military operations or activities at the strategic, operational, or tactical level and results in an internalized change to an individual or an organization.

life cycle management (information technology) - When planning lifecycle requirements and calculating economic benefits of automation IT, three to five years from the initial date of installation will be used as the metric for obsolescence of common-use IT.

Mission Command Training Support Program - Requirements and resources for mission command training capability are identified to provide commanders the necessary resources they need to train leaders, individual operators, and battle staffs on both Unified Land Operations Tasks and deployment specific tasks and associated skills, which includes supporting home station mission rehearsals and providing reach-back capabilities. Requirements include constructive and high-level (above crew) virtual TADSS, gaming, and mission training complexes (MTCs).

monthly sustainment readiness review - USARPAC Chief of Staff-chaired committee consisting of G-4, MSC/TEC CoS, etc, to address logistical readiness challenges across USARPAC.

net zero installation - An installation, that over the course of a year: produces as much energy on-site as it uses; reduces, reuses, and recovers waste streams, converting them to resource values with zero landfill; and limits the consumption of freshwater resources and returns water back to the same watershed so not to deplete the groundwater and surface water resources of that region in quantity and quality.

obligation - A legally binding commitment by the federal government that will result in outlays, immediately or in the future. Budgetary resources must be available before obligations can be incurred legally.

Organizational Inspection Program (OIP) - A comprehensive, written plan that addresses all inspections and audits conducted by the command and its subordinate elements, as well as those inspections and audits scheduled by outside agencies. The purpose of the OIP is to coordinate inspections and audits into a single, cohesive program focused on command objectives.

overhead cost - Cost that is incurred but is not clearly associated with specific units of a product or service; it includes all costs other than direct material and direct labor. In addition to indirect materials and indirect labor, it includes such items as depreciation, fringe benefits, payroll taxes, and insurance.

outcome – An outcome is the result/end-state of an activity.

output - Any product or service generated from the consumption of resources. It can include information or paperwork generated by the completion of the tasks of an activity.

policy - Laws, guidelines, strategic goals, and rules under which an enterprise operates and governs itself.

problem – A problem is the difference between actual conditions and what is required or desired. It describes what you are trying to fix, and is defined in terms of who, what, when, where, and to what magnitude.

procedures - Are the detailed steps to perform a process activity or task.

process - Is the series of activities or tasks that obtain a desired outcome.

Staff Assistance Visit - A visit by staff members of a particular staff section designed to assist, teach, and train subordinate staff sections on how to meet the standards required to operate effectively within a particular functional area.

Sustainable Range Program (SRP) - Is the Army's overall approach for improving the way in which it designs, manages, and uses its ranges and training lands to ensure long-term sustainability. The SRP includes range operations and range modernization.

training information infrastructure - Includes hardware, software, and communications systems conforming to Army architectures and standards that enable the development, storage, retrieval, delivery, and management of Training Support System products and information for use by individuals, units, and institutions worldwide.

Training Support System - Is an integrated training support enterprise that encompasses products, services, and facilities in support of the operational, institutional, and self-development training domains.

trend analysis - Analysis of cost/quantity over multiple consecutive time frames.

variance - The amount, rate, extent, or degree of change, or the divergence from a desired characteristic or state.

Acronyms

AAR - After Action Review

AIDPMO - Army Intermodal and Distribution Platform Management Office

AISCP - Army International Security Cooperation Program

AOR - Area of Responsibility

ARPS - Acquisition Requirements Packages

ASL - Authorized Stockage List

CALFEX - Combined Arms Life Fire Exercise

CAPR - Capability Request

CBA - Cost-Benefit Analysis

CHESS - Computer Hardware, Enterprise Software, and Solutions

CIF - Central Issue Facility

CIO - Corporate Information Officer

CMCC - Cost Management Certificate Course

COA - Course of Action

COR - Contracting Officer's Representative

COTS - Commercial Off-the-Shelf

CSDP - Command Supply Discipline Program

CT - Compensatory Time

DODAAC - Department of Defense Activity Address Code

DOS – U.S. Department of State

DPW - Directorate of Public Works

DTS - Defense Travel System

FAR - Federal Acquisition Regulation

FCM - Funds Control Module

FEWR - Facilities Engineer Work Request

FTX - Field Training Exercise

GCCS-A - Global Command and Control System - Army

GFEBS - General Fund Enterprise Business System

ICAM - Intermediate Cost Accounting and Management

ITAM - Integrated Training Area Management

JELC - Joint Exercise Life Cycle

JFTR - Joint Federal Travel Regulations

JHITS - Joint Hawaii Information Transfer System

KO - Contracting Officer

LAWP - Large Annual Work Plan

LCM - Life Cycle Management

LOGSA - Logistics Supply Activity

LSV - Logistic Support Vessel

LVC-G - Live-Virtual-Constructive, and Gaming

MC - Mission Command

MDMP - Military Decision-Making Process

METL - Mission Essential Task List

MSC - Major Subordinate Command

MSRR - Monthly Sustainment Readiness Review

MTC - Mission Training Center

NEC - Network Enterprise Center

NTV - Non-tactical Vehicle

OCIE - Organizational Clothing and Individual Equipment

OMA - Operations and Maintenance, Army

PCAM - Principles of Cost Accounting and Management

PCS - Permanent Change of Station

PMR - Program Management Review

PWS - Performance Work Statement

QSI - Quality Step Increase

RDTE - Research, Development, Test, and Evaluation

SARSS - Standard Army Retail Supply System

SAV - Staff Assistance Visit

SAWP - Small Annual Work Plan

SNA - Statement of Non-Availability

SSA - Supply Support Activity

STSP - Soldier Training Support Program

TAC - Transportation Account Code

TADSS - Training Aids, Devices, Simulators and Simulations

TAPES - Total Army Performance Evaluation System

TCO - Telephone Control Officer

TDY - Temporary Duty

TEC - Theater Enabling Command

TII - Training Information Infrastructure

TMO - Traffic Management Officer

TSS - Training Support System

USAG - U.S. Army Garrison

VURB - Vehicle Utilization Review Board

The U.S. Army in the Pacific:
Assuring Security and Stability

Cost Management:
An Essential Mission Enabler

ONE TEAM!