

Army Rate Board Reimbursable Execution Tracking Requirements

DEPUTY ASSISTANT SECRETARY OF THE ARMY COST AND ECONOMICS
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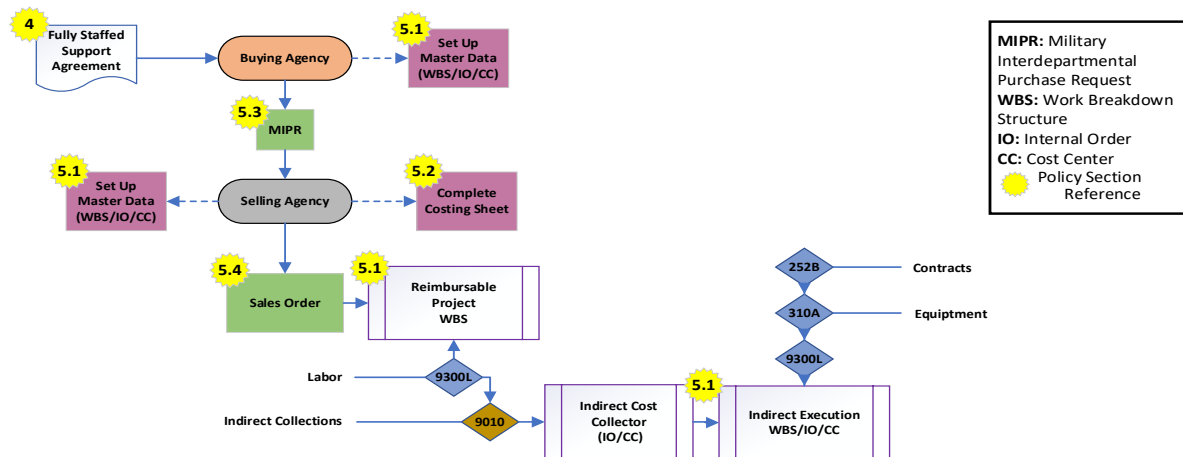
1. Implementation

These procedures must be fully implemented by the start of fiscal year (FY) 2023. During the interim period, Rate Board participants shall retroactively apply processes in this document when feasible. Rate Board participants must meet quarterly in January, April, and July with the Office of the Deputy Assistant Secretary of the Army Cost and Economics (DASA CE) to review progress.

2. Background

Reimbursable operations are a complex business structure that includes processes within and outside the Army's General Fund Enterprise Business System (GFEBS), which allow for gaps in the reimbursable process. The process steps will enable Army Rate Board organizations (buyer/seller) to link the estimated agreement cost, agreed upon by both parties, to the related financial execution in GFEBS. The linkage will close some of the identified gaps in the reimbursable process and add transparency, specifically by adding the reimbursable agreement number and indirect identifiers to specific fields and cost objects in GFEBS. For the purposes of this document, the agreement execution cost includes direct and indirect cost for labor and non-labor charged to the reimbursable customer. Organizations may implement operation specific requirements that are not in direct conflict with the requirements set forth in this document. Figure 1 displays the expected reimbursable process flow, with a focus on indirect funds collection and execution, once the process steps are enacted.

Figure 1: Reimbursable Process Flow that Include Indirect Cost Charged to Customer



3. Summary of Changes

Initial document.

4. Roles and Responsibilities

The roles and responsibilities below are related to developing and tracking reimbursable rate execution metrics. See guidance in section 8 for additional information on assigned roles and responsibilities.

1. DASA-CE is responsible for documenting procedures for execution tracking of reimbursable agreements.
2. Army Rate Board agencies entering into reimbursable agreements shall follow these procedures.
3. The Rate Board was established by the Assistant Secretary of the Army for Acquisition, Logistics & Technology (ASA(ALT)), Assistant Secretary of the Army Financial Management and Comptroller (ASA(FM&C))- Army Budget Office, and U.S. Army Deputy Chief of Staff, G-8, to

provide standards for Army Rate Board organizations to document reimbursable costs on the support agreements as well as approve reimbursable indirect rates, where applicable.

5. Procedures for Standardizing Reimbursable Agreements

These required procedures outside of GFEBs will enable the tracking of execution cost in GFEBs.

5.1 Agency Agreement Tracking Number (Buyer/ Seller)

Reimbursable agreements are to have a unique tracking number that enables internal tracking of agreement execution in GFEBs and linkage to the G-Invoicing repository interdependently via the forms 7600A and 7600B.

1. 7600A (legacy DD 1144 Form)- Agency Agreement Tracking Number

a. Standard naming convention:

- i. Buyer (Requesting) Funds Center (5 digits)- If the agency is not within Army, the customer codes for non-Army customers will be created and managed by each Army organization in the reimbursable agreement and provided to the Rate Board with the rate submissions each fiscal year.
- ii. Seller (Responsible) Funds Center last 4 digits (4 digits)
- iii. Year Initiated (2 digit)
- iv. Year Expiring (2 digit)
- v. Alpha Numeric (1 digit) (1-Z)
- vi. Alpha Numeric (1 digit) (1-Z), if applicable

i. Buyer Funds Center/ Customer Code	ii. Seller Funds Center/ Customer Code	iii. Year Initiated	iv. Year Expiring	v. Alpha Numeric (1-Z)	vi. Alpha Numeric (1-Z), if applicable
A5XA0	60F0	15	17	1	1

Example: Agreement Number = A5XA060F015171(1)

2. 7600B- Agency Agreement Tracking Number (In interim use legacy DD Form 448 number)

a. **Standard naming convention.** Please note steps i.-vi. below will match the 7600A Agency Agreement Tracking Number in section 4.1.1. when the 7600B orders are linked to that particular 7600A and the same Funds Centers are used.

- i. Buyer (Requesting) Funds Center (5 digits) - If the agency is not within Army, see 4.1.1.a.i.
- ii. Seller (Responsible) Funds Center last 4 digits (4 digits)
- iii. Year Initiated (2 digit)
- iv. Year Expiring (2 digit)
- v. Alpha Numeric (1 digit) (1-Z)
- vi. Alpha Numeric (1 digit) (1-Z)

i. Buyer Funds Center/ Customer Code	ii. Seller Funds Center/ Customer Code	iii. Year Initiated	iv. Year Expiring	v. Alpha Numeric (1-Z)	vi. Alpha Numeric (1-Z)
A5XA0	60F0	15	17	1	1

Example: Agreement Number = A5XA060F0151711

Note: GFEBs WBS Attribute field is a 15-character-limit field

5.2 Reimbursable Agreements/ Order Form

All reimbursable agreements and orders must adhere to fiscal laws, financial regulations, DoD instructions, and guidance referenced in section 8. Per G-Invoicing guidance, the 7600A form should be used to record the General Terms and Conditions for all Army agreements and be uploaded into G-Invoicing as of December 2019, with a full implementation date of 1 October 2022. The 7600B form planned implementation date is fiscal year 2023, although manual forms are sometimes required. The guidance below provides specific fields within the 7600A form (and legacy DD 1144 form) and 7600B form that will provide linkages within GFEBS. Agreements must include:

1. Agency Agreement Tracking Number

Form Name	Section	Title
7600A	3	Agency Agreement Tracking Number
7600B	13	Order Tracking Number
1144	1	Agreement Number

2. Buyer Funds Center/GFEBS Customer ID 5-digit identifier

Form Name	Section	Title
7600A	1	Agency Information
7600B	8	Group Name
1144	6b	Major Command

3. Seller Funds Center/ GFEBS Customer ID 5-digit identifier

Form Name	Section	Title
7600A	1	Agency Information
7600B	8	Group Name
1144	5b	Major Command

4. Buyer Cost Center 8-digit identifier

Form Name	Section	Title
7600A	1	Agency Information
7600B	10	Cost Center
1144	6b	Major Command

5. Seller Cost Center 8-digit identifier

Form Name	Section	Title
7600A	1	Agency Information
7600B	10	Cost Center
1144	5b	Major Command

6. Breakout of estimated Direct and Indirect Cost to show labor and non-labor

Form Name	Section	Title
7600A	9, 10	Total Direct Charges, Total Overhead Charges, Additional Detail
7600B	17	Comments
1144	7c	Support Provided by Supplier: Estimated Reimbursement

5.3 Agreements Repository

The Treasury’s G-Invoicing system is the repository for all intragovernmental service agreements between Federal trading partners. While G-Invoicing is being implemented, commands should maintain a separate agreement repository and provide access to parties responsible for execution tracking. Agreements between non-Federal partners are to be retained in the Command repository. A tracking document of all the reimbursable agreements for an agency is required for the agreement repository, to include the:

1. Agency Agreement Tracking Number
2. Requesting Funds Center/Customer
3. Responsible Funds Center
4. Total Estimate for Direct labor cost
5. Total Estimate Direct cost other than labor
6. Total Estimate for Indirect costs (labor and non-labor)

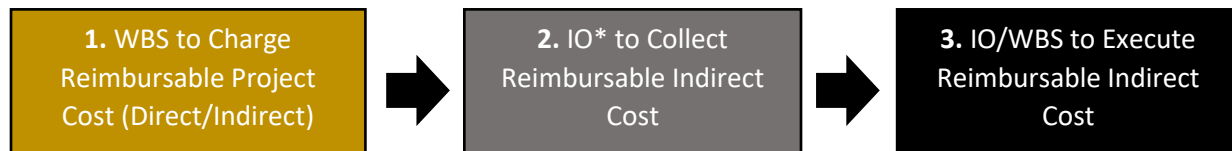
6. Procedures for Standardizing Reimbursable Execution Tracking

These required procedures use existing capabilities in GFEBs that will enable the tracking of execution cost in GFEBs.

6.1 Set Up Master Data in GFEBs

The work breakdown structure (WBS), internal order (IO), and cost center (CC) are GFEBs cost objects used to collect agency project cost, to include reimbursable agreement cost. Using the following required fields within these cost objects will enable the tracking of reimbursable agreement cost in GFEBs. Please see GFEBs job aids or contact the GFEBs Helpdesk (US Army Financial Management Command (USAFMCOM)- System Support Operations (SSO)) for procedures to set up these cost objects.

Figure 2: GFEBs Master Data 3-Step Process to Document Reimbursable Cost, to Include Indirect Execution Detail

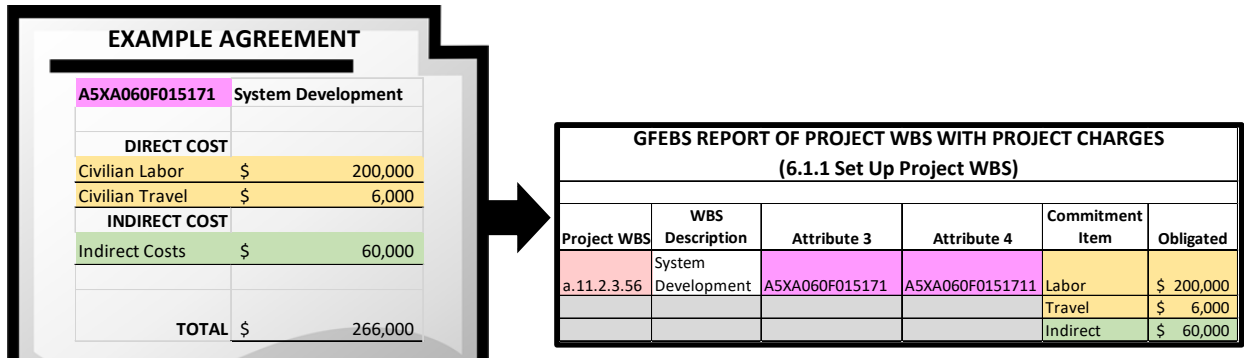


*CC may be used as interim process, see 6.1.2.

1. **Set up WBS to charge project cost.** The seller agency receiving customer funds must create a project WBS in GFEBs for reimbursable agreements, where all associated costs (labor and non-labor) will be charged. The seller agency must enter the agreement number on each WBS where costs are being incurred. The buyer agency must enter the agreement number on each WBS where the purchase for goods or services is occurring.

GFEBs Cost Object	GFEBs Field	Required Information
WBS	Attribute 3	7600A Agency Agreement Tracking Number (DD 1144 Form)
WBS	Attribute 4	7600B Agency Agreement Tracking Number (DD 448 Form)

Figure 3: Example Reimbursable Agreement Linking to GFEBs with Executed Cost on Project WBS



2. **Set up IO where the indirect cost will be collected.** The seller agency must create an IO to allocate the collected indirect cost that was charged to the project WBS. The IO will allow for the separation of customer funds when applicable and provide more visibility of reimbursable indirect collections. CC cost object may be used as an interim process when approved by the Rate Board. If the cost objects are not identified as indirect, reimbursable indirect collections will be identified by the 9010 commitment item.
 - a. Label Indirect Collections Cost Object (IO/CC) with Indirect. Add "INDIRECT" to these cost objects in specified GFEBs field.

GFEBs Cost Object	GFEBs Field*	Required Information
IO/CC	Attribute 3/ Funded Program	INDIRECT

*A Funded Program can be created solely for reimbursable indirect collections and labeled as "INDIRECT".

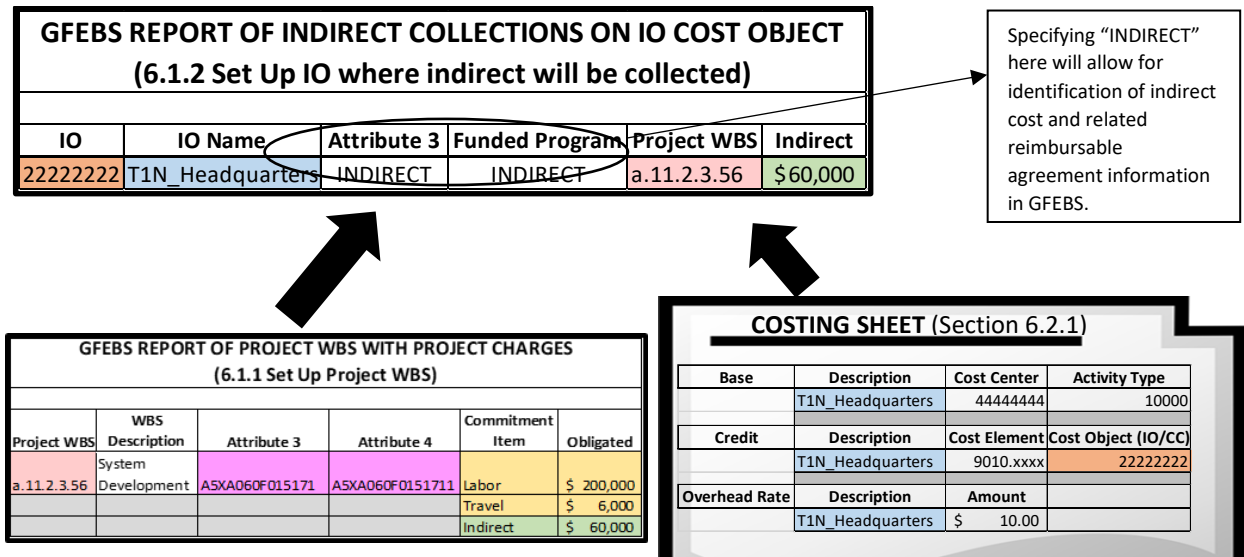
- b. Label Indirect Collections IO Cost Object with Rate Description. Add rate tier (T) level and embedded (E), non-embedded (N), both embedded and non-embedded (B), or not applicable (A) to the beginning of these cost objects. The collecting cost object description should match the costing sheet descriptions, see section 6.1.2. Definitions for embedded and non-embedded can be found at <https://www.asafm.army.mil/Cost-Materials/HQDA-Rate-Board/>

GFEBs Cost Object	GFEBs Field	Required Information
IO	IO Description	T1, T2, OR T3 AND E, N, B, A- Added to the beginning of the description. <i>Example: T1N_Command Specific Wording.</i>

- c. Cost objects collecting the reimbursable indirect costs will exclusively receive reimbursable indirect rate collections when appropriate.
 - d. Cost objects that collect reimbursable indirect cost will receive customer appropriation categories with the same purpose and period of availability when appropriate.
 - e. Label Assessment Cycle Indirect Collections to the IO Cost Object. Add "AC" to the GFEBs Cost Object for Assessment Cycle process. See process details in section 6.2.2.

GFEBs Cost Object	GFEBs Field	Required Information
IO	IO Description	AC- Added to the beginning of the description. <i>Example: AC_Command specific wording</i>

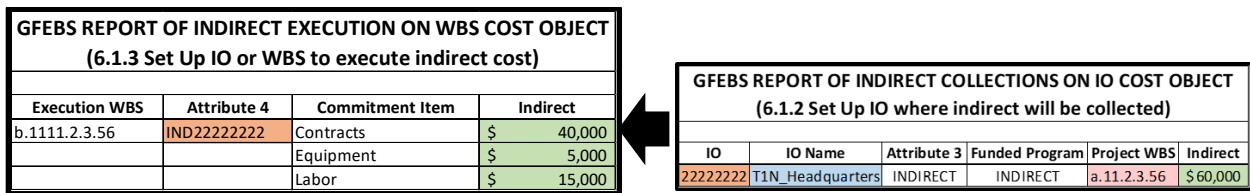
Figure 4: Example Indirect Collections on Internal Order Linking to Project WBS and Costing Sheet (See section 6.2.1 for Costing Sheet)



- Set up IO or WBS to execute indirect costs.** Create the cost object where the reimbursable indirect funds will be executed. Identify the cost object (IO/CC) where the reimbursable indirect funds were collected to on the executing cost object by adding "IND AND IO/CC number". Note, execution of indirect cost can occur directly off of the IO from step 2.

GFEBs Cost Object	GFEBs Field	Required Information
WBS	Attribute 4	IND AND IO/CC number collecting the reimbursable indirect funds (from section 6.1.2). Example: IND22222222

Figure 5: Example Execution of Indirect Cost on WBS Linking to IO Where Indirect Cost Were Collected



6.2 GFEBs Indirect Processes

The steps below outline the seller's process for collecting indirect cost on a reimbursable agreement. For the purposes of this document, indirect costs are the indirect cost charged to reimbursable customers.

- Costing Sheet.** The seller agency should use this method when allocating indirect cost as an hourly rate or percentage, determined by an allocation basis such as direct labor or other cost driver based on pre-established rules. The rate or percentage can be applied on a regular basis as cost are incurred.
 - Collection of indirect cost using costing sheet. A costing sheet for indirect rate or percentage (includes labor and non-labor cost) must be completed using the steps outlined below. Once the costing sheet is complete, it is uploaded in GFEBs by USAFMCOM- SSO via GFEBs helpdesk. Required Information:

- i. Costing Sheet Base, Credit, and Overhead Rate description for each rate must include “T1, T2, OR T3 AND E, N, B, or A” at the beginning of the description.
Example: T1N_ Command Wording.
- ii. Collect each indirect rate to one (1) Cost Object (IO/CC) when appropriate.
- iii. Do not include Credit cost objects in Base cost objects when appropriate.
- iv. Specify 9010 Cost Element for indirect rate collections.

Figure 6: Costing Sheet Example

COSTING SHEET EXAMPLE			
Base	Description	Cost Center	Activity Type
	T1N_Headquarters	44444444	10000
Credit	Description	Cost Element	Cost Object (IO/CC)
	T1N_Headquarters	9010.xxxx	22222222
Overhead Rate	Description	Amount	
	T1N_Headquarters	\$ 10.00	

Callout i: Same description for the related rate in each section. This description should also match the IO collecting indirect cost.

Callout iii: Different cost objects for Base and Credit.

Callout iv: 9010 Cost Element.

2. **Assessment Cycle.** The seller agency may use this method when allocating indirect cost as a percentage, determined by an allocation basis such as direct labor or other cost driver, on a periodic basis once total costs are incurred. Generally used for large projects that share many customers and is based on agency approval.
 - a. Executed Indirect Cost. Indirect costs are charged to the predetermined cost object by commitment item. As specified in section 6.1.2.a, “AC” will be identified in the cost object description when applicable.
 - b. Allocated Indirect Cost. GFEBS Helpdesk manages the periodic assessment at the end of each predetermined cycle, for example at the end of each month, to determine the amount of indirect cost to be allocated to each project WBS via commitment item 9100.
3. **Alternative Method.** When Costing Sheets and Assessment Cycles are not feasible, notify the Rate Board of alternate methods to collect reimbursable cost based on command guidance.

6.3 Purchase Request/ Purchase Order

The purchase request/ Military Interdepartmental Purchase Request (MIPR) is the obligating document submitted by the buyer to initiate a request for materials or services. The MIPR must be linked to the related project WBS in GFEBS. The MIPR is linked to the Sales Order. It is possible that more than one MIPR will be part of a WBS project. Note this form will be replaced by form 7600B in the future.

6.4 Sales Order

A sales order must be created for each transaction related to the agreement. Each sales order must be linked to the WBS element related to the work performed.

6.5 Direct Labor

If direct labor touch time (DLTT) costs are on the agreement and the labor module interfaces with GFEBS, these direct labor costs need to be charged to the WBS element that is related to the work performed. Established standard labor rates process should continue to be used to estimate labor cost.

7. Reporting Execution of Cost

Execution tracking of reimbursable agreement cost should be completed at a minimum on a quarterly basis. The primary source of execution tracking will be the Cumulative Reimbursable Status of Funds Report (SoF) in GFEBS Business Intelligence (BI). The responsible persons for tracking execution cost will need the required roles to pull the SoF report. Standardized reports will be created in GFEBS and Vantage Data Platform to track total reimbursable agreement cost and indirect cost detail using the following fields (other report parameters may be considered):

GFEBS Fields	
Funds Center	
Requesting Cost Center	
Responsible Cost Center	
Fiscal Year	
Fund	
Funded Program	
Funded Program Type	
Customer	
Cost Center	
	Attribute 3
	Attribute 4
Internal Order	
	Attribute 3
	Attribute 4
Work Breakdown Structure	
	Attribute 3
	Attribute 4
Commitment Item	

8. Reimbursable References/ Guidance

1. National Defense Authorization Act, 2003
2. DoD Instruction 4000.19
3. Department of Defense (DoD) Financial Management Regulation Volume 11A
4. Army Regulation 5-9, Installation Agreements, April 2018
5. Army Regulation 73-1, Test and Evaluation Policy, June 2018
6. Memorandum G-Invoicing Implementation Memorandum #2, July 2020
7. Army FM&C Policy Fiscal Year 2018 Revenue – Support Agreements and Order Documentation
8. DASA CE Cost Management Handbook, version 1.4, April 2009
9. Fiscal Year 2019 REVENUE - Treasury Appropriation Fund Symbol
10. Fiscal Year 2018 REVENUE - Approved MIPR Exceptions
11. Fiscal Year 2018 REVENUE - Business Processes Associated with Sales Orders
12. Fiscal Year 2017 REVENUE - Advance Payment Requirement for Non Federal Entities
13. Fiscal Year 2017 REVENUE 05 - Mandatory Customer Creation of GFEBS WBS for Reimbursable Orders to (AWCF)(IO) Activities
14. Fiscal Year 2016 REVENUE 01 - Period of Performance for Reimbursable Agreements

APPENDIX
Indirect Methodology Checklist

This checklist was developed by the Deputy Assistant Secretary of the Army- Cost and Economics (DASA-CE) to assist in assessing indirect costing methods. This document is not all inclusive and other considerations may be needed based on the specific program for which the indirect cost is being assessed.

1. References
 - a. Department of Defense (DoD) Financial Management Regulation (FMR)
 - b. DASA CE Cost Management Handbook
 - c. Government Accountability Office Cost Estimating and Assessment Guide
2. Determine Agency Request Information
 - a. Identify the agency requesting review
 - b. Identify the customer (DoD, Army, non- Army, Federal, etc.)
 - c. Assessment of whether indirect costs are allowed
 - d. Who will complete the work? Civilian/military, direct funded/reimbursable funded?
 - e. Use formal agency agreement as a reference or key document as all terms of the costs and charges should be in the agreement
3. Define methodology
 - a. Define program
 - b. Define estimates purpose
 - i. What cost will it cover?
 - ii. Why are costs considered indirect?
 - c. Assessment of if direct relationship between sender/cost object exist. Method of assignment.
 - d. Method to allocate indirect cost that have no direct relationship. How will rate/percentage be applied?
 - i. Cycle method (percentage allocated at the end of a period)
 - ii. Cost Sheets (apply cost to order or WBS based on predetermined rate)
 - e. Cost Data
 - i. Steps to normalize data?
 - ii. What data is used to determine indirect rate?
 - iii. What data is used to assign/ allocate indirect rate?
 - iv. What system is data from?
 - f. At what level will the indirect cost be spent (Command, Sub-Command, Fund Center, Cost Center, multiple, etc.)?
 - g. What assumptions were made?
 - h. What considerations were made to link the indirect cost to the product or service?
 - i. Risk analysis. How sensitive is the estimate to change?
 - j. Percentage of indirect to direct.
4. Calculation Determination
 - a. Estimate structure
 - b. Actual calculation
5. Other considerations: Budget impacts
 - a. Increase in programming
 - b. Increase in FTEs
 - c. How will additional funds be used? Provide unfunded requirements information.