Business Process Procedure for U.S. Army

Perform Labor Time Tracking

Business Process Procedure (BPP) — Perform Labor Time Tracking

Reference No. » BPP—LTT.3.0002

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Revision History

Reference Number	Revision Date	Summary of Changes	Revised By
BPP—1.1	03/16/2017	Published	Jordan Holt
BPP—1.2	04/04/2017	First Internal Review	Jordan Holt
BPP—1.3	12/19/2018	Updating relationships to other documents	Jennifer Burke

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Document Location

https://cpp.army.mil/webcenter/portal/ACMPortal/KNOWLEDGE%20CENTER/BPP%20Documents

Relationship to Other Documents

Authoritative Documents

Authoritative Documents	
Document Name	**Document Location**
Statement of Federal Financial Accounting Standards 4: Managerial Cost Accounting Standards and Concepts	http://www.fasab.gov/document-by-chapter/
DOD 7000-14R FMR Volume 4 Accounting Policy	http://comptroller.defense.gov/FMR/fmrvolumes.aspx
DFAS 37-1-R Ch. 15 Cost Accounting	http://asafm.army.mil/offices/BU/Dfas371.aspx?OfficeCode=1200

Required Documents

Required Documents	
Document Name	**Document Location**
NA	

Supportive Documents

Supportive Documents	
Document Name	**Document Location**
Cost Models	https://cpp.army.mil/webcenter/portal/ACMPortal/KNOWLEDGE%20CENTER/Command%20Cost%20Models

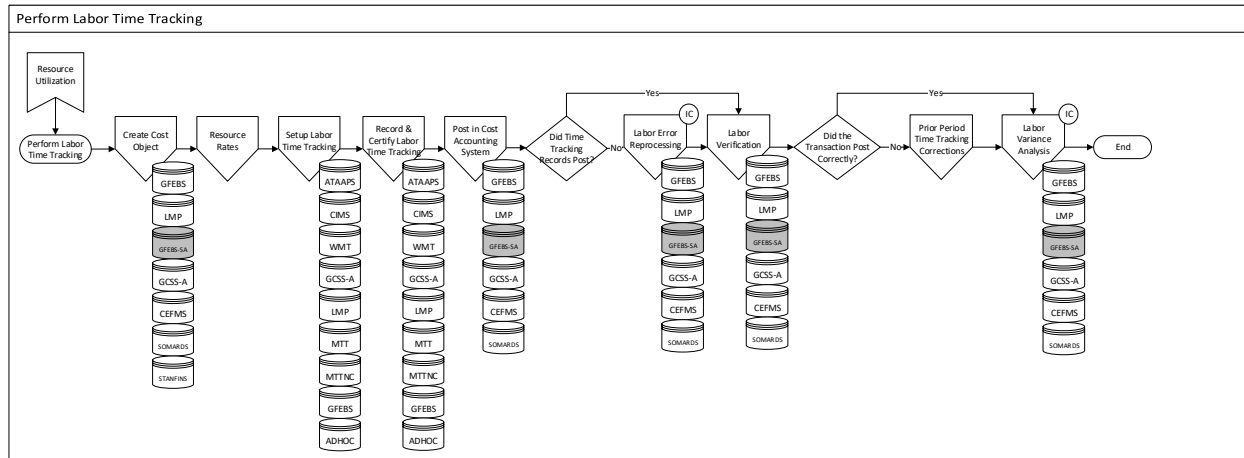| Maintain Personnel Information BPP	TBD

Purpose

The purpose of this document is to provide an overview of the Labor Time Tracking Process. Labor Time Tracking is the non-monetary quantitative measure of man-hours consumed with respect to benefitting cost object(s). Labor Time Tracking is measuring, recording, and assigning the quantity of man-hours worked (aka the use/consumption of personnel) against the cost object(s) where work was performed. For example, 80 hours worked on a customer order, 5 hours spent in training, or 20 hours worked on a project.

Collecting this quantitative data with respect to benefitting cost objects provides information that can be used to identify such figures as idle capacity, total utilization of personnel, and personnel/manpower requirements for different projects/services/activities, etc. This type of information is used to make informed management decisions such as total manpower requirements, redistribution of workload or personnel based on idle capacity, planning of exercises and missions based on personnel capacities and requirements, etc. Quantitative data can provide extremely useful information across Army operations. Labor Time Tracking is a critical component to accurately measure and manage the efficient usage of personnel.

In addition to the collection of the quantity of hours worked, a computation of cost from man-hours can be performed. To calculate and record cost associated to the number of hours worked, labor rates are calculated. Labor Rates coupled with the quantities of Labor Time Tracking produce cost, which is the monetary value of labor resources consumed. Both Labor Time Tracking and labor cost calculations provide very important insights regarding the efficient use of personnel.

Process Flow

System, Roles, Transactions, Reports

This BPP does not require the use of any systems or roles.

System	Swim Lane	Transaction/ Report	Descriptive Role Name	Technical Role Name
NA				

Previous Activity

Prior to performing Labor Time Tracking:

- The Army has designed a Cost Model to track and assign Labor Time Tracking. Refer to **Cost Models** within the 'Supportive Documents' section.
- Employees have been hired and Human Resource Records have been appropriately created and updated. See the **Maintain Personnel Information BPP** within the 'Supportive Documents' section.
- There are established methods or interfaces for capturing and assigning Labor Time Tracking to benefitting Cost Objects.

Process

Performing Labor Time Tracking consists of multiple sub-processes. The sections below lay out the high level processes required to perform Labor Time Tracking.

Create Cost Objects

Cost Objects are data elements within a Cost Accounting System created to represent projects, activities, tasks, etc. whose work efforts are tracked and measured. Cost Objects are created to accumulate, pool, and measure resource consumption in terms of both quantities and cost. In order to effectively measure Labor Time Tracking, Cost Objects must be created within appropriate Cost Accounting Systems and in accordance with a Cost Model. Labor Time Tracking will assign the quantity of man-hours worked against the Cost Object where work was performed. Creation of Cost Objects is unique to each respective Cost Accounting System.

Resource Rates

A Resource Rate is the calculation of cost per unit of measure for a resource, for example $20 per hour for a resource or $12 per hour for a resource. Specifically for labor, Resource Rates are referred to as Labor Rates.

Labor Rates can be used to derive cost, which is the monetary value of resources consumed. The quantity of Labor Time Tracking can be multiplied by the respective Labor Rate to calculate cost. For example, when 80 hours of utilization of an accountant is recorded, it can be multiplied by the Labor Rate of $20 per hour for an accountant, to produce a cost of $1600. See **RTS.2.0002 (Resource Rates)** for details on how to compute Labor Rates that can be used with Labor Time Tracking to calculate cost.

Setup Labor Time Tracking

Initial setup steps need to occur to ensure and enable the recording of Labor Time Tracking. These setup steps include:

- Employee Human Resource information is appropriately created and updated within all appropriate Labor Time Tracking and Cost Accounting Systems.
- Workflows for approval and certification of Labor Time Tracking hours have been setup. For example, supervisors are routed to receive and approve the Labor Time Tracking for their employees.
- Cost Objects against which Labor Time Tracking will be recorded are accurately populated in Labor Time Tracking Systems.
- Provisioning of Cost Objects to employees within Labor Time Tracking systems has occurred. For example, employees should be provisioned access to the Cost Objects

needed specifically for their work efforts, employees should not have access to record against any and all Cost Objects.

Setup steps required to perform Labor Time Tracking are unique by Labor Time Tracking System.

Record & Certify Labor Time Tracking

Once Cost Objects have been created, Labor Rates have been calculated, and Labor Time Tracking setup steps have occurred, the actual recording of Labor Time Tracking can be performed. Recording Labor Time Tracking includes both the assignment and certification of a person's time with respect to the Cost Object(s) where work was performed. Labor Time Tracking records both productive and non-productive man-hours. Productive hours worked should be assigned to the cost object(s) directly receiving the work, such as cost objects created to represent a product, project, customer, service, etc. Non-productive hours, such as time spent training, attending conferences, or time off, should similarly be assigned to cost object(s) that have been set up to capture these purposes. The recording and certification of Labor Time Tracking is unique by Labor Time Tracking System.

Post in Cost Accounting System

Once Labor Time Tracking has been recorded, the impacts of Labor Time Tracking need to be recorded in a Cost Accounting system. Labor Time Tracking will post both quantities and cost data. (Recall that cost is computed via the use of Labor Rates in conjunction with the quantitative Labor Time Tracking data). The table below lists the Army's Cost Accounting Systems which currently post the impacts of Labor Time Tracking.

Cost Accounting Systems	
GFEBS	General Fund Enterprise Business System (GFEBS) is the system of record for General Funds.
LMP	Logistics Modernization Program (LMP) is the system of record for Army Working Capital Funds.
SOMARDS	Standard Operations and Maintenance Army Research and Development System (SOMARDS) is a legacy accounting system of record.
CEFMS	Corps of Engineers Financial Management System (CEFMS) is the system of record for Military Construction Funds.
GCSS-A	Global Combat Support System-Army (GCSS-A) is the logistics system of record for the Army.

GFEBS-SA	General Fund Enterprise Business System – Sensitive Activities (GFEBS-SA) is a future accounting system of record. SOMARDS will be subsumed by GFEBS-SA in the future.

Labor Error Reprocessing

During the posting of Labor Time Tracking within a Cost Accounting System, errors may be encountered preventing records from successfully posting. When this occurs, errors must be corrected and reprocessed before month end in order to recognize the impacts in the correct financial period. Error reprocessing methods will be unique to the respective Cost Accounting System in which they are occurring.

Internal Control
Cost must be recorded within the period in which it occurred. Errors must be reprocessed and posted before month end.

Labor Verification

The impacts of Labor Time Tracking within a Cost Accounting System are verified to ensure accuracy and completeness of data. Labor verification reports will be unique to the respective Cost Accounting System in which they are occurring.

Prior Period Labor Time Tracking Corrections

While performing labor verification, it is possible that incorrect postings may be identified. For example, records may have posted to an incorrect cost object, or with an incorrect quantity of hours, etc. When identification of an incorrect Labor Time Tracking posting within a Cost Accounting System occurs, the correction of the Labor Time Tacking should occur within the originating Labor Time Tracking System. The employee should be made aware of the error and a prior period correction should be recorded in the originating Time Tracking System. The prior period correction will flow into the Cost Accounting System and make the necessary corrective posting.

Labor Variance Analysis

The utilization of Labor Rates to calculate cost for labor can generate a variance between cost that is assigned to Cost Objects versus cost that should have been assigned to Cost Objects. Analysis of the variance amounts, where the variance should be assigned, and steps to mitigate this variance need to be performed every period. Labor variance analysis ensures costs are accurately captured in the correct period with respect to the correct Cost

Objects. Labor variance analysis and mitigation steps will be unique to the respective Cost Accounting System in which they are occurring.

Internal Control
Cost Accounting requires the identification of cost to the correct period and benefitting cost object(s).

Results/Comments

A high level overview of the Perform Labor Time Tracking Process is understood, and an area has been selected to further drill into the Perform Labor Time Tracking Process.

Next Activity

After performing this business process, proceed to the appropriate BPP that corresponds to the area selected to further drill into the Perform Labor Time Tracking Process.

Document Name	Document Location
Create Cost Objects BPP	TBD
RTS.2.0002 (Resource Rates)	https://cpp.army.mil/webcenter/portal/ACMPortal/ KNOWLEDGE%20CENTER/BPP%20Documents
Setup Labor Time Tracking BPP	TBD
Record & Certify Labor Time Tracking BPP	TBD
Post in Cost Accounting System BPP	TBD
Labor Error Reprocessing BPP	TBD
Labor Verification BPP	TBD
Prior Period Time Tracking Corrections BPP	TBD
Labor Variance Analysis BPP	TBD