



Command Cost Model Document

AMC Tank Automotive Life Cycle Management Command (TACOM)

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(ERP) Command Cost Model
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Table of Contents

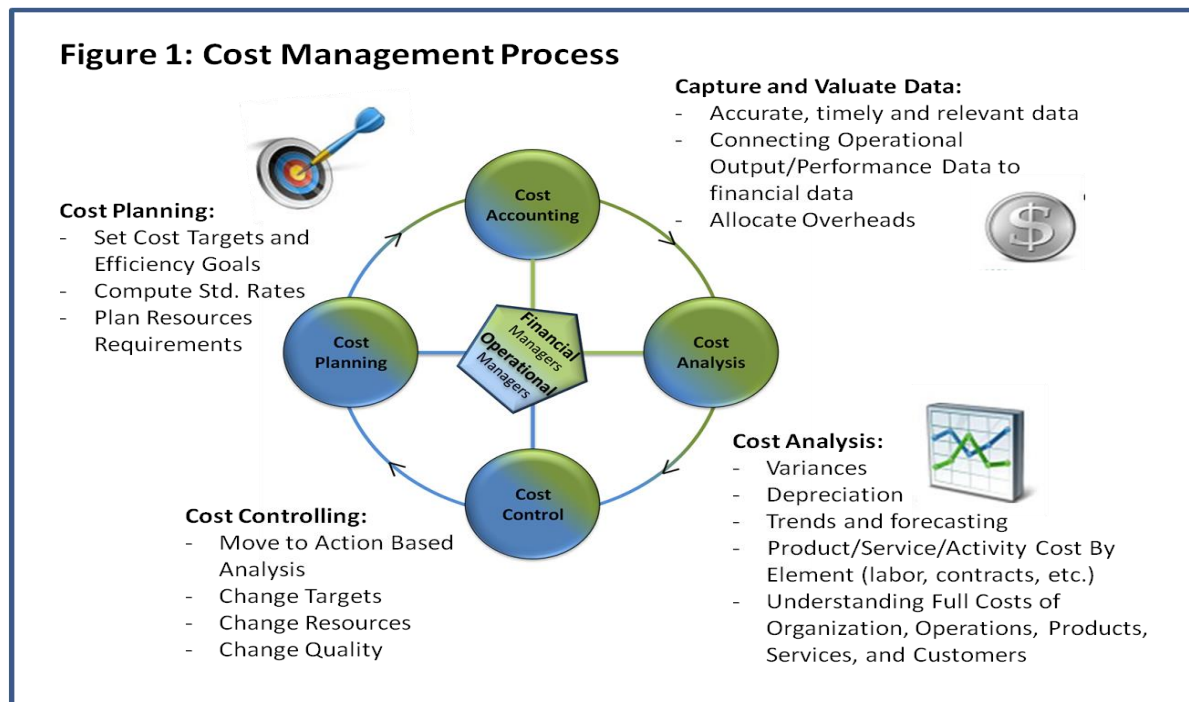
| | |
|--|----|
| Statement of Purpose | 1 |
| Command Overview | 2 |
| Cost Management Objectives..... | 2 |
| Command Master Data..... | 2 |
| Cost Centers | 2 |
| Activity Types | 3 |
| Internal Orders..... | 5 |
| WBS Elements | 5 |
| Statistical Key Figures (Non-Financial Measures) | 6 |
| Cost Elements | 6 |
| Business Processes..... | 6 |
| Real Property | 6 |
| Attributes (Custom Fields) | 6 |
| Planning..... | 9 |
| Capture Actuals..... | 9 |
| Payroll | 9 |
| Labor | 10 |
| Non-Pay/Labor | 10 |
| Depreciation..... | 10 |
| Perform Allocations/Cost Assignments | 10 |
| CM Data Load..... | 10 |
| Reporting..... | 11 |
| Considerations for Cost Model Updates..... | 12 |



Statement of Purpose

The purpose of the *ERP Command Cost Model (CCM)* document (hereinafter the “Cost Model”) is to provide a living document, which contains the necessary information to be utilized as a reference guide to aid in the understanding of how the command’s current Cost Model is represented in the multiple ARMY ERP platforms, such as the General Fund Enterprise Business System (GFEBS), Global Combat Support System (GCSS), and Logistics Modernization Program (LMP) ERPs. Each command’s Cost Model and corresponding utilization of supporting capabilities within the ERP’s has been adapted to meet the requirements of each command and the Army-Wide cost objectives. The Cost Model consists of the defined system master data and supporting transactions necessary to support the Cost Management Process (see Figure 1). Therefore the Cost Model consists of:

- identification of the cost objectives
- definition for the master data elements
- execution of various kinds of planning
- capturing of ‘actuals’
- allocations/cost assignments and corresponding data loads necessary for driver data
- various reporting requirements



The intended audience of this document consists of readers already familiar with the ERP applications and the cost management concepts within the Cost Management Handbook.



Command Overview

This section of the AMC Command Cost Model document covers the portion of the AMC Cost Model associated with the U.S. Army Tank Automotive Command (TACOM) Life Cycle Management Command (LCMC) only.

TACOM provides integrated engineering, logistics and contracting for ground and support systems. TACOM consists of Soldiers, civilians and contractors with the focus on the soldier on the ground working with industry, academia, and other federal agencies. TACOM's activities to develop, acquire, equip and sustain the warfighter enables readiness to meet the emerging global requirements. TACOM strives to be responsive to commanders in the field to support Joint Warfighters and Allies.

Cost Management Objectives

Current Objectives

TACOM's current cost objective is to track the costs of organizations and the work efforts those organizations perform.

Future Objectives

As requirements change within the area of focus, objectives should continually be reviewed to ensure the Cost Model is providing the level of information required to make resource informed decisions and/or provide transparency for external reporting and requirements justifications. TACOM, as a Life Cycle Management command, should consider utilization of other custom fields on the WBS Element such as Weapon System to provide further management information for decision support.

Command Master Data

Cost Centers

Overview

Cost Centers (CCs) represent the organizations (e.g. Company A) listed within the Modification Table of Organization and Equipment (MTOE) or Table of Distribution and Allowances (TDAs)



entities (e.g. TACTICAL VEHICLES PSID). Cost Centers are established to collect and manage costs incurred within an organization for the corresponding capacity output provided (e.g. Labor Hours). Cost Centers align to the UIC-Paragraph structure of the TDAs or the MTOE structured authorized UICs (e.g. Company A). TACOM has TDA related Cost Centers only.

Coding Logic

Currently, TACOM is utilizing 3* series Cost Center numbers for the reflection of the organizations. TACOM will integrate with the Army's Global Combat Support System (GCSS-A) ERP and therefore needs to have Federated 4* series Cost Centers. TACOM Cost Centers will be converted to Federated 4* series Cost Center coding within FY15. To maintain consistency between GFEBs and GCSS-A, Cost Center changes are allowed under specific conditions. Creating a new Cost Center requires a unique combination of the UIC-Paragraph on an approved Force Structure document or a structure Derivative UIC (DUIC) to reflect the MTOE units (e.g. WXXXA0 for Company A).

TACOM maintains two 3* series Cost Centers reflecting Army Depots (ADs), such as Lima Army Depot and Red River Army Depot utilized to capture Real Property costs. These Cost Centers are used solely within GFEBs and will not be integrated with GCSS-A.

Informational Fields

In addition to the Cost Center code, there are many other data elements defined on the Cost Center master data record that are utilized for reporting or interfacing with other systems, such as (but not limited to), Standard Hierarchy, Area of Responsibility, Name 4 and Interface Indicator (utilized if using ATAAPS for time tracking).

Activity Types

Overview

Activity Types, (i.e. Resource Pools) describes the kind of capacity of a specified resource within a Cost Center, typically measured in units of time, hours (HRS) or volume (BTUs), etc. Therefore, Activity Types (AcTypes) are used to assign capacity-related costs to consuming cost objects. Activity Types are used to plan, allocate and control costs. Activity Types are categorized as Labor Related versus Non-Labor Related. The most prevalent category is Labor Related which is structured to reflect the different types of Labor Related Resource Pools such as Civilians, Military, etc. Additionally, Non-Labor Related Activity Types are created as needed to reflect the capacity costs of Machines (e.g. Bulldozer \$/Hour) or Facilities (e.g. \$/Sqft).



Usage & Calculations

TACOM's main capacity is work force, and therefore Labor Related. The transaction for associating the capacity consumed requires a *quantity* and *rate* to exist for the Cost Center and Activity Type. Refer to Table 1: Summary Utilization of Activity Types that lists a summary of Activity Types utilized by TACOM.

- Labor Related Activity Types – the Labor Related Activity Types have been defined for the ARMY as a whole, based on various Pay Plans and Series and encompasses all of the kinds of skills provided by labor resources utilized by TACOM.
 - Civilian – For all Civilian related labor charges, the payroll costs remain on the Cost Center where the Primary expense posting occurs. For entities tracking Civilian Labor to products/services, then Civilian Labor Activity Types are utilized to perform time tracking. TACOM does currently perform Time Tracking for Civilian Labor hours and as such Labor Activity Types are needed to support both the payroll process.
 - Military – Currently, TACOM is not tracking time related to Military labor hours and output worked within GFEBs.
 - Local National – TACOM does not have Local National (LN) Payroll and therefore does not utilize LN Activity Types.
 - Contractor – TACOM currently does not track Contractor labor hours to outputs.
- Non-Labor Related Activity Types – Currently, TACOM does not utilize non-Labor Related Activity Types to assign out cost of capacity.

TABLE 1: SUMMARY UTILIZATION OF ACTIVITY TYPES

| Type | Area | Utilized |
|-----------|-----------------|----------|
| Labor | Civilians | Yes |
| Labor | Military | No |
| Labor | Local Nationals | No |
| Labor | Contractors | No |
| Non-Labor | NA | No |



Internal Orders

Overview

Orders are a type of cost object utilized to capture the cost of an event (e.g. maintenance request, reason for travel) or a repetitive service (e.g. Military Card Processing). There are various kinds of Orders, such as Internal Orders (IOs) and Plant Maintenance Orders (PMOs). Within each kind of Order there are various Order Types which support the segregation of like-kind events.

Command Usage

TACOM utilizes Internal Orders (Order Types ZKOR, ZFIN) within its Cost Model cash collections for the Fish and Wildlife programs at the Anniston and Red River Army Depots. Additionally, Internal Orders are utilized to support the Korean pay Labor Cost Sharing (LCS) process and are defined as Statistical (STAT). STAT IOs cannot be posted to as a single cost collector and require another cost collector on the posting as well such as a Cost Center.

WBS Elements

Overview

Work Breakdown Structure (WBS) Elements are utilized to identify the sub-activities required to perform a Project. Additionally, WBS Elements are utilized to support the reimbursable processes (via the Sales Orders or the Direct Charge processes) for services provided within and external to the Army.

Command Usage

The main cost collector for TACOM is the WBS Element in order to track the transparency, visibility and activity of the efforts being supported. In summary, TACOM uses WBS Elements to:

- Collect any reimbursable costs for services provided
- Provide funding to other entities via the Direct Charge process
- Manage Official Representation Funding (ORF)
- Track costs by Installation Service Reporting (ISR) and legacy point account information for AWCF-related buildings
- Support for Foreign Military Sales (FMS)
- Track costs of Functional Cost Accounts (FCAs), such as F4814 – RESET - ORGANIZATIONAL CLOTHING AND INDIVIDUAL EQUIPMENT (OCIE), F1201 – OPERATION ENDURING FREEDOM (OEF)



Statistical Key Figures (Non-Financial Measures)

Statistical Key Figures (SKFs) represent the non-financial measures a command might want to track to support performance reporting and/or to be utilized to support Allocations. Currently, TACOM does not utilize SKFs to track non-financial measures.

Cost Elements

Primary Cost Elements

Primary Cost Elements track initial expenditures within the system and are defined ARMY-wide. Therefore, nothing specific for the TACOM command has been developed related to Primary Cost Elements.

Secondary Cost Elements

Secondary Cost Elements are utilized to track cost flows from initial expenditure to final cost objects. There have not been any Secondary Cost Elements generated specifically to address TACOM requirements.

Business Processes

Currently the TACOM Cost Model does not use Business Processes to track cross-functional business activities or Activity-based Costing.

Real Property

TACOM does have Real Property and therefore this cost object is present within the TACOM Cost Model. The Army Depots (ADs) are supported within GFEBs for Property Accountability (inventory of real property) and for Property Accounting Calculation (utilization of GFEBs Asset Depreciation calculation processes). The Army Depots (e.g. SIERRA ARMY DEPOT) are managed by TACOM and therefore reflected within the TACOM Cost Model.

Attributes (Custom Fields)

Currently, TACOM uses Custom Fields added to the base SAP master data elements of Cost Centers, Internal Orders and WBS Elements:



- Attribute 1 (ATTR1) field – utilized to capture information related to the Legacy Point accounts for AWCF owned property such as A79V0000 – 408 SNOW, ICE, AND SAND REMOVAL, A7941000 – 501 CENTRAL PLANT OPERATIONS ETC.
- Attribute 2 (ATTR2) field – utilized to track Installation Service Report (ISR) codes for AWCF owned property, such as 420 –AIRFIELDS, PAVED & UNPAVED, or 419 – WASTE WATER SYSTEMS
- Command Defined Field – Starting in FY15, AMC-TACOM has issued policy on utilization of the Command Defined Field in order to provide transparency into the reimbursable customer source of funding. Refer to Table 2: Sample of Command Defined Field Values below for examples. AMC-TACOM General Funds Customer Codes are 5 alphanumeric digits and are representative of organizations only; example, the Fund Center requesting A5XA0 or external entities. Within GFEBS, the Customer Code must be populated on all WBS Elements that execute reimbursable funds and must be entered with the first five characters of the “Command Defined Field” of the execution-level WBS Elements. Additionally, the AMC MSC/LCMC must input the LAST four digits of the supplying Funds Center immediately after the AMC Customer Code.

TABLE 2: SAMPLE OF COMMAND DEFINED FIELD VALUES

| Customer Defined Code | Customer | Description |
|-----------------------|---|---|
| A5XB0 | PEO AMMUNITION | PEO AMMUNITION - INCLUDES ALL FUND CENTERS A5XB* |
| A5XC0 | PEO AVIATION | PEO AVIATION - INCLUDES ALL FUND CENTERS A5XC* |
| D4A00 | AIR FORCE | AIR FORCE |
| D4C00 | DEFENSE ADVANCED RESEARCH PROJECTS AGENCY (DARPA) | DEFENSE ADVANCED RESEARCH PROJECTS AGENCY (DARPA) |
| F5A00 | DEPARTMENT OF AGRICULTURE (USDA) | DEPARTMENT OF AGRICULTURE (USDA) |
| N6A00 | PRIVATE INDUSTRY | PRIVATE INDUSTRY |
| N6B00 | ACADEMIA/UNIVERSITIES | ACADEMIA/UNIVERSITIES |
| A60EE | CASE EXEC | CASE EXEC FUNDS CONTROL |

(Note: Not an all-inclusive list.)

- FMS Work Classification - added to the WBS Element to provide an aggregate classification of work such as direct FMS case work versus administration support versus other kinds of support costs. : Work Classification Codes below provides the completed list of Work Classification codes assigned to FMS case and administration related WBS Elements. See Table 3: Work Classification Codes below.



TABLE 3: WORK CLASSIFICATION CODES

| Work Classification Code | Work Classification Description |
|--------------------------|-----------------------------------|
| ASLS | ASLS |
| CONC | CONTRACTOR COST |
| FMFA | FMF ADMIN |
| FMSA | FMS ADMIN |
| FMSC | CASE |
| NRSC | NON RECURRING SUPPORT COST |
| RGSC | RECURRING GOVERNMENT SUPPORT COST |

- FMS Work Category - added to the WBS Element to provide further visibility into the kinds of costs or reason for FMS case (those codes that are all numeric) or FMS administrative processes (codes starting with a letter). Table 4: Sample Work Category Codes below provides a sample of FMS case and administrative related Work Category Codes.

TABLE 4: SAMPLE WORK CATEGORY CODES

| Work Category | FMS Work Category Description |
|---------------|-------------------------------|
| CF1 | DEVELOP RFI PACKAGES |
| CF2 | CASE DEVELOPMENT |
| CF3 | CASE EXECUTION |
| CF4 | CASE CLOSURE |
| CF5 | BUSINESS SUSTAINING |
| CF6 | FMS ADMIN |

- FMS Work Category Element – added to WBS Elements to provide an even further break down the FMS administration related Work Category Codes into the activities being performed to provide further visibility into the work effort provided. Table 5: Sample Work Category Element Codes below provides a sample list of Work Category Element codes.



TABLE 5: SAMPLE WORK CATEGORY ELEMENT CODES

| Work Category Element | Work Category Element Description |
|------------------------------------|---|
| 0000 | NOT APPLIABLE |
| 2210B | CASE AMENDMENTS |
| 2313C | CASE EXECUTION |
| 2315J | R&R SUPPORT |
| 2522B | 2522B ADMINISTRATIVE SUPPORT |
| 2523B | POLICY & PROCEDURES |
| 09110 | LEAVE TIME (ANNUAL, SICK, HOLIDAY, ADMIN) |
| 09130 | COMMAND ACTIVITIES |
| (Note: Not an all-inclusive list.) | |

Planning

TACOM currently does not utilize any Cost Planning capabilities.

Capture Actuals

Payroll

Civilian Payroll will be disbursed out of the Defense Civilian Payroll System (DCPS) with financial transactions being recorded on a bi-weekly basis. The Budget LOA is defined within the Human Resources (HR) master data record for each employee. One item to note is the Funds Center for the paying Budget LOA is actually determined by the Funds Management business logic (i.e. FMDERIVE – a custom table inside the ERP platforms that associate Cost Management master data with Funds Management master data).

TACOM is responsible to maintain both the Faces-to-Spaces document identifying the association of Activity Types to Cost Centers and the calculations of the Rates. Additionally, TACOM maintains the HR LOA within ERPs and requests updates to the FMDERIVE related business rules necessary for payroll to post against the correct funding. For more information on Faces-to-Spaces see <http://www.opm.gov/oca/10tables/indexGS.asp>.



Labor

TACOM currently tracks Civilian labor hours daily to products/services command wide. Therefore, Secondary Cost Elements, such as 9300.0100 LABOR CHARGE – REG are seen assigning the cost of labor from TACOM-related Cost Centers to Orders and/or WBS Elements.

Non-Pay/Labor

For Non-Pay/Labor costs, the individual initiating the budget execution action needs to indicate the organization and/or event (e.g. Internal Order or WBS Element) receiving the benefit of the non-payroll expense.

Depreciation

TACOM receives depreciation postings for capital equipment tracked within the Property Book Unit Supply Enhanced (PBUSE) system. PBUSE is being subsumed by GCSS-Army as a part of the GCSS-Army Wave 2 rollout FY15 – 17.

In the interim, PBUSE interfaces with GFEBs to provide all transactional data to financially reflect the capital equipment acquisitions, destruction, lost and transferred. GFEBs utilizes the asset transactions in conjunction with depreciation schedules or equipment usage data received from Operating and Support Management Information System (OSMIS) to determine the Usage-Based Depreciation to post as the non-budget relevant cost of the equipment associated to each Organization or Unit (Cost Center).

GFEBs is utilized to calculate the Real Property depreciation values for the Army Depots (ADs) which is then provided to the Logistic Modernization Program (LMP) system utilized to generate the Army Working Capital Fund (AWCF) Financials.

Perform Allocations/Cost Assignments

Various kinds of Allocations/Cost Assignments can be supported within the Cost Model. TACOM currently does not have any recurring cost allocations occurring.

CM Data Load

Currently, TACOM does not have any external systems that need to be imported as cost drivers for allocations.



Reporting

No specific reports are associated for the TACOM command only. Below Table 6: Sample List of Common Cost Management Reports provides a sample list of common Cost Management related reports used for all commands.

TABLE 6: SAMPLE LIST OF COMMON COST MANAGEMENT REPORTS

| GFEBs ECC Reports | | | |
|---------------------|---|---|--|
| Area | Report Name | T-Code/ROLE | Benefit |
| Master Data – CCs | Display Cost Centers (CCs) | KS03 and KS13/ EPS_EC_CM_ECC_DISPLY_RPTR_0000 | Display individual or all Cost Center(s) Master Data within a Group (e.g. use the last 4 digits of the Fund Center to get all Cost Centers associated with the Cost Center Hierarchy of that Fund Center). |
| Master Data – IOs | Display Internal Orders (IOs) | KO03 and KOK3 / EPS_EC_CM_ECC_DISPLY_RPTR_0000 | Display individual or all Internal Order Master Data. |
| Master Data – WBSs | Project Info System: WBS Elements | CN43n | Displays all Projects and WBS Element Master Data. |
| Plan – AcType Rates | Activity Type (AcType) Price Report | KSBT/ EPS_EC_CM_ECC_DISPLY_RPTR_0000 | Displays AcType Rates Associated to a Cost Center. |
| Actuals – CCs | Cost Centers: Actual/Plan/Variance | S-ALR_87013611/ EPS_EC_CM_ECC_DISPLY_RPTR_0000 | Actual \$s for Cost Centers and AcType, SKF Quantities. |
| Actuals – IOs | Orders: Actual/Plan/Variance | S-ALR_87012993/ EPS_EC_CM_ECC_DISPLY_RPTR_0000 | Actual \$s for Internal Orders and SKF Quantities. |
| Actuals – WBS | Display Project Actual Costs Line Items | CJ13 | Cost Line Item Postings to WBS Elements. |
| Actuals – Costs | Display Actual Cost Document | KS05/ EPS_EC_CM_ECC_DISPLY_RPTR_0000 | CO Document Actual Costs for Transactions that have posted. |
| GFEBs BI Reports | | | |
| Area | Report Name | T-Code/ROLE | Benefit |
| Actuals – Costs | Cost by Reports | Cost by Cum Report / Cost Management Reporter. | BI Report displaying costs with various Attributes. |



Considerations for Cost Model Updates

Table 7: Improvements to Command Cost Model lists items for consideration for updating/improving the TACOM Cost Model.

Notional example only – to be built with Command based on priorities

TABLE 7: IMPROVEMENTS TO COMMAND COST MODEL

| Code | Category | Description | Benefit | Timeline |
|------|-----------------------------------|---|---|----------|
| 1 | Master Data | Review Cost Centers for Federation and GFMDI. | Aligns structures to future automated approach for maintenance of Cost Centers. | QX FY15 |
| 2 | Master Data | Review Internal Order ZUFL for Unfunded Leave automatic payroll process. | Ensures Unfunded Leave is tracked appropriately and reported accurately. | QX FY15 |
| 3 | Master Data | Evaluate RESP CC on WBS Elements to support Settlements. | All WBS Elements have to be net zero eventually. Costs are assigned back to a Cost Center for the organization responsible or to follow-on products/services. Allows for deactivation of master data. | QX FY15 |
| 4 | Master Data | Review Real Property associated to Cost Centers. | Ensure Real Property Depreciation reporting is correct for Army. | QX FY15 |
| 5 | Actuals | Eliminate Payroll postings to WBS Elements. | Ensures Manpower reporting is correct. Payroll Accounts should not be used to move Payroll Costs to a WBS Element; only a Secondary Cost Element such as 9300.01VR LABOR VARIANCE should be utilized. | QX FY15 |
| 7 | Actuals | Validate no Depreciable assets. | Ensures compliance for Audit. | QX FY15 |
| 8 | Allocations & Assignments – GFEBS | Generate Overhead Allocations. | Associate centralized and Indirect costs to the benefiting organization or product/service. | QX FY15 |
| 9 | Non-Financial Measures | Determine what Metrics TACOM utilizes for performance and identify if they can be associated within the Cost Model. | Alignment of Output/Measures with costs for efficiency/effectiveness reporting. | QX FY15 |