Command Cost Model Document

U.S. Army FORCES Command (FORSCOM)

The Deputy Assistant Secretary of the Army - Cost & Economics

(DASA-CE)

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Enterprise Resource Planning (ERP) Command Cost Model (CCM) Document – Command Series

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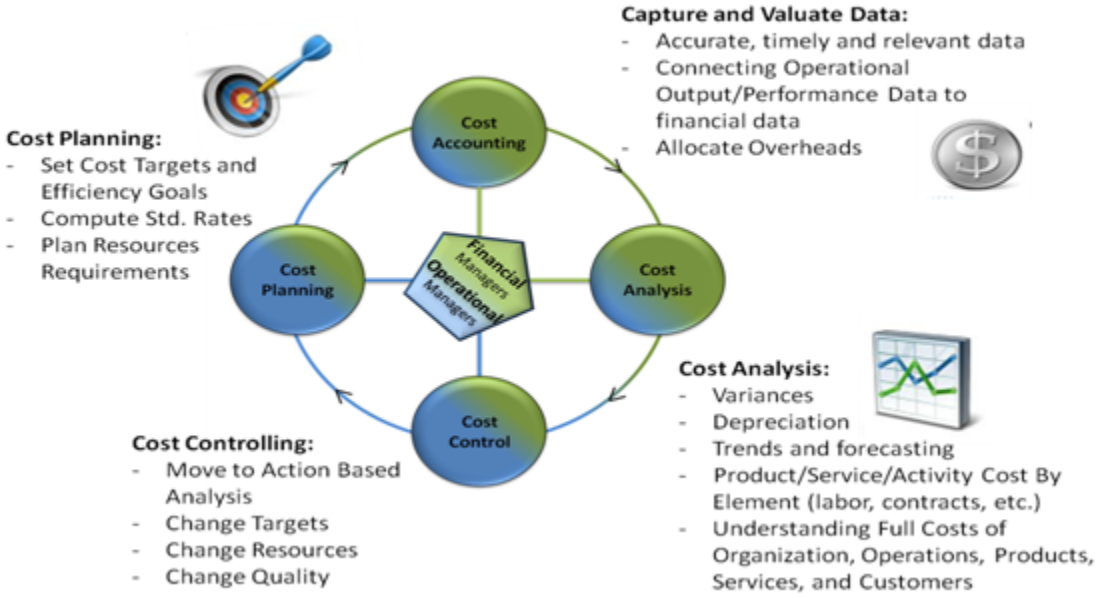
Statement of Purpose

The purpose of the *Command Cost Model (CCM) Document* is to provide a living document which contains the necessary information to be utilized as a reference guide to aid in understanding 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 Army (GCSS-Army) 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 Processes (Figure 1). Therefore the Cost Model consists of:

- Identification of cost objectives
- Definition of master data objects
- Execution of various kinds of planning (cost planning, product output planning, etc.)
- Capture of actual costs
- Perform Allocations / cost assignments, and track non-financial measures
- Various reporting requirements

Figure 1: Cost Management Process



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

Command Overview

The Army Forces Command (FORSCOM) is the largest United States Army command and provider of expeditionary, campaign-capable land forces to combatant commanders. FORSCOM provides Army forces to the joint war fight. FORSCOM prepares U.S. Army conventional forces to provide a sustained flow of trained and ready land power to combatant commanders in defense of the nation at home and abroad.

Managed within FORSCOM is the Air Traffic Services Command (ATSCOM) located at Ft. Rucker. ATSCOM provides Airspace and Air Traffic Services (ATS) support/expertise to Army Warfighters, Major Commands (MACOMs) and installations worldwide; ensures safety of operations, standardization, and Controller/Unit Certification of Army Air Traffic Control (ATC); develops/provides Functional Area support/expertise to meet Army Airspace/ATS Requirements in Joint/Combined Environments and National/International Airspace.

Cost Management Objectives

Current Objectives

The main cost objective for the FORSCOM Cost Model is to associate costs to units. Currently, only direct costs are associated to a Unit regardless of funding source (e.g. depreciation cost for the utilization of the equipment and training ammunition). Given that the units are organizations, and Cost Centers are organizations within the Army ERP landscape, tracking all costs to FORSCOM Cost Centers supports the main cost objective. In addition to tracking to the organizations, tracking to Functional Cost Accounts (FCAs) is also required.

Future Objectives

To achieve the Army-wide objective of capturing full costs of organizations, the unit requires more than just understanding and capturing direct costs. Organizations within FORSCOM need to capture shared (indirect) costs for the Units and should associate the benefit of those shared costs to the consuming unit (e.g. Battalion) at a minimum if a causal linkage can be established. For example, cell phones, strategic support contracts and facility usage can be associated to the units based on number of soldiers or various appropriate cost drivers annually, quarterly or monthly depending on available information. Recently, understanding the Cost of Readiness has become an Army consideration. As items for Readiness are evaluated, commands will need to update their Cost Models to facilitate the information needed.

Command Master Data

Cost Centers

Overview

Cost Centers represent the organizations (e.g. Company A) for FORSCOM or other supporting Table of Distribution and Allowances (TDAs) entities (e.g. HQ Chief of Staff). 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 Unit Identification Code (UIC)-Paragraph structure of the working TDAs or the Modification Table of Organization and Equipment (MTOE) structured authorized UICs (e.g. Company A).

Coding Logic

FORSCOM integrates with the GCSS-Army ERP and therefore has Federated 4* series Cost Centers. This 4* numbering of Cost Centers ensures GCSS-Army and GFEBS Cost Centers are completely synchronized. To maintain consistency between GFEBS and GCSS-Army, Cost Center numbering 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).

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, AoR, Name 4, and Interface Indicator (utilized if using the Automated Time Attendance & Production System (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) or volume (BTUs). Therefore, Activity Types 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 and Military. Additionally, Non-Labor related Activity Types are created as needed to reflect the capacity costs of Machines (e.g. Bulldozer $/Hour) or Facilities ($/Sqft.)

Usage & Calculations

FORSCOM main capacity is work force and therefore labor hours. The transactions for associating the capacity consumed require a quantity and a standard rate to exist for the Cost Center and Activity Type. Table 1 lists a summary of Activity Type utilized by FORSCOM.

- Labor Related Activity Types – the Labor related Activity Types have been defined for the ARMY as a whole and not specific to any one command. Activity Types are based on Pay Plans and Job Series and encompass all of the kinds of skills provided by labor resources utilized by FORSCOM.
    - 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. FORSCOM does not currently perform Time Tracking for Civilian labor hours and as such Labor Activity Types are needed only to support the payroll process.
    - Military – Currently, FORSCOM is not tracking time related to Military labor hours and output worked within GFEBS. As part of the GCSS-Army deployment, it will be necessary to identify those military personnel who will be completing time on maintenance orders in GCSS-Army. Thus, prior to the GCSS-Army Wave 2 deployment FY15, it will be necessary to obtain a list of all Authorized Military for the UIC's and create an Activity Type Rate for Each combination of Military Rank (e.g. Activity Type E4, E5, O6) to unit Cost Center in order to support maintenance activities within GCSS-Army. MIL Activity Types are also supported within the FY15 MilPay Payroll interface into GFEBS.
    - Local National – FORSCOM does have Local Nationals that utilize the special Local National specific Activity Types. See Payroll section for further information on LN Payroll.
    - Contractor – FORSCOM currently does not track contractor Labor Hours to outputs.

- Non-Labor Activity Types – Currently FORSCOM does not utilize non-Labor Activity Types to assign out cost of capacity.

Table 1: Summary Utilization of Activity Types

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

Internal Orders

Overview

FORSCOM utilizes Internal Orders (Order Types ZFC1) within its Cost Model to track the cost of various events, such as:

- Purpose of travel (e.g. Emergency Leave, National Visits, School TDY and Return, etc.)
- Full cost of a specific event (e.g. "3RD ID REUNION" to supplies, travel, etc.)
- FCA reporting (e.g. F1201 ENDURING FREEDOM)
- Italian and German Payroll Default Lines of Accounting
- DFAC Meals Collections (e.g. Kaiserslautern-Kleber, VILSECK-Stryker Inn)
- ATSCOM Inventory

Many of the FORSCOM IOs are defined as Statistical (STAT). STAT IOs can only be utilized in conjunction with another cost object such as a Cost Center. STAT IOs are utilized to provide a view by reason for travel or FCA code while the real posting consumes budget against the Cost Center. Organizations utilizing Spend Plan capabilities of GFEBS desired to have the ability to push their Spend Plans below Fund Centers to Cost Center groups (e.g. BCT) and STAT IOs supported both the Spend Plan lower level view and reporting by event (e.g. FCA.) 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 or a WBS Elements.

One IO (i.e. 50000700 – ATSCOM Inventory) is utilized to manage the costs recuperation process for a Ft. Rucker FORSCOM activity relating to maintaining and repairing Air Traffic Equipment Parts.

WBS Elements

The main cost collector, in addition to the Cost Center, for FORSCOM is the WBS Element. WBS Elements are utilized to track the transparency, visibility, and activity of the efforts being supported. In summary, FORSCOM uses WBS Elements to:

- Collect any reimbursable related costs, which is rare for a FORSCOM entity; however does occur (e.g. ROTATION NTC 14-03 JAPANESE EXPENSE or FMS CASE NE-B)
- Track costs of FCAs – when providing a Direct Charge for support. Almost all FCA reporting for FORSCOM is handled via IOs.
- Provide funding to other entities via the Direct Charge process such as Overtime needed for extra range activities (e.g. 3/1AD - (904) - Range OT (2-5 IN BN))

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 FORSCOM does not utilize SKFs to track non-Financial measure, outside of the ARMY-wide SKFs defined to support interfaces such as WARS and GCSS-Army. Examples of kinds of AMMO related SKFs are listed in the table 2 below:

Table 2: Sample SKFs Utilized

Statistical Key Figure	Unit	Description
WSKV	EA	FA AMMO SPT VEH (FAASV), G801, XM922
WSP4	EA	HVY EXP MOBIL AMMO TLR (HEMAT) M989, M98
WSY1	EA	OTHER ARTILL AMMO NOT SPECIFIC LISTED AB
WSY6	EA	COMPO FOR CONVENTION AMMO MAINT & RENOVA
WSYV	EA	OTHER TANK & ARMORED VEHGUN AMMO

Cost Elements

Primary Cost Elements

Primary Cost Elements track initial expenditures within the system and are defined for ARMY-wide. Therefore nothing specific for the FORSCOM 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. Secondary Cost Elements were generated specifically to be used for internal billing (cost recuperation) for a special FORSCOM activity performed at Ft. Rucker (A76SS) by the Air Traffic Services Command (ATSCOM) related to Aviation Traffic Equipment Repair (e.g. 9100.C001 for INVENTORY PART COSTS.) See Perform Allocations/Cost Assignments section below for more details.

Business Processes

Currently the FORSCOM Cost Model does not use Business Processes to track cross-functional business activities.

Attributes (Custom Fields)

Several custom fields have been added to the various master data elements. Although these custom fields are not cost objects themselves, the field brings an additional cost view of information. Most of the custom fields are specific to a single master data element such as the Capability or Country added to the WBS Element. Several Custom Fields however have been added across the core cost object of Cost Center, Internal Order, and WBS Element to allow for a single view regardless of which cost object is utilized, e.g. FCA.

FORSCOM utilizes the following custom fields:

- FCA – tracking FCA codes issued for tracking of Hurricanes and other events.
- Are of Responsibility (AoR) –to support Budget Analysts with the ability to run Status of Funds and Cost By reports for their areas such as by BCT 1 versus BCT 2. Since a Fund Center is at the Mission Support Element (MSE) level for much of FORSCOM (some areas have moved to a level 4 Fund Center which is by BCT); to obtain reports by BCT the AoR is utilized to group cost objects (Cost Centers, Internal Orders, and projects) together.

Planning

FORSCOM 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).

FORSCOM 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, USAREUR 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

Military Payroll currently comprises a portion of FORSCOM's overall cost of operations. Currently the MILPAY appropriation is not being recorded in GFEBS but is scheduled for FY15.

FORSCOM does not has Local National Payroll.

Labor

FORSCOM currently does not track labor command wide. With GCSS-Army Wave2, maintenance labor for maintenance of a unit's equipment will be captured and tracked by both the providing Unit of the maintenance activity and the benefiting Unit. Therefore the Cost by Maintenance Order, Cost by Performing Maintenance Unit, Cost by Equipment, and Cost by Unit Owning the Equipment will all be supported within GCSS-Army.

FORSCOM receives the benefit of Labor charges associated to an activity performed against Direct Charge related WBS Elements. Therefore FORSCOM entities should understand the Secondary Cost Elements related to Labor Activity Types to understand the charges they receive from other supporting organizations (e.g. PEO C3T Project Manager Mission Command providing Defense Readiness Reporting System (DRRS-A) Training.)

Non-Pay/Labor

Costs not related to payroll or labor tracking are also captured within the cost model. These costs require the individual initiating the action to indicate the organization or event (e.g. IO or WBS Element) receiving the benefit of the expense. For example, Purchase Requisitions (PRs)/Purchase Orders (POs) generated to reflect a contract or a Defense Travel System (DTS) travel order are created and cited against the cost object those costs are supporting.

Depreciation

FORCOM receives depreciation postings for capitalized 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 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.)

Perform Allocations/Cost Assignments

Various kinds of Allocations/Assignments can be supported within the Cost Model. The FORSCOM ATSCOM entity at Ft. Rucker performs the service of repairing Air Traffic Parts and utilizes a secondary cost element to recuperate the Costs of the Inventory Part to other Army Commands (e.g. A57VV TRADOC AVIATION.)

CM Data Load

Currently, FORSCOM Cost Centers receive a non-budget relevant Training Ammo cost generated via the Worldwide Ammunition Reporting System (WARS) interface. The WARS interface is utilized to associate costs of training ammunition to the units in order to more accurately report the total cost of a Unit. The interface runs on a monthly basis for the data from the prior month. Information provided via the interface relates to:

- DODAAC – Department of Defense Activity Address Codes – will indicate the ASP (Ammunition Supply Points) issuing the ammo.
- DODIC – Department of Defense Identification Codes – will indicate the type of ammo issued.

- Quantity – will indicate how much of a particular type of ammo has been moved between an ASP and a unit.
- Price – will indicate the latest acquisition cost for each unit of a particular type of ammo.
- WARS Transaction Code – is a 3-digit code which will indicate whether the ammo was issued to the unit or returned to the ASP.

Reporting

No specific reports are associated for the FORSCOM command only. The following reports are of use for all commands:

Table 3: Sample List of Common Cost Management Reports

GFEBS ECC Reports			
Area	**Report Name**	**T-Code/ROLE**	**Benefit**
Master Data - CCs	Display Cost Center(s)	KS03 and KS13/ EPS_EC_CM_ECC_DISPLY_RPTR_0000	Display individual or all Cost Centers Master Data within a Group (e.g. use the last 4 of the Fund Center to get all Cost Centers associated with the Cost Center Hierarchy of that Fund Center.)
Master Data - IOs	Display Internal Order(s)	KO03 and KOK3 / EPS_EC_CM_ECC_DISPLY_RPTR_0000	Display individual or all Internal Order Master Data
Master Data - WBS s	Project Info System: WBS Elements	CN43n	Displays all Project s and WBS Element Master Data
Plan – AcType Rates	Activity Type 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	CJI3	Cost Line Item Postings to WBS Elements
Actuals – Costs	Display Actual Cost Document	KSB5/ 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 4 list items for consideration for updating/improving the USARCENT Cost Model:

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

Table 4: Improvements to Command Cost Model

Code	Category	Description	Benefit	Timeline
1	Master Data	Review WBS Element descriptions for personal information	Ensures compliance with PII rules	Q1 FY15
2	Master Data	Evaluate the utilization of WBS Elements capturing OPTEMPO, Training Exercises	Full costs associated to the Cost of Readiness – specifically Training for Readiness	QX FY15
3	Master Data	Evaluate RESP CC on WBS Elements to support Settlements	Full costs associated to work orders and then to products/services associated to WBS Element are moved back to the Unit to support the Full Cost by Unit	QX FY15
4	Master Data	Review Cost Centers for Federation and GFMDI	Aligns structures to future automated approach for maintenance of Cost Centers	Q4 FY15
5	Master Data	Review Utilization of IOs/STAT IOs	Ensures Spend Planning is support and capturing additional information such as FCA reporting	QX FY15
6	Master Data	Review IO utilization for ATSCOM Process	Ensures are tracking for reporting for recuperating the cost of Air Traffic Equipment Maintenance	QX FY15
7	Assignments & Allocations - GFEBS	Generate BCT Overhead Allocations	Associate centralized and Indirect costs to the benefiting BCTs to support Cost of BCT reporting	QX FY15