Command Cost Model Document

U.S. Army Joint IED Defeat Organization (JIEDDO)

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

Reference No. » CCM—OA5U

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Statement of Purpose

The purpose of the *ERP Command Cost Model (CCM)* document (hereinafter the "Cost Model") is to provide a <u>living document</u>, 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

Figure 1: Cost Management Process
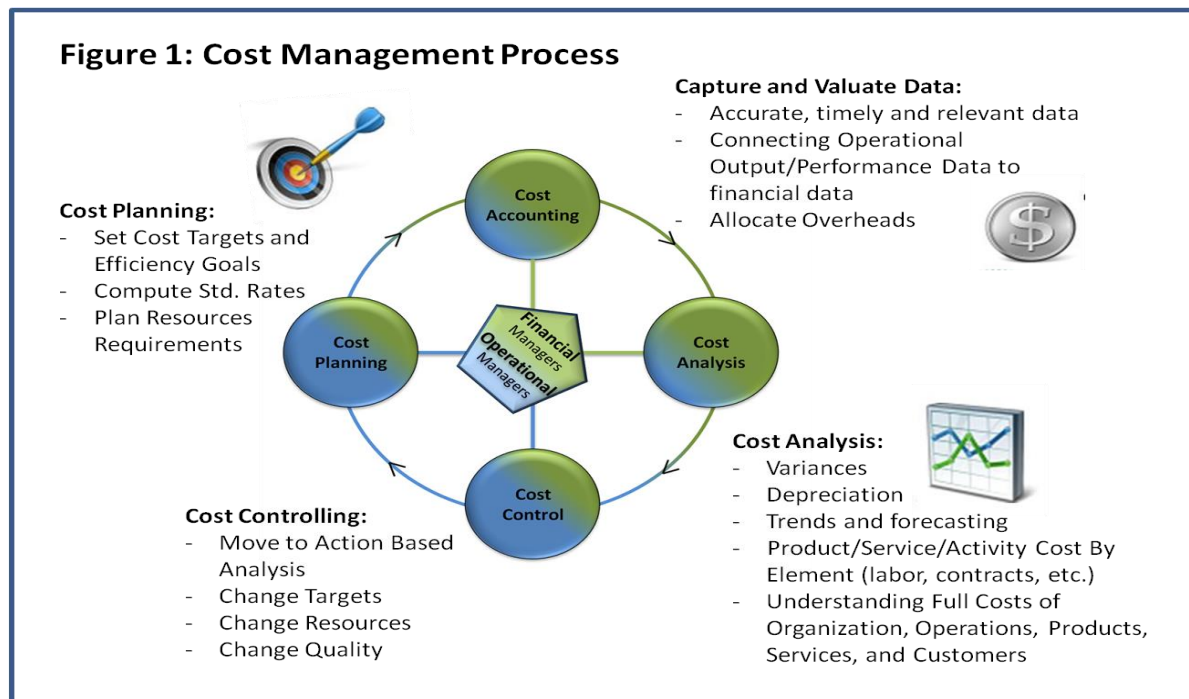
The intended audience of this document consists of readers already familiar with the ERP applications and the cost management concepts within the Cost Management Handbook.

Command Overview

U.S. Army Joint Improvised Explosive Device Defeat Organization (JIEDDO), has responsibility for providing counter Improvised Explosive Device (IED) capabilities to defeat using IED's as a weapon. JIEDDO focuses on several areas of operations to fulfil their mission which consists of attacking the network, defeating the device through acquiring counter-IED technologies, and leveraging expertise for IED-specific force training.   Counter-IED technologies look to identify IEDs and those operating before detonation and then neutralizing to deny the ability to trigger the IED. JEIDDO is a joint operation utilizing a rapid-path acquisition process allowing for deployment of requirements capabilities in a third of the time of a standard acquisition life-cycle.   Institutionalization of tactics, techniques, and procedures supports generating combat-proven counter-IED training provided by the JEIDDO Centers of Excellence (JCOEs).

Cost Management Objectives

Current Objectives

JIEDDO's current cost objective is to track the costs of organizations and the work efforts those organizations perform to support various programs.

Future Objectives

As requirements change within the areas 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.

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. JIEDDO CENTER). 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). JIEDDO has TDA related Cost Centers only.

Coding Logic

Currently, JIEDDO is utilizing 3* series Cost Center numbers for the reflection of the organizations. JIEDDO will integrate with the Army's Global Combat Support System (GCSS-A) ERP and therefore needs to have Federated 4* series Cost Centers. JIEDDO 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).

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

JIEDDO'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 JIEDDO.

- 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 JIEDDO.

- o 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. JIEDDO does not currently perform Time Tracking for Civilian labor hours and as such Labor Activity Types are needed only to support the payroll process.

  - o Military – Currently, JIEDDO is not tracking time related to Military labor hours and output worked within GFEBS.

  - o Local National – JIEDDO does not have Local National (LN) Payroll and therefore does not utilize LN Activity Types.

  - o Contractor – JIEDDO currently does not track Contractor labor hours to outputs.

- Non-Labor Related Activity Types – Currently, JIEDDO 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

JIEDDO does not utilize Internal Orders within its Cost Model except for the automatic usage of Order Type ZUFL for support of the Payroll Interface for UNFUNDED LEAVE.

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 JIEDDO is the WBS Element in order to track the transparency, visibility and activity of the efforts being supported. In summary, JIEDDO uses WBS Elements to:

- Collect any reimbursable costs for services provided
- Manage Official Representation Funding (ORF)
- Provide funding to other entities via the Direct Charge process
- Track costs of Functional Cost Accounts (FCAs), such as F9953 – NATIONAL TRAINING CENTER - FT IRWIN, CA
- Capture the costs of individual projects/requirements tracked via external project codes

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, JIEDDO 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 JIEDDO 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 JIEDDO requirements.

Business Processes

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

Real Property

JIEDDO does not have Real Property and therefore this cost object is not present within the JIEDDO Cost Model.

Attributes (Custom Fields)

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

- Area of Responsibility – represents organizational areas such as Contracting, Command Group, Special Projects, etc.

- Attribute 4 (ATTR4) field – is utilized to track an external project code to support the alignment of requirements through to execution for the Planning, Programming, Budget & Execution (PPB&E) process.

- Functional Cost Account – tracking FCA codes issued for tracking of Hurricanes and deployment related events if required to support.

Planning

JIEDDO currently utilizes the cProjects Cost Planning capabilities. cProjects is functionality to support collaborative Project planning and development. Capabilities within GFEBS are intended to support the preliminary identification of Projects and planning information as needed such as prioritization, costs, resources required, etc. cProjects is available to plan projects, track progress, and capture costs associated with JEIDDO's mission. The "Ad Hoc cost estimate" function in cProjects allows for the creation and editing of a cost estimate from within cProjects. The cost estimate is visible in cProjects on the Cost Accounting tab and in the "Dashboard" within the "Planned Costs" column. Once a preliminary Project within cProjects is ready to be executed, it can then generate an actual Project to be executed against and additional information established (e.g. lower level WBS Elements, budget line of accounting.)

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).

JIEDDO 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, JIEDDO 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

JIEDDO does not track Civilian Labor to products/services command wide. Therefore, Secondary Cost Elements, such as 9300.0100 – 'LABOR CHARGE-REG' are not currently used to assign the cost of labor from JIEDDO-related Cost Centers to Orders and/or WBS Elements.

In the future, JIEDDO might receive the benefit of Labor charges associated to an activity performed against Direct Charge-related WBS elements. Therefore, JIEDDO entities should understand Secondary Cost Elements related to Labor Activity Types to become familiar with these charges if/when they are received from other supporting organizations.

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

JIEDDO 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).

Perform Allocations/Cost Assignments

Various kinds of Cost Allocations/Assignments can be supported within the Cost Model. JEIDDO currently utilizes allocation-related cost element 9100.0100 - LABOR ALLOC – BR within an Assessment Cycle to take payroll costs from Cost Centers to WBS Elements reflecting project requirements related to JEIDDO's missions. The Assessment Cycle is created each year with the identified WBS Elements necessary to move all the payroll which originally posted directly to the Cost Centers. The JEIDDO Assessment Cycle is a part of the Month-End close process.

CM Data Load

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

Reporting

No specific reports are associated for the JIEDDO command only. Below Table 2: Sample List of Common Cost Management Reports provides a sample list of common Cost Management related reports used for all commands.

TABLE 2: 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	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 3: Improvements to Command Cost Model lists items for consideration for updating/improving the JIEDDO Cost Model.

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

TABLE 3: 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	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
5	Allocations & Assignments – GFEBS	Generate Overhead Allocations.	Associate centralized and Indirect costs to the benefiting organization, work effort or product/service.	QX FY15
6	Non-Financial Measures	Determine what Metrics JIEDDO 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