



Command Cost Model Document

U.S. Army Acquisition Support Center (USAARC)

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(ERP) Command Cost Model
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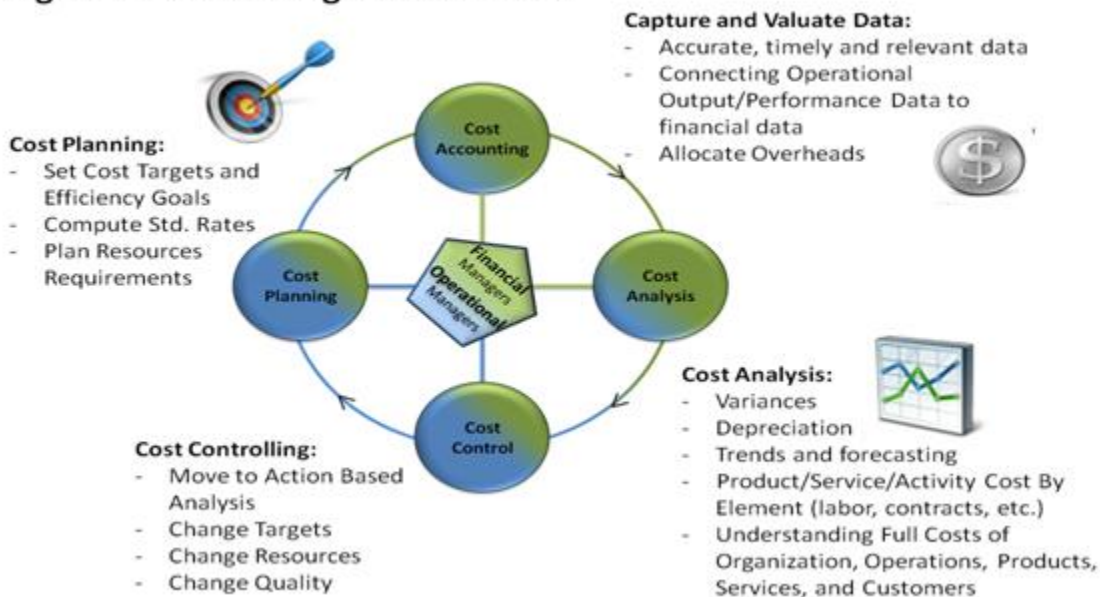


Statement of Purpose

The purpose of the *ERP Command Cost Model (CCM)* document (hereinafter the “Cost Model”) is to provide a 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

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

The U.S. Army Acquisition Support Center (USAASC) provides the Army acquisition workforce professionals necessary to equip the Army and support Army warfighter readiness. USAASC's core functions and competencies include the following ¹:

- Institutional management of the Army Acquisition Corps (AAC) and the Army Acquisition Workforce including career management and workforce development.
- Customer service and support to the Program Executive Offices (PEO) in the areas of human resources, resource management (manpower and budget), program structure, and acquisition information management.
- Subject matter expertise and analytical support regarding acquisition issues and initiatives to the Assistant Secretary of the Army (Acquisition, Logistics and Technology) and various DoD elements.
- Communicate USAASC's vision and mission within the acquisition community and the U.S. Army.

Cost Management Objectives

Current Objectives

USAASC's cost management objective is to provide visibility to the support provided by PEO and Program Management (PM) and/or Product Direct (PD).

Future Objectives

There are two overarching Army cost objectives; Life Cycle costing of a Unit and Life Cycle costing of a Weapon System. Many of the USAASC activities and corresponding costs can be directly associated to a Weapon System. Utilizing several of the custom fields developed specifically for tracking Weapon System and program management costs (see Attributes section below) will help the Army achieve better visibility into the cost for equipping the Army and meeting readiness objectives.



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. PEO AVIATION). 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). USAASC has TDA related Cost Centers only.

Coding Logic

When GFEBS was first established there was a quasi-smart coded numbering logic to the Cost Centers reflecting the Fund Center that pays for those entities and then no logic afterwards, just a number to reflect the different branches, directorates etc. (e.g. 5XIV0001 – 5XIV0006). A portion of USAASC converted to GFEBS during this time frame, and therefore the Cost Center coding was smart-coded. As GFEBS matured, multiple issues were identified with this approach requiring a shift to a non-smart coded nomenclature thereby removing the Fund Center identification within the Cost Center numbering for other commands. Cost Centers for non-Tactical entities were generated utilizing a 3* series and the initial USAASC organizations loaded with smart-coded were switched over to 3* and all additional USAASC organizations added with each GFEBS deployment utilize 3* series as well.

USASC now functions within the Army's Global Combat Support System-Army (GCSS-A) ERP as well, which replaces many legacy logistical systems such as the Property Book and Unit Supply Enhanced (PBUSE) system. GCSS-A technically requires Federated 4* series Cost Centers. Therefore, USAASC Cost Centers are being federated in alignment with the GCSS-A Fielding schedule to support USAASC property management and supply requisitioning activities. All USAASC organizations will receive a new 4* series Cost Center code within FY15 to replace the current 3* Series identifiers. 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 (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

USAASC's main capacity is work force, and therefore Labor Related. The transactions for associating the capacity consumed requires a *quantity* and *rate*, to exist for the Cost Center and Activity Type. Table 1 below lists a summary of Activity Types utilized by USAASC.

- 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 USAASC.
 - 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. USAASC does currently perform Time Tracking for Civilian labor hours.
 - Military – Currently, USAASC is not tracking time related to Military labor hours and output worked within GFEBS. However, MIL Activity types are supported within the MilPay Payroll interface.
 - Local National – USAASC does not have LN Payroll and therefore no LN Activity Types are utilized.
 - Contractor – USAASC currently does not track Contractor labor hours to outputs. Contract costs are tracked to outputs but not by Contractor Activity Types.
- Non-Labor Activity Types – Currently USAASC 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

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

USAASC utilizes Internal Orders (Order Type ZASP). USAASC has very few Internal Orders utilized within its Cost Model, such as tracking Tuition for FA 51 – QUALIFICATION COURSES versus ACQUISITION CORP LONG TERM TRAINING, or Travel for MTSA versus DAU STUDENT TRAVEL.

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 USAASC is the WBS Element in order to track the transparency, visibility, and activity of the efforts being supported. There is little conformity across USAASC for how WBS Elements are defined and tracked. Each PEO, PM, PD determines how to structure their WBS Elements with little consistency between entities. In summary, USAASC 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 of Functional Cost Accounts (e.g. F4804 - INDIVIDUAL BODY ARMOR)
- Address various within PEO, PM, PD events and cost visibility requirements

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 USAASC 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 USAASC 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 USAASC requirements.



Business Processes

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

Real Property

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

Attributes (Custom Fields)

Currently, USAASC is only using the Custom Field added to the base SAP master data elements of Cost Centers, Internal Orders and WBS Elements to track FCA codes issued for tracking of specific events or purposes. However, there are several other Custom Fields added to the WBS Element that USAASC should consider utilizing such as:

- Acquisition Category (ACAT) field provided to track the categorization of the program (e.g. ACAT I, ACAT II, ACAT ID etc.), which is an indication of the size of a program and therefore corresponding Acquisition management requirements.
- Major Defense Acquisition Program (MDAP) field utilized to capture the phase within the Acquisition Process, such as Material Solution (MSA), Technology Development (TD), Engineering & Manufacturing Development (E&MD), etc.
- Weapon System field added to track costs by a specific Weapon Systems or kind of Weapon System such as Blackhawk Helicopter UH-60 (BE), Chinook Helicopter CH-47 (BK), and Light Utility Helicopter (BR).

Planning

USAASC 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).

USAASC 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, USAASC 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 USAASC's overall cost of operations. Currently, the MILPAY appropriation is not being recorded in GFEBS but is scheduled for FY15.

Labor

USAASC currently does track civilian labor to products/services command wide. Therefore, Secondary Cost Elements, such as 9300.0100 Labor Charge are seen assigning the cost of labor from USAASC-related Cost Centers to Orders and/or WBS Elements.

USAASC additionally receives the benefit of Labor charges associated to an activity performed against Direct Charge-related WBS elements in the future. Therefore, USAASC entities should understand the Secondary Cost Elements related to Labor Activity Types to understand the charges, when 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

USAASC 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. USAASC currently does not have any recurring cost allocations occurring.

CM Data Load

There are several Army-wide systems interfacing cost management data such as GCSS-A for tactical equipment utilization or the Worldwide Ammunition Reporting System (WARS) interface to provide the cost of training ammo for a unit. Currently, USAASC does not have any external systems that need to be imported as cost drivers for Allocations.



Reporting

No specific reports are associated for the USAASC command only. Table 2 below 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_DISPLAY_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_DISPLAY_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_DISPLAY_RPTR_0000	Displays AcType Rates Associated to a Cost Center.
Actuals – CCs	Cost Centers: Actual/Plan/Variance	S-ALR_87013611/ EPS_EC_CM_ECC_DISPLAY_RPTR_0000	Actual \$s for Cost Centers and AcType, SKF Quantities.
Actuals – IOs	Orders: Actual/Plan/Variance	S-ALR_87012993/ EPS_EC_CM_ECC_DISPLAY_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	KSB5/ EPS_EC_CM_ECC_DISPLAY_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 below lists items for consideration for updating/improving the USAASC 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	Consider utilizing Weapon System and Acquisition related fields.	Allows for automatically reporting by Weapon System and Acquisition information.	QX FY15
2	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
3	Master Data	Review Cost Centers for Federation and GFMDI and ensure all Cost Centers have manpower/payroll postings.	Aligns structures to future automated approach for maintenance of Cost Centers.	QX FY15
4	Master Data	Review WBS Elements for PII information related to Pay transfers.	Ensure compliance with PII requirements.	QX FY15
5	Allocations & Assignments – GFEBS	Generate Overhead Allocations.	Associate centralized and Indirect costs to the benefiting Weapon System.	QX FY15
6	Non-Financial Measures	Determine what Metrics USAASC 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

Endnote

¹ <http://asc.army.mil/web/organization/>