



# Command Cost Model Document

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## U.S. Army Africa (USARAF)

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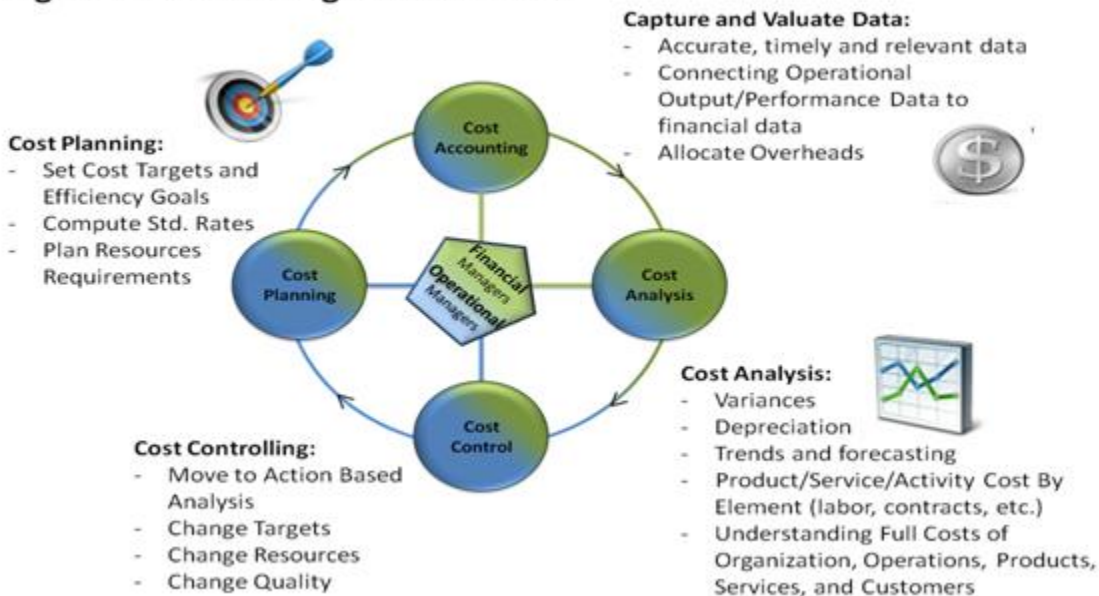


## Statement of Purpose

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 (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 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 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

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The U.S. Army Africa (USARAF) command is the Army subcommand of the USARAF Combatant Command. USARAF protects and defends the national security interests of the United States and strengthens African Land Forces and regional organizations. USARAF conducts sustained security engagements and military operations in order to deter and defeat Violent Extremist Organizations (VEO) to promote security, stability, and peace within Africa. USARAF's security engagements and military operations are predominately direct funded.

## Cost Management Objectives

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### Current Objectives

The main cost objective for the USARAF 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 USARAF Cost Centers supports the main cost objective. In addition to tracking to the organizations, tracking to Functional Cost Accounts (FCAs) is also required. The USARAF Cost Model also includes the reflection of training events that are Commander's Exercise Engagement and Training Transformation (CE2T2) related as WBS Elements to capture the cost per exercise. Additionally, USARAF tracks the costs of facilities maintenance/construction for the funding they provide to Installation Management Command (IMCOM) for installation support.

### 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 USARAF 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

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### Cost Centers

#### Overview

Cost Centers represent the organizations (e.g. Company A) for USARAF or other supporting Table of Distribution and Allowances (TDAs) entities (e.g. INSPECTOR). 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).

USARAF as the Army subcommand to a Combatant Command has a split Organizational structure in that two UICs are utilized to reflect the organizational structure (i.e. WJHEAA and WJHE99) to allow for the ability for the entity to split structures should it need to forward deploy. This results in duplicate structures for the same organization. For example UIC WJHE99-Para 201 and UIC WJHEAA-Para 201 are both for INSPECTOR organization. The two UIC-PARA combinations result in two Cost Centers being created for the reflection of the INSPECTOR organization. The Cost Center Hierarchy is utilized to group the duplicate organizational structures into one group to reflect IG related activities for reporting.

#### Coding Logic

USARAF 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. WXXXXA0 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 (AoR), Name 4, and Interface Indicator (utilized if using 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

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

- 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 USARAF.
  - 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. USARAF 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, USARAF 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 – USARAF does have Italian Local Nationals however Italian labor resources are treated as Direct and therefore utilize the same Activity Types as Civilians above and not the special Local National specific Activity types for Germany, Belgium, etc. See Payroll section for further information on LN Payroll.
- Contractor – USARAF currently does not track contractor Labor Hours to outputs.
- Non-Labor Activity Types – Currently USARAF 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

USARAF utilizes Internal Orders (Order Type Z020) within its Cost Model to track the cost of various events, such as:

- Purpose of travel (e.g. Emergency, PCS, Senior Leader, etc.)
- Official Representation Funding (ORF)

Many of these Internal Orders (IOs) roll over from year to year. Some are created each year such as the default Line of Accounting (LOA) required for Local National Payroll processes.

## WBS Elements

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



- Collect any reimbursable costs for services provided – USARAF currently does not have any identified REIMB related WBS Elements, however if they were to accept reimbursable work then REIMB related WBS Elements would be utilized.
- Provide funding to other entities via the Direct Charge process – for example USARAF provides Direct Charges for IMCOM support related to maintenance activities and as such project types of M. for Maintenance and C. for Construction related WBS Elements normally seen only within IMCOM organizational entities are tracked directly by USARAF.
- Track costs of CE2T2 training exercises – the different 7097.01 CE2T2 related exercise are required to be listed in the Attribute 1 field (e.g. EX4AN – AFRICAN LION) for the year the exercise is performed (e.g. 4 represents the FY14 portion of the exercise). As such WBS Elements are to be created each year (i.e. not rolled over) to ensure that a distinct WBS Element exist for the year of execution for the exercise.
- Track costs of FCAs – a portion of the effort supported by USARAF is related to FCA activities such as Horn of Africa (e.g. F1203)

## **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 USARAF does not utilize SKFs to track non-Financial measure. For a CE2T2 exercise, the number of countries or soldiers involved would be examples of SKFs.

## **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 USARAF 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 USARAF requirements.





## Business Processes

Currently the USARAF 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.

USARAF utilizes the following custom fields:

- Attribute 1 – Exercise codes to be tracked for CE2T2 Funding.
- FCA – tracking FCA codes issued for tracking of Hurricanes and other events.

## Planning

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USARAF currently does not utilize any Cost Planning capabilities.

## Capture Actuals

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## 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).

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

USARAF receives payroll from the Italian Payroll system identified within GFEBS reports as ILNPS. The Italian payroll is treated as Direct and therefore posts against the standard payroll accounts of 6100.1100 - 6100.12ZZ (similar to DCPS) versus foreign national pay accounts of 6100.2800 – 6100.28ZZ. Local Nationals do not reside in the GFEBS HR PERNO master record but within the Italian Pay systems. There is a Faces-to-Space document utilized for identification of the employee to their Cost Center and Activity Type which is provided to the Italian Payroll systems in order for the payroll interface to post the Italian payroll to the correct Cost Center/Activity Type.

## **Labor**

USARAF currently does not track labor to products/services command wide. Therefore secondary cost elements such as 9300.0100 for 'LABOR CHARGE – REG' are not used to assign the cost of labor from USAREUR related Cost Centers to Orders and/or WBS Elements. However, with GCSS-Army Wave 2 deployment to USARAF, 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.

USARAF provides funding to supporting entities via the Direct Charge process. When a providing entity utilizes Labor Tracking to perform a service, Labor charges are related to USAREUR's Direct Charge WBS Element and then visible within USARAF reporting (e.g. AMC-CECOM NSEC providing MITRE support for an USARAF Direct Charge related WBS Element.)

## **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**

USARAF 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**

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Various kinds of Allocations/Assignments can be supported within the Cost Model. USARAF currently does not utilize allocations/assignments.

## **CM Data Load**

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There are several Army-wide systems interfacing cost management data such as GCSS-Army for tactical equipment utilization or the Worldwide Ammunition Reporting System (WARS) interface to provide the cost of training ammo for a unit. Currently, USARAF Cost Centers do not receive data loads.

## **Reporting**

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No specific reports are associated for the USARAF command only. Table 3 provides a sample list of common Cost Management related reports used for all commands:



**Table 2: Sample List of Common Cost Management Reports**

<b>GFEBs ECC Reports</b>			
<b>Area</b>	<b>Report Name</b>	<b>T-Code/ROLE</b>	<b>Benefit</b>
Master Data - CCs	Display Cost Center(s)	KS03 and KS13/ EPS_EC_CM_ECC_DISPLAY_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_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 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
<b>GFEBs BI Reports</b>			
<b>Area</b>	<b>Report Name</b>	<b>T-Code/ROLE</b>	<b>Benefit</b>
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 list items for consideration for updating/improving the USARAF 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 0100 Exercise Funding Related WBS Elements for ATTR1 Exercise Codes	Compliance to DOD7097.01 Appendix 5-CE2T2-ARMY-0100 Regulation for reporting Exercise Execution	Q1 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.	Q2 FY15
3	Master Data	Review Cost Centers for Federation and GFMDI	Aligns structures to future automated approach for maintenance of Cost Centers	Q2 FY15
4	Assignments & Allocations - GFEBs	Generate Overhead Allocations	Associate centralized and Indirect costs to the benefiting Country	QX FY15
5	Non-Financial Measures	Determine what Metrics USARAF 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