Command Cost Model Document

AMC U. S. Army Security Assistance Command (USASAC)

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 <u>living document</u> 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 oeach 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 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
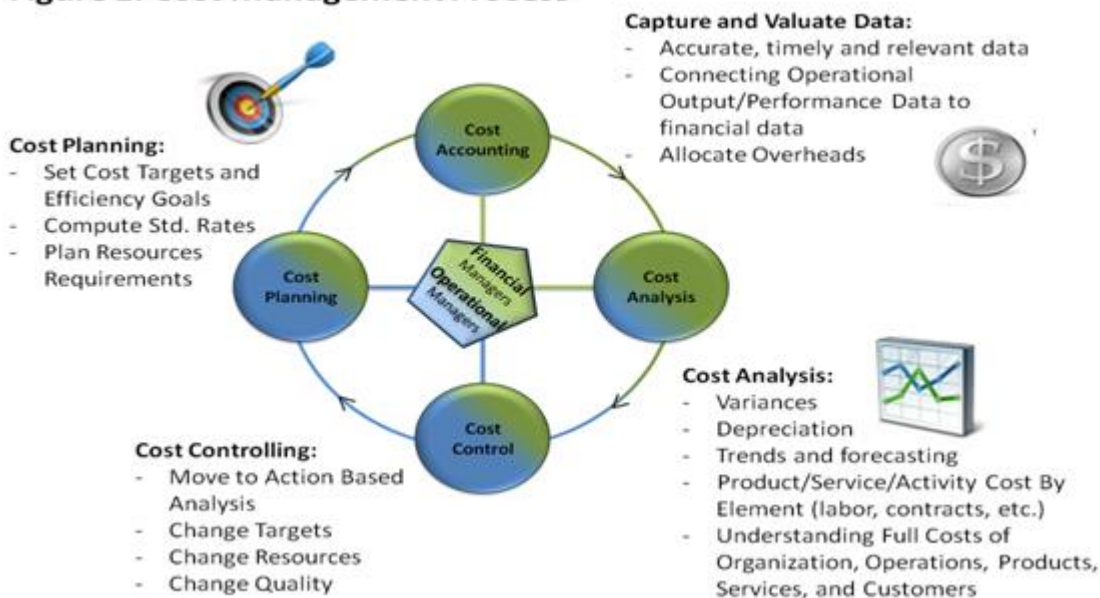
The intended audience of this document consists of readers already familiar with the ERP applications and the cost management concepts within the Cost Management Handbook.

Command Overview

This section of the AMC Command Cost Model document covers the portion of the AMC Cost Model associated with the U.S. Army Security Assistance Command (USASAC) only. U.S. Army Security Assistance Command manages the Army's security assistance programs and foreign military sales (FMS) serving allies, friendly countries and multinational organizations. USASAC provides material, training and education. USASAC focuses on regional stability, deterring aggression, and promoting democratic values. [1]

Cost Management Objectives

Current Objectives

USASAC's main cost objective is to capture the costs associated with generating and FMS case. Additionally, for FMS administration areas, capturing the costs by activity is also a focus. To support further cost view within FMS activities, several FMS related attributes were created to provide further visibility into the work effort and corresponding costs (see Custom Attributes section.)

Future Objectives

As support requirements change within the area, 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. MANPOWER & ADMIN DIV). 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). USASAC has TDA related Cost Centers only.

Coding Logic

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

USASAC'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. Table 5 below lists a summary of Activity Types utilized by USASAC.

- 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 USASAC.

  - 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. USASAC does currently perform Time Tracking for Civilian labor hours and as such Labor Activity Types are needed to support both the payroll and labor tracking processes.

- o Military – Currently, USASAC 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.

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

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

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

Table 5: 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

USASAC does not utilize Internal Orders.

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

- Collect any reimbursable costs for services provided
- Handle miscellaneous collections processes
- Provide funding to other entities via the Direct Charge process
- Track costs of functional cost accounts (FCAs) such as F1202 – OPERATION ENDURING FREEDOM
- Perform the Foreign Military Sales cases and administration support
- Capture costs by FMS Work Category, Work Category Element, and Work Classification (See Attributes section below for further details)

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, USASAC 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 USASAC 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 USASAC requirements.

Business Processes

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

Real Property

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

Attributes (Custom Fields)

Currently, USASAC is using several Custom Fields added to the base SAP master data elements of Cost Centers, Internal Orders and WBS Elements:

- 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. Table 6 provides the completed list of Work Classification codes assigned to FMS case and administration related WBS Elements.

Table 6: Work Classification Codes

Work Classification	Work Classification Description
ASLS	ASLS
CONC	Contractor Cost
FMFA	FMF Admin
FMSA	FMS Admin
FMSC	Case
FMSO	OMA
NRSC	Non Recurring Support Cost
RDTE	RDT&E
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 7 provides a sample of FMS case and administrative related Work Category Codes.

Table 7: Sample Work Category Codes

Work Category	FMS Work Category Description
704	Other Costs
743	Estimated Contract Cost - Procurement Item
750	Simplified Non-Standard Acquisition Process (SNAP)
761	Stock Replaced With Improved Item
830	Oil/Gasoline/Jet Fuel
CF2	Case Development
CF3	Case Execution
CF4	Case Closure
CF5	Business Sustaining

- 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 8 provides a sample list of Work Category Element codes.

Table 8: Sample Work Category Element Codes

Work Category Element	Work Category Element Description
00000	Not Applicable
0419A	Conduct Case/Line Financial Reconciliations for Closure (Admin Only)
09110	Leave Time (Annual, Sick, Holiday, Admin)
09130	Command Activities
09140	Union Activities
1101A	Develop Standard RFI Packages
1101B	Manage International Industrial Cooperation Activities in Pre-LOR Phase
1101J	Receives/Reviews LOR
1103A	Negotiates/Provides Equipment for and Participates in Air/Trade Shows
1108A	Manages and Approves Army Participation in International Air/Trade Shows
1108B	Manages Activities Related to Foreign Disclosure Program
1201A	USASAC CPM Returns Planning Case to Country

- Functional Cost Account (FCA) – tracking FCA codes issued for tracking of Hurricanes and deployment related events.

Planning

USASAC 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).

USASAC 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, USASAC 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 is not a consideration for USASAC's overall cost of operations.

Local Nation Payroll (e.g. 6100.28B0 O/E-Frgn Ntl Bs Pay) is not captured within the USASAC's cost model.

Labor

USASAC 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 USASAC-related Cost Centers to Orders and/or WBS Elements.

USASAC additionally receives the benefit of Labor charges associated to an activity performed against Direct Charge-related WBS elements in the future. Therefore, USASAC 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

USASAC does not currently have real property or equipment that meets capitalization requirements; therefore, no depreciation is included within the Cost Model.

Perform Allocations/Cost Assignments

Various kinds of Allocations/Cost Assignments can be supported within the Cost Model. USASAC currently does not perform allocations or cost assignments.

CM Data Load

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

Reporting

No specific reports are associated for the USASAC command only. Table 9 below provides a sample list of common Cost Management related reports used for all commands:

Table 9: 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 10 below lists items for consideration for updating/improving the USASAC Cost Model:

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

Table 10: Improvements to Command Cost Model

Code	Category	Description	Benefit	Timeline
1	Master Data	Review Internal Order ZUFL for Unfunded Leave automatic payroll process	Ensure Unfunded Leave is reported accurately.	QX FY15
2	Master Data	Review WBS Elements for FMS Work Category, FMS Work Classification and FMS Work Classification Element codes for all FMS related WBS Elements	Allows for accurate reporting by FMS centric informational fields.	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 Cost Centers for Federation and GFMDI.	Aligns structures to future automated approach for maintenance of Cost Centers.	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
6	Allocations & Assignments – GFEBS	Generate Overhead Allocations.	Associate centralized and Indirect costs to the benefiting consumer (e.g. activity or organization.)	QX FY15
7	Non-Financial Measures	Determine what Metrics USASAC 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

[1] Adaptation of USASAC webpage http://www.army.mil/info/organization/usasac/