



Command Cost Model Document

U. S. Army National Guard (ARNG)

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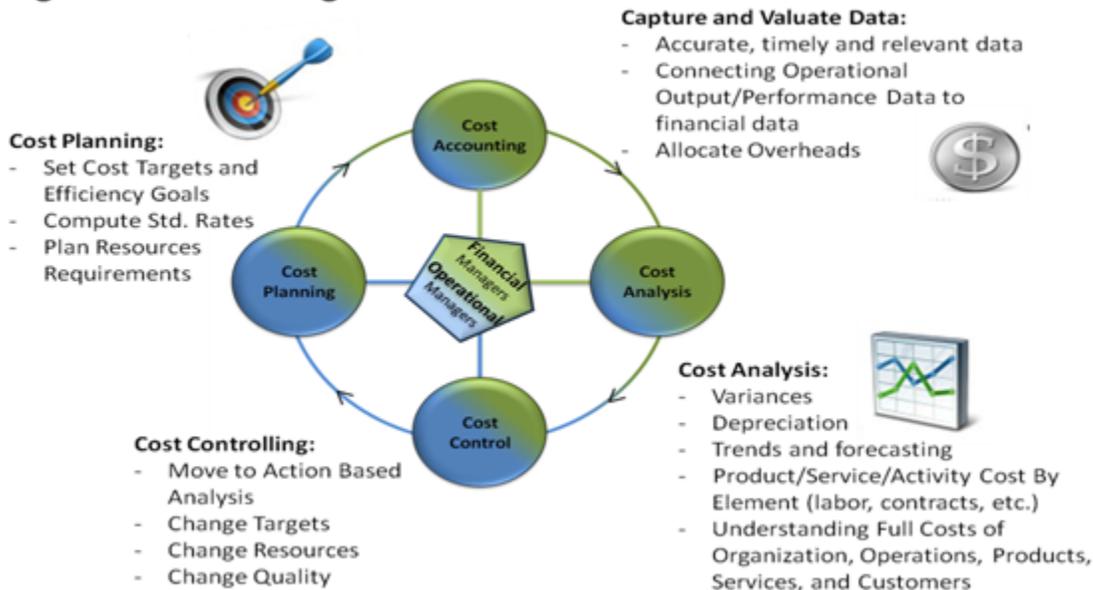


Statement of Purpose

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 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 Army National Guard (ARNG) is one of three components (COMPOs) that make up the Army. The Army National Guard (COMPO 2) is a partner with the Active Army (COMPO 1) and the Army Reserves (COMPO 3) in fulfilling the country's military needs. The National Guard's charter is the Constitution of the United States. Article I, Section 8 of the U.S. Constitution contains a series of "militia clauses," vesting distinct authority and responsibilities in the federal government and the state governments. With its dual mission, the National Guard is a reserve force with both state and federal responsibilities. The Army National Guard is composed primarily of civilians who serve on a part-time basis (usually one weekend each month and two weeks during the summer.) Each soldier holds membership in both the National Guard of his or her state and in the U.S. Army.

The Army National Guard exists in all 50 states, three territories and the District of Columbia. When Army National Guard units are not mobilized or under federal control, they report to the governor of their respective state, territory or the commanding general of the District of Columbia National Guard. Under state law, the National Guard provides protection of life and property and preserves peace, order and public safety. These missions are accomplished through emergency-relief support during natural disasters such as floods and tornadoes; search and rescue operations; support to civil defense authorities; maintenance of vital public services and counter-drug operations.

The National Guard's federal mission is to maintain well-trained, well-equipped units available for prompt mobilization during war and provide assistance during national emergencies. Their Adjutants General are answerable for the training and readiness of the units. While federalized, the units answer to the Combatant Commander of the theatre in which they are operating and, ultimately, to the President.

Cost Management Objectives

Current Objectives

The main cost objective for the ARNG 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 ARNG Cost Centers supports the main cost objective. In addition to tracking to the organizations, tracking to Functional Cost Accounts (FCAs) is also required.



ARNG also tracks Type Duty Codes (TDC) for capturing the costs associated with various training and readiness activities, e.g. TDC 201 Initial Skills Acquisition, TDC 341 Aviation Training, etc.

Furthermore, ARNG locations and activities related to base operations utilizing Army appropriated funds are required to track costs using Service Based Costing methodology. For this purpose, they utilize codes prescribed by OACSIM to capture costs for Installation Service Reporting (ISR). ARNG has cooperative agreements (COOP) entered into between the USPFO and a state/local municipality to perform work/provide services with money which is directly funded out of the ARNG's appropriated dollars. Therefore in addition to tracking by ISR, ARNG tracks to what is COOP relevant as well.

ARNG also manages the real property for ARNG locations not on an ARMY installation to facilitate asset management and depreciation processes.

ARNG is a provider for National Maintenance Program (NMP). NMP supports Army-wide readiness. Units perform field maintenance to support the Unit's readiness. Field maintenance consists of a repair and return to the user of the equipment. NMP performs depot level repairs which are above Unit repairs that result in a repair and return to the supply system (national inventory.) These NMP activities are reimbursable by the Army Work in Capital Fund (AWCF.)

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 ARNG 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. 38TRP 1-207AV RGT) list within the Modification Table of Organization and Equipment (MTOE) or Table of Distribution and Allowances (TDAs)



entities (e.g. PUBLIC AFFAIRS OFFICE). Cost Centers are established to collect and manage costs incurred within an organization for the corresponding capacity output provided (e.g. Labor Hrs.) Cost Centers align to UIC-Paragraph structure for TDAs or the MTOE structured authorized UICs (e.g. 38TRP 1-207AVIATION RGT CO D.) For ARNG, since Detachments are not officially documented within the MTOE structure, the Derivative (DUIC) representing a Detachment are utilized to generate the Cost Center (e.g. HIARNG 103TC 1-207AV CO D DET 1).

Coding Logic

ARNG integrates with the Army's Global Combat Support System (GCSS-A) ERP and therefore has Federated 4* series Cost Centers and is completely Federated requiring no additional changes to the current Cost Center numbering. 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 Derivative UIC (DUIC) to reflect the MTOE units (e.g. WXXXA1 for Company A DET 1.)

Real Property related Cost Center numbers have a quasi smart-code and are used solely within GFEBs and will not be integrated with GCSS-A. The first four positions are the last four of the Fund Center responsible for that real property, followed by a P to distinguish from Organizational Cost Centers, and then 001-035 for types of Buildings as identified in Table 1. ARNG has a set of Real Property Cost Center by State.

Table 1: Example Standard Real Property Cost Centers

CC #	CC Description
18ALP001	AIRFIELDS
18ALP002	AIRFIELD OPS FACILITIES
18ALP003	HEADQUARTER FACILITIES
18ALP004	CENTRAL WASH FACILITIES
18ALP005	SHIPS PIERS & WHARFS
18ALP006	TRAINING & OPS FACILITIES
18ALP007	TRAINING SIMULATORS
18ALP008	TRAINING LAND
18ALP009	AVIATION RANGES
18ALP010	RANGES
18ALP011	AVIATION & MISSILE MAINT
18ALP012	SHIP MAINT & REPAIR FACILITIES
18ALP013	VEHICLE MAINT FACILITIES
18ALP014	WEAPON & AMMO MAINT FACILITIES
18ALP015	MAINT & PRODUCTION FACILITIES
18ALP016	RDT&E FACILITIES
18ALP017	BULK LIQUID STORAGE & SUPPLY



18ALp018	STORAGE & SUPPLY
18ALP019	AMMO STORAGE & SUPPLY
18ALP020	MED/HOSPITAL FACILITIES
18ALP021	ADMINISTRATION FACILITIES
18ALP022	AFH FACILITIES
18ALP023	UPH FACILITIES
18ALP024	ARMY LODGING FACILITIES
18ALP025	COMMUNITY FACILITIES
18ALP026	OUTDOOR COMMUNITY FACILITIES
18ALP027	ELECTRICAL FACILITIES
18ALP028	HEAT & GAS FACILITIES
18ALP029	WATER- & WASTE WATER FACILITIES
18ALP030	SURF/UNSURF AREAS
18ALP031	MAINT. RAILROADS
18ALP032	FUEL FACILITIES & STORAGE
18ALP033	COMMUNICATIONS & IT FACILITIES
18ALP034	MUSEUMS & CEMETERIES
18ALP035	LAND

These Cost Centers are necessary to support the Real Property Depreciation process within GFEBs and to support the future capability to associate space costs consumed by tenants.

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 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 (\$/Sqft.)

Usage & Calculations

ARNG 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 2 lists a summary of Activity Type utilized by ARNG.

- 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 ARNG.
 - 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. ARNG 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, ARNG 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 – ARNG does not have Local Nationals that utilize the special Local National specific Activity Types.
 - Contractor – ARNG currently does not track contractor Labor Hours to outputs.

- Non-Labor Activity Types – Currently ARNG does not utilizes non-Labor Activity Types



Table 2: Summary Utilization of Activity Types

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

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 segregation of like kind events.

Command Usage

ARNG utilizes Internal Orders (Order Type ZNG1 and ZFIN) within its Cost Model to track the cost of various events and activities, such as:

- Track ISR services provided for all Directorates except DPW (IO type ZNG1). Internal Orders track to the ISR (Attribute 2) and legacy Point Account (Attribute 1) when the master data is generated, e.g. 80039026 - 505 COMPLIANCE PROGRAMS.
- Track other costs as necessary for Functional Cost Account (FCA) codes and special events/tasks outside the ISR definition (IO type ZNG1), e.g. FCA Y7473 for NG STATE PLANS
- Collect certain receipt (revenue) accounts, such as, recycling, fish and wildlife (IO type ZFIN), e.g. F0240 - F&WL COLLECTIONS-CAMP CHAFFEE
- Track Cooperation (COOP) agreement costs, e.g. 80031310 - COOP 403 REFUSE REMOVAL
- Track Type Duty Code (TDC) costs, e.g. 80019310 - TDC342 AVIATION SUPPORT



Most of the ARNG Internal Orders (IOs) roll over from year to year. Additionally many of the ARNG IOs are marked 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 TDC 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 to a 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.

WBS Elements

Overview

Work Break-down 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

ARNG uses WBS Elements mainly to facilitate reimbursable processes via sales orders or direct charge and sparingly to accommodate other use cases:

- Collect any reimbursable costs for services provided.
- Provide funding to other entities via the Direct Charge process.
- Capture miscellaneous cash collections
- Track costs of functional cost accounts (FCAs)

Statistical Key Figures (Non-Financial Measures)

Statistical Key figures represent the non-financial measures a command might want to track to support performance reporting and/or to be utilized to support Allocations. ARNG is not currently utilizing non-financial measures for reporting or allocations.



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 ARNG 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. No secondary cost elements were generated specifically to address ARNG requirements. However ARNG is a National Maintenance Program (NMP) provider and as such is one of a few commands that utilize the Secondary Cost Elements related to NMP processes (i.e. 9100.S001 - NMP BILLED MATERIALS & SUPPLIES and 9100.S003 - NMP BILLED LABOR.)

Business Processes

Currently the ARNG Cost Model does not use Business Processes to track cross-functional business activities or activity-based costing.

Real Property

ARNG has locations which are not located on an ARMY installation and therefore has responsibility for Real Property. The Real Estate capability of GFEBs provides the Cost Objects of a Business Entity (reflecting the Site) and Building to support the Cost of Buildings reporting. The Cost Object of Business Entity/Buildings is utilized to reflect master data relevant information for the building (e.g. age, usage purpose, value, etc.) and corresponding cost information related to depreciation.

Attributes (Custom Fields)

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



- Attribute 1 (ATTR1) field – contains the replacement of the legacy base operations defined point accounts.
- Attribute 2 (ATTR2) field – contains the ISR codes.
- Functional Cost Account (FCA) – tracking FCA codes issued for tracking of Hurricanes and deployment related events.
- Attribute 3 (ATTR3) field – containing the TDC Code

Planning

ARNG currently does not utilize Cost Planning capabilities by organizations, or Internal Orders.

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).

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

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



Labor

ARNG 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.

ARNG receives the benefit of Labor charges associated to an activity performed against Direct Charge related WBS Elements. Therefore ARNG entities should understand the Secondary Cost Elements (e.g. 9300.0100 LABOR CHARGE – REG) related to Labor Activity Types to understand the charges they receive 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

ARNG receives depreciation postings for Real Property associated to the buildings and assets identified within the Real Property portion of GFEBs. Types of facilities include permanent facility, semi permanent facility, and temporary facility. The various types of facilities have different Useful Life determinations for determination of depreciation. For example, a facility could depreciate over twenty years (25 yr) useful life while an access control point could depreciate over four years (5 yr) of useful life.

ARNG has depreciation associated to capitalized equipment tracked within PBUSE (until subsumed by GCSS-A Wave 2 fielding FY 15-17.) 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. ARNG currently does not utilize any cost allocation/assignment capabilities within GFEBS. However, ARNG is the receiver of many cost allocations/assignments within GFEBS from provider entities.

CM Data Load

Currently, ARNG 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 ARNG command only. Table 3 provides a sample list of common Cost Management related reports used 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_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
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 ARNG 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	Evaluate the utilization of WBS Elements capturing OPTEMPO, Training Exercises	Full costs associated to the Cost of Readiness – specifically Training for Readiness	QX FY15
2	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
3	Master Data	Review Cost Centers for Federation and GFMDI	Aligns structures to future automated approach for maintenance of Cost Centers	Q4 FY15
4	Master Data	Review Utilization of IOs/STAT IOs; and if allocations necessary	Ensures Spend Planning is support and capturing additional information such as FCA, ISR, etc. reporting	QX FY15
5	Master Data	Review population of ATTR1/2 on all IOs/WBS Elements for base operations funding	Ensures all required reporting is readily facilitated	QX FY15
6	Master Data	Review utilization of ATTR3 for TDC values	Ensures automatic reporting within BI report across all IOs/WBS identified with TDCs	QX FY15
7	Master Data	Review utilization of Attribute 4 field which is sometimes populated but mostly not	Ensure all reporting needs are uniform and consistent	QX FY15
8	Assignments & Allocations - GFEBs	Generate Unit Overhead Allocations	Associate centralized and Indirect costs to the benefiting Units to support Cost of Unit reporting	QX FY15