



Command Cost Model Document

U.S. Army Military District of Washington Command (MDW)

**The Deputy Assistant
Secretary of the Army -
Cost & Economics**

(DASA-CE)

2 / 27 / 2015

**Enterprise Resource Planning
(ERP) Command Cost Model
(CCM) Document — Command
Series**

Reference No. » CCM—OA40



Table of Contents

Statement of Purpose	1
Command Overview	2
Cost Management Objectives.....	2
Command Master Data.....	3
Cost Centers	3
Activity Types	3
Internal Orders.....	5
WBS Elements	5
Statistical Key Figures (Non-Financial Measures)	6
Cost Elements	6
Business Processes.....	6
Real Property	6
Attributes (Custom Fields)	6
Planning.....	6
Capture Actuals.....	7
Payroll	7
Labor	7
Non-Pay/Labor	7
Depreciation.....	7
Perform Allocations/Cost Assignments	8
CM Data Load.....	8
Reporting.....	9
Considerations for Cost Model Updates.....	10

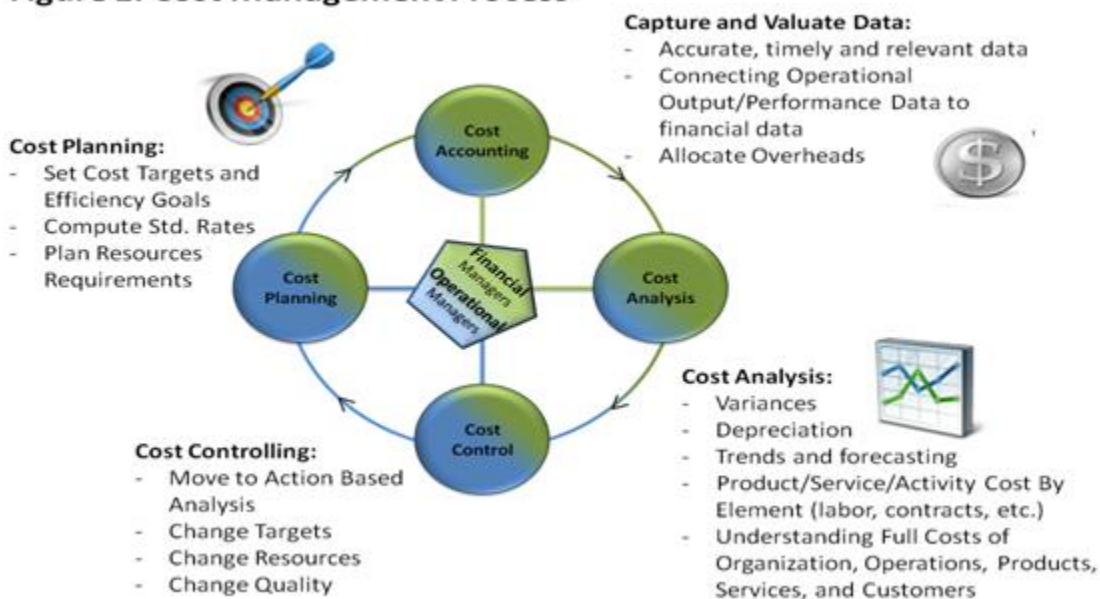


Statement of Purpose

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 United States Army Military District of Washington (MDW) is a direct reporting unit within Joint Forces Head Quarters – National Capital Region (JFHQ-NCR). MDW has two distinct missions; combat and ceremonial activities. MDW's combat role is in defense of the National Capital Region. MDW's ceremonial activities encompass support for funerals in Arlington National Cemetery, guarding of the Tomb of the Unknown Soldier, Army Band activities, and various concerts and recitals.

Cost Management Objectives

Current Objectives

MDW's cost management objectives are to provide visibility to the support given by its various organizations, the cost by unit, and cost by specific events. 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 MDW Cost Centers supports the majority of the cost objectives. In addition to tracking to Cost Centers, tracking to Functional Cost Accounts (FCAs) is also required and special events provided by MDW.

Future Objectives

MDW desired the ability to understand non-financial outputs (e.g. # of shows, # of tickets, etc.) associated to the events they provide. Additionally, 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 MDW 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.

As activities and support requirements change, 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, requirements justifications, and customer billing.

Command Master Data

Cost Centers

Overview

Cost Centers (CCs) represent the organizations (e.g. 003 IN BN 01 COMPANY CO) listed within the Modification Table of Organization and Equipment (MTOE) or Table of Distribution and Allowances (TDAs) entities (e.g. MILITARY JUSTICE 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).

Coding Logic

MDW integrates with the GCSS-Army 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-Army, 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

MDW'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 1 below lists a summary of Activity Types utilized by MDW.

- 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 MDW.
 - 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. MDW currently does not perform Time Tracking for Civilian labor hours, and as such, Labor Activity Types are needed only to support the payroll process.
 - Military – Currently, MDW 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 – MDW does not have Local National (LN) Payroll and therefore does not utilize LN Activity Types.
 - Contractor – MDW currently does not track Contractor labor hours to outputs.
- Non-Labor Related Activity Types – Currently, MDW 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	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

MDW utilizes Internal Orders (Order Type ZDW1) within its Cost Model to track the cost of various events, such as:

- Official Representation Funds (ORF)
- Track costs by events, such as SPIRIT OF AMERICA versus ARMY BIRTHDAY
- Functional Cost Accounts (FCA) reporting (e.g. F1202 – OPERATION IRAQI FREEDOM (OIF)/OPERATION NEW DAWN (OND))

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

- Collect any reimbursable costs for services provided
- Provide funding to other entities via the Direct Charge process
- Track costs of Functional Cost Accounts (FCA) such as F4131 – COMMUNITY OUTREACH COSTS ASSOCIATED WITH THE OFFICE OF THE CHIEF OF PUBLIC AFFAIRS (OCPA) (DIRECT COST)
- Cost by purpose of travel, such as INVITATIONAL, AUDITION, LEADERSHIP SUMMIT, etc.



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, MDW 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 MDW 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 MDW requirements.

Business Processes

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

Real Property

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

Attributes (Custom Fields)

Currently, MDW is not using any of the Custom Fields added to the base SAP master data elements of Cost Centers, Internal Orders, and WBS Elements.

Planning

MDW 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).

MDW 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, MDW 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

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

In the future, MDW might receive the benefit of Labor charges associated to an activity performed against Direct Charge-related WBS elements. Therefore, MDW 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

MDW 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 Allocations/Cost Assignments can be supported within the Cost Model. MDW currently does not utilize Allocations/Cost Assignments.

CM Data Load

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



Reporting

No specific reports are associated for the MDW 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 Centers 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 (AcTypes) 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 MDW 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	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	Assignments & Allocations - GFEBS	Generate Overhead Allocations	Associate centralized and Indirect costs to the benefiting Process or consumer	QX FY15
4	Non-Financial Measures	Determine what Metrics MDW 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