



Command Cost Model Document

United States Southern Command (SOUTHCOM)

**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–OA86



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.....	7
Capture Actuals.....	7
Payroll	7
Labor	8
Non-Pay/Labor	8
Depreciation.....	8
Perform Allocations/Cost Assignments	9
CM Data Load.....	9
Reporting.....	10
Considerations for Cost Model Updates.....	11

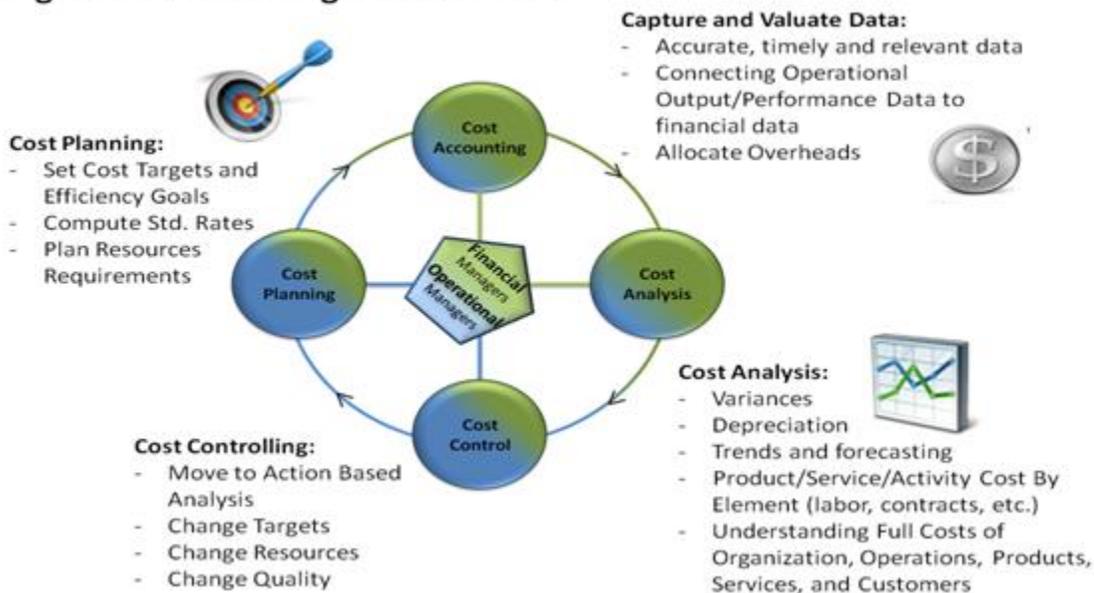


Statement of Purpose

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

United States Southern Command (SOUTHCOM) is one of six of the U.S. Defense Department's geographic combatant commands and is responsible to the Secretary of Defense for military relations for the Western Hemisphere area of responsibility (AoR) that covers Central America, South America and portions of the Caribbean. SOUTHCOM is responsible for all U.S. Department of Defense operations, exercises, and security cooperation in its AoR. SOUTHCOM promotes regional security by executing security assistance and security cooperation programs through Security Cooperation Organizations (SCOs) that work with partner nation militaries and security forces. SOUTHCOM provides ready forces, humanitarian assistance, international cooperation, and interagency integration with partners in the region. Additionally, SOUTHCOM ensures the defense of the Panama Canal and has responsibility for Joint Task Force Guantanamo.

Cost Management Objectives

Current Objectives

SOUTHCOM's cost management objective is to provide visibility to the support provided by Country for the SCOs, Exercises or Counter Narcotic events occurring. To accommodate, the Country field was added to the WBS Element structure to allow for automatically pulling reports by Country (See Table 2 Sample Country Codes in Attributes/Custom fields section below.)

Future Objectives

As conflicts and 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. COUNTRY LIAISON OFFICE). 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). SOUTHCOM has TDA related Cost Centers only.

Coding Logic

SOUTHCOM 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

SOUTHCOM'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 SOUTHCOM.

- 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 SOUTHCOM.
 - 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. SOUTHCOM 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, SOUTHCOM 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 – SOUTHCOM does not have Local National (LN) Payroll and therefore does not utilize LN Activity Types.
 - Contractor – SOUTHCOM currently does not track Contractor Labor Hours to outputs.

- Non-Labor Related Activity Types – Currently, SOUTHCOM 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

SOUTHCOM does not utilize Internal Orders other than Order Type ZUFL Internal Orders automatically generated by UIC to support the Unfunded Leave process.

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 SOUTHCOM is the WBS Element in order to track the transparency, visibility and activity of the efforts being supported. In summary, SOUTHCOM 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
- Manage Official Representation Funding (ORF)
- Track costs for training events that are Commander's Exercise Engagement and Training Transformation (CE2T2) related to capture the cost per exercise (e.g. EX4GT – GLOBAL THUNDER)
- Capture costs for specific Counter Narcotic efforts
- Track costs of functional cost accounts (FCA) codes such as Y3306 - JOINT INTERAGENCY TASK FORCE EAST SOUTH (JIATF-S)
- Track costs by Country



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, SOUTHCOM 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 SOUTHCOM 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 SOUTHCOM requirements.

Business Processes

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

Real Property

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

Attributes (Custom Fields)

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

- Country – tracking which Nation is receiving the benefit of the support effort (e.g. Mexico, Colombia.) See Table 2 for Sample Country Codes.

Table 2: Sample Country Codes



Country Code	Name	Nationality	Long name	Nationality (Long)
BR	Brazil	Brazilian	Brazil	Brazilian
AG	Antigua/Barbuda	Antiguan	Antigua and Barbuda	Antiguan
AR	Argentina	Argentinian	Argentina	Argentinian
BZ	Belize	Belizean	Belize	Belizean
CL	Chile	Chilean	Chile	Chilean
CO	Colombia	Colombian	Colombia	Colombian
CU	Cuba	Cuban	Cuba	Cuban
DO	Dominican Rep.	Dominican	Dominican Republic	Dominican
EC	Ecuador	Ecuadorian	Ecuador	Ecuadorian
GT	Guatemala	Guatemalan	Guatemala	Guatemalan
HN	Honduras	Honduran	Honduras	Honduran
MX	Mexico	Mexican	Mexico	Mexican
NI	Nicaragua	Nicaraguan	Nicaragua	Nicaraguan
PA	Panama	Panamanian	Panama	Panamanian
PE	Peru	Peruvian	Peru	Peruvian
PY	Paraguay	Paraguayan	Paraguay	Paraguayan
SV	El Salvador	Salvadoran	El Salvador	Salvadoran
UY	Uruguay	Uruguayan	Uruguay	Uruguayan
VE	Venezuela	Venezuelan	Venezuela	Venezuelan

- ATTR1 field – contains Exercise codes to be tracked for OSD CE2T2 Funding or when Army funds are utilized to augment the exercises.
- Functional Cost Account (FCA) field – contains FCA codes issued for tracking of Hurricanes, counter-narcotic, and deployment related events.

Planning

SOUTHCOM 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).

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

Labor

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

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

SOUTHCOM 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. SOUTHCOM currently utilizes allocation-related cost elements to implement the Payroll Self-MIPRing process for the SOCSOUTH payroll which cannot be posted to directly.

An Assessment Cycle is created each year with the identified WBS Elements necessary to move all the Special Operations Command (SOCOM) funded Payroll which originally posted directly to the Cost Centers. The SOUTHCOM Assessment Cycle is a part of the Month-End close process and moves the Payroll from all the appropriate Cost Centers to the REIMB WBS Element for billing.

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, SOUTHCOM Cost Centers do not receive data loads given SOUTHCOM consists of TDA related UICs versus MTOE units.



Reporting

No specific reports are associated for the SOUTHCOM command only. Table 3 below 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 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	CJ13	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 4 below lists items for consideration for updating/improving the SOUTHCOM 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	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.	QX FY15
2	Master Data	Review WBS Elements for Country Code.	Allows for automatically reporting by Country.	QX FY15
3	Master Data	Review ATTR1 usage for inappropriate codes.	Remove ATTR1 values that are FCA related and utilize the FCA field to automatically report.	QX FY15
4	Master Data	Review sporadic usage of the Command Defined, ATTR3 and ATTR4 fields.	Allows for automatically reporting by desired categories.	QX FY15
5	Master Data	Analyze Program Area fields populated and move to correct field for appropriate information.	Program Area field no longer supported for reporting and the information should be within the correct field for automatic reporting.	QX FY15
6	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
7	Master Data	Review Cost Centers for Federation and GFMDI.	Aligns structures to future automated approach for maintenance of Cost Centers.	QX FY15
8	Allocations & Assignments – GFEBS	Generate Overhead Allocations.	Associate centralized and Indirect costs to the benefiting Country.	QX FY15
9	Non-Financial Measures	Determine what Metrics SOUTHCOM 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