Command Cost Model Document

U.S. Army South (USARSO)

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

Reference No. » CCM—OA84

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Statement of Purpose

The purpose of the *ERP Command Cost Model (CCM)* document (hereinafter the "Cost Model") is to provide a <u>living document</u>, 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
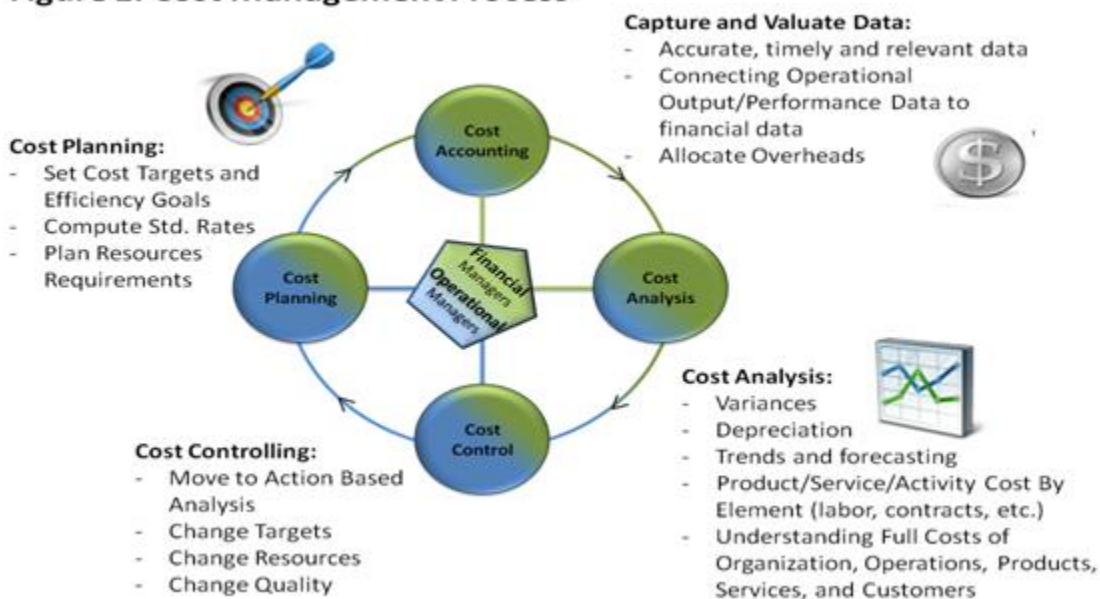
The intended audience of this document consists of readers already familiar with the ERP applications and the cost management concepts within the Cost Management Handbook.

Command Overview

The U.S. Army South Command (USARSO) is the Army Service Component Command to the U.S. South Command (SOUTHCOM) Combatant Command with an area of responsibility for Central and South America and the Caribbean.   USARSO conducts Theater Security Cooperation activities to enhance security and stability by building regional cooperation through planning and executing multilateral exercises, combat missions, humanitarian efforts, counter drug operations, disaster relief, and various other events.   The various exercises USARSO supports covers a wide range of areas from technical exchanges, communication conferences, engineering construction exercises, multinational humanitarian, peace keeping exercises, along with many others.

Cost Management Objectives

Current Objectives

USARSO's cost management objective is to provide visibility to the support provided by Country, 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.) An additional current cost objective is to provide visibility to the support provided for the Army's activities related to Guantanamo Bay Naval Base (GTMO.)

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. 352D SPT DET listed within the Modification Table of Organization and Equipment (MTOE) or Table of Distribution and Allowances (TDAs) entities (e.g. FINANCE OPERATIONS). 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).

USARSO as the Army Service Component to a Combatant Command has a split Organizational structure, where two UICs are utilized to reflect the organizational structure (e.g. WJMXAA and WJMX99) to provide 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 WJMX99-Para 203 and UIC WJMXAA-Para 203 are both for STAFF JUDGE ADVOCATE OCP organization. The two unique UIC-PARA combinations result in two Cost Centers being created for the reflection of the STAFF JUDGE ADVOCATE OCP organization.

Coding Logic

USARSO 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

USARSO's main capacity is work force, and therefore Labor Related. The transactions for associating the capacity consumed require a *quantity* and *rate* to exist for the Cost Center and Activity Type. Table 1 below lists a summary of Activity Type utilized by USARSO.

- 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 USARSO.

    o 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. USARSO does not currently perform Time Tracking for Civilian labor hours and as such Labor Activity Types are needed only to support the payroll process.

    o Military – Currently, USARSO 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 Centers in order to support maintenance activities within GCSS-Army. MIL Activity Types are also supported within the FY15 MilPay Payroll interface into GFEBS.

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

- Contractor – USARSO currently does not track Contractor labor hours to outputs.
- Non-Labor Activity Types – Currently USARSO 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

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

USARSO does not utilize Internal Orders within its Cost Model except for the automatic usage of ZUFL for support of the Payroll interface for Unfunded Leave.

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

- Collect any reimbursable costs for services provided

- Provide funding to other entities via the Direct Charge process

- Track costs of CE2T2 training exercises (ATTR1s) – the different 7097.01 CE2T2 related exercises are required to be listed in the Attribute 1 field (e.g. EX4GT – GLOCAL THUNDER) 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.

- Capture costs for specific Counter Narcotic efforts

- Track costs of Functional Cost Accounts – e.g. F4504 – Destroying munitions located on San Jose Island, Panama (Direct Cost) and Y9410 – SOUTHCOM CN JOINT PLANNING ACTION TEAMS

- Manage Official Representation Funding (ORF) by country and/or event, such as CHILEAN ATTACHE VISIT or ARMY BIRTHDAY

- Track costs by Country – many of the WBS Elements are codes that indicate the country the costs are incurred for (e.g. description begins with COL for Columbia, CHL for Chile).

- Support tracking costs by event and organizational view for GTMO. The Army does not have a MTOE or TDA structure from which to generate the organizations/Cost Centers. WBS Elements are utilized to track the cost of different organizations/functions within GTMO, such as JTF-GTMO J-1, JTF GTMO CHAPLAIN, JTF-GTMO PAO, OFFICE OF MILITARY COMMISSIONS, 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, USARSO 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 USARSO 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 USARSO requirements.

Business Processes

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

Real Property

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

Attributes (Custom Fields)

Currently, USARSO 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. Albania, Estonia). 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

- Attribute 1 (ATTR1) Field – contains Exercise codes to be tracked for CE2T2 Funding.
- Functional Cost Account – tracking FCA codes issued for tracking of Hurricanes and counter narcotic related events.

Planning

USARSO 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).

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

Labor

USARSO currently does not track labor to products/services command wide.   Therefore, Secondary Cost Elements, such as 9300.0100 Labor Charge are not seen assigning the cost of labor from USARSO-related Cost Centers to Orders and/or WBS Elements.

USARSO might receive the benefit of Labor Charges associated to an activity performed against Direct Charge-related WBS Elements in the future.   Therefore, USARSO entities should understand the Secondary Cost Elements related to Labor Activity Types to understand the charges, if 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

USARSO 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 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 Cost Allocations/Assignments can be supported within the Cost Model. USARSO currently does not have any recurring cost allocations occurring.

CM Data Load

Currently, USARSO 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 Ammunition Supply Points (ASP) 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 USARSO 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 – WBS s	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 4 below lists items for consideration for updating/improving the USARSO 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	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 FYXX
3	Master Data	Review Cost Centers for Federation and GFMDI.	Aligns structures to future automated approach for maintenance of Cost Centers.	QX FYXX
4	Master Data	Review usage of Cost Centers versus WBS Elements.	Eliminate performance impacts for creating WBS Elements when Cost Center is already provided.	QX FY15
5	Allocations & Assignments – GFEBS	Generate Overhead Allocations.	Associate centralized and Indirect costs to the benefiting Country or event.	QX FY15
6	Non-Financial Measures	Determine what Metrics USARSO 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