Command Cost Model Document

AMC Joint Munitions Command (JMC)

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

Reference No. » CCM—OA60.J

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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 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
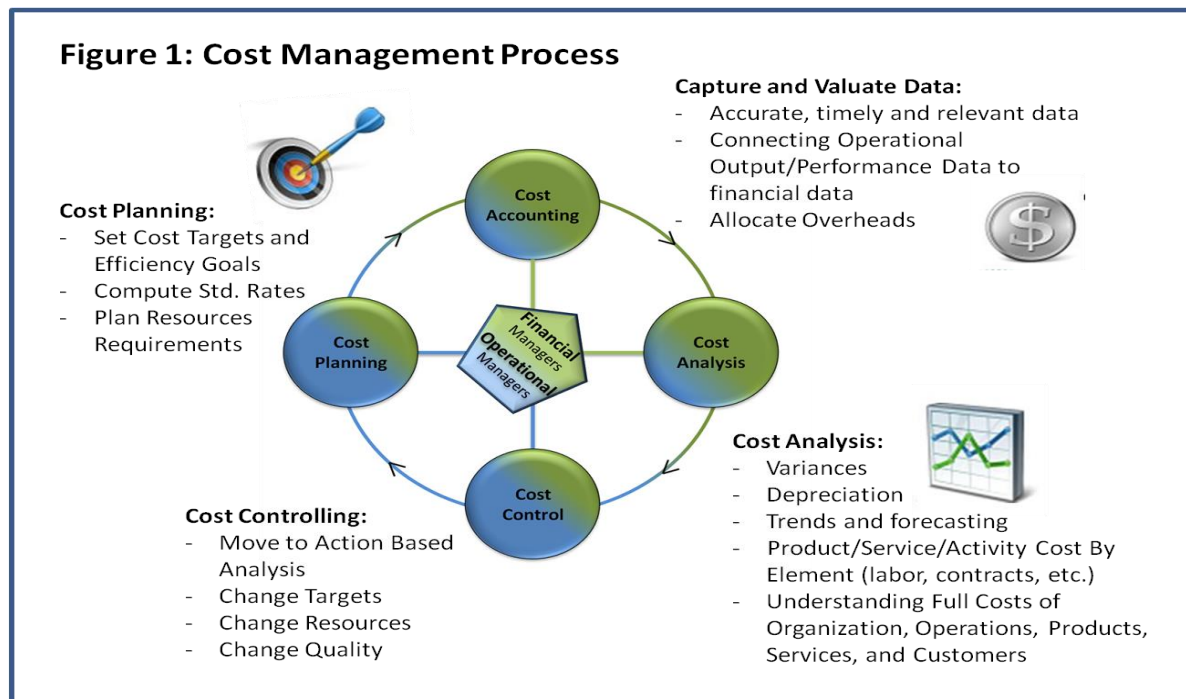
The intended audience of this document consists of readers already familiar with the ERP applications and the cost management concepts within the Cost Management Handbook.

Command Overview

This section of the AMC Command Cost Model document covers the portion of the AMC Cost Model associated with the U.S. Army Joint Munitions Command (JMC) only.

JMC is the Army's logistics integrator for life-cycle management of ammunition and is tasked with providing reliable and lethal munitions to all services of the U.S. fighting forces, other governmental aganecies and allied nations as directed. JMC is responsible for the production and storage of all types of conventional ammo from bombs to bullets. JMC manages plants for the production of conventional ammo and depots for the storage of ammunition.

Cost Management Objectives

Current Objectives

JMC's current cost objective is to track the costs of organizations and the work efforts those organizations perform.

Future Objectives

As requirements change within the area of focus, 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. SMALL CALIBER DIV - CDS). 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). JMC has TDA related Cost Centers only.

Coding Logic

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

JMC maintains 3* series Cost Centers reflecting Army Depots (ADs) and Army Ammunition Plants (AAPs), such as Hawthorne Army Depot and Milan Army Ammunition Plant, are utilized to capture Army Working Capital Fund (AWCF) related Real Property Cost Center numbers. These Cost Centers are used solely within GFEBS and will not be integrated with GCSS-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

JMC'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. Refer to Table 1: Summary Utilization of Activity Types that lists a summary of Activity Types utilized by JMC.

- 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 JMC.

    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. JMC 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, JMC is not tracking time related to Military labor hours and output worked within GFEBS.

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

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

- Non-Labor Related Activity Types – Currently, JMC 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	No
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

JMC utilizes Internal Orders (Order Types ZJMC, ZFIN) within its Cost Model to track indirect overhead costs using Costing Sheets (see **Error! Reference source not found.**) and manage cash collection processes related to Fish and Wildlife programs.

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

- Collect any reimbursable costs for services provided
- Provide funding to other entities via the Direct Charge process
- Manage miscellenaous collections processes
- Support for Foreign Military Sales (FMS)
- Track costs by Army Depots and Army Ammunition Plant locations
- Manage Official Representation Funding (ORF)
- Track costs of Functional Cost Accounts (FCAs) such as F1211 OEF DEPLOYMENT/ REDEPLOYMENT
- Manage Fish and Wildlife programs

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, JMC 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 JMC 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 JMC requirements.

Business Processes

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

Real Property

JMC does have Real Property and therefore this cost object is present within the JMC Cost Model. The Army Depots (ADs) and Army Ammunitions Plants (AAPs) are supported within GFEBS for Property Accountability (inventory of real property) and for Property Accounting Calculation (utilization of GFEBS Asset Depreciation calculation processes). The Army Depots and Army Ammunition Plants (e.g. Blue Grass AD, McAlester AAP, etc.) are managed by JMC and therefore reflected within the JMC Cost Model.

Attributes (Custom Fields)

Currently, JMC uses Custom Fields added to the base SAP master data elements of Cost Centers, Internal Orders and WBS Elements:

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

- Command Defined Field – Starting in FY15, AMC has issued policy on utilization of the Command Defined Field in order to provide transparency into the reimbursable customer source of funding. See Table 2: Sample of AMC-wide Command Defined Field Values for

sample values (not all-inclusive list). The AMC General Funds Customer Codes are 5 alphanumeric digits and are representative of organizations only (e.g. the fund center requesting such as A5XA0 or external entities). Within GFEBS, the AMC Customer Code must be populated on all WBS Elements that will execute reimbursable funds. The AMC Customer Code must be input as the FIRST five characters in the "Command Defined Field" of the execution level WBS Elements. Additionally, the AMC MSC/LCMC must input the LAST four digits of the supplying Funds Center immediately after the AMC Customer Code.

TABLE 2: SAMPLE OF AMC-WIDE COMMAND DEFINED FIELD VALUES

Customer Defined Code	Customer	Description
A5XB0	PEO Ammunition	PEO Ammunition - includes all Fund Centers A5XB*
A5XC0	PEO Aviation	PEO Aviation - includes all Fund Centers A5XC*
D4A00	Air Force	Air Force
D4C00	Defense Advanced Research Projects Agency (DARPA)	Defense Advanced Research Projects Agency (DARPA)
F5A00	Department of Agriculture (USDA)	Department of Agriculture (USDA)
N6A00	Private Industry	Private Industry
N6B00	Academia/Universities	Academia/Universities

- 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. : Work Classification Codes below provides the completed list of Work Classification codes assigned to FMS case and administration related WBS Elements. See Table 3: Work Classification Codes below.

TABLE 3: WORK CLASSIFICATION CODES

Work Classification Code	Work Classification Description
ASLS	ASLS
CONC	CONTRACTOR COST
FMFA	FMF ADMIN
FMSA	FMS ADMIN
FMSC	CASE
NRSC	NON RECURRING SUPPORT COST
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 4: Sample Work Category Codes below provides a sample of FMS case and administrative related Work Category Codes.

TABLE 4: SAMPLE WORK CATEGORY CODES

Work Category	FMS Work Category Description
701	CIVILIAN PERSONNEL SERVICES – SERVICE LINE
708	CIVILIAN PERSONNEL SERVICES – HARDWARE LINE
740	STOCK – REQUIREING REPLACEMENT

- 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 5: Sample Work Category Element Codes below provides a sample list of Work Category Element codes.

TABLE 5: SAMPLE WORK CATEGORY ELEMENT CODES

Work Category Element	Work Category Element Description
0000	NOT APPLIABLE
A1540	SYSTEM FIRST DESTINATION TRANSPORTATION
2523B	POLICY & PROCEDURES
09110	LEAVE TIME (ANNUAL, SICK, HOLIDAY, ADMIN)
09130	COMMAND ACTIVITIES
(Note: Not an all-inclusive list.)	

Planning

JMC 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).

JMC 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, JMC 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

JMC currently tracks Civilian labor hours daily to products/services command wide. Therefore, Secondary Cost Elements, such as 9300.0100 LABOR CHARGE – REG are seen assigning the cost of labor from JMC-related Cost Centers to WBS Elements.

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

JMC does not receive depreciation postings for capital equipment but does have Real Property related depreciation. GFEBS is utilized to calculate the Real Property depreciation values for the Army Depots and Army Ammunition Plants which is then provided to the Logistic Modernization Program (LMP) system utilized to generate the Army Working Capital Fund (AWCF) Financials.

Perform Allocations/Cost Assignments

Various kinds of Allocations/Cost Assignments can be supported within the Cost Model. JMC currently utilizes Costing Sheets to associate indirect costs to their end cost objects.

Costing Sheets

The costing sheets are centrally managed by Headquarters; they create and maintain various Costing Sheets for AMCOM. An organizational POC at AMCOM reviews the overhead sheets data and identifies any changes that need to be made by the Help Desk, i.e. new Cost Center/Activity Type Hours to apply OH against, new OH rates, Fund on the OH posting, etc. Costing Sheets can be updated at any point in time throughout the year, but every organization will review and make updates as a part of Year-End Activities.

DASA-CE has oversight and will approve changes and creations to Costing Sheets.

A Costing Sheet is an allocation tool that is used for the application of indirect costs (e.g. management oversight, network support, etc.) to the receiver object (WBS Elements for JMC) that reflects the work effort.

Costing Sheets have two methods for calculating the amount of indirect costs to be associated:

1) Percent of the dollars posted – An example of this method is to support the Unfunded Civilian Service Retirement (UCSR) process. A percentage of just the labor dollars charged to a WBS Element is utilized to calculate the amount to collect for unfunded civilian retirement, post-retirement health benefits and post-retirement life insurance costs from specific customer types (i.e. DoD Components, Federal Agencies, and private parties).

2) Dollar per Hour ($/Hr) – An example of this method is for each labor hour confirmed to the WBS Element (e.g. 10 hrs of direct labor hours at $78.00/Hr resulting in $780.00 of direct labor costs), an additional $33.52/Hr is charged to cover all indirect costs (resulting in $335.20 of indirect costs also being associated to the WBS Element).

CM Data Load

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

Reporting

No specific reports are associated for the JMC command only. Below Table 6: Sample List of Common Cost Management Reports provides a sample list of common Cost Management related reports used for all commands:

TABLE 6: 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 7: Improvements to Command Cost Model lists items for consideration for updating/improving the JMC Cost Model:

Notional example only – to be built with Command based on priorities

TABLE 7: 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	Review Internal Order ZUFL for Unfunded Leave automatic payroll process.	Ensures Unfunded Leave is tracked appropriately and reported accurately.	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 Real Property associated to Cost Centers.	Ensure Real Property Depreciation reporting is correct for Army.	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	Actuals	Validate no depreciable equipment assets.	Ensures compliance for Audit.	QX FY15
7	Allocations & Assignments – GFEBS	Generate Overhead Allocations.	Associate centralized and Indirect costs to the benefiting organization or product/service.	QX FY15
8	Non-Financial Measures	Determine what Metrics JMC 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