



Command Cost Model Document

U.S. Army Europe Command (USAREUR)

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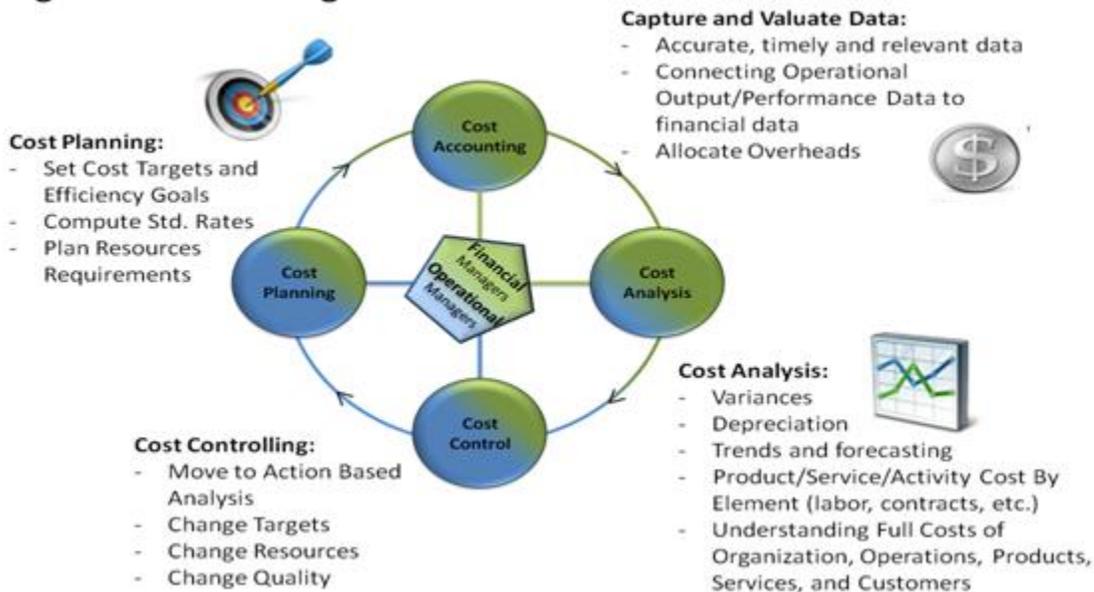


Statement of Purpose

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 (GFEB), Global Combat Support System Army (GCSS-Army) 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 cost objectives
- Definition of master data objects
- Execution of various kinds of planning (cost planning, product output planning, etc.)
- Capture of actual costs
- Perform Allocations / cost assignments, and track non-financial measures
- Various reporting requirements

Figure 1: Cost Management Process



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



Command Overview

The Army Europe Command (USAREUR) is a subcommand to the EUCOM Combatant Command. USAREUR's enduring purpose is to be responsive and engaged; providing the full range of land power capabilities to EUCOM and other combatant commands. USAREUR provides the permanently assigned, Europe-based forces capable of a full range of activities from major combat operations to humanitarian assistance. USAREUR supports training related objectives for the training and certification of allied and partner forces in the Central Command (CENTCOM) and Africa Command (AFRICOM) Area of Responsibilities (AoRs) at Joint Multinational Training Command. USAREUR supports multi-nation scheduled and unscheduled exercise and training events.

In addition to providing forces and training, USAREUR maintains the critical logistical, communications, intelligence, medical and transportation infrastructure to support operational plans and contingencies. USAREUR is a logistics/personnel hub to move equipment, supplies and personnel to and from the CENTCOM; Air Defense sites; and bases for rotational forces. USAREUR manages the European Activity Set, vehicles and equipment forward-positioned in Europe, and assets that support European Rotation Force/NATO Response Force training and exercises.

USAREUR's operations and activities are predominantly direct funded with some reimbursable activities.

Cost Management Objectives

Current Objectives

The main cost objective for the USAREUR 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 USAREUR Cost Centers supports the main cost objective. In addition to tracking to the organizations, tracking to Functional Cost Accounts (FCAs) is also required. The USAREUR Cost Model also includes the reflection of training events that are Commander's Exercise Engagement and Training Transformation (CE2T2) related as WBS Elements to capture the cost per exercise.



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 USAREUR 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. 170HBCT HHC) for USAREUR or other supporting Table of Distribution and Allowances (TDAs) entities (e.g. Cost Center with description of TRG DEV & EVAL BR). 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 Unit Identification Code (UIC)-Paragraph structure of the working TDAs or the Modification Table of Organization and Equipment (MTOE) structured authorized UICs (e.g. Company A).

Coding Logic

USAREUR integrates with the GCSS-Army ERP and therefore has Federated 4* series Cost Centers. This 4* numbering of Cost Centers ensures GCSS-Army and GFEBs Cost Centers are completely synchronized. To maintain consistency between GFEBs and GCSS-Army, Cost Center numbering 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. WXXXXA0 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 (AoR), Name 4, and Interface Indicator (utilized if using the Automated Time Attendance & Production System (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) or volume (BTUs). 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 and Military. 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

USAREUR's 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 1 lists a summary of Activity Types utilized by USAREUR.

- 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 USAREUR.
 - 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. USAREUR 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, USAREUR 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.



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- Local National – USAREUR does have Local Nationals that utilize the special Local National specific Activity Types. See Payroll section for further information on LN Payroll.
 - Contractor – USAREUR currently does not track contractor Labor Hours to outputs.
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- Non-Labor Activity Types – Currently USAREUR 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	YES
Labor	Contractors	No
Non-Labor	NA	No

Internal Orders

Overview

USAREUR utilizes Internal Orders (Order Type ZUE1) within its Cost Model to track the cost of various events, such as:

- Purpose of travel (e.g. Emergency Leave, National Visits, School TDY and Return, etc.)
- Official Representation Funding (ORF)
- FCA reporting (e.g. F1201 ENDURING FREEDOM, F2301 JOINT FORGE BOSNIA)
- Italian and German Payroll Default Lines of Accounting
- DFAC Meals Collections (e.g. Kaiserslautern-Kleber, VILSECK-Stryker Inn)

Many of these Internal Orders (IOs) roll over from year to year. Some are created each year such as the default Line of Accounting (LOA) required for Local National Payroll processes. Over 70% of the Internal Orders are defined as Statistical (STAT.) 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.



STAT IOs are utilized when costs need to be tracked by more than one cost object or view such as the Cost Center should be posted to for the Unit supporting the F2301 FCA Event; however there is still the need to report out the costs associated to F2301 efforts. For entities tracking costs/execution by organization for spend planning purposes, then STAT IOs are utilized to provide the further break down as to purpose of travel or FCA, etc. For example, IO70000302 Permanent Change of Station (PCS) is a STAT IO and shows costs by Cost Centers 40057472 and 40057477, as each Cost Center has PCS related costs.

WBS Elements

The main cost collector, in addition to the Cost Center, for USAREUR is the WBS Element. WBS Elements are utilized to track the transparency, visibility, and activity of the efforts being supported. In summary, USAREUR uses WBS Elements to:

- Collect any reimbursable costs for services provided (e.g. National Maintenance Program (NMP) Support)
- Provide funding to other entities via the Direct Charge process.
- Track costs of CE2T2 training exercises – the different 7097.01 CE2T2 related exercise are required to be listed in the Attribute 1 field (e.g. EX4AB – ANACONDA SABER) 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.
- Track costs of FCAs – a portion of the effort supported by USAREUR is related to FCA activities such as Turkey Mission (e.g. F4310)
- Track costs of kinds of travel and/or who supported travel (e.g. G3 or G4 for a CE2T2 exercise).

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 USAREUR does not utilize SKFs to track non-Financial measure. For a CE2T2 exercise, the number of countries or soldiers involved would be examples of SKFs.



Cost Elements

Primary Cost Elements

Primary Cost Elements track initial expenditures within the system and are defined ARMY-wide. Therefore nothing specific for the USAREUR 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 USAREUR requirements.

Business Processes

Currently the USAREUR Cost Model does not use Business Processes to track any cross-functional business activities.

Attributes (Custom Fields)

Several custom fields have been added to the various master data elements. Although these custom fields are not cost objects themselves, the field brings an additional cost view of information. Most of the custom fields are specific to a single master data element such as the Capability or Country added to the WBS Element. Several Custom Fields however have been added across the core cost object of Cost Center, Internal Order, and WBS Element to allow for a single view regardless of which cost object is utilized, e.g. FCA.

USAREUR utilizes the following custom fields:

- Attribute 1 – Exercise codes to be tracked for CE2T2 Funding.
- FCA – tracking FCA codes issued for tracking of Hurricanes and other events.

Planning

USAREUR 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).

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

USAREUR has Local National Payroll via multiple LN payroll interfaces such as Italian, German, and Belgium/Netherlands Payroll systems. The Italian payroll is treated as Direct and therefore posts against the standard payroll accounts of 6100.1100 - 6100.12ZZ (similar to DCPS) versus foreign national pay accounts of 6100.2800 – 6100.28ZZ utilized by the other Local National Payroll systems. Local Nationals do not reside in the GFEBS HR PERNO master record but within the source Pay systems. There is a local national Faces-to-Space document utilized for identification of the employee to their Cost Center and Activity Type located on the same website listed above.

Labor

USAREUR 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 USAREUR related Cost Centers to Orders and/or WBS Elements. However, with GCSS-Army Wave 2 deployment to USAREUR, 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.

USAREUR does receive the benefit of Labor charges associated to an activity performed against Direct Charge-related WBS Elements. Therefore USAREUR entities should understand the



Secondary Cost Elements related to Labor Activity Types to understand the charges they receive from other supporting organizations.

Non-Pay/Labor Costs

Costs not related to payroll or labor tracking are also captured within the cost model. These costs require the individual initiating the action to indicate the organization or event (e.g. IO or WBS Element) receiving the benefit of the expense. For example, Purchase Requisitions (PRs)/Purchase Orders (POs) generated to reflect a contract or a Defense Travel System (DTS) travel order are created and cited against the cost object those costs are supporting.

Depreciation

USAREUR receives depreciation postings for capitalized 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. USAREUR currently does not have any recurring cost allocations occurring, other than the NMP Reimbursable Billing process. NMP utilizes 9100.S003 NMP BILLED – LABOR to relieve the Cost Centers for worked performed and should be billed to AMC.

CM Data Load

There are several Army-wide systems interfacing cost management data such as GCSS-Army for tactical equipment utilization or the Worldwide Ammunition Reporting System (WARS) interface to provide the cost of training ammo for a unit. Currently, USAREUR Cost Centers do not receive data loads.



Reporting

No specific reports are associated for the USAREUR command only. The following reports are of use 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 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 3 list items for consideration for updating/improving the USAREUR 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	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	Review FCA for valid codes within dates	Compliance with FCA reporting requirements	QXFY15
3	Master Data	Review WBS elements for using Country Codes	Auto-aggregates reporting by Country supported	QXFY15
4	Master Data	Review use cases for IOs versus WBS Elements	Align approaches across all of USAREUR for consistent reporting approach	QXFY15
5	Actuals – WARS	Validate Training Ammo not consumed by USAREUR units	Ensure Non-financial measures from interfaces are being posted	Q1 FY15
6	Actuals – GCSS-Army	Review WBS Elements RESP CCs for Settlement of WBS Elements to responsible Cost Centers	Costs are moved back to the Unit to support the Full Cost by Unit	QX FY15
7	Actuals	Review utilization of statistical cost postings to more than 1 cost object	Ensure reporting needs are meet align with Spend Planning	QXFY15
8	Assignments & Allocations - GFEBS	Generate USAREUR Overhead Allocations	Associate centralized and Indirect costs to the benefiting Units	QX FY15