



Command Cost Model Document

U.S. Army Reserve Command (USARC)

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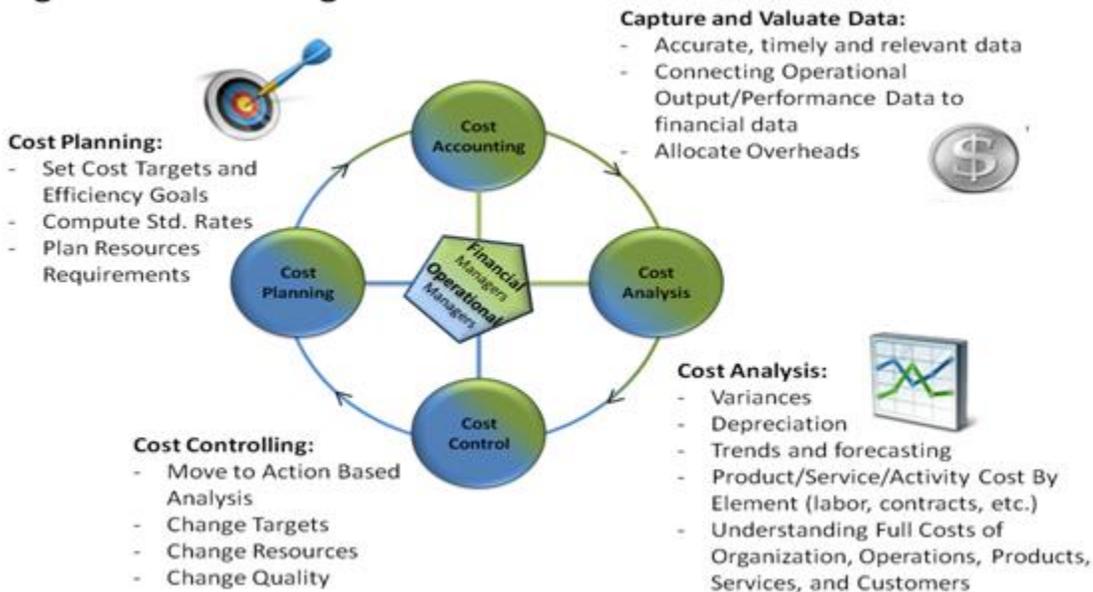


Statement of Purpose

The purpose of the *Command Cost Model Design (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 United States Army Reserve Command (USARC) is responsible for providing runs the mission under Title 10 of the US code to provide trained, equipped, and ready Soldiers and Units to meet ever changing global requirements across a full spectrum of military and humanitarian operations. USARC provides ready and direct access to a high quality, all-volunteer, Army Reserve for the Army and joint missions at home and abroad which is essential to the Total Force and the nation.

USARC is considered a tactical Army Command (ACOM), and must integrate with the Army's Global Combat Support System, the Cost Center numbers are the federated 4-series numbers and reflect the approved Force Structure that is used as the baseline for generating data out of the G-Army system. USARC will have both Civilian Table of Distribution and Allowances (TDA) and Military Modification Table of Organization and Equipment (MTOE) Authorizations.

USARC operations and activities are predominantly direct funded.

Cost Management Objectives

Current Objectives

The main cost objective within GFEBs and GCSA for the USARC 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 USARC Cost Centers supports the main cost objective. In addition to tracking to the organizations, tracking to Functional Cost Accounts (FCAs) is also required. The USARC 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. USARC, unlike other Tactical commands, also has some Installation Management missions and corresponding BASOPS reporting for ACSIM.

Future Objectives

To achieve the Army-wide objective of capturing full costs of organizations, organizations within USARC 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) 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 the Command Cost Management Program (CMP) grows and matures, further adjustments to the command cost model will be necessary to provide better information for (1) resource-informed decision making, (2) Cost-Benefit Analysis, and (3) continuous improvement efforts.

Command Master Data

Cost Centers

Overview

Cost Centers represent the organizations (e.g. 377TSC HHC) for USARC or other supporting Table of Distribution and Allowances (TDA) entities (e.g. Cost Center with description of ARCD OPERATIONS BRANCH). 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 (MTOE) structured authorized UICs (e.g. Company A).

Additionally, USARC manages Facilities within the Regional Support Command (RSC) (e.g. 81st RSC, 88th RSC). For the Reserve related facilities, Cost Centers exist for the TDA structures based on the UIC-PARA definitions. For RSC facilities, the standard 35 Real Property (RP) related Cost Centers reflecting the different types of Real Property (e.g. Airfields, Training Land, Land) exist. These Real Property Accountability (RPA) related Cost Centers have been defined to capture the cost of depreciation related to the various facility category codes which are assigned to the buildings reflected within GFEBs Real Property module.

Coding Logic

USARC 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. WXXXA0 for Company A).

RPA related Cost Center have a defined smart coded number logic. The coding logic is defined as the last four of the Fund Center responsible for the non-budget relevant depreciation postings, then P for Property, and then 001 – 035 which identifies the RP Building type (e.g. 009 = Aviation Ranges, 013 = Vehicle MNT Facilities, etc.) For example, Cost Center 2AITP009 represents the combined depreciation costs for all Real Property related to the 9th RCC Aviation Ranges.



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

USARC 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 Type utilized by USARC.

- 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 USARC.
 - 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. USARC does not currently perform Time Tracking for Civilian labor hrs and as such Labor Activity types are needed only to support the payroll process.
 - Military – Currently, USARC 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.

- Local National – USARC does not have Local Nationals that utilize the special Local National specific Activity Types.
 - Contractor – USARC currently does not track contractor Labor Hrs to outputs.
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- Non-Labor Activity Types – Currently USARC 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

USARC utilizes Internal Orders (Order Types ZRC1) within its Cost Model to track the cost of various events, such as:

- Official Representation (ORF) or Counter Narcotic (CNPO) Activities
- FCA reporting (e.g. F1211 OEF-DEPLOYMENT/REDEPLOYMENT)
- Tracking BASOPS reporting for ISR and Point Account

Many of these Internal Orders (IOs) roll over from year to year such as ISR/Point Account related and therefore the same IO # is then utilized year over year.



WBS Elements

The main cost collector, in addition to the Cost Center, for USARC 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 such as 79TH SSC FY14 JLOTS (311th ESC)
- Provide funding to other entities via the Direct Charge process.
- Track costs of FCAs
- Track costs of kinds of travel and/or who supported travel
- Track ISR/legacy Point Account costs for BASOP funding - USARC manages Facilities within the RSC (e.g. 81st RSC, 88th RSC.) For the entities not using Internal Orders to reflect ISR/Point Account, WBS Elements have been utilized. For leased buildings managed by the RSC, WBS Elements are utilized to track the ISR/Point Account related costs by location.

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 USARC 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 USARC 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 USARC requirements.



Business Processes

Currently the USARC 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.

USARC utilizes the following custom fields:

- Attribute 1 – Products/Services (legacy Point Accounts.)
- Attribute 2 – ISR for Installation BASOPS related efforts.
- FCA – tracking FCA codes issued for tracking of Hurricanes and other events.

Planning

USARC 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).

USARC 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>

USARC Civilian payroll posts to a centralized Fund Center (A24SS) versus to the lowest level Fund Centers. This requires a special business rule within GFEBS so that IF GL Account begins with 6100.1100 – 6100.12ZZ THEN the Fund Center is changed from the lower level Cost Center related Fund Center to the centralized Payroll Fund Center. The cost of the Civilian Payroll still posts against the correct lower level organizational structures. The Funding to fund those expenses is managed within a different Fund Center. Military Payroll currently comprises a portion of USARC's overall cost of operations. Currently the MILPAY is not being recorded in GFEBS but is scheduled for FY15.

Labor

USARC 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.

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

USARC receives depreciation postings for Real Property. Additionally, USARC currently uses 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 the 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 Unit (Cost Center.)

Perform Allocations/Cost Assignments

Various kinds of Allocations/Assignments can be supported within the Cost Model. USARC currently does not have any cost allocations occurring.

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, USARC 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 ASP (Ammunition Supply Points) 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 USARC 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

The following Table list items for consideration for updating/improving the USARC Cost Model: None in FY15. Priorities remain (1) fielding MILPAY to GFEBs system and process changes, (2) building a cost-informend decision climate using the USAR Cost Management Program (CMP), and (3) Audit Readiness.