CM 101 Training Objectives

- **Section 1: Cost Management Overview**
  - What are costs and why is managing costs important?
  - Army's overall objectives
  - The process of Cost Management and how it differs from Budget Management
- **Section 2: Cost Object Definition**
  - Understanding what is an ERP (e.g. GFEBS, GCSS, etc.)
  - How to structure ERPs to build the Cost Model
  - Defining the various cost objects (which replace APCs/JONOs) within a Cost Model, e.g. organizations, products, services, jobs, etc.
- **Section 3: Cost Flow Methods**
  - How costs are captured and managed, e.g. travel (DTS), payroll (DCPS), Supplies (PRs, FMC), etc.
  - What level to manage costs to (individual org/UIC or higher in the command structure)
  - The difference between cost capturing, allocations, and assignment
- **Section 4: Analysis and Reporting**
  - Understanding of the results of the Cost Model
  - How to report/analyze Budget Execution data for budget status versus cost management
  - How various types of analysis and decisions are supported

Section 2 Objective & Agenda

Section 2: Cost Object Definition

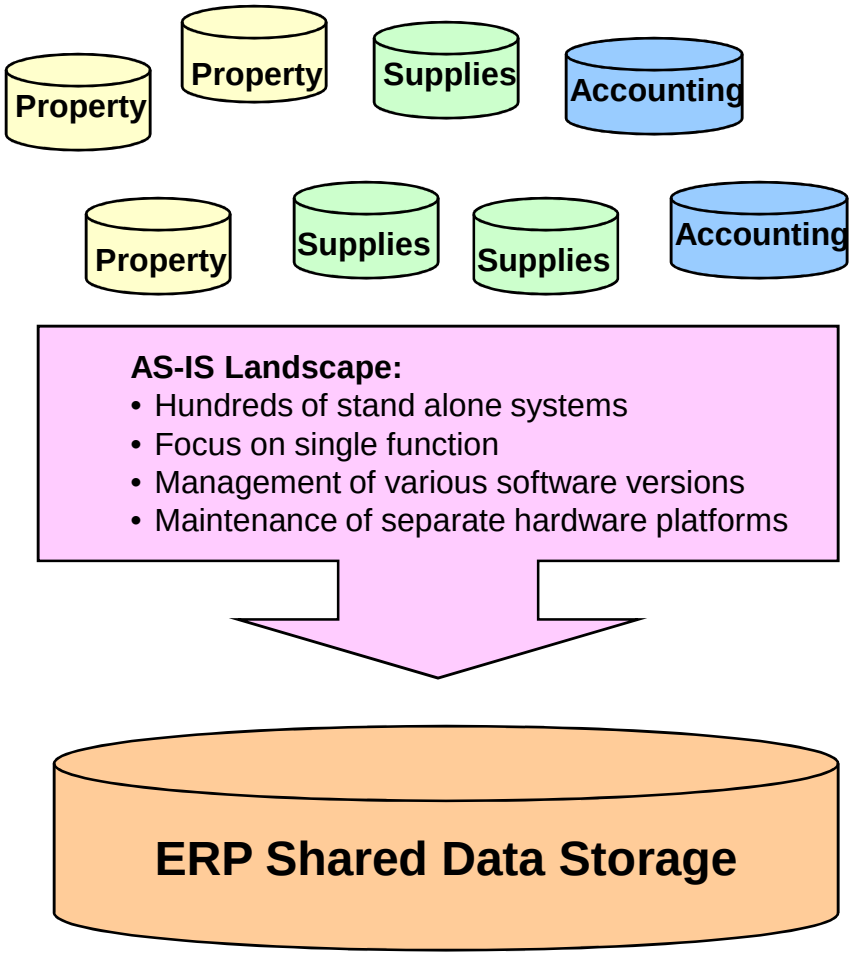
- Understanding of an ERP, how to create a cost model and each of the cost objects supported within the cost model
  - ***Lesson 1***: ERP Enabler
  - ***Lesson 2***: Costing Conceptual Design
  - ***Lesson 3***: Budget Objects vs Cost Objects
  - ***Lesson 4***: Cost Centers
  - ***Lesson 5***: Activity Types
  - ***Lesson 6***: WBS Elements
  - ***Lesson 7***: Orders
  - ***Lesson 8***: Business Processes
  - ***Lesson 9***: Statistical Key Figures
  - ***Lesson 10***: Cost Elements

Lesson 1: ERP Enabler

Objective(s):

- To understand what “ERP” stands for and how it can support the Army’s Cost Management culture

Enterprise Resource Planning (ERP)



What is it?:

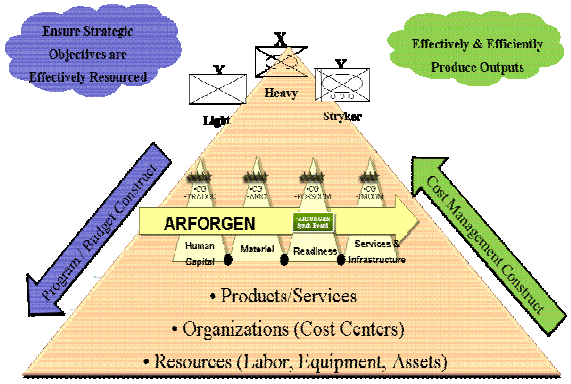
- Used to refer to software/ hardware "intended to manage all information and functions of a business or company from shared data stores"*
- Utilizes a shared database, ensuring data integrity, that may be centralized or distributed
- Manages multiple functions within a business such as Property, Accounting, Sales, Production, Procurement, etc.
- Army programs such as GFEBS, GCSS-A, LMP utilize the SAP ERP software

* www.wikipedia.com 11/26/09

Enhanced Ability to Capture Cost

Cost Objects	Organizational Entities	Real Property / Equipment	Program / Project	Task / Activity	Special Event or Initiative
ERP (SAP) Cost Collectors	Cost Centers	Assets / Real Estate Objects	Project / WBS	Business Process	Internal Order
Army Examples	• Installation • Brigade • School • Directorate • Lab	• Building • Training Range • Weapon System	• Acquisition • RDTE Project • MILCON Project • System Test	• Services • Instructional Course • Repair Process • Test Run	• BRAC • Training Event • Mandatory Training • Support to Olympics

Cost assigned Directly or Indirectly



Customer / Product

- **Brigade**
- **Tenant**
- **Command**
- **Weapon System**
- **PEO / PM**
- **Course**

GFEBS

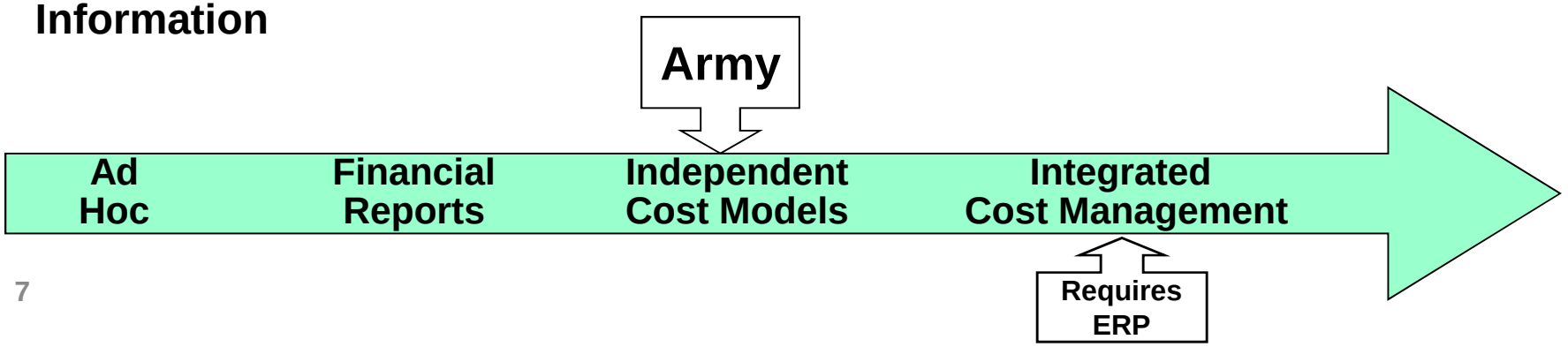
Many ways to Measure Cost Methodology vs System

- **Army's Purpose is to Provide Operational Managers with Relevant "True" Cost Information to Make Sound Economic Decisions**
- **Methodologies to Measure Cost (FASAB #4)**
  - **Activity Based Costing**
  - **Job Order (Event) costing**
  - **Project (with WBS) costing**
  - **Std. (Product) costing**
  - **Others**

Traditional vs. Cost View (example)

Traditional view (Inputs)		*Cost View (Process)*	
Salaries	$ 501K	Issue Property	$ 40K
Supplies	44K	Receive/Turn-In Property	72K
Contracts	45K	Maintain Prop. Book	279K
Travel	17K	Store Property	136K
Transportation	19K	Administrative Support	99K
	$626K		626K

- **Requires a System to Gather Cost Data and Provide Analytical Information**



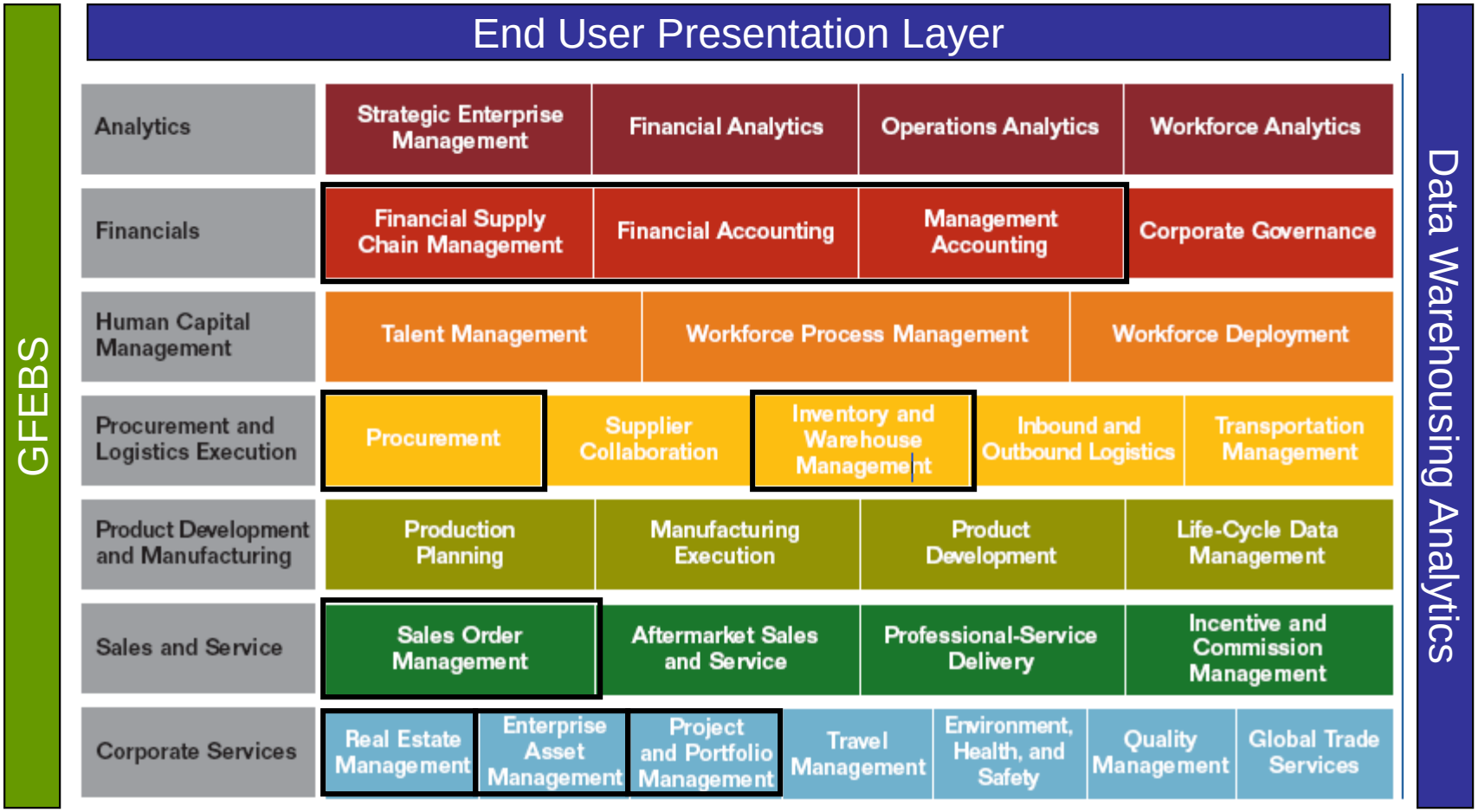
Enterprise Resource Planning (ERP)
ERP Benefits

ERPs Help to <u>Streamline</u> & <u>Integrate</u> the Processes & Systems Providing the Following Benefits:

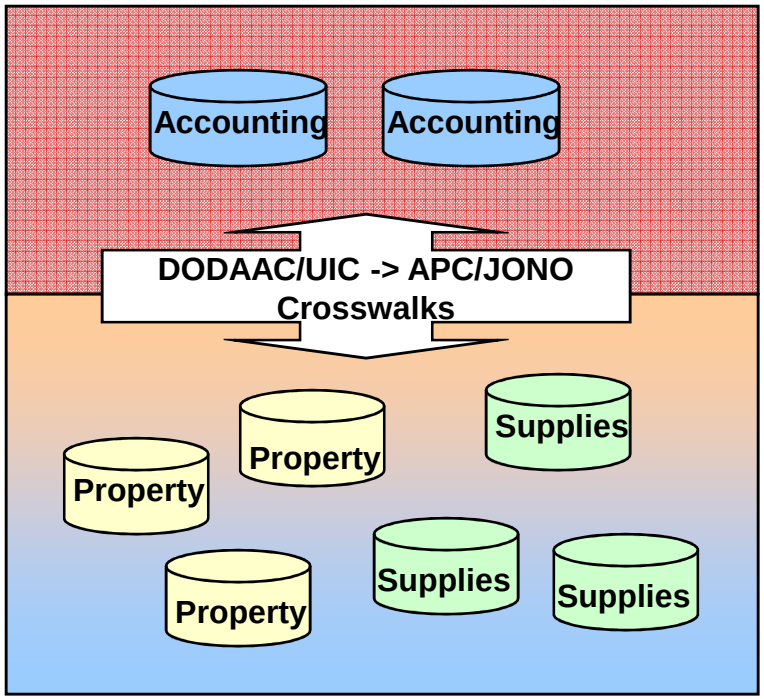
- Increases Productivity Across Organizations
- Improves Standardization & Efficiency of Processes
- Increases Access, Consistency & Transparency of Data
- Provides Collaboration Across Business Domains
- Provides IT Economies of Scale
- Enhances Analytics & Improves Accuracy of Data

Enterprise Resource Planning (ERP)

Commercial Off the Self System that Integrates All Facets of the Business

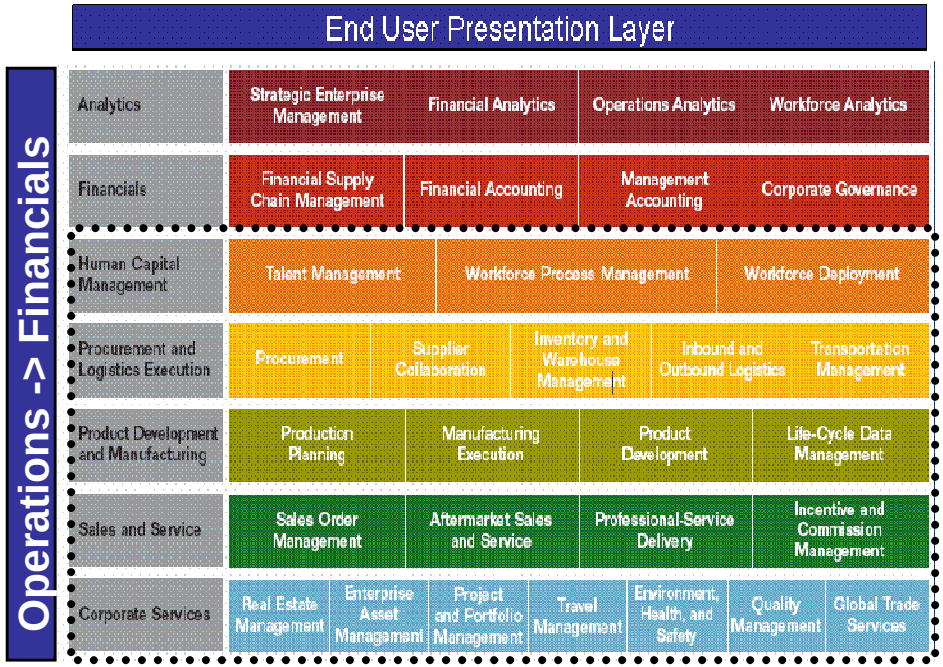


Fundamental Shift – Operationally Focused



AS-IS Landscape:

- Operational systems tend to work on DODAACs and UIC
- Financial systems work on APCs/JONOs
- Crosswalks/systems are maintained to align operational level of detail to correct financial view, e.g. FCM

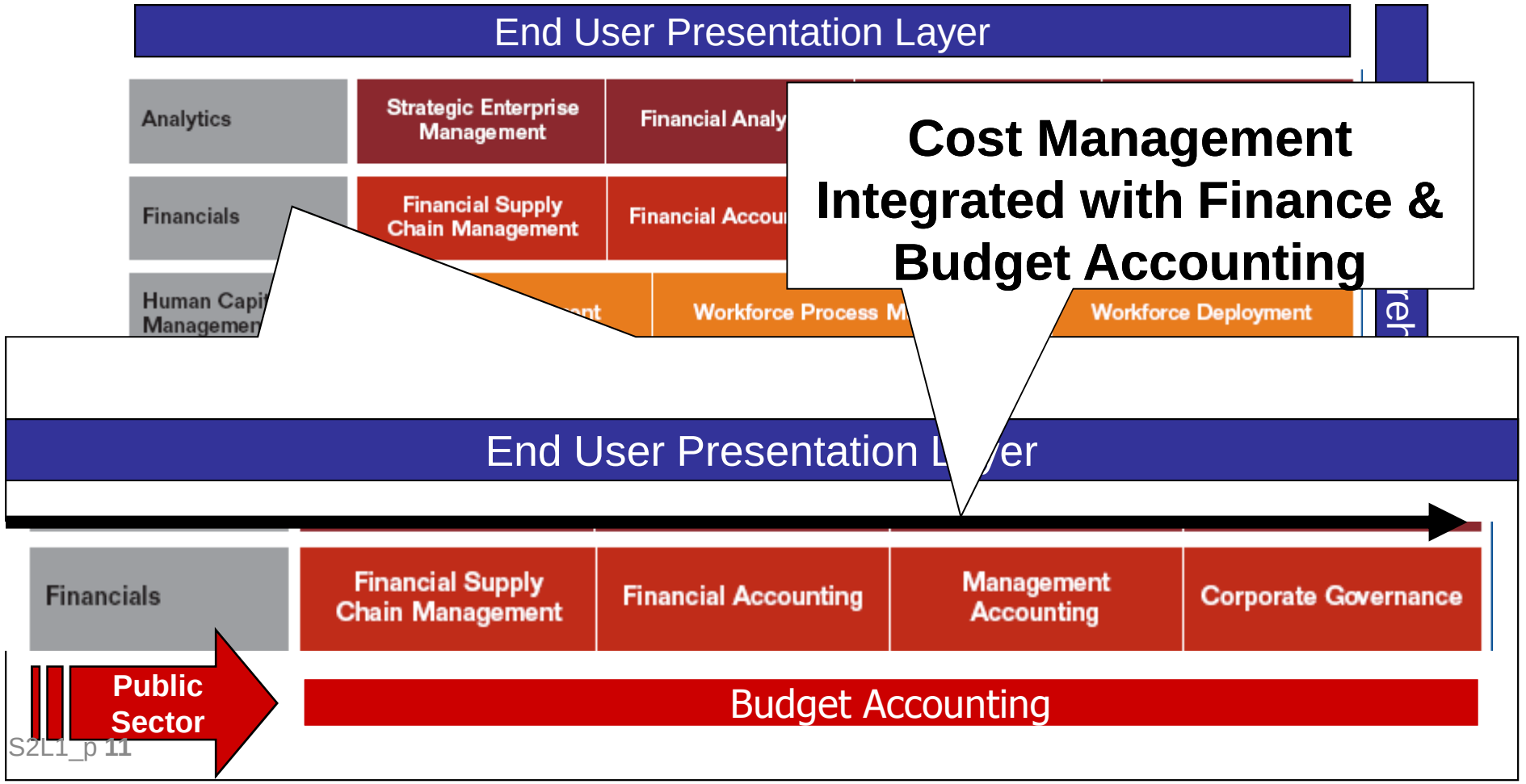


TO-BE Landscape:

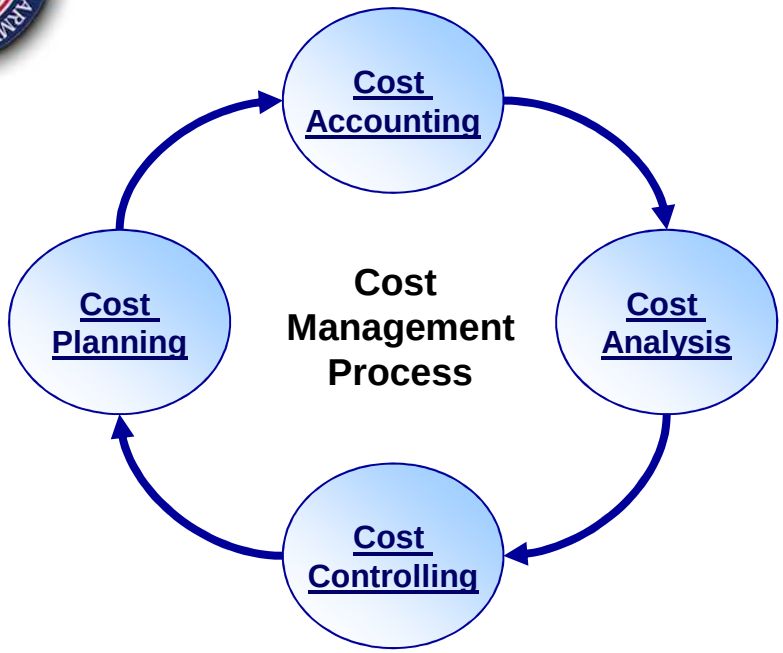
- Operational functions integrated with Financial processes
- Focus of system is capturing operational transactions which then provide a financial view
- Level of information capturing is far lower than Financial focused system dealt with, e.g. by full 6 UIC code versus parent AA

Enterprise Resource Planning (ERP)

- **ERP Functionality Integrates Management Accounting (Cost Management) with the Financial & Budget Accounting**

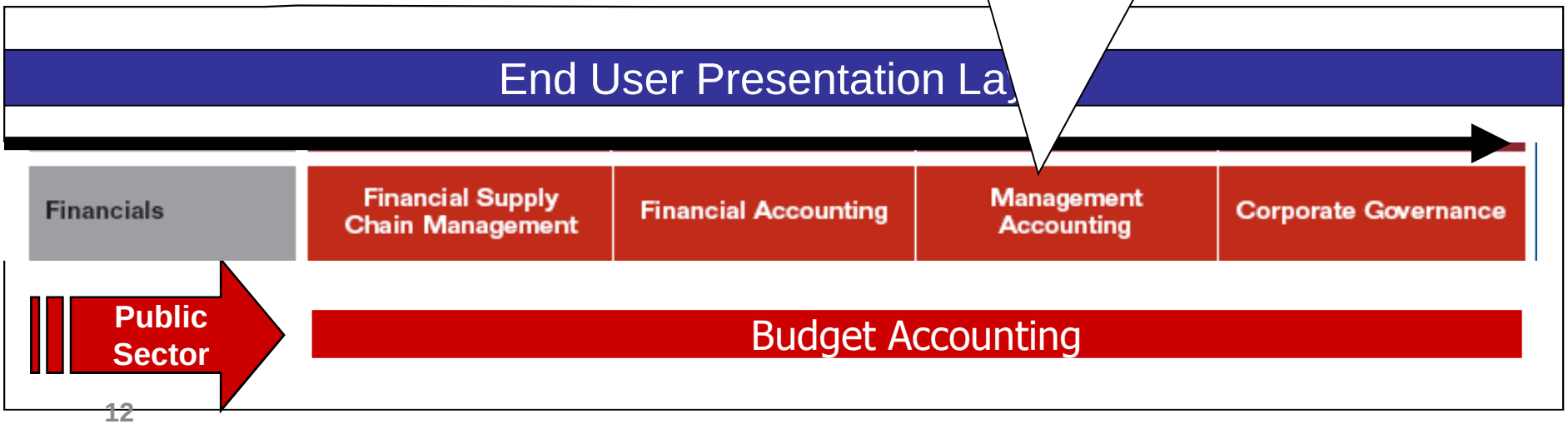


Enterprise Resource Planning (ERP)



ERPs (e.g. GFEBS) Enable The Cost Management Process

Cost Management Integrated with Finance & Budget Accounting

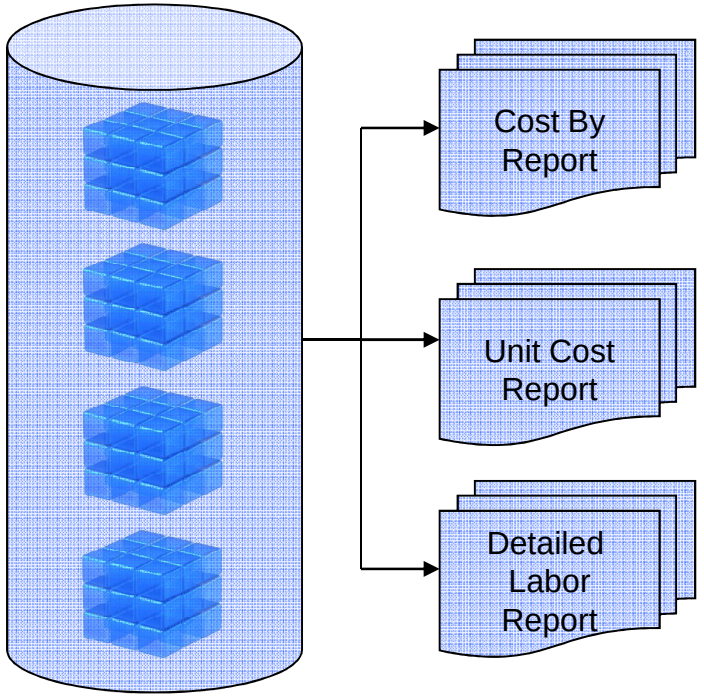


GFEBS System Components

ECC – Enterprise Central Component

FI – Financial Acct. & Mgmt.
FM – Funds Acct. & Mgmt.
CO – Cost Acct. & Mgmt.
MM – Materials Mgmt. and Procurement
PPE – Property, Plant & Equipment [PM, PS, RE, AA]
SD – Sales & Reimbursables

BI – Business Intelligence



- Optimized for Data Input
- Transaction Processing
- Real-time; recon analysis
- Structured reporting

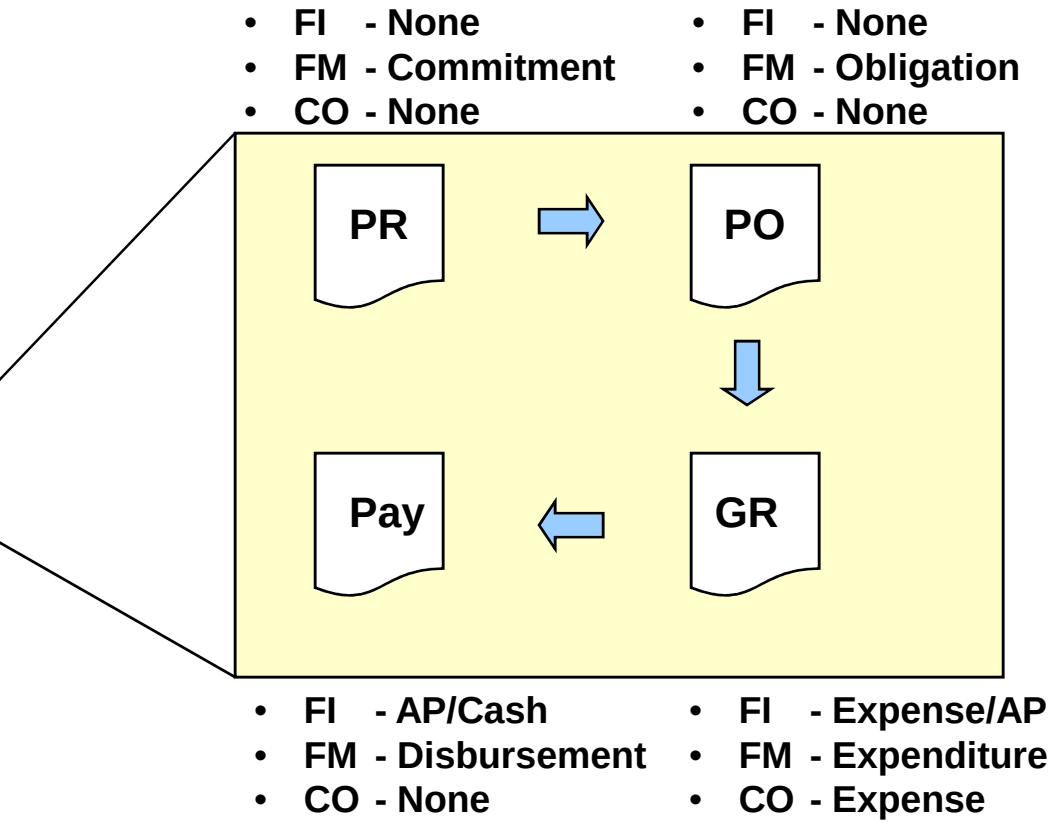
- Optimized for Data Extraction
- Analytical Processing
- Near real-time; trending analysis
- Slice-n-dice reporting (pivot)

Simultaneous Update

ECC – Enterprise Central Component

FI – Financial Acct. & Mgmt.
FM – Funds Acct. & Mgmt.
CO – Cost Acct. & Mgmt.
MM – Materials Mgmt. and Procurement
PPE – Property, Plant & Equipment [PM, PS, RE, AA]
SD – Sales & Reimbursables

- Optimized for Data Input
- Transaction Processing
- Real-time; recon analysis
- Stuctured reporting



Lesson 1: Wrap-Up

- An ERP is an enabler to Cost Management "Culture" by providing the technology necessary
- The Army Cost Model is being designed into GFEBS which utilizes the SAP ERP application
- The ERP application is operational focused generating financial information as an outcome of an operational transaction
- The ERP application has a transactional component and an analytical component
- The transactional component has real-time integration for the various value streams/function modules

Question # 1

- What are some of the benefits of an ERP?

Answer # 1

- What are some of the benefits of an ERP?

ERPs Help to <u>Streamline</u> & <u>Integrate</u> the Processes & Systems Providing the Following Benefits:

- Increases Productivity Across Organizations
- Improves Standardization & Efficiency of Processes
- Increases Access, Consistency & Transparency of Data
- Provides Collaboration Across Business Domains
- Provides IT Economies of Scale
- Enhances Analytics & Improves Accuracy of Data

Question # 2

What are some of the major changes due to moving to an ERP?

Answer # 2

The major changes of moving to an ERP are:

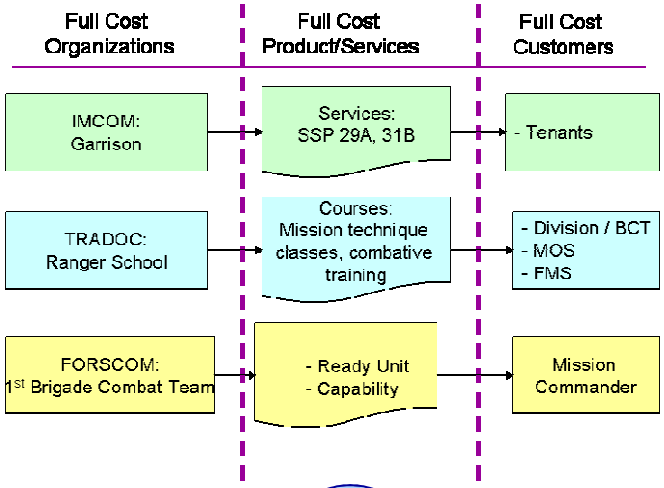
- Single shared database
- Integrated functions, i.e. operational and financial
- Visibility of level of detail due to operational focus

Lesson 2:
Costing Conceptual Design

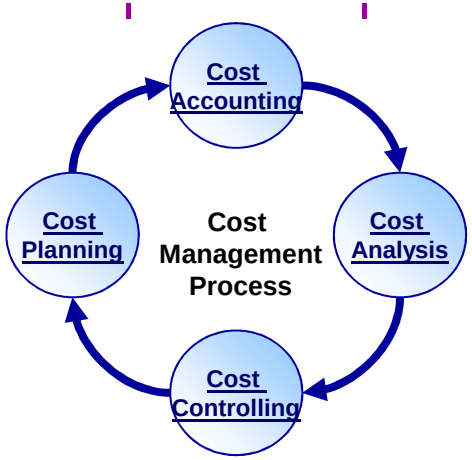
Objective(s):

- To understand the approach to developing the costing conceptual design to support the Cost Management Process using the GFEBS ERP application.

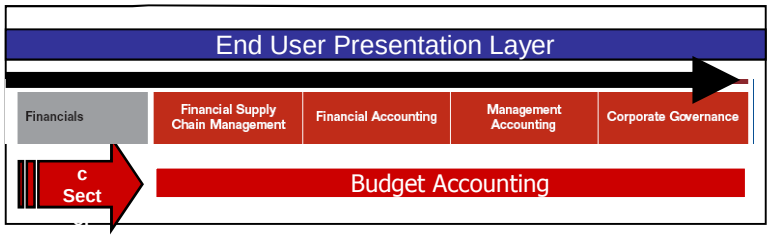
Costing Conceptual Design



What/Why information is entered, stored, used, and presented



How the information is entered, stored, used, and presented



Where the information is entered, stored, used, and presented

What is the Costing Conceptual Design?

- The translation of the business objectives, needs, and requirements into a management decision support model (Cost Model)
- A monetary valuation of the economic goods and services of the organization – full burden cost flows
- “The Continuum” – maturation over years (ex. from Ft. Jackson go-live through all roll-outs and beyond, increased accuracy of cost flows through better data)

The CCD influences/defines the set-up of tools providing cost management information, e.g. GFEBS, GCSS, Data Warehouses, etc.

What Influences the CCD Developed?

- **You do!** You either currently manage an APC/Jono (e.g. Resource Manager/Budget Analysts) or you request them to be created in order to provide information (e.g. Operational Manager)

- Currently any financial information about an area is captured through the EORs and which APC/JONO it posted to

- Looking at an APC master file for example has APCs that:
  - Provide the budget address (paying information – e.g. Approp, PE)
  - Purpose/Why (e.g. MDEP, Description)
  - For who (e.g. AMSCO, REIMB – organization, product, service, customer)

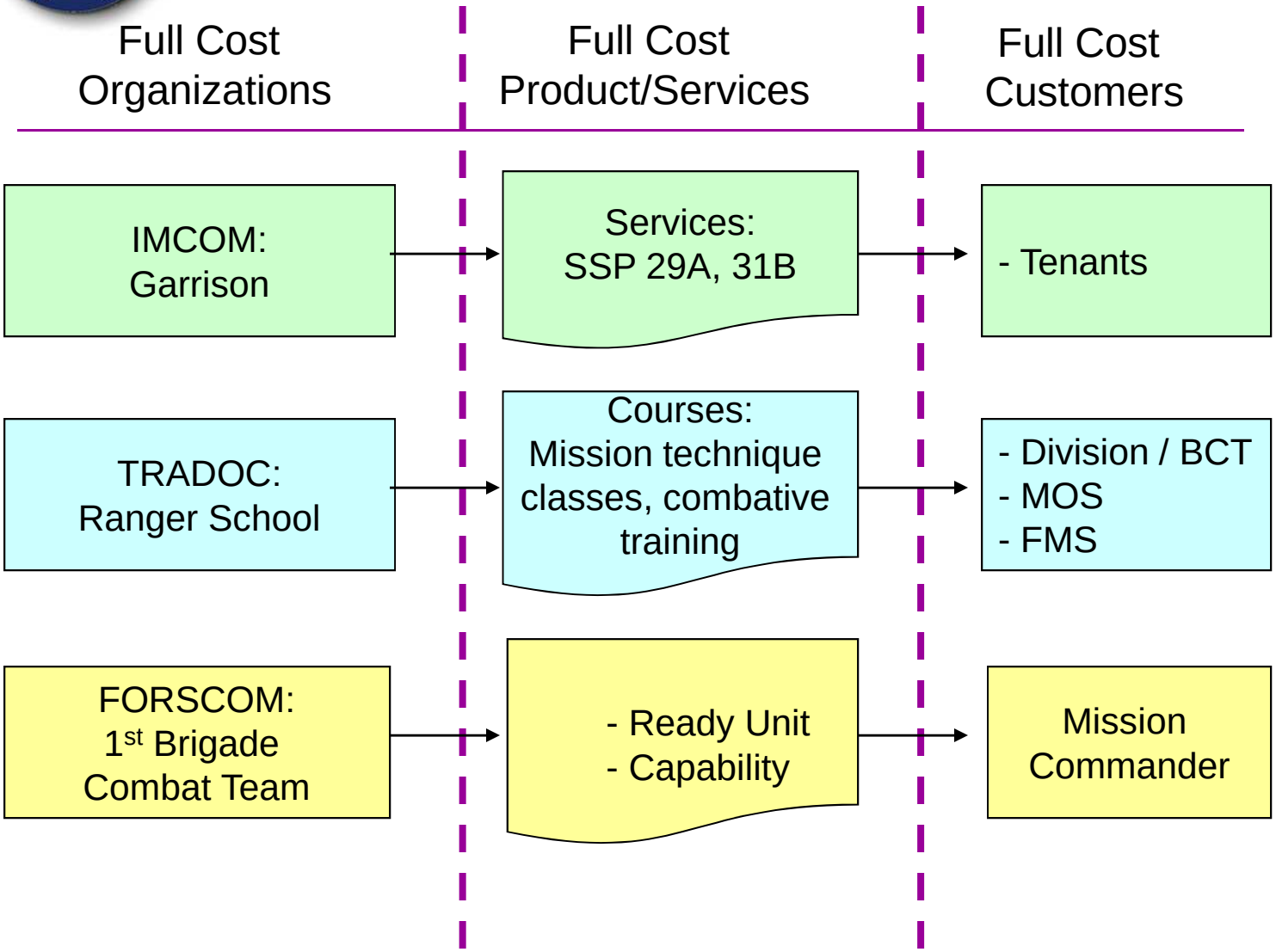
- Management objectives across ASNs, within Command and across the Army

Army Cost Design - Model

Full Cost Organizations	Full Cost Product/Services	Full Cost Customers
IMCOM: Garrison	Services: SSP 29A, 31B	- Tenants
TRADOC: Ranger School	Courses: Mission technique classes, combative training	- Division / BCT - MOS - FMS
FORSCOM: 1st Brigade Combat Team	- Ready Unit - Capability	Mission Commander

The translation of the business objectives, needs, and requirements into a management decision support model (Cost Model)

Army Cost Design - Flows



A monetary valuation of the economic goods and services of the organization – full burden cost flows

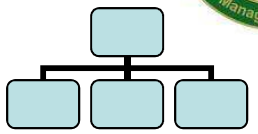
maturation over years

Army Cost Model Concept

Resources

Cost Center

Organization - Labor, Materials, Supplies



Asset / Equipment

Plant, Property & Equipment

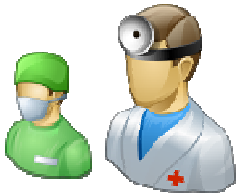
Outputs

Project / Program

Building Project, Weapon System

Internal Order

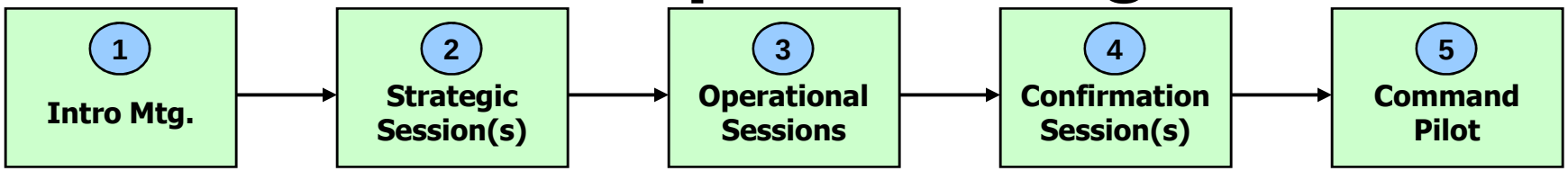
Services, Events (SSP, Course)



WBS / Work Order

Job (Set of Tasks) – Maint & Repair

Cost Model Conceptual Design



Inputs:
- Overview Presentation

Outputs:
- Identified POCs
- Scheduled #2/#3 Mtg.

Inputs:
- CM Training
- APC Files
- TDA Files
- HQ Reports

Outputs:
- CC Structures & Attributes
- Products & Attributes
- Non-Fin Metrics
- Identified #3 Locations & POCs

Inputs:
- CM Training
- HQ Objectives from #2
- APC Files
- TDA Files
- OPs Reports

Outputs:
- Δ CC Structures & Attributes
- Δ Products & Attributes
- Non-Fin Metric Systems Reviewed
- Identified Pilot Construct Resources

Inputs:
- Findings Pres. to HQ
- Finalized Master Data Templates

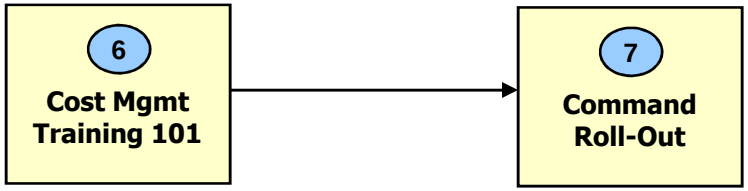
Outputs:
- CCs & Hierarchy
- Internal Orders
- WBS Elements
- Identify Cost Allocations & Assignments
- Reports

Inputs:
- GFEBS Load of Master Data
- Build Allocations/ Assignments
- GFEBS Update for Reporting Needs

Outputs:
- Command Review
- Identify Areas for Enhancement
- Resourcing Strategy for Follow-on Waves, e.g. "Capture Team"

Cost Model Roll-Out

Steps 1 to 6 Completed



Educate and Integrate Command Participants

Course Info:

- Approx. 12 hrs
- Focus on Cost Management principles and how tos in GFEBS
- Resource & Operational/Business Mgrs.
- Approx. 50 per class

Learning Objectives:

- Budget vs Costs
- Cost terms/Definition
- Defining CM master data structures and uses (replaces APCs)
- Different Reporting Capabilities
- PASS THE EXAM!

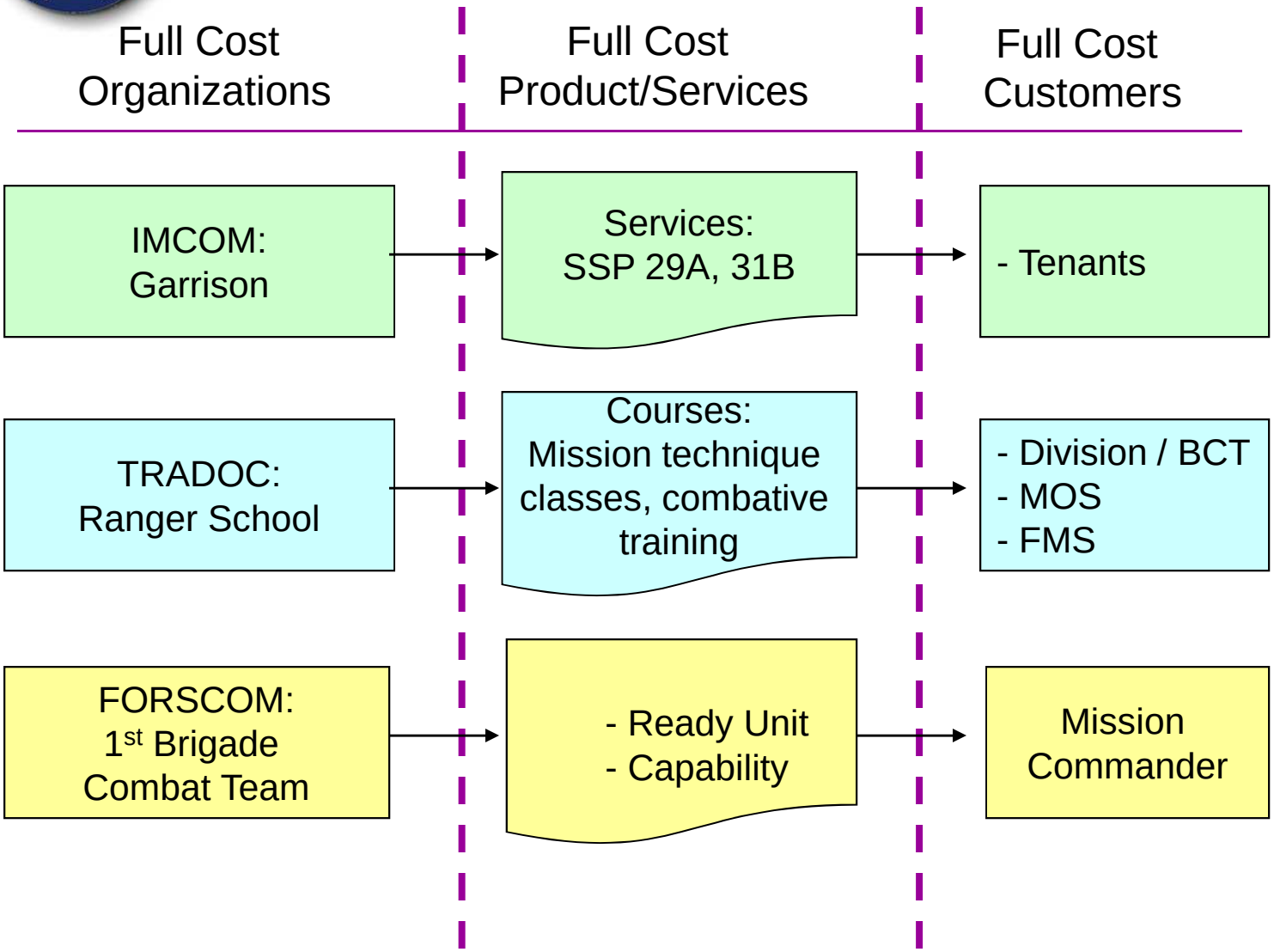
Inputs:

- Δ/Create CC Structures & Attributes
- Δ/Create Products & Attributes
- Non-Fin Metric Systems Implemented

Outputs:

- CCs & Hierarchy
- Internal Orders
- WBS Elements
- Cost Allocations & Assignments
- Reports

Army Cost Design - Flows



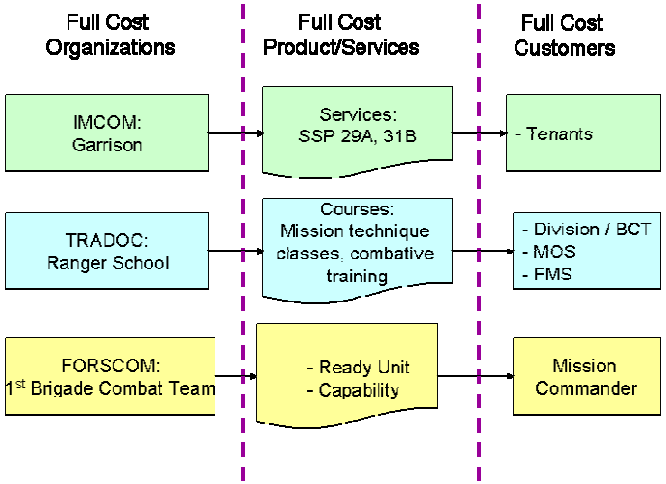
Results of the Analysis Workshops are aggregated and utilized to generate the Cost Model

Lesson 2: Wrap-Up

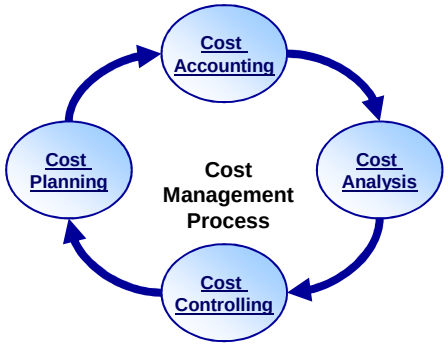
- GFEBs is the technology to support Cost Management and where the information is captured, stored, used, and displayed.
- The Cost Management Process defines how Cost Management is supported.
- The CCD (Cost Model) is what cost Management information will be provided to support management decisions
- The CCD is the translation of management objectives, with the valuation of the goods and services, and matures in scope and accuracy over time.
- The output of the CCD and Analysis Workshop findings is a Cost Model to be built into GFEBS

Question #1: What are the 3 Components of a CCD?

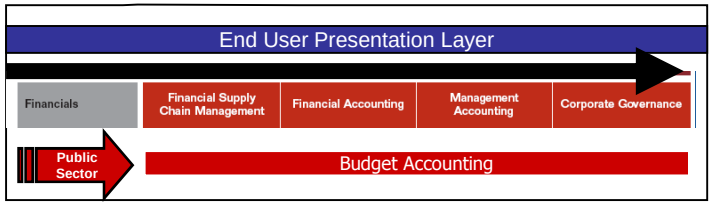
Answer #1: The 3 Components of a CCD



What/Why information is entered, stored, used, and presented



How the information is entered, stored, used, and presented



Where the information is entered, stored, used, and presented

Section 2 Objective & Agenda

Section 2: Cost Object Definition

- Understanding of an ERP, how to create a cost model and each of the cost objects supported within the cost model
  - ***Lesson 1***: ERP Enabler
  - ***Lesson 2***: Costing Conceptual Design
  - ***Lesson 3***: Budget Objects vs Cost Objects
  - ***Lesson 4***: Cost Centers
  - ***Lesson 5***: Activity Types
  - ***Lesson 6***: WBS Elements
  - ***Lesson 7***: Orders
  - ***Lesson 8***: Business Processes
  - ***Lesson 9***: Statistical Key Figures
  - ***Lesson 10***: Cost Elements

Lesson 3: Budget Objects vs Cost Objects

Objective(s):

- To understand the difference between data elements utilized to reflect the Budget Address versus the Cost Objects needed to build the Cost Model.

Current World – APC Example

Budget Address											
ASN	BSN	AMS	MDEP	LIMIT	APC	DESC		FAC	Point Account	Mgmt Info	CUST #	FCA
XXXX	2020	13518900000	VCNA	CNP0	J3CD	COUNTER DRUGS		3	00	000		
XXXX	2020	11101100000	WEAD	0000	J3R5	JSS GOVERNMENT TEST		8	00	000	5J3R50	
XXXX	2020	11101100000	WEAD	0000	J3R7	MOBILE TRNG TEAM IN JAPAN		8	00	000	5J3R70	
XXXX	2020	12101800000	XISQ	0012	JGMS	FOREIGN VISIT 0012 LIMIT		3	00	000		
XXXX	0100	04WH4100000		1101	JRCF	PROFESSIONAL CERTIFICATION		3	00	000		
XXXX	2020	11101100000	WEAD	0000	JTR3	READINESS BRANCH		3	00	000		
XXXX	2020	11101100000	WEAD	0000	JTRG	RETIRED GENERAL OFFICERS CONFERENCE		3	00	000		
XXXX	2020	11101100000	WEAD	0000	JTS2	STRENGTH MANAGEMENT BRANCH		3	00	000		
XXXX	2020	11101100000	WEAD	0000	JTS3	NCO SOLDIER OF THE YEAR BOARD		3	00	000		
XXXX	0130	84790033RAK	HSDH	1881	ACFA	MISSION/OPERATION - RADIOLOGY SVC		3	33	RAK		
XXXX	2020	13519700000	VIRQ	0000	AG41	41 BCT MOBILIZATION		3	00	0000		F1202
XXXX	2020	43478900000	VCND	CNP0	PN1B	DEMAND REDUCTION EDUCATION PREVENTION		3	00	000		
XXXX	2020	13109623A80	QNMG	0000	PN23	ADVISE CMD LAW ENFORCEMENT		3	23	A80		
XXXX	2020	32173120000	TFNC	0000	TK04	LIBRARY SPT		3	20	000		
XXXX	2020	13519700NSH	VIRQ	0000	H8C8	TRAP 52 - 199TH		3	00	NSH		F1202
XXXX	2020	12201818000	VTRD	0000	H9EH	DIS OPERATIONS		3	18	000		
XXXX	2020	116001AB000	VFHP	0000	J158	A CO 1/58TH ATC	W902YM	3	AB	000		

Fund Center	Fund	Functional Area	Funded Program
A76QQ	202010D10	116001VFHP	ARMY
A2ABM	202010D10	434789VCND	8260
A5766	202010D10	321731TFNC	ARMY

Budget Objects are used to:

- Indicate kind of money consumed
- By which funds controlling area (ASN/FC)
- Perform funds checking for availability

Current World – APC Example

Budget Address											
ASN	BSN	AMS	MDEP	LIMIT	APC	DESC	FAC	Point Account	Mgmt Info	CUST #	FCA
XXXX	2020	13518900000	VCNA	CNP0	J3CD	COUNTER DRUGS	3	00	000		
XXXX	2020	11101100000	WEAD	0000	J3R5	JSS GOVERNMENT TEST	8	00	000	5J3R50	
XXXX	2020	11101100000	WEAD	0000	J3R7	MOBILE TRNG TEAM IN JAPAN	8	00	000	5J3R70	
XXXX	2020	12101800000	XISQ	0012	JGMS	FOREIGN VISIT 0012 LIMIT	3	00	000		
XXXX	0100	04WH4100000		1101	JRCF	PROFESSIONAL CERTIFICATION	3	00	000		
XXXX	2020	11101100000	WEAD	0000	JTR3	READINESS BRANCH	3	00	000		
XXXX	2020	11101100000	WEAD	0000	JTRG	RETIRED GENERAL OFFICERS CONFERENCE	3	00	000		
XXXX	2020	11101100000	WEAD	0000	JTS2	STRENGTH MANAGEMENT BRANCH	3	00	000		
XXXX	2020	11101100000	WEAD	0000	JTS3	NCO SOLDIER OF THE YEAR BOARD	3	00	000		
XXXX	0130	84790033RAK	HSDH	1881	ACFA	MISSION/OPERATION - RADIOLOGY SVC	3	33	RAK		
XXXX	2020	13519700000	VIRQ	0000	AG41	41 BCT MOBILIZATION	3	00	0000		F1202
XXXX	2020	43478900000	VCND	CNP0	PN1B	DEMAND REDUCTION EDUCATION PREVENTION	3	00	000		
XXXX	2020	13109623A80	QNMG	0000	PN23	ADVISE CMD LAW ENFORCEMENT	3	23	A80		
XXXX	2020	32173120000	TFNC	0000	TK04	LIBRARY SPT	3	20	000		
XXXX	2020	13519700NSH	VIRQ	0000	H8C8	TRAP 52 - 199TH	3	00	NSH		F1202
XXXX	2020	12201818000	VTRD	0000	H9FH	DIS OPERATIONS	3	18	000		
XXXX	2020	116001AB000	VFHP	0000	J158	A CO 1/58TH ATC W902YM	3	AB	000		

Cost Objects are used to:

- Indicate who/what consumed the money
- Provide the Full Costs of view
- Associate money consumed with output provided

Cost Center/Org Examples

Event Examples

Project/WBS Examples

Lesson 3: Wrap-Up

- The financial codes (APCs/JONOs) reflect both the budget address (kind of money) and cost objective (who/what/why) information
- APCs/JONOs do not exist in GFEBS, GCSS, etc however the need for the information does not go away
- Budget Execution data is therefore shared between Budget Management and Cost Management
- The current codes at a minimum must be analyzed and mapped to the various cost objects in order to support execution once within GFEBS
- The CM Capture teams will help with this effort as a part of defining the CM master data to be generated for GFEBS

Lesson 3 Quiz

Question #1: APC codes exist in GFEBS

- **True**
- **False**

Question #2: The field is expected to do this themselves

- **True**
- **False**

Lesson 3 Quiz Answers

Question #1: APC codes exist in GFEBS

- o **True**
- ☑ **False**

Question #2: The field is expected to do this themselves

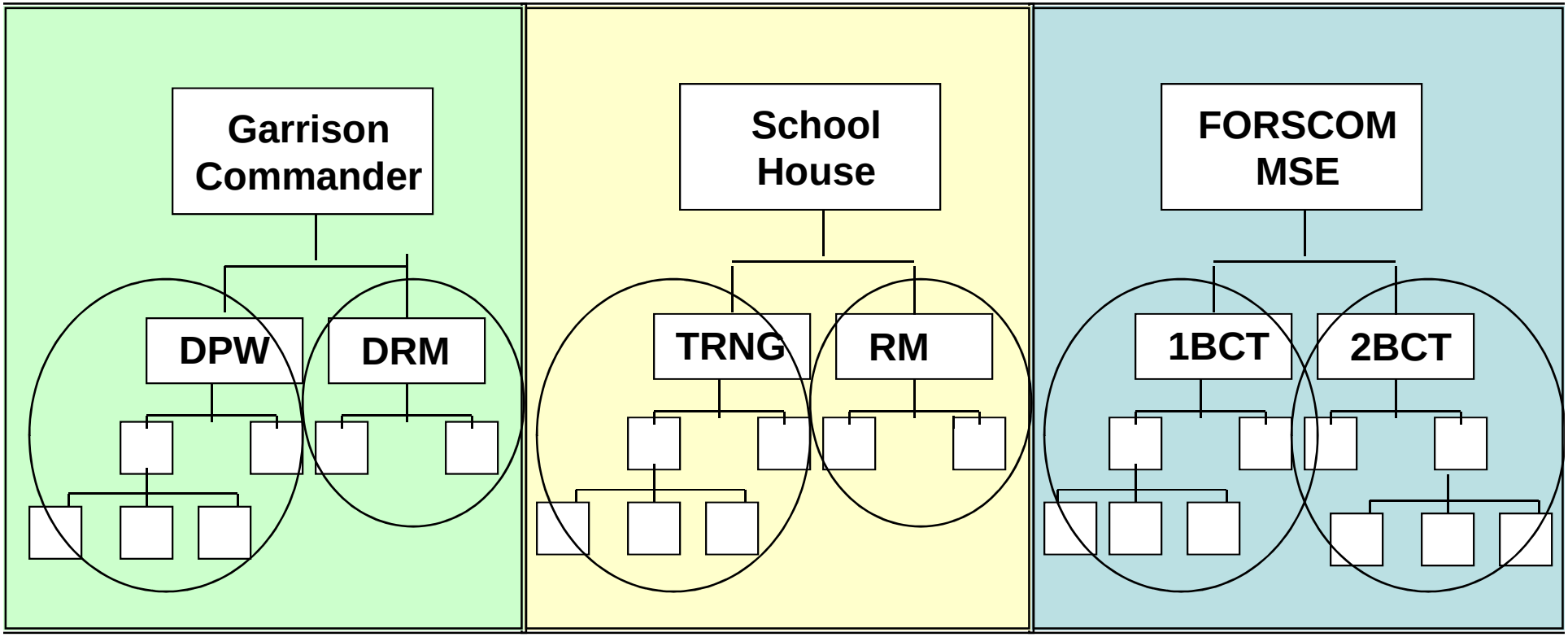
- o **True**
- ☑ **False**

Lesson 4: Cost Centers

Objective(s):

- To understand what the Cost Center cost object represents, key definition criteria (guiding principles), uses, and how defined for the Cost Model

Full Cost Understanding Starts with Cost Center Structure



Fund Center

Cost Centers

Cost Center Groups

SAFM-CE Army Cost Model
Cost Center Definition

Cost Center Definition:
A cost center is a responsibility center that incurs costs and has a manager who is accountable for those costs.

- This definition lends itself to multiple varied utilizations of the cost center object to reflect the costs of an organization
- Further criteria/principles along with the Cost Center's purpose must be utilized to better indicate when a Cost Center is appropriate
- The purpose of the Cost Center object is to serve as the base for the management optimization model – the model utilized to reflect the business, it's inputs, conversions, and outputs in order to support management decisions
- The Cost Center is the first cost object to be defined for the Cost Model
- To support the appropriate definition of a Cost Center within an entity, Guiding Principles should be considered

SAFM-CE Army Cost Model Definition Standards for Cost Center

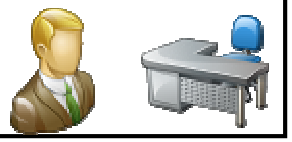
Standard #1: Materiality	• Cost Center costs needs to be significant in relation to all costs to be captured • Exceptions to Materiality are based on external regulations reporting requirements
Standard #2: Life Span	• The life span of a Cost Center crosses multiple years • Short term life spans indicate a project or event not a Cost Center
Standard #3: Management Control	• There must be a manager who is responsible for controlling the resources (e.g. people, equipment, supplies, etc.) of the Cost Center and the Cost Management Processes: output planning and corresponding resource demands, decision support and corrective actions, measurement of efficiency/ effectiveness of the outputs of the Cost Center
Standard #4: Span of Labor Control (if Labor Related)	• Must be more than 2 and less than 20 employees. Industrial studies recommend 5-12 as standard number of employees within a labor related Cost Center due to affectivity of supervision. • Sensitive personal information may be apparent for cost centers with only one employee, such as payroll. With the introduction of Pay Banding, it becomes necessary to protect salary information. • Exceptions to Span of Control standard occur based on other standards such as Materiality, Cost Assignment Accuracy not impacted by the aggregation, and Management Control not required for corrective actions
Standard #5: Contains at Least 1 Resource Pool	• A Resource Pool (called activity types within GFEBS, GCSS, LMP) provides quantitative output of the Cost Center and has an assignment unit of measurement, e.g a Citrix Farm Cost Center has a Resource Pool of machines providing CPU Minutes (CPUMINs), the Human Resource Cost Center provides Labor Hours (LABHRs), the Duilding 3 Cost Center provides Square Footage (SQFT), etc.

SAFM-CE Army Cost Model Definition Standards for Cost Center

Tenant #6: Functionality	• Cost Center is defined by the unique function performed and the measurement of the outcome of the products and services for that function • Exceptions to Functionality are made based on other standards such as Materiality, Control and Span of Labor Control
Tenant #7: Locality	• Cost center reside in one physical location (e.g. same building) • Exceptions to Locality are made based on other tenants such as Materiality and Control
Standard #8: Cost Assignments Accuracy	• Cost Center is defined to the level of the organizational structure such that accuracy of the assignment of costs to the products/services is not impacted by aggregation

SAFM-CE Army Cost Model Cost Centers Uses

DRM/G8

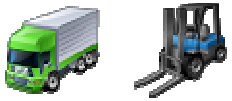


Building Type 1

Building Type 2

Network Admin

Equipment



Motor Pool

- **People Related:** e.g. DRM/G8 office
- **Facilities Related:** e.g. Warehouses, Hospitals, Office Space
- **Equipment Related:** e.g. Citrix farm accessing GFEBS, Cranes/Trucks
- **Blended:** e.g. mix of resources within a organization, e.g. Vehicles and Mechanics

Cost Center Creation

- Review of “working” TDAs
- Review of wirecharts
- Interviews at each location identify other organizations that need to be added to the list of Cost Centers
- Analysis of UIC codes to identify all MTOE units which are within an ASN
- Compliance with Standard Command structures defined (e.g. IMCOM SGO, MEDCOM MTFs, etc.)

Output

Cost Center	Valid From	Valid To	Name	Description	User Responsible	Person Responsible (SGO Symbol)	Department	Cost Center Category	Standard Hierarchy	Company Code	Business Area	Functional Area	Currency
Required	Required	Required	Required	Optional	Optional	Required	Optional	Required	Required	Required	Optional	Optional	Required
CHAR 10	DATS 8	DATS 8	CHAR 20	CHAR 40	CHAR 12	CHAR 20	CHAR 12	CHAR 1	CHAR 12	CHAR 4	CHAR 4	CHAR 16	CUKY 5
2ABM0001	10/1/2000	12/31/9999	GARRISON COMMANDER	GARRISON COMMANDER OFFICE (GC, DEP, CSM)		GC	C1	D	2ABM_GC	ARMY	ARMY		USD
2ABM0004	10/1/2000	12/31/9999	ADMIN OFFC	ADMINISTRATION OFFICE		ADMIN	C5	D	2ABM_ADMIN	ARMY	ARMY		USD
2ABM0002	10/1/2000	12/31/9999	RMO	RESOURCE MANAGEMENT OFFICE (RMO)		RMO	C3	D	2ABM_RMO	ARMY	ARMY		USD
2ABM0018	10/1/2000	12/31/9999	BUDGET & ACCOUNTING	BUDGET AND ACCOUNTING		RMO	C3	D	2ABM_RMO	ARMY	ARMY		USD
2ABM0019	10/1/2000	12/31/9999	MANPOWER & AGREEMENT	MANPOWER AND AGREEMENTS		RMO	C3	D	2ABM_RMO	ARMY	ARMY		USD
2ABM0003	10/1/2000	12/31/9999	PAIO	PLANS ANALYSIS AND INTEGRATION (PAIO)		PAIO	C4	D	2ABM_PAIO	ARMY	ARMY		USD
2ABM0020	10/1/2000	12/31/9999	MANAGEMENT ANALYSIS	MANAGEMENT ANALYSIS		PAIO	C4	D	2ABM_PAIO	ARMY	ARMY		USD
2ABM0021	10/1/2000	12/31/9999	PLANNING INTEGRATION	PLANNING INTEGRATION		PAIO	C4	D	2ABM_PAIO	ARMY	ARMY		USD
2ABM0005	10/1/2000	12/31/9999	DHR	HUMAN RESOURCES (DHR)		DHR	H1	D	2ABM_DHR	ARMY	ARMY		USD
2ABM0022	10/1/2000	12/31/9999	MILITARY PERS DIV	MILITARY PERSONNEL DIVISION		DHR	H3	D	2ABM_MPD	ARMY	ARMY		USD
2ABM0025	10/1/2000	12/31/9999	AUTOMATION WK CTR	AUTOMATION WK CTR		DHR	H2	D	2ABM_MPD	ARMY	ARMY		USD
2ABM0026	10/1/2000	12/31/9999	PERS SVC/PROC WK CTR	PERS SVC/PROC WK CTR		DHR	H3	D	2ABM_MPD	ARMY	ARMY		USD
2ABM0027	10/1/2000	12/31/9999	STRENGTH MGT WK CTR	STRENGTH MGT WK CTR		DHR	H3	D	2ABM_MPD	ARMY	ARMY		USD
2ABM0028	10/1/2000	12/31/9999	TRAINEE/STU POC WKCT	TRAINEE/STU POC WK CTR		DHR	H3	D	2ABM_MPD	ARMY	ARMY		USD
2ABM0029	10/1/2000	12/31/9999	ACAP SVC BR	ACAP SVC BR		DHR	H3	D	2ABM_MPD	ARMY	ARMY		USD
2ABM0030	10/1/2000	12/31/9999	ADMIN BR	ADMIN BR		DHR	H2	D	2ABM_MPD	ARMY	ARMY		USD
2ABM0127	10/1/2000	12/31/9999	PERSONNEL OPERATIONS	PERSONNEL OPERATIONS		DHR	H3	D	2ABM_MPD	ARMY	ARMY		USD
2ABM0023	10/1/2000	12/31/9999	EDUCATION SERVICES	EDUCATION SERVICES		DHR	H4	D	2ABM_DHR	ARMY	ARMY		USD
2ABM0024	10/1/2000	12/31/9999	ADCO	ALCOHOL DRUG CONTROL OFFICER (ADCO)		DHR	H5	D	2ABM_DHR	ARMY	ARMY		USD
2ABM0006	10/1/2000	12/31/9999	DPTMS	PLANS, TRAINING, MOBILIZATION, SECURITY		DPTMS	T1	D	2ABM_DPTMS	ARMY	ARMY		USD
2ABM0037	10/1/2000	12/31/9999	PLANS AND OPERATIONS	PLANS AND OPERATIONS (DPTMS) DIVISION		DPTMS	T2	D	2ABM_PO	ARMY	ARMY		USD
2ABM0038	10/1/2000	12/31/9999	PLANS	PLANS BRANCH		DPTMS	T2	D	2ABM_PO	ARMY	ARMY		USD
2ABM0039	10/1/2000	12/31/9999	OPERATIONS	OPERATIONS BRANCH		DPTMS	T2	D	2ABM_PO	ARMY	ARMY		USD
2ABM0040	10/1/2000	12/31/9999	TRAINING	TRAINING DIVISION		DPTMS	T3	D	2ABM_TRN	ARMY	ARMY		USD
2ABM0131	10/1/2000	12/31/9999	TRAINING BRANCH	TRAINING BRANCH		DPTMS	T3	D	2ABM_TRN	ARMY	ARMY		USD
2ABM0041	10/1/2000	12/31/9999	RANGE OPS BR	RANGE OPS BRANCH		DPTMS	T3	D	2ABM_TRN	ARMY	ARMY		USD
2ABM0042	10/1/2000	12/31/9999	RANGE SPT BR	RANGE SPT BRANCH		DPTMS	T2	D	2ABM_TRN	ARMY	ARMY		USD
2ABM0043	10/1/2000	12/31/9999	ITAM	ITAM-INTEGRATED TRAINING AREA MANAGEMENT		DPTMS	T3	D	2ABM_TRN	ARMY	ARMY		USD
2ABM0044	10/1/2000	12/31/9999	SECURITY AND INTEL	SECURITY AND INTEL DIVISION		DPTMS	T4	D	2ABM_DPTMS	ARMY	ARMY		USD
2ABM0045	10/1/2000	12/31/9999	TASC	TRAINING AND AUDIOVISUAL SPRT CENTER DIV		DPTMS	T3	D	2ABM_TRN	ARMY	ARMY		USD

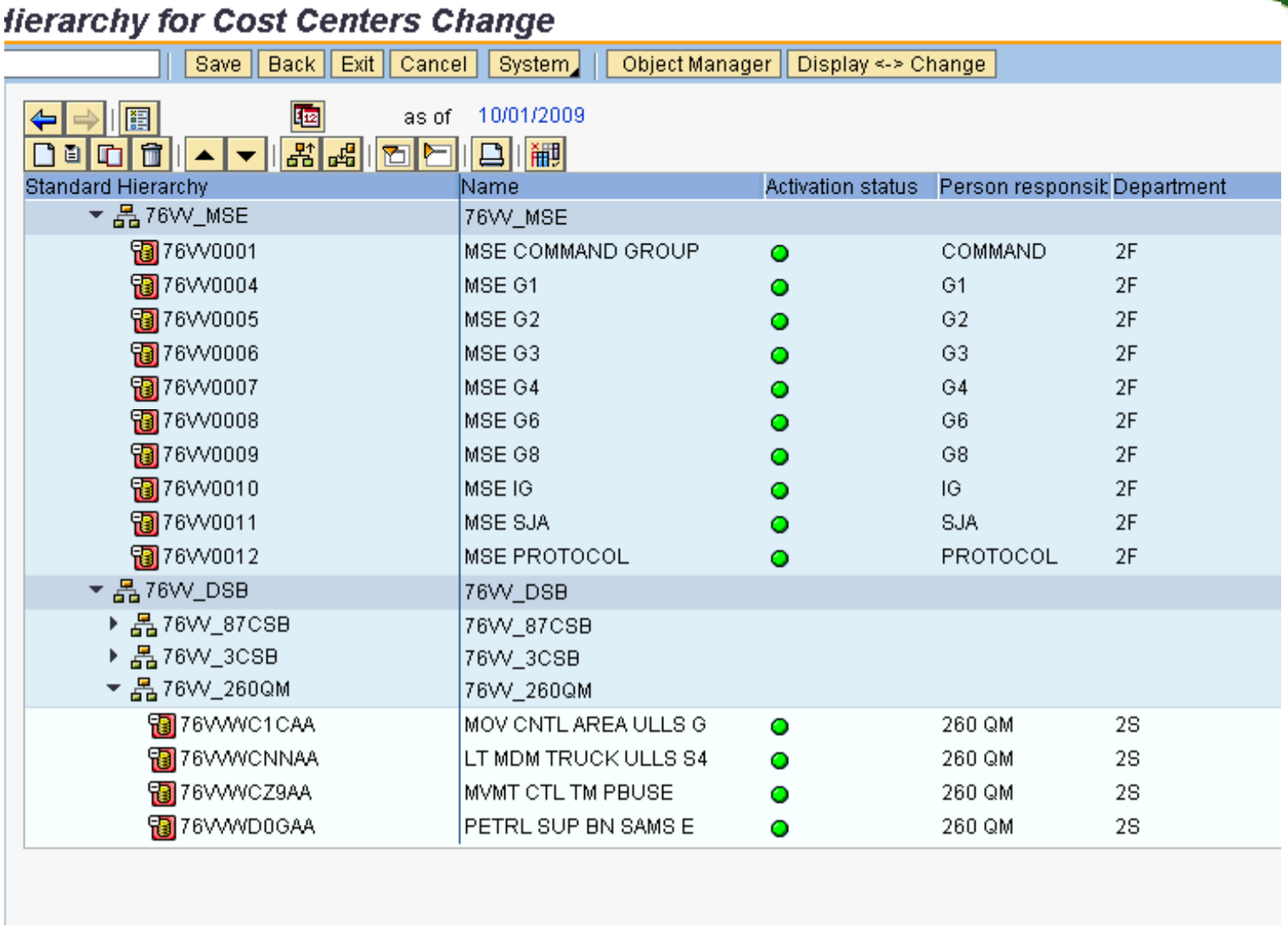
Cost Center Information

GFEBS Cost Center Attributes	
Cost Center	Country
Valid From / To	Jurisdiction
Name	PO Box
Description	Postal Code
User Responsible	PO Box Postal Code
Person Responsible	Region
Department (PD Major/Minor)	Language Key
Cost Center Category	Telephone 1
Standard Hierarchy	Telephone 2
Company Code	Telebox Number
Business Area	Telex Number
Functional Area	Fax Number
Title	Teletex Number
Name 1	Printer Destination
Name 2	Data Communication Line Number
Name 3	UIC Code
Name 4	OUID
House Number and Street	DMIS ID
Location City	TDA Paragraph
District	FDC (Function Designator Code)

SAFM-CE Army Cost Model Cost Center Hierarchy

- In addition to defining the Cost Centers and the attribute information for each individual Cost Center, the Cost Centers need to be identified on a standard hierarchy
- There is a single standard hierarchy which every Cost Center will reside on to ensure that all costs can be reported from a single hierarchy
- Alternative hierarchies can be defined as needed to meet management objectives
- The Cost Center Hierarchy is utilized to support Informal Budget Distribution and Budget Execution Status of Available Fund report aggregation

GFEBS: Cost Center Example



Standard Hierarchy	Name	Activation status	Person responsit	Department
76VV_MSE	76VV_MSE			
76VV0001	MSE COMMAND GROUP	●	COMMAND	2F
76VV0004	MSE G1	●	G1	2F
76VV0005	MSE G2	●	G2	2F
76VV0006	MSE G3	●	G3	2F
76VV0007	MSE G4	●	G4	2F
76VV0008	MSE G6	●	G6	2F
76VV0009	MSE G8	●	G8	2F
76VV0010	MSE IG	●	IG	2F
76VV0011	MSE SJA	●	SJA	2F
76VV0012	MSE PROTOCOL	●	PROTOCOL	2F
76VV_DSB	76VV_DSB			
76VV_87CSB	76VV_87CSB			
76VV_3CSB	76VV_3CSB			
76VV_260QM	76VV_260QM			
76VVWC1CAA	MOV CNTL AREA ULLS G	●	260 QM	2S
76VVWCNNAA	LT MDM TRUCK ULLS S4	●	260 QM	2S
76VVWCZ9AA	MVMT CTL TM PBUSE	●	260 QM	2S
76VVWD0GAA	PETRL SUP BN SAMS E	●	260 QM	2S

Lesson 4: Wrap-Up

- A **cost center** is a responsibility center that incurs costs and has a manager who is accountable for those costs
- Costs of the cost center are **material in nature** (worth capturing vs the cost of capturing)
- A cost center has a **long life span** of more than 1 year (typically years) and has a manager responsible for the resources consumed and the outputs produced by the cost center
- Every cost center **resides on the standard hierarchy**
- Alternative cost center hierarchies can exist as well
- CC Hierarchy is utilized to support Informal Budgets and Status of Available Funds Reporting

Questions:

1. A cost center is a cost object used to capture any costs?
   - o True
   - o False
2. A cost center is utilized to capture the revenues generated by the outputs of an organization
   - o True
   - o False

Answers:

1. A cost center is a cost object used to capture any costs?
   - o True
   - x False

2. A cost center is utilized to capture the revenues generated by the outputs of an organization
   - o True
   - x False

Questions:

3. A cost center can be assigned to more than 1 standard hierarchy?
   - o True
   - o False
4. There is a cost center for every fund center (ASN)
   - o True
   - o False

Answers:

3. A cost center can be assigned to more than 1 standard hierarchy?
   - o True
   - x False

4. There is a cost center for every fund center (ASN)
   - o True
   - x False

Lesson 5: Activity Types

Objective(s):

- To understand what the Activity Type cost object represents, key definition criteria (guiding principles), uses, and how defined for the Cost Model

SAFM-CE Army Cost Model Activity Type Definition

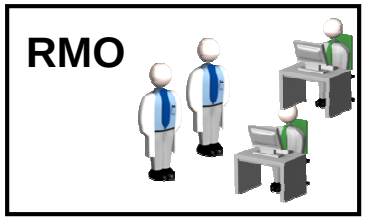
Activity Type Definition:
An Activity Type is a cost object that represents a group of resources within a Cost Center. These resource groups have capacity and a unit of measure such as: labor hours, machine hours, square footage, etc. Activity Types are consumed and utilized to the produce the products and services of the organization.

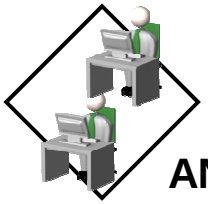
- The term activity type is often confused with an activity, of the Activity-Based Costing approach – however *it does not* represent an activity. Activities are generally identified with a verb, e.g. Pick Items, Pack Box, Ship Pallet
- A more appropriate translation is Resource Pool, e.g. groups of like kind resources within an organization that perform an activity such as TECH HR, SUPV HR, MACHR
- Activity Types have a rate/output associated are the utilization of capacity to perform “work” to generate a product/service, e.g. TECH HR @ $10/Hr

SAFM-CE Army Cost Model Activity Type Uses

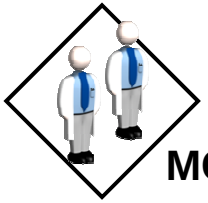
Cost Center

Activity Type





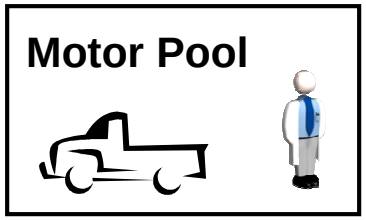
ANLY HR

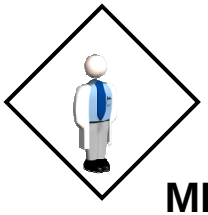


MGR HR

People e.g. RMO

– Manager & Analyst





MECH HR

VEHC HR

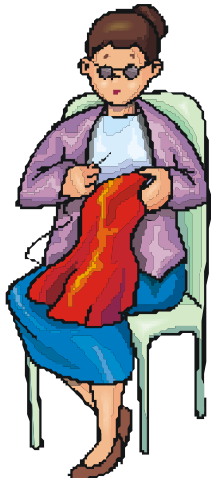
Blended e.g. Motor Pool

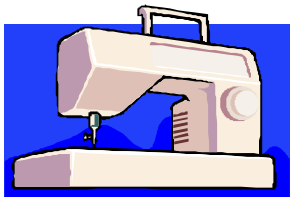
– Mechanic & Vehicle

SAFM-CE Army Cost Model
Guiding Principles for Activity Types

Principle #1: Interchangeability	• Meets the interchangeability criterion which requires that the attributes of two or more resources be such that they can be substituted for each other without impacting the cost and ability to produce the output
Principle #2: Similar	• be of a similar technology
Principle #3: Responsibility	• the responsibility of one manager or team
Principle #4: Homogeneous	• their costs must conform with the homogeneity principle, e.g. be similar in the resources they consume
Principle #5:Planable	• outputs and related costs are able to be planned
Principle #6: Captured	• actual information (quantities and costs) can be collected or imputed
Principle #7:Co-located	• they must not be geographically dispersed

SAFM-CE Army Cost Model Activity Type Uses





Cost per Dress differs based on Resource/Activity Type used

- Interchangeable
- Not Similar Technology
- Not Homogenous – needs resources (input cost structure) of food versus laborer versus electricity

- Capture Capacity or Planned Output, e.g. grandma works 2088 Hrs or machine runs 3500 Hrs (10 Hrs/Day for 350 days)
- Holds the rate for the output of the resource pool, e.g. $2 Hr, $5 Hr, $20 Hr
- Assigns capacity consumed by products/ services, e.g. Hrs/min worked per dress, which then valuates based on the rate

Capacity Management

- Activity Types facilitate capacity management and there are various types of capacity (e.g. Productive, Non-Productive, Idle/Excess, etc.)
- Activity Types provide the capacity information required to optimize the conversion of inputs to generate the most outputs – meeting the “Efficiently” portion of the Cost Management definition
- Activity Types are defined as master data, however they exist only in conjunction with a Cost Center
  - Activity Type = MACHR is assigned to Cost Center 1 and Cost Center 2 resulting in CC1/MACHR and CC2/MACHR each of which holds their own rate, their planned output, captures actuals, etc.

SAFM-CE Army Cost Model
How Activity Types are Defined

- The project and production related areas are familiar with the concepts of labor and equipment rates and often have std. rates for charging level of effort for like kind resources to work on an order, e.g. IFS
- Maintenance shop rates are reviewed and then grouped/expanded upon into like kind resources
- Equipment Activity Types are defined based on a review and grouping of equipment, e.g. Dump Truck 6T
- Vehicle Activity Types are defined based on GSA classification into groupings

Activity Types
Non-Labor Examples

Controlling Area	Activity Type	Valid-From Date	Valid To Date	General Name	Description	Activity Unit
Army	20047	10/1/2000	12/31/9999	TRACTOR CRWLR		HR
Army	20048	10/1/2000	12/31/9999	TRACTOR LOADER		HR
Army	20049	10/1/2000	12/31/9999	TRACTOR WHEEL AGRI 1		HR
Army	20054	10/1/2000	12/31/9999	TRAILER 25T		HR
Army	20055	10/1/2000	12/31/9999	TRAILER FLATBED/TILT		HR
Army	20056	10/1/2000	12/31/9999	TRAILER SEWER CLEANR		HR
Army	20057	10/1/2000	12/31/9999	TRENCHER		HR
Army	20058	10/1/2000	12/31/9999	WELDER		HR
Army	30000	10/1/2000	12/31/9999	G10-1076F		HR
Army	30001	10/1/2000	12/31/9999	G12-51534		HR
Army	30002	10/1/2000	12/31/9999	G41-0398F		HR
Army	30003	10/1/2000	12/31/9999	G41-52979		HR
Army	30004	10/1/2000	12/31/9999	G41-5382B		HR
Army	30005	10/1/2000	12/31/9999	G42-0594D		HR

SAFM-CE Army Cost Model
How Activity Types are Defined

- Current Labor definitions from OPM, DOL, NSPS are reviewed (e.g. GS, WG, NSPS)
- Labor series/categories, bands (e.g. 1 – 4 depending on labor classification), and type of work (e.g. regular versus overtime) generate starting point for labor activity types

Controlling Area	Activity Type	Valid-From Date	Valid To Date	General Name	Description	Activity Unit
Army	10032	10/1/2000	12/31/9999	ACC & BUDGET GRP RG1	Accounting And Budget Group RG1	HR
Army	10033	10/1/2000	12/31/9999	ACC & BUDGET GRP RG2	Accounting And Budget Group RG2	HR
Army	10034	10/1/2000	12/31/9999	ACC & BUDGET GRP RG3	Accounting And Budget Group RG3	HR
Army	10035	10/1/2000	12/31/9999	ACC & BUDGET GRP RG4	Accounting And Budget Group RG4	HR
Army	10036	10/1/2000	12/31/9999	ACC & BUDGET GRP OT1	Accounting And Budget Group OT1	HR
Army	10037	10/1/2000	12/31/9999	ACC & BUDGET GRP OT2	Accounting And Budget Group OT2	HR
Army	10038	10/1/2000	12/31/9999	ACC & BUDGET GRP OT3	Accounting And Budget Group OT3	HR
Army	10039	10/1/2000	12/31/9999	ACC & BUDGET GRP OT4	Accounting And Budget Group OT4	HR

Faces to Spaces to Activity Types

- The Cost Center and Activity Type will be updated on the DCPS accounting information as the default Cost Center/Activity Type for an employee
- To determine the Activity Type for each person an exercise of mapping people (Faces) to cost centers (Spaces) occurred, and then an Activity Type is assigned
- The Activity Type is associated with the ATAAPS entry for time tracking or via the work order confirmation process (confirmations associate labor and non-labor activity types to the work order supported

Lesson 5: Wrap-Up

- An **Activity Type** is a cost object that represents a group of resources within a Cost Center. These resource groups have capacity and a unit of measure such as: labor hours, machine hours, square footage, etc. Activity Types are consumed and utilized to the produce the products and services of the organization.
- There are several guiding principles for the definition of an Activity Type which should be considered
- The Activity Type is the cost object which supports capacity management
- Each person will be assigned their default activity type based on NSPS, WG, GS, cost center assigned, etc.

Question:

Resources within Activity Types (Check All that Apply) are:

- o similar technology
- o homogeneous
- o able to be planned for $s and qtys
- o interchangeable
- o tracked in actual or imputed
- o the responsibility of one manager/team
- o what provide the capacity for “work” to be performed

Principle #1: Interchangeability	• Meets the interchangeability criterion which requires that the attributes of two or more resources be such that they can be substituted for each other without impacting the cost and ability to produce the output
Principle #2: Similar	• be of a similar technology
Principle #3: Responsibility	• the responsibility of one manager or team
Principle #4: Homogeneous	• their costs must conform with the homogeneity principle, e.g. be similar in the resources they consume
Principle #5:Planable	• outputs and related costs are able to be planned
Principle #6: Captured	• actual information (quantities and costs) can be collected or imputed
Principle #7:Co-located	• they must not be geographically dispersed

Answer:

Resources within Activity Types (Check All that Apply) are:

- ☑ similar technology
- ☑ homogeneous
- ☑ able to be planned for $s and qtys
- ☑ interchangeable
- ☑ tracked in actual or imputed
- ☑ the responsibility of one manager/team
- ☑ what provide the capacity for “work” to be performed

Principle #1: Interchangeability	• Meets the interchangeability criterion which requires that the attributes of two or more resources be such that they can be substituted for each other without impacting the cost and ability to produce the output
Principle #2: Similar	• be of a similar technology
Principle #3: Responsibility	• the responsibility of one manager or team
Principle #4: Homogeneous	• their costs must conform with the homogeneity principle, e.g. be similar in the resources they consume
Principle #5:Planable	• outputs and related costs are able to be planned
Principle #6: Captured	• actual information (quantities and costs) can be collected or imputed
Principle #7:Co-located	• they must not be geographically dispersed

Lesson 6: WBS Elements

Objective(s):

- To understand what the Project WBS Element cost object represents, uses, and how defined for the Cost Model

SAFM-CE Army Cost Model
Project & WBS Element Definition

Project Definition:
An object used to plan, collect, monitor and control costs for large scale time-based events in Project Systems, when extensive scheduling and resource management capabilities are required. Projects have a definite start and end.

Work Breakdown Structure (WBS) Definition:
WBS elements are activities in the Project used for planning and updating cost data. Some examples of WBS Elements are: Tasks, Partial tasks that are further subdivided, and work packages.

SAFM-CE Army Cost Model
WBS Element Uses

- Projects and WBS Elements are master data elements of the Project System (PS) will be utilized to support project oriented areas such as environmental, maintenance, R&D, RDT&E, etc
- PS will be utilized to replace the IFS functionality and will utilize Projects/ WBS Elements as cost objects for tracking the costs associated with repairs and SSPs
- Even though WBS Elements are master data for the PS module of GFEBS they are cost objects for the Cost Model and fully integrated within the Controlling module
- WBS Elements are utilized to represent reimbursing work (e.g. MIPRS, Direct Charge)

Sample WBS Elements Defined

- Example is for IMCOM CLS for DPW related Services (types of services)
- WBS Elements have parent child relationships and inherit the funding information from the parent or can have a different budget address

LEVEL	Proj. Def	WBS Element	WBS Short description (1st text line)
0	1000		
1	1000	1000	DPW SOO - CLS
2	1000	1000.01	[40] IMPROVED GROUNDS
3	1000	1000.01.01	[40A] GRASS CUTTING AND TRIMMING SERVICES
3	1000	1000.01.02	[40B] TREE PRUNING & BRUSH/SHRUB TRIM SERVICES
3	1000	1000.01.03	[40C] GROUNDS REPAIR SERVICES
3	1000	1000.01.04	[40D] DEBRIS REMOVAL SERVICES
3	1000	1000.01.05	[40E] LANDSCAPING MAINTENANCE SERVICES
3	1000	1000.01.06	[40F] REMOVAL OF GRASS CLIPPINGS AND LEAVES
3	1000	1000.01.07	[40G] PERIODIC LAWN TREATMENT SERVICES
3	1000	1000.01.08	[40H] TREE REMOVAL SERVICES
2	1000	1000.02	[41] UNIMPROVED GROUNDS
3	1000	1000.02.01	[41A] FIRE CONTROL FOR MISSION-ESSENTIAL AREAS
3	1000	1000.02.02	[41B] EROSION CONTROL OF T/R/M AREAS/CRIT INFR
3	1000	1000.02.03	[41C] FIRE CONTROL SERVICES FOR OTHER AREAS
3	1000	1000.02.04	[41D] MAINT OF WETLANDS
2	1000	1000.03	[44] HEATING/COOLING SERVICES
3	1000	1000.03.01	[44A] OPERATE CNTRL HEAT PLANTS & DIST SYS
2	1000	1000.04	[45] WATER SERVICES
3	1000	1000.04.01	[45A] FUND FIXED CONTRACTS
3	1000	1000.04.02	[45C] WATER FOR MISSION USES
3	1000	1000.04.03	[45D] H2O FOR IMPROVED GROUNDS MAINTENANCE
3	1000	1000.04.04	[45E] H2O FOR RECREATION & OUTDOOR ACTIVITIES
3	1000	1000.04.05	[45F] H2O FOR GOLF COURSES & DRIVING RANGES
2	1000	1000.05	[46] WASTE WATER SERVICES
3	1000	1000.05.01	[46A] FUND FIXED CONTRACTS
3	1000	1000.05.02	[46B] OPERATE DOMESTIC H20 TREAT FAC/CLCT SYS
3	1000	1000.05.03	[46C] OPERATE INDST WASTE H20 FAC/COLLECT SYS
2	1000	1000.06	[47] ELECTRICAL SERVICES
3	1000	1000.06.01	[47A] FUND FIXED CONTRACTS
3	1000	1000.06.02	[47B] OPERATE & MAINTAIN ELECTRICAL DIST SYS
3	1000	1000.06.03	[47C] ELECTRICAL SERVICE

Lesson 6: Wrap-Up

- Work Breakdown Structure (WBS) Element is a cost object defined and maintained within a Project residing in the Project Systems (PS) module
- WBS Elements are cost objects and therefore fully integrated within the Controlling module for use within the Cost Model
- WBS Elements will be utilize to support Maintenance functionality which is integrated with Plant Maintenance orders
- WBS Elements are utilized for Reimbursables

Lesson 6: Quiz

- A WBS Element is (check all that apply)?
  - o master data of the controlling module
  - o a component of a Project System
  - o utilized to support Maintenance activities
  - o Provides project accounting
  - o support reimbursables

Lesson 6: Answers

- A WBS Element is:
- ✓ o a component of a Project System
- ✓ o utilized to support Maintenance activities
- ✓ o used to provided project accounting
- ✓ o used to support reimbursables
- o A WBS Element is not:
  - o master data of the controlling module

Lesson 7: Orders

Objective(s):

- To understand what the Order cost object represents, key definition criteria (guiding principles), uses, and how defined for the Cost Model

SAFM-CE Army Cost Model
Order Definition

Order Definition:
Orders are cost objects used to plan, collect, monitor, and settle the costs of specific jobs and tasks. Orders are used to monitor the costs of short term projects and event/job costing.

SAFM-CE Army Cost Model
Kinds of Orders

- There are various kinds or Orders which are utilized to distinguish the purpose of the Order; such as,
  - Sales Orders (located within the Sales and Distribution module) and used for revenue/reimbursables
  - Production Orders (located in Production Planning module) and used for manufacturing (e.g. uniforms, ammo)
  - Maintenance Orders (located in Plant Maintenance module) and used for maintenance (e.g. IFS/Maximo related functionality)
  - Internal Orders (located in the Controlling module) and used for event costing such as marketing/recruiting campaigns, Katrina, Special Olympics, projects not requiring the rigor of a Project Structure
- All Orders are cost objects and included in the Cost Model regardless of which GFEBS module creates the Order

SAFM-CE Army Cost Model Order Types

- Internal Orders are utilize to represent many of the current APCs/JONOs
- Non-logical auto-generated number within a range which is defined by the Order Type
- There are Internal Orders Types for each Command
  - ZSSP – IMCOM (i.e. 10000000 – 19999999)
  - ZFC1 – FORSCOM (i.e. 50000000 – 59999999)
  - ZAC1 – ACCESSIONS
  - ZNG1 – NATIONAL GUARD
  - ZTR1 – TRADOC (i.e. 40000000 – 49999999)
  - ZMC1 – MEDCOM
  - Etc.

SAFM-CE Army Cost Model
Guiding Principles for Internal Orders

Principle #1: Time Frame	• Orders are short term in nature
Principle #2: Lot Size	• Internal Order have a lot size of 1; therefore intended to represent a single event not multiple occurrences
Principle #3: Revenues	• Main revenue collection cost object within the controlling module when CO-PA is not utilized
Principle #4: Collectors	• Internal orders are not intended to replace the rigor of the Project/WBS Element structure, e.g. collectors versus project management objects

SAFM-CE Army Cost Model Internal Order Uses

- Collect revenues which are not associated with Sales Orders. Order Type ZFIN has been created to capture miscellaneous revenues such as gains, interest, cash receipts (meals), etc.
- Capture one-time events which management wants to have visibility into, e.g. hurricane Katrina, the annual IMI conference, presidential visit to an installation, Special Olympic support, etc.
- Manage small projects not requiring formal Project Management controls such as planning/scheduling, pert and gant charts, etc.
- Represent products/services such as SSPs, Training Classes, Ad Campaign, etc.
- Can be marked as Statistical meaning for reporting purposes only

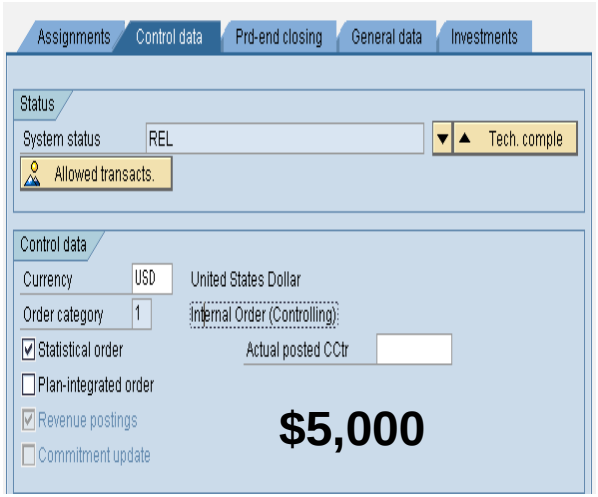
Statistical Internal Orders

Command Cost Center

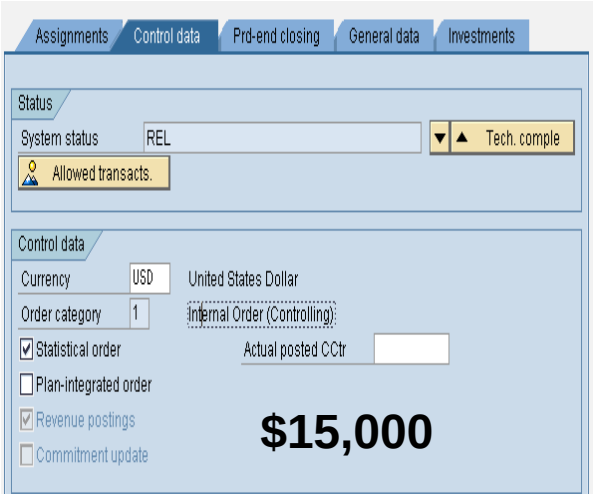
$20,000

- Statistical Internal Orders are for reporting purposes
- Another Cost Object – typically the Cost Center must be on the transaction as well for the ”real” posting

Conference 1



Conference 2



Internal Orders vs WBS Elements

	Internal Orders	*Project/WBS Elements*
Cost Collection	Discrete, Time Based Events	Same
Time Period	Definitive Beginning and End	Same
Ownership of Resources	People can be assigned to work on but are not assigned to an Internal Order	Same
Status (Real/Statistical)	Can be defined as Real or Statistical. Statistical Orders receive informational postings only for cost reporting but cannot further allocate	Same
Grouping Options	Can be grouped; no Standard Hierarchy requirement	Project/WBS Elements is a structured hierarchy
Networks	Not Applicable	Provides how the work is performed (routing)
Controlling	Limited status management	Advanced status management, project reporting and controlling
Financial Controls	Collector	Budgeting and Controlling

Lesson 7: Wrap-Up

- ***Orders*** are cost objects used to plan, collect, monitor, and settle the costs of specific jobs and tasks. Orders are used to monitor the costs of short term projects and event/job costing.
- There are multiple order types which are used for various focused purposes; e.g. Sales Orders, Maintenance Orders, Internal Orders, etc.
- Internal Order Type ZSSP will include all non-DPW CLS-SSPs
- Internal Orders provided a sub-view of the costs within a Cost Center or a cross Cost Center view

Questions

- An Internal Order is interchangeable with Cost Center?
  - o True
  - o False

- Like a Cost Center, Internal Orders can capture costs only?
  - o True
  - o False

- Internal Orders can be identified as statistical (informational only) or real (capture and transfer costs)?
  - o True
  - o False

Answers

- An Internal Order is interchangeable with Cost Center?
  - o True
  - ☒ False

- Like a Cost Center, Internal Orders can capture costs only?
  - o True
  - ☒ False

- Internal Orders can be identified as statistical (informational only) or real (capture and transfer costs)?
  - ☑ True
  - o False

Lesson 8: Business Process

Objective(s):

- To understand what the Business Process cost object represents, key definition criteria (guiding principles), uses, and how defined for the Cost Model

SAFM-CE Army Cost Model Business Process Definition

Business Process Definition:
A business process is a cost object used to capture costs of cross-functional (cost center) activities.

- Business Processes are the “work” being performed by the Cost Center/Activity Types
- Typically related to an action such as a “verb”, e.g. Pick Items, Pack Boxes, Ship Pallet

SAFM-CE Army Cost Model
Guiding Principles for Business Process

Principle #1: Analytical	• Utilized when management needs more insight into "what" the resource pools are doing in order to make process improvement decisions
Principle #2: Detail	• Defined in areas where further detail is necessary to support cost-to-serving a customer
Principle #3: Billing	• Mechanism for making cross-functional (cost center) charging of a single rate
Principle #4: Capacity	• Utilized to represent the consumption of capacity, not the capacity itself (e.g. no "Idle" activity/business processes)

SAFM-CE Army Cost Model Business Process Uses

- Used to support activity-based costing initiatives
- For utilization of a single consolidated rate of a similar activity performed across several cost centers
- Represent repetitive services that are not Order based (e.g. Process Help Desk Ticket)

SAFM-CE Army Cost Model
How Business Processes are defined

- Utilized to associate the goods for free to the consumers
- Assignments/Allocation using Business Processes will be defined in conjunction with the DASA-CE Cost Team

SAFM-CE Army Cost Model
Business Processes Std. Hierarchy

- There is a Business Process Std. Hierarchy to which all business processes must be assigned when created.
- The currently defined Business Process Hierarchy groups processes into Services, this will be augmented as other commands are included into the Cost Model
- Additionally, alternative hierarchies can be generated as needed
- Groups of processes can also be generated to support ad-hoc reporting or cost allocations

Lesson 8: Wrap-Up

- A ***business process*** is a cost object used to capture costs of cross-functional (cost center) activities
- Reflect the utilization of capacity of a resource pool (activity type)
- Can have a rate associated supporting a $/per occurrence of the process being charged to the receiver
- Must be assigned to the Business Process Std. Hierarchy but can also be assigned to alternative groups for reporting

Questions

- A Business Process is interchangeable with an Activity Type
  - True
  - False

Answer

- A Business Process is interchangeable with an Activity Type
  - o True
  - ☒ False

Lesson 9: Statistical Key Figures

Objective(s):

- To understand what the Statistical Key Figure represents, uses, and how defined for the Cost Model

SAFM-CE Army Cost Model
Statistical Key Figure (SKF) Definition

Statistical Key Figure Definition:

A Statistical Key Figure is a piece of information about the cost object it is assigned to, e.g. # FTE for a cost center, # telephones, etc.

- There are two types of statistical key figures:
  - ***Fixed value*** - Fixed values are carried forward from the period posted to all subsequent posting periods for the year
  - ***Total value*** - Total values exist only for the period posted

CC #1000	P1	P2	P3	P4	P5	….
# Headcount	12	12	24	24	24	24
# FTE	1	1	1.5	2		

SAFM-CE Army Cost Model Statistical Key Figure Uses

- As a basis (cost driver) for cost assignments, e.g. # telephones to allocate out the phone bill
- To measure performance, e.g. # surveys SKF can be planned for the year and then actuals captured to report progress
- To calculate a unit cost rate in unit cost report. This report is designed specifically for the Army and allows for some or all of the costs on the cost object selected to be divided by the SKF on that cost object to calculate a Unit Cost rate of the SKF, e.g. $/meal

SAFM-CE Army Cost Model
How SKFs are defined

- Identify the workload measures of the organizations
- Review off-line reports that merge financial information with outputs produced
- SKFs have to be associated with a cost object and the information must then be captured and maintained (directly or via some system feed)

SSP Workload Example
CLS SBC 25 - CIF

Rank	SSP Name	Data Owner	Data Source	Who is this Measure Reported to?	Frequency	Primary Workload Driver	Output Performance Target	Outcome Performance Target
F	Manage Chemical Defense Equipment	Installation ICEMP Manager	MICAS	DOL TACOM-SBC	Annually	Number of unserviceable OCIE items repaired and returned to inventory	5 days	100%
E	Receive & process shipments of OCIE	CIF Manager	Installation Support Module	IMA Region Log Div DOL	Quarterly	Number of OCIE item shipments processed into inventory	2 days	100% within 2 business days
D	Accept OCIE Turn-ins from Soldiers	CIF Manager	Installation Support Module	IMA Region Log Div DOL	Quarterly	Number of Soldiers processed	24 hours	OCIE turn-in processing time equal to or less than 1 hour
C	Provide Clothing to Initial Entry Training Soldiers	CIIP manager	Virtual Item Manager (VIM)	IMA Region Log Div DOL	semi-annual	Number of soldiers issued clothing	7 days	100%
B	Issue OCIE to Soldiers	CIF Manager	Installation Support Module	IMA Region Log Div DOL	Quarterly	Number of Soldiers processed	24 hours	OCIE turn-in processing time equal to or less than 1 hour
A	Manage OCIE Inventory	CIF Manager	Installation Support Module	IMA Region Log Div DOL	semi-annual	Number of Soldiers issued OCIE	100% accuracy during annual inventory	100%

GFEBS

SKF Code	SKF Name	UoM	Fixed Vs. Total
NOI	Number of Items	EA	T
NOS	Number of Soldiers	EA	T

Lesson 9: Wrap-Up

- A ***Statistical Key Figure*** is a piece of information about the cost object it is assigned to, e.g. # FTE for a cost center, # telephones, etc.
- There are two types of SKFs; Fixed which pre-populates the same data for each period until changed and Total which represents the total value of that SKF for that period only
- Utilized as cost drivers/basis for cost allocations and performance reporting
- Must be assigned to a cost object

Questions

1. _____ statistical key figure varies each period.

2. _____ statistical key figure is static from the period of entry through to the end of the year.

- There is a limited number of SKFs that can be assigned to a Cost Object?
  - o True
  - o False

Questions

1. Total Value statistical key figure varies each period.

2. Fixed Value statistical key figure is static from the period of entry through to the end of the year.

- There is a limited number of SKFs that can be assigned to a Cost Object?
  - o True
  - ☒ False

Lesson 10: Cost Elements

Objective(s):

- To understand what the Cost Element cost object represents, key definition criteria (guiding principles), uses, and how defined for the Cost Model

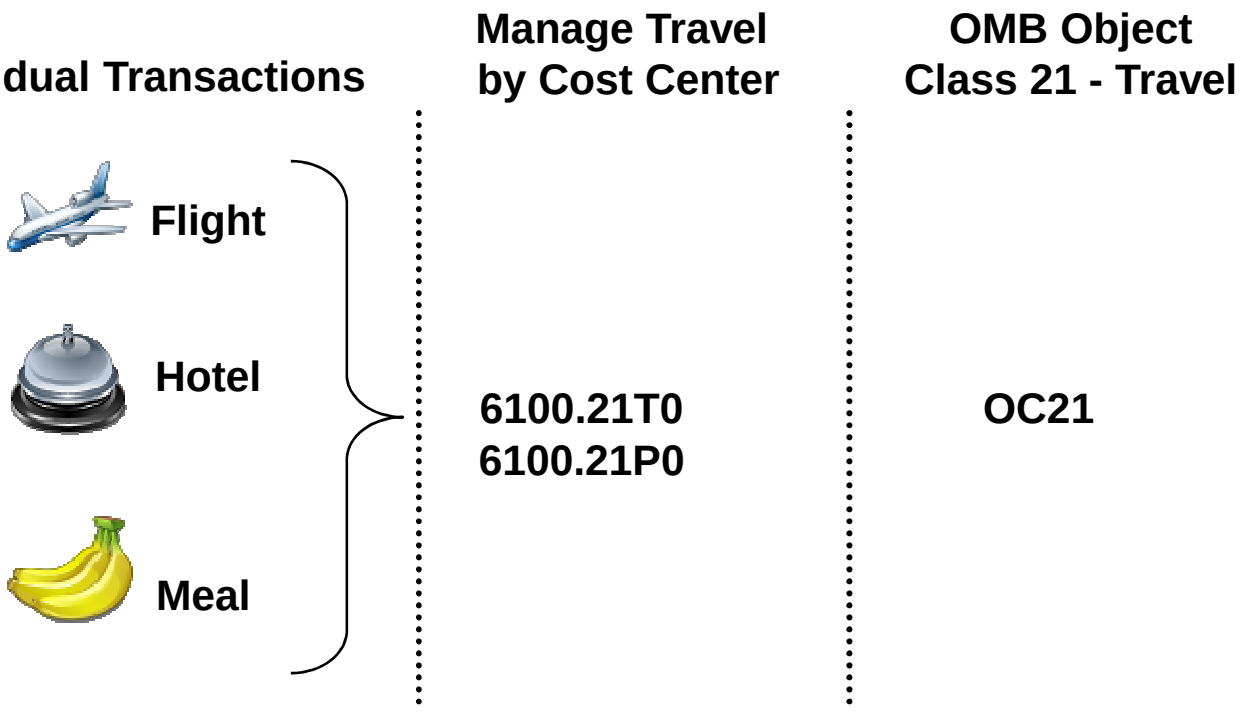
SAFM-CE Army Cost Model
Cost Element Definition

Cost Element Definition:
A Cost Element is the lowest level component for classifying costs and revenues (as negative costs) of a resource and indicates the category/type associated with a posting (e.g. allocation type, revenue, expense)

- GFEBS replaces the concept of EORs with GL Accounts in Financials (FI), Commitment Items in Budgeting (FM) and Cost Elements in Cost Management (CO)

SAFM-CE Army Cost Model
Guiding Principles for Cost Elements

Principle #1: External Alignment	• Alignment to support external reporting requirements for financial reporting of P/L items.
Principle #2: Transparency	• Provide the lowest level of transparency necessary for managing revenues/expenses not already supported within another data element

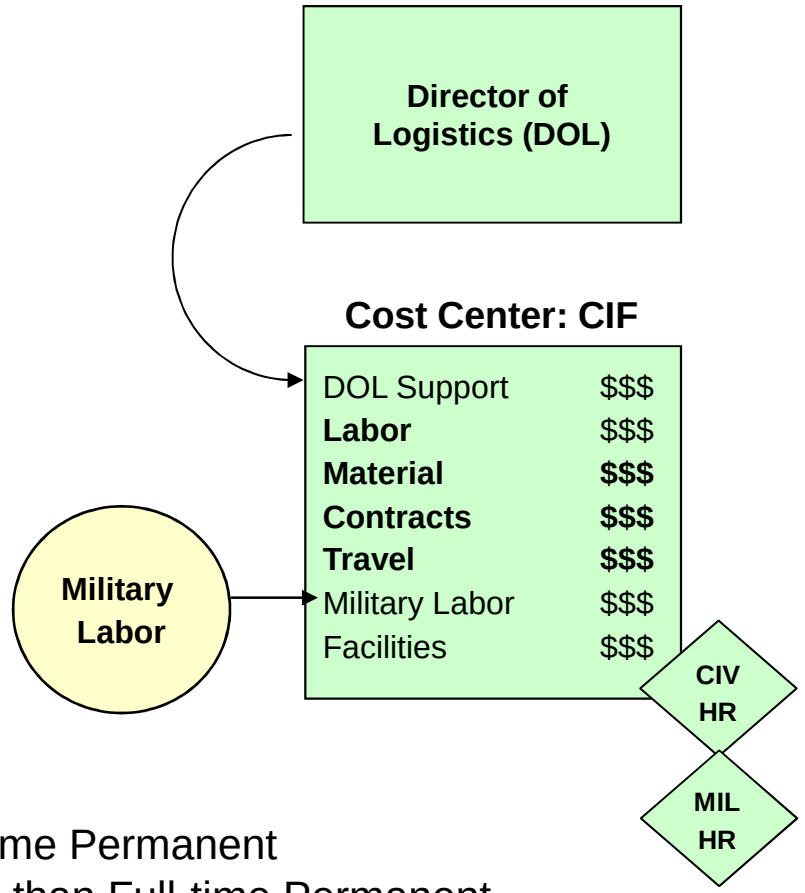


SAFM-CE Army Cost Model
Cost Element Uses

- Capture actual costs (expenditures, imputed costs, allocations, etc.)
- Plan cost by organizations (Cost Centers), activity typesor products/services
- Reporting of individual expense categories or grouped together to support internal (management) and external (OMB/SFIS) reports
- Move costs from one org/location to another: e.g. similar to some “cost transfers” currently performed
- Primary (consumed from outside) versus Secondary (consumed from inside)
- Maintain debit/credit integrity for expense related postings within the Controlling component of GFEBS

Primary Cost Elements

- Expenditures externally sourced, such as most of today's EORs (excluding the 2700s)
- Typically (but not necessarily e.g., depreciation) indicative of cash out flows
- Start with the USGL indicator, such as 6100 or 6400 for expenses
- Are a 1:1 match with the General Ledger Account utilized for Financial Accounting

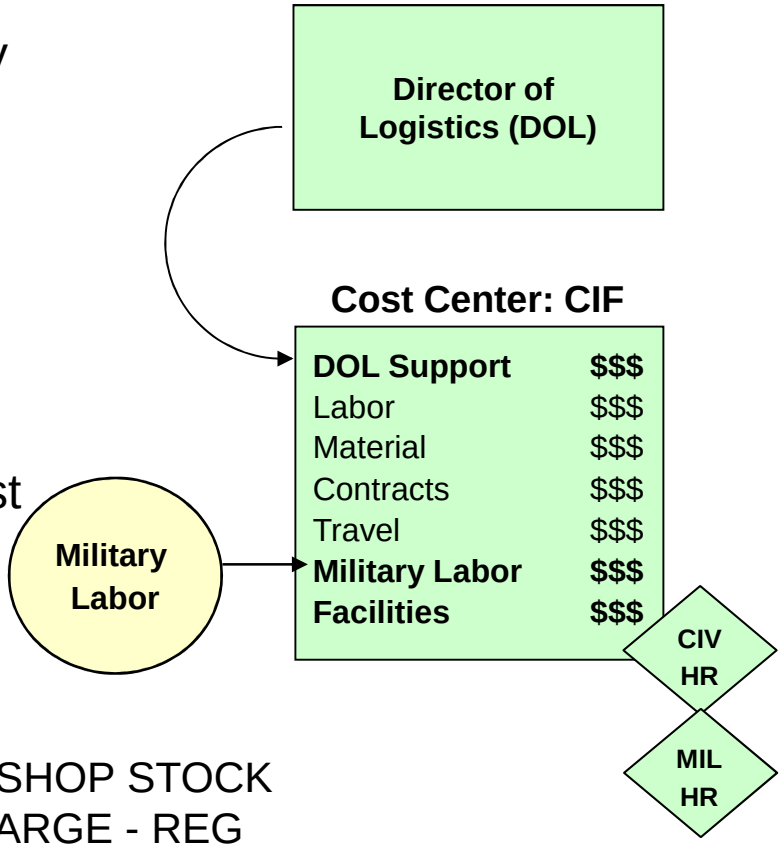


Examples:

- 6100.11B1 Civilian Base Pay - Full-time Permanent
- 6100.11B3 Civilian Base Pay - Other than Full-time Permanent
- 6100.21T0 TDY Travel
- 6100.252A Information Technology Services – Processing
- 6400.13H0 VSIP TAX -15% Remittance to CSRDF

Secondary Cost Elements

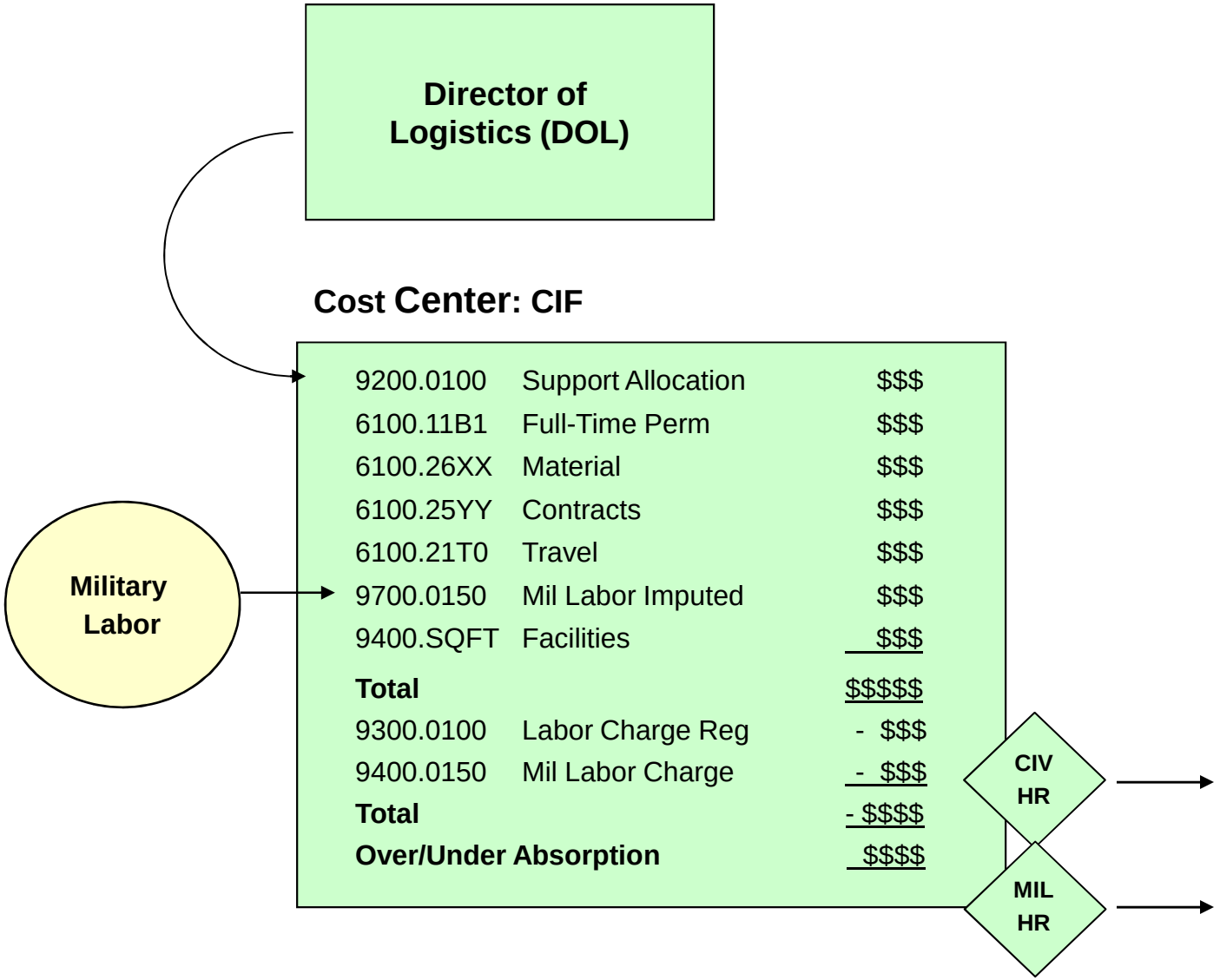
- Assigned/service fees to an object for consuming products/services providing by another object. (e.g. 2714 Shop Stock)
- Non-cash outlays (would have occurred with the Primary Cost Element posting
- Start with a 9 series preface to indicate that they <u>are not associated</u> with the General Ledger, e.g. internal only
- There are multiple types of secondary cost elements to support allocations, charge outs, overhead surcharges, etc.



<u>Examples:</u>

- 9000.2714 MATERIAL SHOP STOCK
- 9300.0100 LABOR CHARGE - REG
- 9300.01OT LABOR CHARGE - OT
- 9400.0150 MILITARY LABOR CHARGE

Cost Elements Example



SAFM-CE Army Cost Model
How Cost Elements are Defined

- For Primary Cost Elements:
  - Started with EORs for both pay and non-pay
  - Evaluated information embedded in code/EOR
  - Determined if another GFEBS data element could hold that info and collapsed where possible (e.g. C-Type, Vendor, Type of Interest Payment)
  - Reviewed external reporting requirements such as OMB Object Classes, USGL, SFIS mappings
  - When a GL Account it determined a Primary Cost Element is also created with the exact same code
  - Once live, new Primary Cost Elements are typically rarely added and as needed to support external reporting

EOR crosswalk to GL Discussion

- EORs will no longer be used in GFEBS; yet, the same information previously maintained through EORs will be supported via different methods

DETL EOR	BGFY	TMFY	IO	CTP	EOR TITLE/NARRATIVE
1198	1987	OPEN	2		MILITARY BASE PAY
1199	1987	OPEN	2		MILITARY OTHER PAY
1210	1987	OPEN	2		MILITARY CASH ALLOWANCES
1220	2001	OPEN	2		MILITARY MASS TRANSIT SUBSIDY (ONLY)
1250	1987	OPEN	1		MILITARY BENEFITS, PAYMENT TO OTHER FUNDS.
13T0	2000	OPEN	2		MILITARY UNEMPLOYMENT COMPENSATION
11BB	1987	OPEN	2	101	CIVILIAN BASE PAY
11CB	1987	OPEN	2	101	CIVILIAN TERMINAL LEAVE PAY
11DB	1987	OPEN	2	101	CIVILIAN OVERTIME PAY
11EB	1987	OPEN	2	101	CIVILIAN HOLIDAY PAY
11FB	1987	OPEN	2	101	CIVILIAN SUNDAY PAY
11GB	1987	OPEN	2	101	CIVILIAN NIGHT DIFFERENTIAL PAY
11HB	1987	OPEN	2	101	CIVILIAN HAZARDOUS DUTY/ENVIRONMENTAL PAY
11JB	1987	OPEN	2	101	CIVILIAN POST DIFFERENTIAL PAY
11KB	1987	OPEN	2	101	CIV[illegible]AN I[illegible]E [illegible]ND [illegible]THER CASH AWARDS
11LB	1987	OPEN	2	101	CI[illegible]AY (EXCLUDING TITLE 38 MEDICAL PREMIUM PAY)
11NB	2005	OPEN	2	101	TIT[illegible]EMIUM PAY
11PB	1994	OPEN	2	101	CIVILIAN STAFFING DIFFERENTIAL PAY
11QB	1994	OPEN	2	101	CIVILIAN SUPERVISORY DIFFERENTIAL PAY
11RB	1994	OPEN	2	10[illegible]	[illegible]EMOT[illegible]WOR[illegible]TE [illegible]OWANCE PAY
11SB	1994	OPEN	2	101	[illegible]VILIA[illegible] PERFOR[illegible]ANCE [illegible]ARDS PAY
11TB	1994	OPEN	2	1[illegible]	[illegible]ILIA[illegible] PHYSICIANS [illegible]LITY ALLOWANCE PAY
11UB	1994	OPEN	2	101	CIVILIAN FOREIGN LANGUAGE AWARD PAY
11BC	1987	OPEN	2	102	CIVILIAN BASE PAY
11CC	1987	OPEN	2	102	CIVILIAN TERMINAL LEAVE PAY
11DC	1987	OPE[illegible]	[illegible]	[illegible]	[illegible]IVILIAN O[illegible]TIME PAY
11EC	1987	OPE[illegible]	[illegible]	[illegible]02	[illegible]IAN H[illegible]IDAY [illegible]
11FC	1987	OPE[illegible]	[illegible]	[illegible]	[illegible]SUNDAY [illegible]
11HC	1987	OPEN	2	102	CIVILIAN HAZARDOUS DUTY/ENVIRONMENTAL PAY
11JC	1987	OPEN	2	102	CIVILIAN POST DIFFERENTIAL PAY
11KC	1987	OPEN	2	102	CIVILIAN INCENTIVE AND OTHER CASH AWARDS
11LC	1987	OPEN	2	102	CIVILIAN OTHER PREMIUM PAY
11RC	1994	OPEN	2	102	CIVILIAN REMOTE WORKSITE ALLOWANCE PAY
11SC	1994	OPEN	2	102	CIVILIAN PERFORMANCE CASH AWARDS PAY
11BF	1987	OPEN	2	121	CIVILIAN BASE PAY
11CF	1987	OPEN	2	121	CIVILIAN TERMINAL LEAVE PAY
11HF	1987	OPEN	2	121	CIVILIAN HAZARDOUS DUTY/ENVIRONMENTAL PAY
11JF	1987	OPEN	2	121	CIVILIAN POST DIFFERENTIAL PAY
11KF	1987	OPEN	2	121	CIVILIAN INCENTIVE AND OTHER CASH AWARDS
11LF	1987	OPEN	2	121	CIVILIAN OTHER PREMIUM PAY
11SF	1994	OPEN	2	121	CIVILIAN PERFORMANCE CASH AWARDS PAY
11TF	1994	OPEN	2	121	CIVILIAN PHYSICIANS COMPARABILITY ALLOWANCE PAY
11BJ	1987	OPEN	2	124	CIVILIAN BASE PAY

500+

37-100

Labor EORs

C-type is removed from Accounts in GFEBs and reported via BI Labor Report

GFEBS GL Account	GFEBS GL Account Description
6100.1198	[illegible]rating Expenses/Program Costs - Military Base Pay
6100.122A	Operating Expenses/Program Costs - Military Other Pay
6100.122E	Operating Expenses/Program Costs - SFIS - Military - Annual Leave
6100.122L	Operating Expenses/Program Costs - SFIS - Military - Other Benefits not Identified
6400.13T0	Operating Expenses/Program Costs - Unemployment Compensation
6400.122G	Operating Expenses/Program Costs - SFIS - Military - Health
6400.122H	Operating Expenses/Program Costs - SFIS - Military - Life
6400.122[illegible]	Operating Expens[illegible]FIS - Military - Retirement
6400.122[illegible]	[illegible]
6400.122K	Operating Expenses/Program Costs - SFIS - Military - FECA
6100.11B1	Operating Expenses/Program Costs - Civilian Base Pay - Full-time Permanent
6100.11B1	[illegible] - Full-time Permanent
6100.11B1	Operating Expenses/Program Costs - Civilian Base Pay - Full-time Permanent
6100.11B1	Operating Expenses/Program Costs - Civilian Base Pay - Full-time Permanent
6100.11B1	[illegible]
6100.11B1	[illegible]
6100.11B1	Operating Expenses/Program Costs - Civilian Base Pay - Full-time Permanent
6100.11B1	[illegible]anent
6100.11C1	[illegible] Permanent
6100.11C1	Operating Expenses/Program Costs - Civilian Terminal Leave - Full-time Permanent
6100.11C1	Operating Expenses/Program Costs - Civilian Terminal Leave - Full-time Permanent
6100.11C1	Operating Expenses/Program Costs - Civilian Terminal Leave - Full-time Permanent
6100.11C1	Operating Expenses/Program Costs - Civilian Terminal Leave - Full-time Permanent
6100.11C1	Operating Expenses/Program Costs - Civilian Terminal Leave - Full-time Permanent
6100.11C1	Operating Expenses/Program Costs - Civilian Terminal Leave - Full-time Permanent
6100.11C1	Operating Expenses/Program Costs - Civilian Terminal Leave - Full-time Permanent
6100.11D0	Operating Expenses/Program Costs - Civilian Overtime Pay
6100.11D0	Operating Expenses/Program Costs - Civilian Overtime Pay

60+ in GFEBS as:

-FI GL Accounts

-Primary Cost Elements

-Commitment Items

GFEBS BI

Labor Report by C-Type

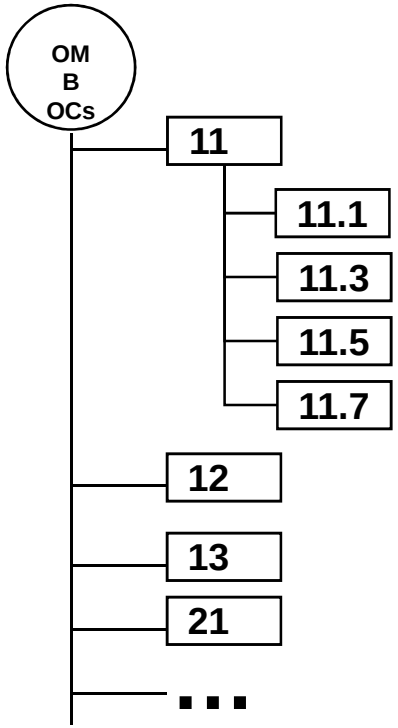
S2L5_p9

SAFM-CE Army Cost Model
How Cost Elements are Defined

- For Secondary Cost Elements:
  - Determined types of cost allocations/ assignments to be supported (assumed all possible in GFEBS)
  - Determine internal management reporting detail needs, continues to expand with maturity
  - Identified impacts for budget/non-budget relevant in funds management
  - Secondary Cost Elements are constantly being added as assignments/allocations are updated/changed in order to provide transparency for management reporting

Cost Element Groups

- Cost Elements can be grouped together to support
  - ***Reporting:*** e.g. all labor related primary cost elements into a group called Payroll Labor
  - ***Reconciliation:*** e.g. the primary cost element used to procure shop stock with the secondary cost element used to allocate shop stock to manage the under/over absorption
  - ***Allocations:*** e.g. allocating a combination of cost elements to multiple receivers
  - ***Hierarchies:*** e.g. by creating cost element groups within cost element groups a hierarchy is generated which can be utilized to meet OMB Object Class and SFIS reporting requirements



Lesson 10: Wrap-Up

- A ***Cost Element*** is the lowest level component for classifying costs and revenues (as negative costs) and indicates the category/type associated with a posting (e.g. allocation type, revenue, expense)
- There are two types of Cost Elements: Primary and Secondary
- Primary Cost Elements represent those obtained from the external market, the initial posting
- Secondary Cost Elements represent costs incurred from within the Army
- EORs and the EOR information will be supported via GFEBS through GL Accounts, Commitment Items, and Primary Cost Elements
- Cost Elements can be grouped together to support internal and external reporting including to generate hierarchies such as OMB Object Class

Exercise #3

For your organization:

1. Cost Centers
2. Activity Types
3. Identify what object for your products/services – Project/WBS Element or Internal Orders
4. What Statistical Key Figures (SKF) could be tracked?
5. What are some primary and secondary cost elements that would be posted to the orgs