



# **Managerial Cost Accounting: DHS Out of the Gate**

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# Why MCA?

SFFAS No. 4

Full Activity Cost

Performance Measurement

Resource Allocation



# Out of the Gate

- Implement planned systems and structures.
- Tie activities and programs to DHS strategic missions.
- Determine Component requirements.
- Align processes at the Components.



# DHS Initiatives

## Managerial Cost Accounting

QHSR

Bottom-up Review

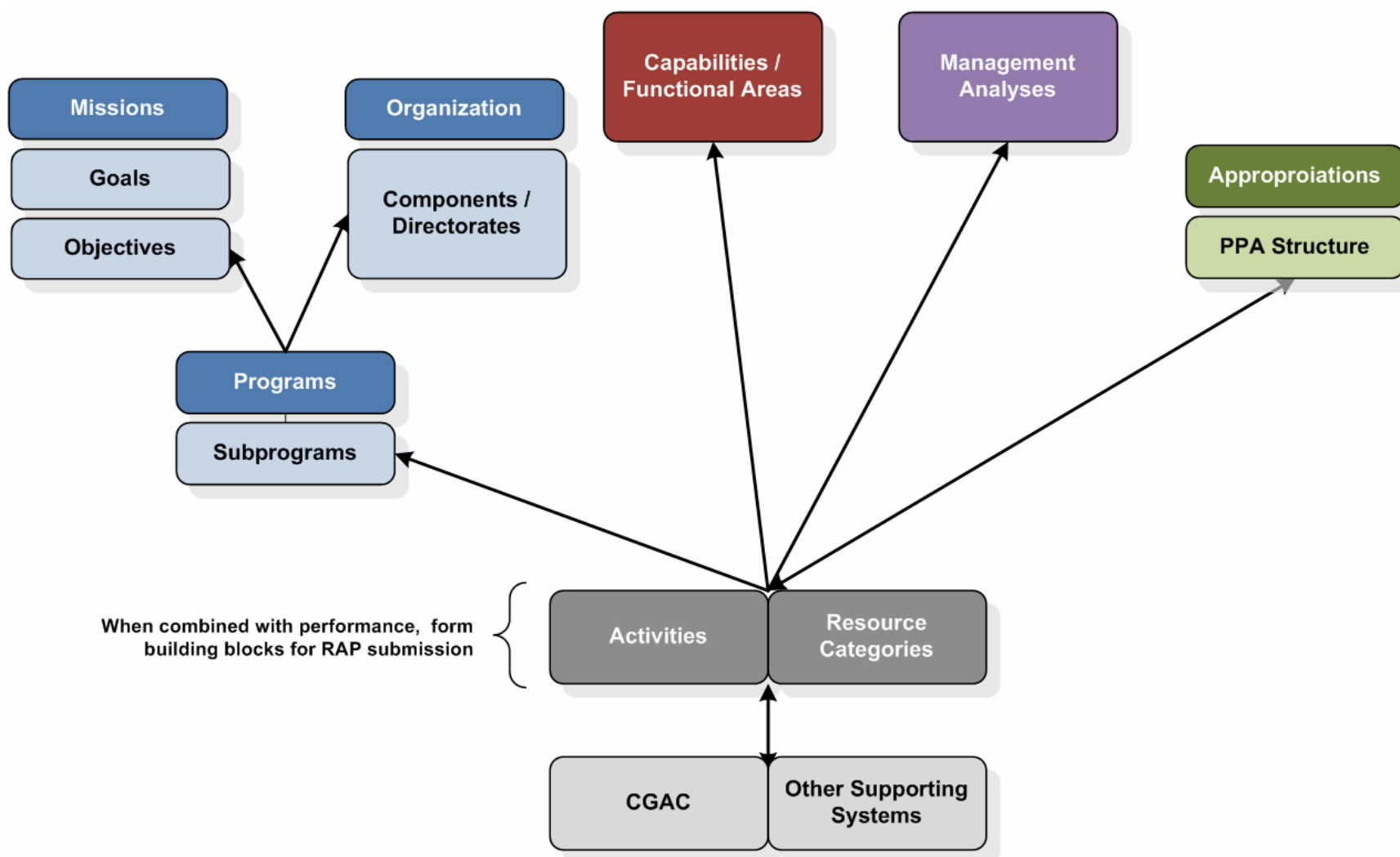
CGAC/ACS

Appropriation  
accounting structure

TASC &  
Business Intelligence



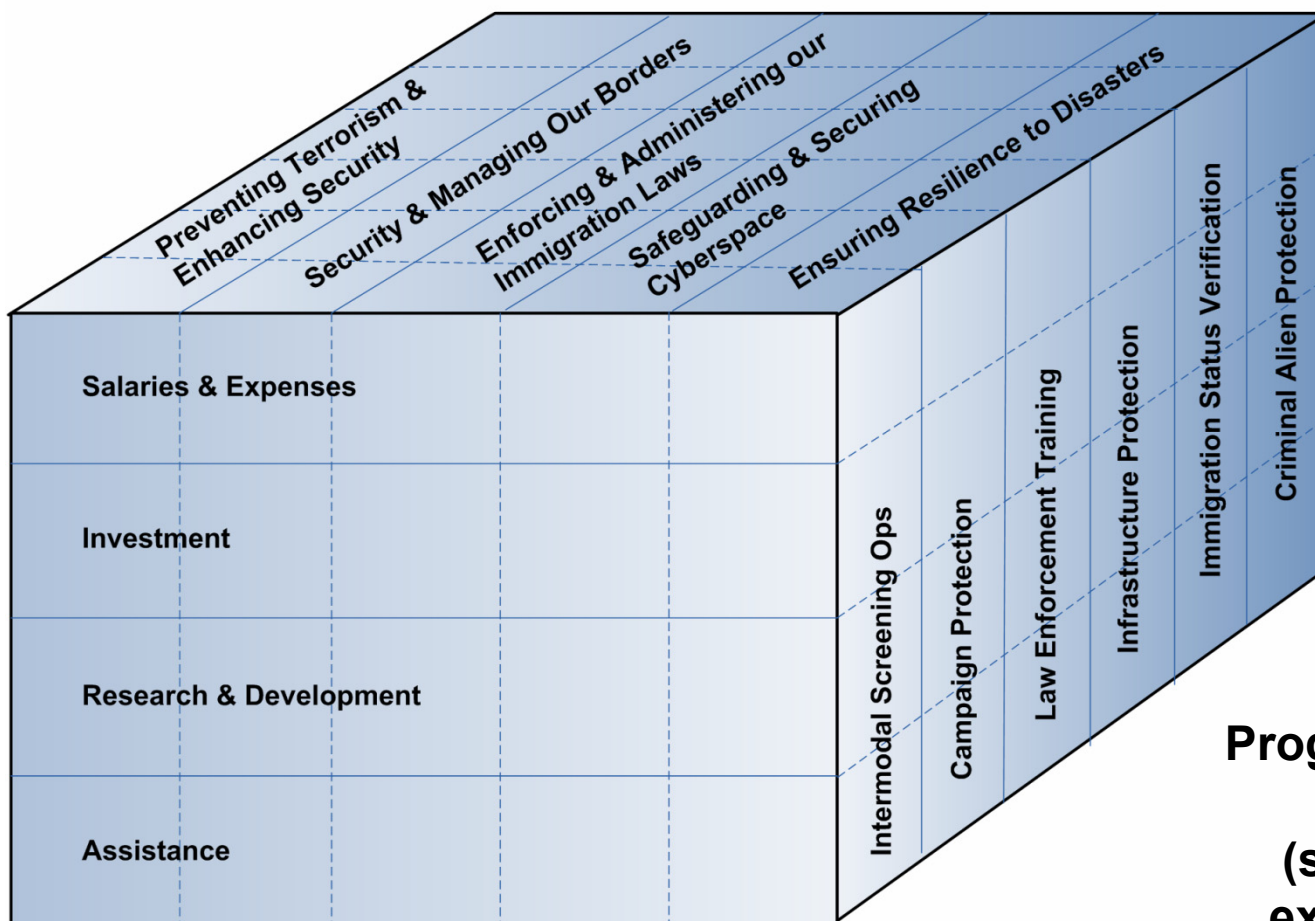
# Architecture





# DHS Resources

## QHSR Mission Areas / S1 Priorities



**Programmatic  
View  
(selected  
examples)**



# Activities Alignment

## FEMA Mission 5: Ensuring Resilience to Disasters

Sample Activities	5.1		5.2		5.3			5.4	
	5.1.1: Reduce vulnerability to individuals and families	5.1.2: Mitigate risks to communities	5.2.1: Improve individual, family, and community preparedness	5.2.2: Strengthen capabilities	5.3.1: Provide timely and accurate information to the public	5.3.2: Conduct effective disaster response operations	5.3.3: Provide timely and appropriate disaster assistance	5.4.1: Enhance recovery capabilities	5.4.2: Ensure continuity of essential services and functions
NFIF Repetitive Flood Claims	●								
Mitigation – Dam Safety Program		●							
National Exercise Program				●					
National Fire Academy				●					
Integrated Public Alert Warning System					●				●
Response Operations – Pre-positioned equipment / supplies							●		
Public Assistance (PA) Operations								●	
Federal Coordinating Officer (FCO) Operations									●



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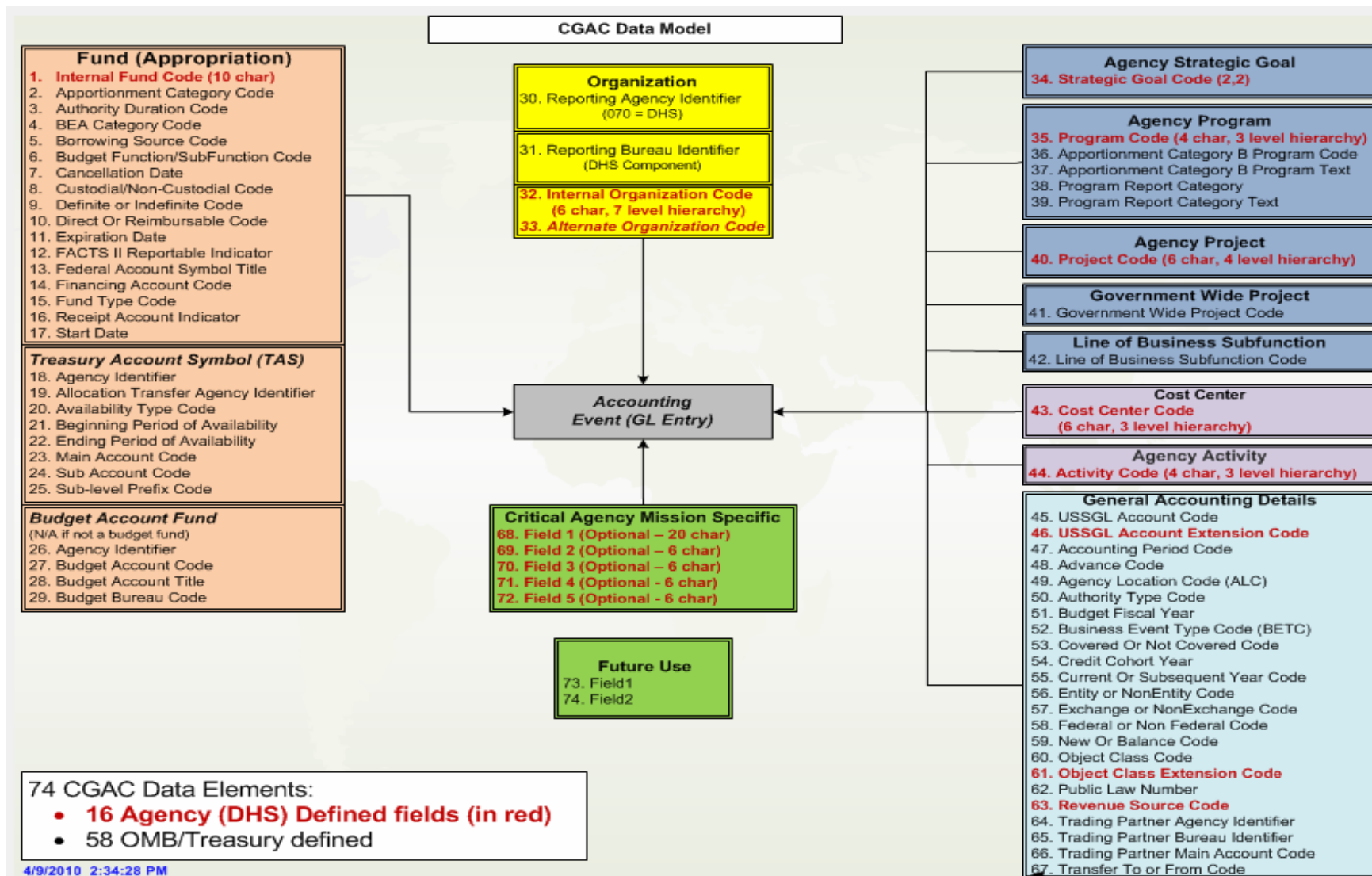
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# CGAC Data Model





# DHS ACS Data Element Definitions

Data Element	Definition
<b>1. Internal Fund Code</b>	An agency-defined code used to identify an individual appropriation or other fund account. Must relate to one and only one Treasury Account Symbol (TAS).
<b>2. Internal Organization Code</b>	Component determined, hierarchically structured entities to which budgetary resources are internally allotted. Classifies financial transactions by the entities responsible for managing resources and carrying out programs and activities.
<b>3. Cost Center Code</b>	Component defined, hierarchically structured responsibility areas where actual costs are captured. Areas that benefit from spending (pools where incurred costs are tracked for internal reporting).
<b>4. Strategic Goal Code</b>	Hierarchical structure for DHS strategic missions, goals and objectives, also includes component-specific programs & sub-programs.
<b>5. Program Code</b>	Hierarchically defined values representing the operations financed by a specific budget account as per DHS appropriation language – today's PPA.

Data Element	Definition
<b>6. Project Code</b>	Planned undertaking of something to be accomplished or produced, or an undertaking with a finite beginning and end. Example: construction project.
<b>7. Activity Code</b>	Activity Codes are expected to be the specific work-breakdown (WBS) structure for project cost capture. The values of activities can vary (multiple WBS) for specific project groups.
<b>8. USSGL Account &amp; Extension Code</b>	A DHS defined extension (sub-classification) to the standard Treasury defined USSGL account code.
<b>9. Object Class &amp; Extension Code</b>	A DHS-wide defined sub-classification (extension) used in conjunction with the OMB (A-11) object class code.
<b>10. Revenue Source Code</b>	Identifies the type or source of revenue when the general ledger account is not sufficiently descriptive for internal agency purposes.



# FEMA Accounting Line Transformation

FEMA Current State Accounting Line							
Segment Name	Budget Fiscal Year	Fund Code	Program Code	Organization Code	Project Code (Not Used)	Object / Revenue Code	Fund Type/ Function Code
Size	4	2	6	5	N/A	5	8
Example	2009	8B	5511D1	0332	N/A	2610	D or R

Segment Name	Reporting Bureau Identifier (Component)	Internal Fund Code (IFC)	Budget Year	Program Code	Internal Organization Code (IOC)	Cost Center Code	Object Class Code	Object Class Extension Code	Project Code	Activity Code	USSGL Account	USSGL Account Extension Code	Revenue Source Code
Size	2	10	4	Short Code (4) 4 char, 3 level	Short Code (6) 6 char, 7 level	Short Code (6) 6 char, 7 level	3	3	Short Code (6) 6 char, 4 level	4 char, 3 level	6	2	6
Example	70	7040000000	2010	HQ01	IT0100		211	100	004015	1.2.3	610000	21	FEE043
DHS ACS Future State Accounting Line													



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# Appropriation account structure

- Consolidates legacy structures
- Aligns programs and processes with the BUR structure
- Adaptable to internal and external change
- Effective across the Department in FY 2013



# DHS Initiatives

## Managerial Cost Accounting

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- Consolidation of financial, asset, and acquisition management systems
- A framework to align and prioritize programs and resources
- Provide better cost estimating and tracking actual costs against budgeted costs
- Access to real-time, reliable, actionable data



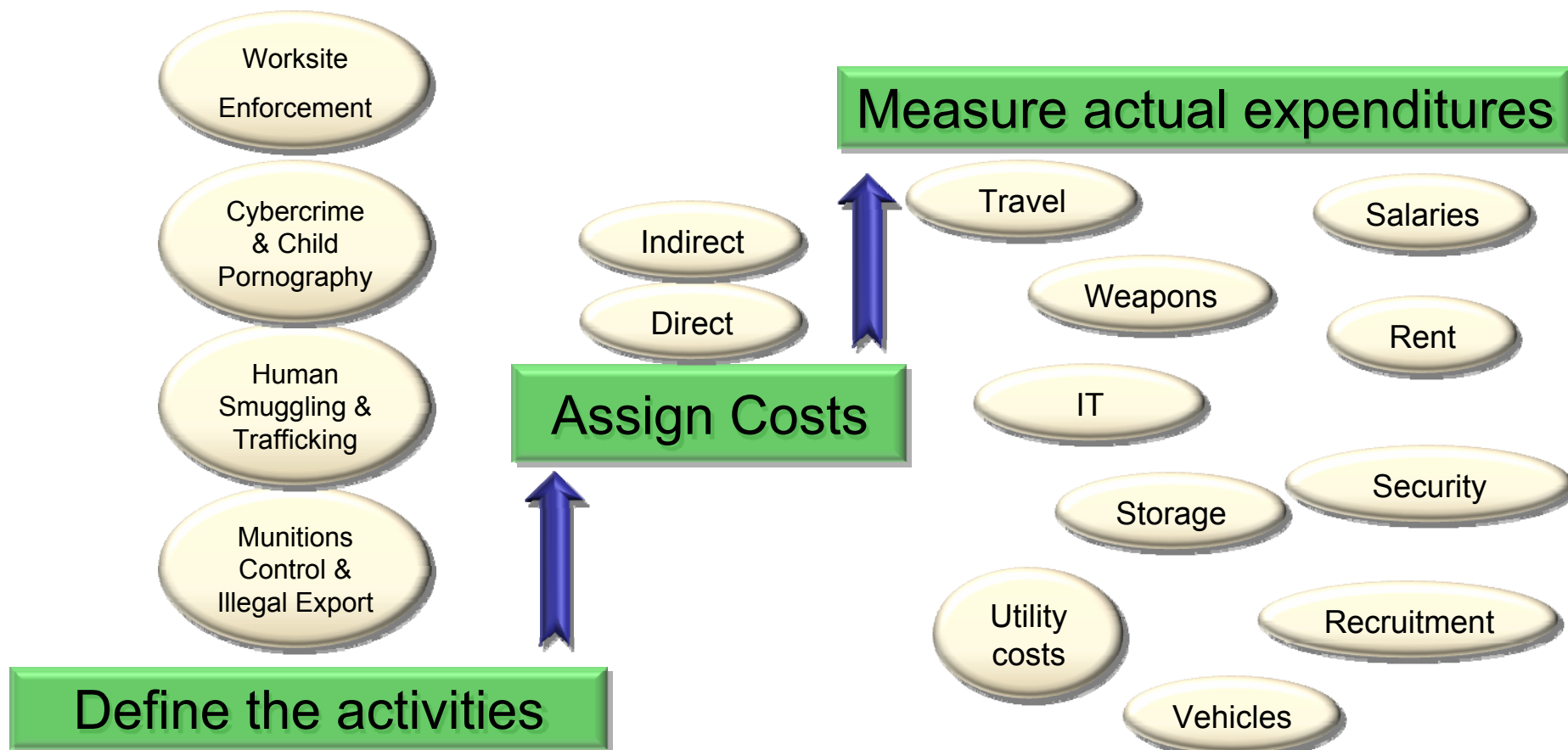
# Into the First Turn

- Charter a Department-wide MCA working group
- Measure current use of MCA within the Components
- Identify best practices
- Develop a communication plan
- Determine the best path forward





# Cost Estimating: ICE Investigations





# The Straightaway

Change Management

Cost-allocation Rules

Oversight

Internal Controls

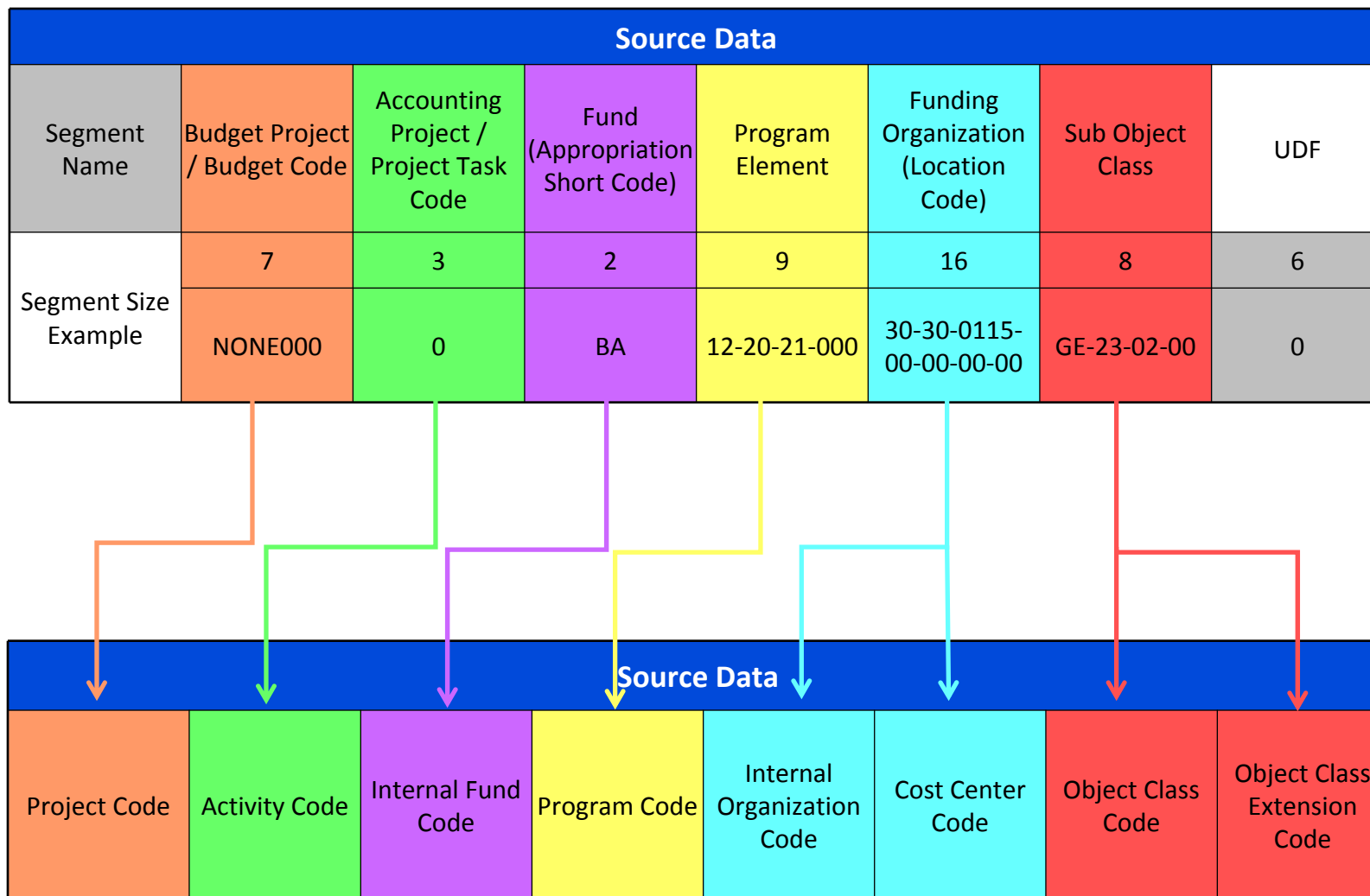


# Approaching the Final Turn

- Strategic communication has laid the groundwork for Component support of using cost data to make management decisions.
- Systems and accounting structures are in place to provide accurate, real-time data.
- We have determined what we are measuring and how to allocate costs.
- Business intelligence and cost accounting systems: getting the right information, to the right decision-makers, at the right time.



# Business Intelligence & Data Mapping





# Home Stretch

- With good accounting and reporting systems in place, DHS financial managers can tailor reports that provide the appropriate data to make decisions.
- The cost data in these reports can drive decisions that will improve processes, which in turn will improve agency performance.
- Management has a picture of the total cost of the programs, activities, and projects that support DHS strategic missions.
- Total cost and performance data are used to allocate resources.



# Winner's Circle

