Agenda

• Audit – DoD’s Mount Everest?

• An Evolving Chief Financial Officer (CFO) Role

• Business Reform as a Catalyst
  • What Are We Doing with Reform?
  • What’s Different This Time?

• What We Need from You
The DoD Auditability Journey – A Steep Yet Worthwhile Climb

End FY 2017 Statutory Direction
Achieve Full Agency Financial Statement Audit Readiness and Proceed to FY 2018 Audit

FY 2014 Statutory Direction
Achieve Audit Readiness of General Fund Statement of Budgetary Resources

Pre-2009
Audit emphasis largely within only the comptroller organizations

Post-2009
Audit efforts involve all functional areas enterprise-wide

1991
DFAS Established

1994
Initial DoD Audit Efforts Began

2005
FIAR Office Established

2009
Current Priorities Established

2014
Achievement of Audit Readiness

2017

2018-??
Achieving a Clean Audit Opinion

Audit & Remediation

Clean Audit Opinion

Audit – DoD’s Mount Everest?
## A Centralized, Standardized CFO Function Will Provide Real Time Insights

<table>
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<th>CFO Role</th>
<th>Financial Reporting</th>
<th>Compliance / Control</th>
<th>Decision Analytics on Financial Performance</th>
<th>Decision Analytics on Mission Performance</th>
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</table>
| Analytics Performed       | Sound transaction processing  
Creation of traditional finance reports (e.g., balance sheet)                  | Provide assurance on strength of internal controls and risk management processes      | Perform cost management analysis  
Provide resources for performance review                                           | Link cost performance data to related priority mission objectives  
Partner on cost and mission analytics                                           |
| Time                      | ~ Quarterly/Annually                                                                  | ~ Quarterly                                                                           | ~ Monthly or better                                                                | ~ Daily / Real time / predictive                                                  |
| Data Architecture         | Distributed, non-standard                                                            | Distributed, standard                                                                  | Centralized, standard                                                             | Centralized, standard, automated                                                  |
| Role of UoT               | Disaggregated systems approached on a one-off basis  
No enterprise view            | Disaggregated systems  
Central "translation" ability via single taxonomy  
UoT collecting data from multiple sources | UoT central host system  
UoT leverages existing data linkages to receive specific updates/refreshes    | UoT central host system  
Automated feeds for cost & audit  
Shared service provider for analytics on financial performance and cost |

**CFO impact**

- Lower
- Higher
The National Defense Strategy’s third line of effort is to “Reform the Department for greater performance and affordability.” We’ll achieve this by:

• Delivering performance at the speed of relevance;

• Organizing for innovation; and

• Driving budget discipline and affordability to achieve solvency.
What Are We Doing with Reform?

Financial Management Reform Strategic Objectives
- Simplify and standardize DoD processes
- Development and enforcement or enterprise data standards
- Fewer and better integrated systems

People

Process

Technology

Procure to Pay
Retirement of Legacy Systems
Data Standards (e.g. SFIS)
Process Automation
Budgetary Resource Optimization
4th Estate FM Optimization
DFAS Functional Organizational Assessment
What’s Different This Time?

• Leadership engagement

• Audit

• Technology

• We are actually doing things and seeing value
What We Need from You

• Be *engaged, responsive, and accountable*

• Adapt to change

• Identify/Elevate any additional enterprise-wide reform opportunities