The Journey to a Clean Opinion
Transforming DoD’s Finance Function

Getting it right the first time through Transformation

Integrity

May 30, 2019
The journey to a clean opinion

Achieving a clean opinion is a significant business transformation for DoD organizations and their processes, systems, human capital, and data capabilities. Recognizing DoD IT business and financial systems and authoritative sources as foundational transformation elements is the key to a clean opinion and timely, accurate, and reliable decision-making.

DoD can no longer afford to follow antiquated transformation models designed for large-scale technology deployments. Instead, DoD should take an outcome-based approach and leverage a Business Integrator to instill transformation integrity throughout the change lifecycle.

This panel will discuss how to build in transformation integrity and the role of a business integrator to address many of the fundamental requirements in DoD’s finance and business transformation journey, to include:

• Audit Ready Organizational Design,
• Audit Ready Business Process Design, and
• Audit Ready IT Business/Functional Requirements Design and Standardization.

Agenda

1. Introduction of Panelists
   Ginger Bonin

2. DoD Transformation Challenges and Way Forward
   Ginger Bonin

3. DON Business Transformation Challenges
   Honorable Thomas Harker

4. OSD Business Transformation Challenges
   Mr. Doug Glenn

5. Transformation Integrity
   Mr. Mark Wojie

6. Audience Question and Answer Period
Our Panelists & Some Fun Facts

Thomas Harker
- Was captain of the water polo team;
- Was frequently found drinking in Tijuana and playing “quarters”;
- Won “Most Interesting Accomplishment” at his 10 year reunion for a $200M drug bust that he led at the USCG;
- Historically routed for Army in the Army/Navy football game.
- Led the charge to a clean audit opinion at the Coast Guard (the biggest component of DHS).

Douglas Glenn
- Saw every heavy metal band in concert at least once (he continues this trend);
- Rode motorcycles to Tijuana on a regular basis and may have smuggled cheap tequila across the border;
- Is a former Certified Public Accountant despite the AICPA losing his exam;
- Has landed on and been launched off an aircraft carrier at sea (before joining the DoD);
- Is a fashion trendsetter, bringing back the sweater vest at the Pentagon.

Mark Wojie
- Grew up in England playing cricket, rugby and football;
- Was captain of his high school baseball team;
- Lead his lifeguarding squad to multiple victories at the Jersey Shore;
- Was asked if he could spell “SAP” in a job interview after graduating with M.B.A.;
- Was the cutover lead for the first massive transformation at Apple, including the release of color iMacs Day 1 of go-live;
- Turned down a job offer from Tim Cook during a large ERP deployment in Europe.
DoD’s journey to a “clean” opinion is a massive

Achieving a “clean” opinion requires an evaluation and redesign of:

**Operating Models** - Operating model and business structure must be aligned and optimized for efficient transaction processing and compliant reporting

**Technology** - Supporting technology systems must securely enable compliant transaction processing

**Data & Reporting** – Generation of relevant and timely data to support business managers’ decision making

**Processes** – Business processes aligned to efficiently achieve targeted outputs and clear delineation of responsibilities and authorities to execute

**Workforce** – The right workforce that understands their critical functions and is appropriately equipped with the right knowledge, training, technology and processes

**Governance & Controls** – Optimized mix of management oversight and processes to monitor outcomes
Most Transformation Initiatives Fail

70% of major transformation initiatives fail
57% of organizations face a decline in productivity
41% of organizations face a decline in morale

Inadequate focus on Auditability, Security & Controls
Lack of Understanding Data Efforts
Lack of Standardization
Lack of Proper Testing
Missed Opportunities
Inadequate Change Management
Replication of Current State
Improper Architecture
Vague or unclear expectations for business outcomes
A business oriented approach to transformation

This type of enterprise transformation demands significant changes in how we approach any type of change or remediation in the DoD.

Technology Implementation
- Systems integration-driven
- Technology as the driver
- Technology platform centric
- Driven by IT
- Automation focused
- Success measured by timely deployment of technology
- Technology is always the answer
- Poor ROI from many programs
- Starts with data (report on what I have, not what I need)

Business Enabled Transformation
- Business integration-driven
- Business as the driver
- Target operating model–centric
- Strategically aligned with business objectives
- Business led
- Process focused; audit compliance design imbedded
- Value added service delivery
- Success measured by achieving business value
- Technology is one enabler of transformation
- Considers the technology needs within the larger technology portfolio
- Analytics enabled

should be
Transformation Integrity is predicated on delivering proactive monitoring and insights across an entire program. To accomplish this four work streams are highly leveraged:

**Business Alignment** is prioritizing what is most important in the evolving business landscape, around the requirements to the future-state business processes, and evaluating the business case value around the desired transformation.

**Change Readiness** is designed to create objective avenues for feedback, allowing all stakeholders a voice while also evaluating the effectiveness of the processes and artifacts designed to prepare the organization to accept and operate in the post-transformation state.

**Program Governance** is the primary component of the methodology as it sets the tone for all other workstreams. Monitoring the performance of all engaged vendors around scope, risk, quality, budget, schedule, and communications is paramount to a project’s success.

**Technical Solution** is focused on verifying all technical aspects of the project—providing insights and feedback related to the processes and artifacts used to develop and deploy technology. The key is to foster a collaborative environment, not merely to be labeled as a dissenting voice searching to indict a vendor’s performance.
Transformation Program Roles

Today’s complex transformations require a new deployment model. This modernized approach leverages additional expertise and perspectives across the program to maximize success.

<table>
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<tr>
<th>System Integrator</th>
<th>Transformation Enablement Partner</th>
<th>Transformation Integrity Partner</th>
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<tr>
<td>• Executes traditional technical roles</td>
<td>• Supplements system integrator role with targeted, independent capabilities</td>
<td>• Monitors various program aspects as an objective party for quality adherence</td>
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<tr>
<td>• Configures solution environment</td>
<td>• Designs and implements security and controls integrations</td>
<td>• Evaluates strategic transformation risks beyond traditional horizon of program governance</td>
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<tr>
<td>• Integrates with other technical systems</td>
<td>• Defines and executes independent program governance</td>
<td>• Utilizes specific client, industry, technology or transformation insights to inform key stakeholders</td>
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<td>• Develops custom RICEF objects</td>
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<td>• Serves as a 5th layer of quality and risk defense beyond traditional risk players (SI, PMO, Internal/External audit, software vendors, etc.)</td>
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• Manages infrastructure strategy
• Creates and executes data migration strategy
• Conducts software quality assurance for coded objects

• Validates program savings and value creation from business case
• Establishes change and training efforts to embrace transformation

• Serves as a 5th layer of quality and risk defense beyond traditional risk players (SI, PMO, Internal/External audit, software vendors, etc.)
Limited Experience Continues to Prevent the Most Critical Transitions

“Starting with a clear, concrete “end” or business/mission function...

The What:

DoD business operations is the anchor to mission readiness and reliable financial information.

Business & financial operations are intrinsically linked. The story of any organization, no matter the size or industry, is told through its financial records, reports and results.

Must know “what right or good looks like” from an organizational design and operational execution level perspective.

The How:

[Diagram showing various components like Business Alignment, Change Readiness, Technical Solution, Program Governance, Confidence, Transparency, Quality, Trust, Foresight, Engaged, Relevant, Collaborative, Transparent, Objective, and Transformation Integrity]