

Armed Forces Comptroller

VOLUME 71, NUMBER 2 | SPRING 2026



SDFM

The Journal of the Society of Defense Financial Management



**The Strategic
and Cultural
Transformation of
Risk, Technology,
and the Financial
Management
Workforce on the
Path to Audit Success**

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Respect the professionalism of fellow members and work with them to promote the goals and programs of the Society.

SDFM advances the mission of national security by bringing together those working in the field of defense financial management in government and the commercial sectors.

Armed Forces Comptroller

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The Journal of the Society of Defense Financial Management

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FROM THE CHIEF EXECUTIVE OFFICER
Rich Brady, CDFM, CGFM, CMA

As we enter the spring of 2026, I continue to be energized by the remarkable growth, engagement, and momentum we are seeing across the Society of Defense Financial Management and the broader defense financial management community.

This edition of the Armed Forces Comptroller Journal focuses on Department of War audit success and the Department's objective of achieving a clean audit opinion by 2028. It is an important and timely theme, and one that reflects the evolving role of defense financial managers as strategic leaders helping drive transformation throughout the Department.

At SDFM, we remain fully committed to supporting this mission through education, training, certification, and professional collaboration. Our mission has never been more important: promoting the education, training, and certification of the defense financial management workforce, driving financial transformation in the defense sector, and upholding the highest ethical and professional standards. These priorities continue to guide everything we do as an organization.

One of the most exciting developments this year has been the tremendous success of SDFM's expanded conference and event strategy. As many of you know, we have intentionally evolved from relying primarily on a single annual conference to building a year-round series of targeted events designed to better serve our members and the defense community.

The results have exceeded expectations.

In January, more than 300 defense financial managers joined us in Washington, DC, for the Strategy and Resources Summit. In February, over 500 professionals attended DFMI—Huntsville to discuss critical issues impacting the defense financial management workforce. And in May, DFMI—Orlando reached a historic milestone with 1,700 registered attendees and more than 300 additional individuals on the waitlist. The level of

engagement we are witnessing demonstrates both the strength of our profession and the demand for meaningful opportunities to learn, collaborate, and connect.

We are equally excited about what comes next.

On September 9–10, 2026, SDFM will partner with the National Defense Industrial Association (NDIA) to host a joint conference combining NDIA's Emerging Technology Conference with SDFM's Data Analytics and Decision Support Conference at the Washington Convention Center. This marks an important milestone for SDFM and the beginning of what we believe will be a highly impactful partnership between our organizations.

This event will bring together government leaders, industry partners, technologists, data experts, and defense financial managers to address some of the most important issues shaping the future of defense business operations. We expect nearly 2,000 defense professionals to participate in what promises to be one of the premier defense management events of the year. Attendees will benefit from exceptional opportunities for education, certification, professional development, and networking across communities that are increasingly interconnected.

Beyond our national events, I also want to encourage greater participation at the chapter level. SDFM chapters are where professional relationships are built, future leaders emerge, and mentorship happens in meaningful ways. Volunteerism within chapters provides tremendous leadership opportunities for early careerists while also allowing experienced professionals to invest in the next generation of defense financial managers. The long-term strength of our profession depends on this continued engagement and commitment to community.

Thank you for your continued support of SDFM and for the work you do every day in service to our nation. I look forward to seeing many of you at our upcoming events as we continue building a stronger, more connected, and more innovative defense financial management profession!



FROM THE PRESIDENT OF THE SDFM BOARD OF DIRECTORS
Alaleh Jenkins

The Spring edition of the Armed Forces Comptroller Journal comes at a pivotal moment for the defense financial management community. Across the Department of War (DoW), momentum is building around one of the most consequential objectives in modern government financial management: achieving a clean audit opinion on the Department's consolidated financial statements by 2028.

This edition highlights the extraordinary work being done by leaders from government, industry, and academia to support that goal. The path to audit success is neither simple nor short-term. It requires discipline, accountability, innovation, and above all, sustained commitment across every echelon of the Department. Yet there is increasing confidence throughout the defense financial management profession that this objective is achievable because of the deliberate actions now underway.

The Department's strategy reflects a level of focus and urgency that is transforming the audit environment. The emphasis on ruthless prioritization is especially important. Rather than attempting to solve every challenge simultaneously, leaders are concentrating resources and attention on the highest-risk and highest-impact areas that will move the Department toward measurable progress. This disciplined approach is helping create clarity of purpose across the enterprise.

Equally important is the growing alignment among the Department, the Military Services, and the DoD Inspector General. Audit readiness cannot exist in silos. Success depends on a shared understanding of standards, expectations, timelines, and accountability. The collaboration occurring today between operational leaders, financial managers, auditors, and oversight organizations represents one of the strongest indicators that the Department is moving in the right direction.

Technology enablement also continues to play a critical role. The modernization of systems, improved access to reliable data, advanced analytics capabilities, and

automation of manual processes are helping improve transparency and strengthen internal controls. Combined with the establishment of the Joint Task Force – Audit, the Department is creating the governance structure necessary to synchronize efforts and accelerate progress.

At the center of all these efforts, however, is the workforce.

No technology solution or audit strategy can succeed without skilled, ethical, and mission-focused professionals executing the work every day. The defense financial management community continues to demonstrate extraordinary professionalism and dedication in support of the warfighter and the taxpayer. The investments being made in workforce development, certification, training, and professional education are essential to sustaining long-term audit success.

This edition would not be complete without recognizing a truly historic accomplishment: the United States Marine Corps receiving a clean audit opinion for the third consecutive year. This achievement demonstrates what is possible through leadership commitment, accountability, and a culture focused on financial excellence. The Marine Corps has established an example for the broader Department, and they deserve our sincere congratulations for this remarkable milestone.

At SDFM, we are proud to support this transformation across the defense enterprise. Our members remain deeply engaged in the critical conversations surrounding auditability, modernization, data analytics, and financial leadership. We also continue to see tremendous growth in participation across our events and professional development programs, which reflects the increasing importance of defense financial management to national security.

Thank you for your continued service, leadership, and commitment to advancing the profession. Together, we are helping shape the future of defense financial management and supporting one of the most important financial transformation efforts in government history.



We Want New Authors!

Have you recently solved a knotty problem at your job? Do you have a success story you'd like to share with the world? Do you have ideas for improving a financial management process? Would you like to see your byline on an article published in a professional journal?

If so, we'd like to hear from you. *The Armed Forces Comptroller Journal* publishes a wide range of articles of interest to SDFM members. Contact mike.monson@sdfm.org, if you'd like to write an article. We will help you through the process. The following guidelines will give you an idea of what is involved. We can't wait to hear from you!

Armed Forces Comptroller Journal Author and Submission Guidelines

The Armed Forces Comptroller (AFC) Journal is published quarterly by SDFM. We welcome articles from any military, civilian, or contractor involved in national security financial management. The purpose of the AFC is to assist the SDFM in achieving its objectives in support of training and professional development of financial managers. The journal accomplishes this by:

- Providing a forum to keep SDFM members and other interested individuals informed of current activities and innovative ideas in comptrollership and its various disciplines. Articles on historical topics will be considered when they are relevant to current events and trends in comptrollership.
- Promoting the education and training of SDFM members, supporting the advancement of the profession of financial management, by addressing the full range of functions and specialties that comprise the profession.
- Maintaining an emphasis on people and what may be of interest and benefit to them, to include a well-balanced presentation of SDFM Chapter activities and other activities.

Guidelines

The following guidelines are intended to help potential authors prepare their copy in a consistent manner.

- ✓ Articles must be original and not previously published.
- ✓ All copy should be prepared as indicated below and with clear author by-lines.
- ✓ Authors should provide valid e-mail and mailing addresses and a telephone number for either themselves or a point of contact.



- ✓ Articles should be 1,000-2,000 words and single-spaced. Shorter or longer articles will be considered.
Sentences should be separated by a single space.
- ✓ Authors may submit supporting graphics, tables, charts, or images, sent as an attachment, **not** embedded in a Word document or PowerPoint. Submissions must be a hi-resolution (300 dpi) JPG, print-ready PDF, or an EPS (vector) file. They should include a "title."
- ✓ Authors who are unable or lack the capacity to produce high-quality tables or graphics may send us the raw data, with a description of what is intended, and we can have them created.
- ✓ Each author's bio should be 65 – 85 words and include the following:
 - Author's current position
 - Significant previous positions or honors
 - SDFM Chapter affiliation
- ✓ Each author's image should be a high-quality headshot, sent as an attachment (**not** embedded in a Word document or PowerPoint). The image file should be a vertical format, at least 2.5" wide x 3.5" high, in color and sent as a 300dpi JPG. Images of the author in a group, taken from a distance, or not suitably dressed, are **not** appropriate.

Footnotes should appear on the same page (bottom of the page) as the corresponding reference. Indicate notes by superscript Arabic numerals in the text (like this²), and by regular Arabic numerals in the notes themselves.

Additional information on headings and subheadings is available on the SDFM website.

For questions on grammar, usage, punctuation, abbreviations, capitalization, and syntax, AFC uses the Chicago Manual of Style as its authority.

If you have an idea you want to discuss, or questions you need answered, contact **Mike Monson**, AFC Executive Editor, at mike.monson@sdfm.org.

When you are ready to submit content, send it to **Mike Monson** at mike.monson@sdfm.org.

DEADLINES	
Issue	Submission Due Date
Summer 2026	6/12/2026
Fall 2026	9/11/2026
Winter 2027	12/11/2026

Accountability is Reliability: Why a Clean Audit Matters to the Warfighter

by Mike Monson

Ok, I'll admit it, I was an "audit skeptic" for many years, both while wearing the uniform as an Air Force financial manager for 24 years, and also as an industry guy for 10+ years. I saw the enormous investments in disparate ERP modernization and Financial Improvement, Audit Readiness (FIAR) consultants, yet the clean audit opinion for the Department of Defense/War remained always elusive. Does it really matter, I asked? Wouldn't it be better investing those FIAR resources in new weapon systems or readiness for the warfighter?

My thinking on the importance of a clean opinion for the Department has matured over the last 5 years. For the warfighter, a clean audit might sound like a "back-office" headache involving spreadsheets and receipts, but in reality, it is a critical component of operational readiness. When the books are a mess, the supply chain is a mess—and in a high-stakes environment, that can be a life-or-death issue.

Here is why the 2028 audit goal is a win for the person in the foxhole, the cockpit, or the engine room.

1. Inventory Accuracy (The "Right Part" Problem)

A clean audit requires a 100% accurate count of physical assets. For a maintainer on the flightline or a soldier in the field, this is the difference between a supply system saying a critical spare part is "in stock" versus it actually being on the shelf.

- **The Impact:** When auditors verify warehouse data, it reduces "dead stock" (parts for retired systems) and ensures that high-priority components are actually where they are supposed to be.
- **The Result:** Faster repair times and higher mission-capable rates for vehicles and aircraft.

2. Modernizing "Dinosaur" Systems

To pass an audit, the Department must retire thousands of disconnected, 40-year-old legacy IT systems that don't talk to each other.

- **The Impact:** These systems are often the same ones used to request supplies, track personnel, or manage logistics.
- **The Result:** Warfighters get modern, intuitive digital tools that work like the apps they use in civilian life, rather than clunky interfaces that require manual workarounds and cause administrative burnout.

3. Financial Certainty for the Military Member and Their Families

The audit includes verifying Personnel and Pay systems.

- **The Impact:** Audit readiness forces the military to fix "pay gaps" and errors in Basic Allowance for Housing (BAH) or Special Duty Assignment Pay.
- **The Result:** The warfighter can focus on the mission without worrying if their family's rent check will clear or if their deployment pay was calculated correctly.

4. Resource Optimization

In a world of finite budgets, every dollar wasted on a "ghost" contract or a lost shipment is a dollar not spent on training, weapons, or innovative weapon systems.

- **The Impact:** A clean audit identifies "found money"—funds that were obligated but never expended during their appropriation life.
- **The Result:** Commanders may be able to pivot those funds to urgent tactical needs, such as drone defense systems or improved cold-weather gear, rather than letting the money expire in a forgotten account.

Congratulations to the 2026 SDFM Award Recipients

SDFM is proud to recognize the 2026 award recipients whose work reflects excellence in defense financial management. From leadership and professional achievement to authorship and chapter service, these honorees represent the very best of our community. Take a moment to celebrate this year's recipients and explore the award categories.

**Read more and view
the full list of honorees:**
sdfm.org/sdfm-awards-2026



DFMI

Defense Financial
Management Institute

5. Data-Driven Lethality

Ultimately, an audit is about data integrity. If the Department of War knows exactly what it owns, where it is, and how much it costs to maintain, it can move faster than the adversary.

- **The Result:** Logistics becomes a weapon. A clean audit creates a “transparent” supply chain that allows the military to surge resources to the front lines with mathematical precision.

The Bottom Line: A clean audit means the Department stops fighting its own bureaucracy and starts spending every possible minute and dollar on the mission. For the warfighter, accountability is just another word for reliability.

I hope you enjoy your Spring edition of the Armed Forces Comptroller Journal focusing on the Department's strategy to achieve a clean audit opinion in 2028. Thank you to the Chapters who contributed their stories and pictures; keep it coming!



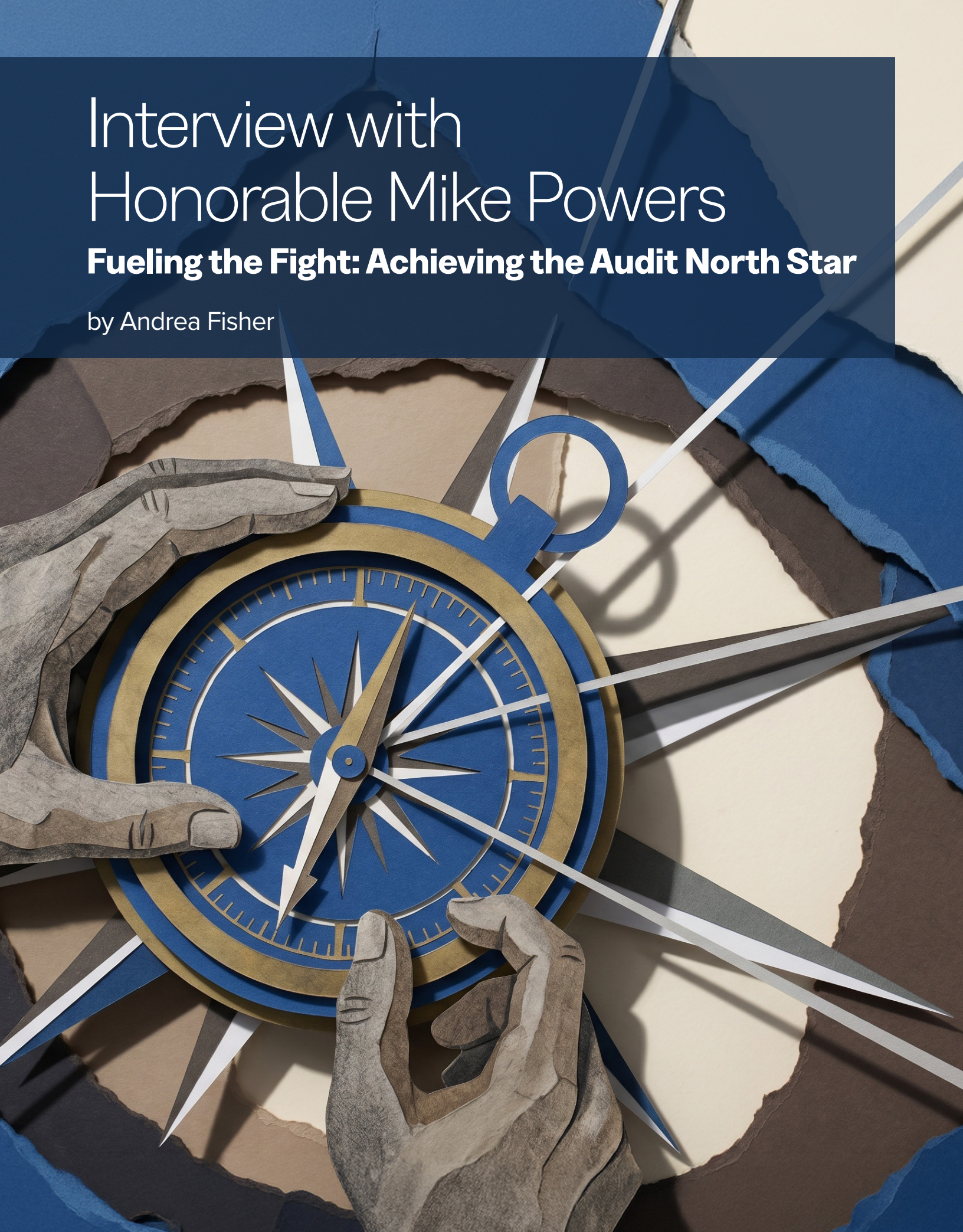
Mike Monson

Executive Editor, Fall 2025

Interview with Honorable Mike Powers

Fueling the Fight: Achieving the Audit North Star

by Andrea Fisher





The Department of War is done treating audit as a long-term aspiration. It is now a mission with a deadline. For years, the Department's audit has been viewed as a long-term challenge increasingly complex, difficult, and at times, out of reach. But that mindset is shifting. As Honorable Mike Powers describes, this is no longer just a compliance exercise, it is a critical component of warfighting readiness. Knowing where resources are, how they are classified, and whether they are available when needed is not just good financial management, it is information that can drive operational success and ultimately save lives.

What makes this moment different is not just urgency, it's a fundamental change in approach. The Department is moving away from fragmented, component-level efforts toward a more centralized, consolidated audit strategy, aligning resources where they matter most and holding leaders accountable across the enterprise. Backed by senior leadership and reinforced through initiatives like Joint Task Force Audit, this effort reflects a Department-wide commitment to achieving a clean opinion by 2028.

At the same time, this is not just a process transformation, it's a people mission. The Department is aggressively building its workforce, recruiting top talent across financial management, data science, and technology. Hon. Powers makes a direct appeal: if you are called to serve something greater than yourself, this is your opportunity. This is a chance to be part of a historic achievement that will shape the future of the Department.

The message to the Defense Financial Management community is clear: now is the time to show up. This is not just about passing an audit. It is about strengthening the foundation of our military, reinforcing trust with the public, and ensuring that those who serve have what they need, when they need it. In our previous conversation with SEAC Isom, we were reminded that service is not defined by proximity to the battlefield, it is defined by impact. Achieving a clean audit opinion is how the Defense Financial Management community lives that truth and helps fuel the fight. And for those willing to step forward, this is your moment to help deliver it. Read on to hear directly from Hon. Powers on the path to a clean audit opinion and how you can answer the call to serve.

1. Why Audit Matters (Mission Focus)

Achieving a clean audit opinion has been described as more than a compliance requirement, it's a transformation. From your perspective, why is this effort so important to the Department and to the warfighter?

Hon. Powers: I've been around the auditing world for a long time, both in the Department of War and outside. Achieving a clean audit is a critical component of warfighting readiness. For example, if the Pentagon knows the precise location, classification, and availability of its munitions stockpile, that knowledge can be leveraged to increase planning and operational success. But most importantly, at the end of the day, the American taxpayers deserve to know where their money is spent and that it is spent wisely. The audit serves as a method to "check your homework," ensuring the accuracy of data that directly impacts warfighting capability and can ultimately save lives.

2. Why Success Is Achievable Now

The Department has set ambitious targets for achieving a clean audit opinion over the next few years. What has changed, whether in approach, leadership alignment, or capability, that gives you confidence these goals are achievable?

Hon. Powers: It is no secret that the Department's financial house has not been in order for a long time. To achieve a clean financial statement audit opinion, we must reconcile \$4.6 trillion in assets across 1,400 business systems. That is a big job, but we're confident that it's achievable.

We are making new reforms to centralize the audit apparatus across the Pentagon and increase the

accountability of our Chief Financial Officers. At the head of this effort is Joint Task Force (JTF) Audit. This Task Force will be a unified team of service members, civilians, and private-sector experts from big companies, that will ensure every component across the Department is on track.

In the past, there didn't seem to be a sense of urgency about earning a clean opinion. Some people thought it was just an impossible task, and others were much more interested in executing the broader mission. People need to be held accountable. It is not just one person, it is the entire Department.

Just a couple years ago, in 2024, we received 12 financial statements from organizations within DoW that earned clean audit opinions. This is out of 30 DoW organizations being audited. We have got to get serious about this, and I believe that now is the time. This exercise is not a red or blue issue, meaning political parties. This is vital to the future of American defense, and failure is not an option. Secretary Hegseth, Deputy Secretary Feinberg, the Service Secretaries, and our team at Comptroller are pushing this as one of their primary objectives. Even President Donald Trump has said that the American people deserve a clean opinion.

3. Progress and Remaining Challenges

As the Department continues to make progress, where do you see the most critical challenges or bottlenecks that must be addressed to stay on track toward a clean opinion?

Hon. Powers: We need to get senior leadership deeply engaged in setting milestones, holding leaders accountable, and ensuring our departments and defense agencies actually meet them. Hon. Hurst and I have begun meeting with four stars and Under Secretaries to



Platte B. Moring III, Department of War Inspector General, and Michael Powers, Deputy Under Secretary of War (Comptroller), shake hands after signing the memorandum, "Coordinated Changes to DoW Financial Statement Presentation and the DOW OIG Audit Approach in Support of the FY 2028 Audit Objective," at the Pentagon in Arlington, Virginia, March 20, 2026. (U.S. Army photo by Laura Buchta)

emphasize the critical need to get everyone on board with this. It's imperative to our country and the posture of the Comptroller office in the future that the public believes in the accountability of the War Department.

On top of that, we need to phase out numerous outdated systems and embrace modern capabilities such as Artificial Intelligence (AI). There is a recognized need to retire these old systems, and build faster, more accurate, and integrated financial systems for users to transition to. These current programs are unrecognizable in the modern era, and they do not talk with each other. This has been a long-standing problem not just for the Department but for the entire U.S. government. The Pentagon has already begun to implement some much-needed technologies and cut costs under Secretary Hegseth's leadership with Gen.ai, but we still have a long way to go to catch up to the private sector.

4. Evolving the Audit Strategy

There has been a shift from a traditional controls-based approach toward more substantive, data-driven audit strategies. From your perspective, what does that shift mean in practical terms for the financial management community? Specifically, how will this change the level of effort required, the type of audit evidence that must be provided, and the way financial managers support auditors in their day-to-day responsibilities?

Hon. Powers: One of our goals is to decrease the immense manual effort required in our transaction control process. We have one of the hardest-working staffs in the federal government, but there are better ways to get the job done. We are going to test controls where we have them, use advanced technology like AI where we can, and substantively test where we have to.

If we can move our financial systems, such as Advana, toward a comprehensive universe of transactions—that would be a big deal. The Department could rely more on automation, increase efficiencies, and reduce the workload of our analysts. There would still be a human element involved, but at a higher level. We could focus more on substantive work and less on the mundane, repetitive, and time-consuming tasks that we have grown accustomed to.

5. Financial Statement Presentation Memo

The Department recently released guidance on coordinated changes to financial statement presentation and alignment with the DoW OIG. How should the financial management community think about these changes, and what impact will they have on improving auditability and consistency across the enterprise?

Hon. Powers: The Department is moving away from 30+ individual audited statements to a consolidated, agency-wide audit, with interim goals for the working capital funds. This coordinated change, discussed with the DoW Office of the Inspector General, is designed to

focus remediation resources on what is most impactful for the consolidated opinion, thereby improving auditability and consistency across the enterprise.

6. Building the Workforce for the Audit Mission

A key element of this effort is ensuring the Department has the right workforce in place. How are training and certification initiatives helping prepare financial managers, from junior personnel to senior leaders, to support the audit mission?

Hon. Powers: Under the previous administration, there were protections put in at the request of labor unions to make it difficult to fire underperformers. In the private sector, they continually reassess the workforce to understand if it is the correct size, and it is more than appropriate for our government to do the same. Now, the Pentagon is actively building its workforce to expeditiously bring in a diverse range of new and ambitious talent, including data scientists, accountants, and IT specialists from both the private sector and other government agencies. Today, we are shifting from contract support to building out more in-house expertise (if you're reading this, please send us your resumes). And finally, we are placing a higher value on professional certifications, like CPA, CGFM, CDFM, and CISA, and encouraging our team to pursue them. The DoW FM certification program is also being reviewed to ensure it supports the Secretary's and the Department's priorities as well.



*Every single person is vital to this cause,
and every person here now has the
individual power to help us pass this audit.*

-Hon. Mike Powers

7. Competing for Talent

As the Department expands its need for financial and data talent, what makes this mission compelling for professionals, particularly those with strong analytical or technical backgrounds?

Hon. Powers: The mission is compelling for professionals because it offers an opportunity to be part of a historic success. This team stands on the precipice of finally giving the American people the thorough and disciplined accounting of their tax dollars that they deserve, something the Pentagon has been working on for decades. We offer unique opportunities to work with the most cutting-edge AI, data analytics tools, and data sets unmatched in the private sector. And of course, the chance to tackle

one of the most interesting and challenging tasks of any organization in the world. A challenge that, when solved, will have a tangible impact on our men and women in uniform, our military institutions, and our strength as a nation. As a result, we've been able to attract the best of the best, all the talented young people from industry and other government agencies. They want to be part of this movement. We're even starting to ramp up social media for Comptroller to reach new audiences and potentially a fresh workforce. You wouldn't believe how many agencies and principals did not have a visible platform to connect publicly. We are changing that.

8. AI Strategy and Audit Acceleration

The Department's recent Artificial Intelligence Strategy highlights the role of data and AI in transforming operations. How do you see AI and advanced analytics accelerating audit progress, particularly in areas like reconciliation, anomaly detection, and substantive testing?

Hon. Powers: AI and advanced analytics are seen as the key to accelerating audit progress. The strategy involves using Advana for FM to create a "universe of transactions" by pulling data from all general ledger and feeder systems. This will enable reconciliation and anomaly detection, as AI will be used to match transactions across the enterprise, particularly for clearing intergovernmental transactions, accounts payable, and accounts receivable. AI and automation will also decrease the need for manual substantive testing, making the audit process more efficient, less burdensome, and much cheaper. We are going to bring the Department's outdated legacy programs into the 21st century.

9. Enterprise Collaboration

Achieving a clean audit opinion requires close collaboration across the Services, DFAS, and oversight organizations such as the DoW Inspector General. How are we strengthening this enterprise-wide coordination to drive consistent audit outcomes?

Hon. Powers: First, I want to say that leadership across the Administration and across the Department has been 100% totally aligned on our goal to clean audit. Having this consistent, unified message across the top, down to the Financial Managers has been essential in creating the kind of collaboration we need in this historic undertaking. We are also breaking down walls to better communicate through weekly Fin Ops meetings and other Comptroller-level sessions to ensure alignment and information sharing. And our relationship with the Inspector General has never been better. We are in lockstep with IG as well as GAO to reach our mutual goals of a clean audit on the FY 2028 financial statements.

10. Closing Message to the FM Community

If you could send one message directly to the Defense Financial Management community, those working every

day to improve audit outcomes, what would it be? Why should this mission matter personally to them?

Hon. Powers: We are going to win. And if you don't think that you matter during this process, or that you're insignificant, please know this: Every single person is vital to this cause, and every person here now has the individual power to help us pass this audit. The Pentagon's success should matter personally because it's an opportunity to win and accomplish a historic goal that has been pursued for decades.

By achieving a clean audit, you, the FM community, will provide leaders with better information to make decisions that not only save money but also save lives. Take pride in what you do these next three years, because your coworkers, your country, and the men and women who are risking everything for our freedom are depending on us.



Andrea Fisher

Andrea Fisher is the Department of War Account Director at Celonis, where she partners with senior leaders to drive process intelligence and operational transformation. She brings a diverse background spanning large management consulting firms and hands-on experience in small business environments. Andrea serves on the editorial board for the Society of Defense Financial Management (SDFM) and frequently moderates panels on process intelligence, system modernization, and audit readiness. She is a proud graduate of the University of Maryland. Outside of work, Andrea is a military spouse and the mom of four incredible kids.



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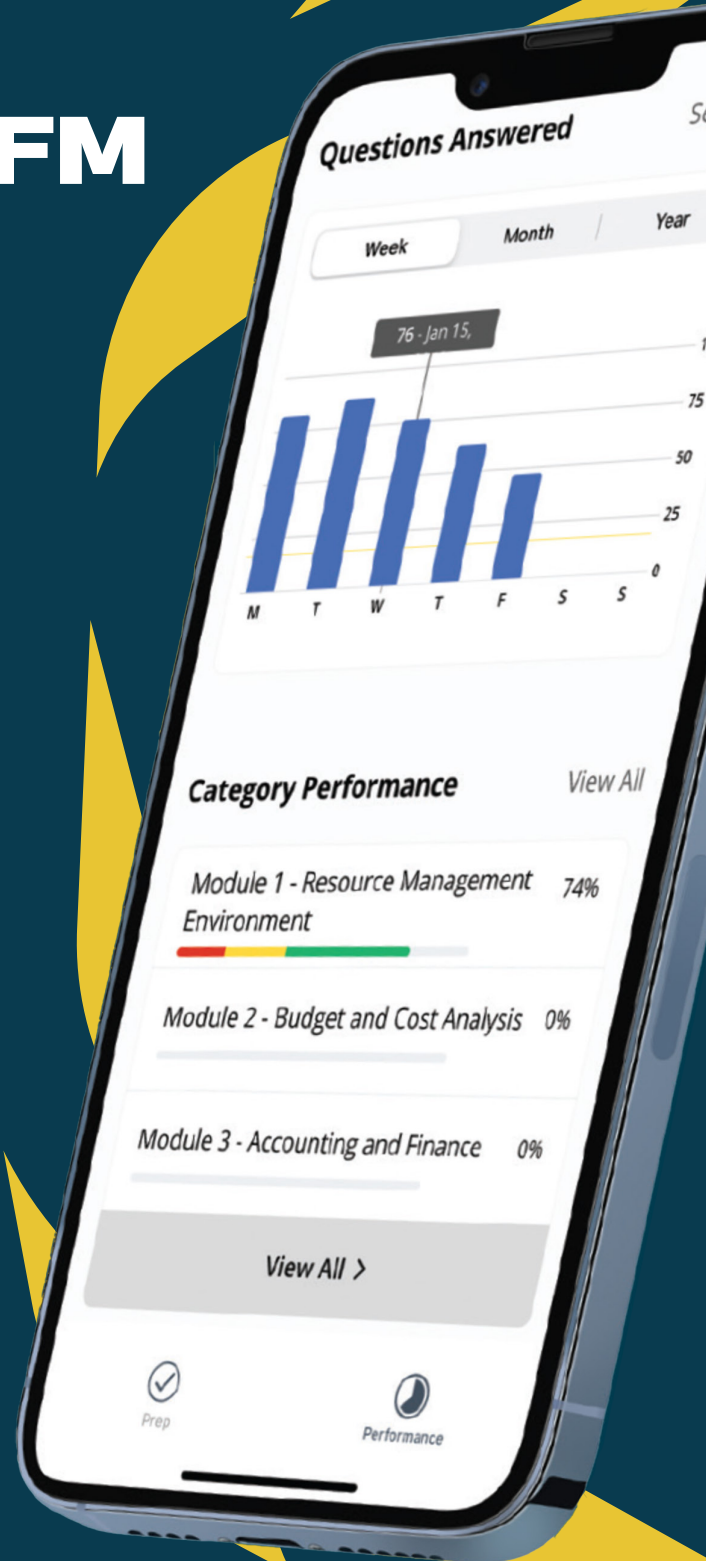
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Interview with Tom Harker

by Rich Brady

Mr. Brady: Let's start at the broadest level; what does 2028 look like not only technically but institutionally for the Department of War.

Mr. Harker: For 2028, it looks like we will be getting a clean opinion on our agency-wide financial statements. The year before that, in 2027 we're going to get a clean opinion on the Department of War working capital fund financial statements as well as the Air Force and Navy working capital funds. We are going to have to clean opinion in 2028—it's definitely doable; and it's going to require a change in approach and that's what I'm excited to talk about today.

Mr. Brady: Talking about that some of the changed approach, we've got 30 plus components that have individual audits; what changes are you looking at there as I understand the Services will still be standalone but maybe some changes to the other components.

Mr. Harker: Yes, just to start by clarifying things, we are changing how we are presenting the financial statements for audit and which organizations are going to be audited. The IG will go out and contract for the auditors to do those audits. As we do the audits we're looking at changing to focus on a different number of audited financial statements. The biggest focus is on doing what it takes to get the consolidated agency wide financial statement in 2028. We're going to shift away from doing 30 plus audited financial statements like we've been doing in the past. We're going to drop it down to the Services, both working capital fund and general fund, as well as the agency wide—both the working capital fund—which we're going to get a clean opinion in 2027, and the agency wide everything in 2028. It's going to be a significant shift. We're focusing our accounting remediation resources on what it takes to get that consolidated opinion. The way it came about is we started doing these audits in 2018 as a checkerboard of 30 plus different agencies all trying to get clean opinions. Many of them have succeeded;

we got 12 clean options last year. But, if we wait until everybody's clean it's going to take too long and we're never going to meet our 2028 statutory deadline. So, shifting focus now towards going after the consolidated opinion as well as the opinions on some of the Services -- Air Force, Navy, Marine Corps--to get across that finish line.

Mr. Brady: Mr. Hurst talked about ruthless prioritization; are you the one who's doing the ruthless prioritization?

Mr. Harker: Everything we're doing has been agreed upon by the Service FMs, the Deputy Under Secretary, and the Under Secretary. We have a plan we've discussed with leadership, we've discussed it with the Inspector General and his staff, and we have discussed it with GAO and with the committees of jurisdiction on the hill. Last week, we were at the Senate. Yesterday we were at the House. We're going to meet with all the military liaisons soon to walk them through the plan of what we're going to be doing differently and how we're moving forward.

Mr. Brady: Are there any components--obviously aside from the Marine Corps who just achieved their third clean audit opinion--that really stand out to you that you're looking at?

Mr. Harker: Right now, it's actually really exciting because I see such strong leadership both inside the Department with Mr. Powers, Mr. Hurst, and within each of the Services. Those leaders all invested in going after the clean opinion, doing what it takes to cross the finish line, and I'm super excited.

Mr. Brady: Let's dig into the working capital fund audit a little bit that you talked about 2027, what does that mean for the department and why is that important to you?

Mr. Harker: It's really important for us to go back after the working capital fund in 2027 even though it's a relatively small fraction of our total assets--\$200 billion compared to \$4.6 trillion--but it's really important for us as an entity to go through all of the steps necessary to get a clean opinion at the consolidated level. Where you've got your DFAS, DCFO, all of the Services, some of the Defense agencies and field activities, all working going through the adjusting entries and closing entries, the audit adjustments, all of the things on the financial reporting side that don't happen unless you're going for a clean opinion. I think the Marine Corps was very surprised by how many of those things had to happen in order to get across the finish line. Three years ago when they got their first opinion, it was eye-opening how much additional work it took. They've done that now for three years, and it's gotten easier each year. Everyone in the working capital fund will be doing it 2027 and it's important for us to start developing those skills now in 2027 so that we have experience rolling into 2028. We don't want to be doing it for the first time when we have that statutory



We are going to have to clean opinion in 2028--it's definitely doable; and it's going to require a change in approach and that's what I'm excited to talk about today.

deadline. It's like the dress rehearsal before opening night.

Mr. Brady: From a systems perspective, is there something you're looking at in that working capital fund audit that would inform you again from a systems perspective what systems you want to go with or which ones you should really be focused on from an audit perspective?

Mr. Harker: When you look at the current process, DFAS has been accepting junk from everybody into DDRS. They basically take whatever junk you give them and make adjustments, they plug it, they put JVs in that are unsupported--this has been an audit finding for a long time. It's been necessary for them to take the information in and get it into Treasury so they can GTAS and also get the 1002s out to the budget community, so they have not put hard edits in place. That will have to change for us to get an opinion. There's going to be a lot of changes in each of the systems as they go forward, little changes, things like attributes that are not aligned Fed, non-Fed and those types of things, but a lot of that work has to happen throughout the Department. As we do that with the working capital funds it can be very instructive for everyone else as we prepare for the general fund.

For other systems, we're going to be making improvements, but the biggest improvement is going to come from the technology that's not part of our true financial systems but it's more about using AI and automation.

Mr. Brady: Mr. Hurst talked about that so there are two components to this: the technology side one or the legacy systems consolidation side, would like to get your thoughts on some consolidation or modernizing legacy systems, and the other side which is incorporating new advanced technologies into processes. So, let's see if we could talk about the legacy systems first.

Mr. Harker: So for legacy systems, I like to talk about two movies that sum it up, Field of Dreams and Die Hard. Field of Dreams, one of the key themes of the movie is if you build it, they will come, and so for me, before we tell anybody to get off of a legacy system we have to have



something better for them to move on to and so that's where Field of Dreams comes in. In Die Hard, if you think back to that movie, which IS a Christmas movie by the way, you look at the two German brothers at the beginning of the movie and one of them is wiring things and trying to sort out the communications by a bunch of big pipes, and the other brother comes along with a chainsaw and just cuts across all the wires and turns everything off. The chainsaw brother is the one that we need for all of our legacy systems. But before we can do that, we have to have something built first that people can move on to. So that's in process, a lot of the ERPs are moving in that direction. There's movement with DAI to become more complete with regards to integration with MOCAS and some of the property accounting; there's a lot of movement with some of the SAP systems as well. There are opportunities for our existing systems to improve, but there's still a lot of legacy out there... and we definitely need the chainsaw.

Mr. Brady: Moving to the advanced technologies, a lot of people will say that the only way to achieve a clean audit opinion is to fully incorporate the new technologies, but that takes some time working through the acquisition processes, ATOs, all of that and I talked to a lot of small to mid-sized companies who would have technologies they'd like to get in, so where are you focused from an

advanced technology perspective number one, and how are you how are you getting that quickly into the Department so it could be leveraged to support the audit?

Mr. Harker: I am extremely blessed to have a deputy (Shawn Lennon) who is carrying a lot of the water as we move toward AI and automation; he knows 1,000 times more about it than I do and he's really excited about moving in that direction. We've also got special funding from the One Big Beautiful Bill Act that gives us \$200 million we're spending in that area. They've already allocated just under half of that and we're working with the rest of it. We're looking at how we can deploy that to solve audit outcomes. The third big piece is Advana for FM. Many of you have seen the Deputy Secretary of War signed a memo bringing Advana for FM back into the Comptroller organization where it started many, many years ago (it probably never should have left) but it gives us the ability to go out and breakdown some of the barriers that have been in place as Services and Defense Agencies and Field Activities have been trying to ingest their data into Advana, as we've been trying to build out the universe of transactions so that we can set the stage to use all the capabilities that AI bring. There's so much capability in the modern AI, robotics, and automation marketplace. A lot of things that we can do now that weren't even conceivable 5-10 years ago, so I feel like we're now at the place where the stage is set. We've got great leaders on our team moving forward with us and we're going to see some amazing results.

Mr. Brady: Are you looking again from an acquisition standpoint leveraging OTAs, SIBRs, and those types of vehicles to get this technology in quickly because time is running out here and you know 2028 is coming up quick?

Mr. Harker: Yes it is, and from the acquisition side, first a caveat since I was out of government for four years and I worked with a number of companies, I'm not personally involved in any of the acquisition processes, but Shawn Lennon is and everyone else on the team is reaching out to the marketplace, pulling in ideas, meeting with people, looking at what's in the realm of the possible and how we can go forward with an investment portfolio with some of the high end firms but also hit some of the small businesses that have new technology and a hunger to come in and prove themselves and solve some of our challenges.

Mr. Brady: Are there any specific advanced technologies use cases you'd like to highlight that you've seen over the last few months?

Mr. Harker: We were just talking about one yesterday. This is the one we think is going to solve something that's been a long-standing problem for the entire U.S. government, which is the intergovernmental transactions. If you look at the capabilities of AI and the ability to pull all of our data from every general ledger system and all the feeder systems into the universe of transactions, you can go use

AI to match up the source and the destination and all the transactions in between so that we should be able to clear that material weakness and all the ones associated with it, the accounts payable, accounts receivable, etc., both for the department as well as all of our components but then also for the federal government. This is something that's one of the three big material weaknesses that's preventing the US government from getting a clean opinion. So, that plus property, which we will also do by 2028, will solve the two big audit qualifications that exist inside the Department of War. The only reason the US government won't be getting clean opinion is the SOC-1 and the statement of social insurance; I believe that's done by Social Security and Medicare, so we'll get our clean opinion and we'll also remove two of the three big barriers for the US government.



Mr. Brady: One of the challenges with technology has always been scaling in the Department. How are you overcoming that when you see these pockets of excellence, things that are working maybe down at the component level and scaling that to the Department as a whole.

Mr. Harker: It's actually been really great. We've been able to identify things that the Services and Defense Agencies have done well, and we're pulling that and we're having those conversations with Fin Ops. A couple of months ago, we had the Navy come in talk about one of the problems they found with contract authority. They had the Army, the Air Force, other agencies on board listening to how contract authority and the working capital fund had grown in a way that it wasn't really authorized to do. So, we talked about what they found and how they dealt with it, how they fixed it, and we had to go back and talk to OMB and make some changes. We were able to fix that problem before it became an audit issue, so that's something where lessons learned from somebody who found something can then scale across the Department. That's something we're doing with other things as well.

Mr. Brady: I'd like to shift to talking about one of the other topics that Mr. Hurst brought and that's alignment within the Department, and first of all, let's talk about alignment within the OSW Comptroller staff. Have you made any changes or looked at alignment within the staff organizationally to help support the overall audit?

Mr. Harker: The first thing shortly after I arrived, Mr. Hurst combined EFT with the CFO and so that was a bringing back together two organizational elements that probably never should have left. EFT split off around the time Advana left CFO; in retrospect, although I was part of that decision making process, I wish we had done it differently because EFT was originally designed to have Advana, and it was also going to have the performance office for the Department of War. Neither of those things happened, so they left it there and it's bringing Avana back in as an organizational change that has been really key. The other piece where I've seen alignment, not just within, is working within the cultural organization is the alignment between DFAS and DCFO. There hasn't always been the greatest relationships between the CFO and DFAS, similar to there hasn't always been the greatest relationships between the Services and Defense, so one of the lessons I learned at Navy was if you want to work closely with somebody, you have to get to know them. So, we flew out a lot of our executives, 15 senior people, and met with the folks in DFAS Cleveland. We had our first meeting virtually because of the snowstorm that prevented flying out there but we're meeting with them again next month. We're working through a lot of issues around things that are shared responsibilities to shared processes and working to make sure we are 100% aligned. Jonathan Witter and I say there's no space between us. We are 100% aligned on things. If it's something he cares

about I'm not as familiar with, I'll gladly fall in line, and he's the same way. Then if there are times where we have differences, we'll discuss them and we'll come to consensus. We're starting to do that in DCFO as well.

Mr. Brady: What does that mean for your alignment then with the Services? How are you approaching the Service components for this?

Mr. Harker: Very cautiously. The Services all have their own personalities, but their leadership are all 100% aligned with us, and when they're not, I hear about it. That's OK, that's the way it should be. We get a lot of direct feedback. We've been working with their staffs through our Fin Ops process. We have our weekly meetings with the FMO and FMS leadership for each of the Services, and then I also get to attend the Comptroller Service FM meetings with Mr. Powers, Mr. Hurst, and the Service FMs, so we try to make sure we're aligned. We try to pass as much information as possible; it doesn't always happen perfectly, and when it doesn't, I hear about it and that's good, we make improvements. We definitely need to be aligned going forward with everything we're doing, both working capital fund as well as the general fund.

We're looking at trying to figure out how we can use AI and automation to decrease the amount of testing so that we can get to exactly what we need without doing it on the backs of our people.

-Tom Harker

Mr. Brady: Do you see the Services just looking at what the Marine Corps has done now again with their 3rd clean audit opinion? They're really in audit sustainment right now. Do you see them working together amongst themselves to learn from that experience?

Mr. Harker: Yes, they are working together. I think they're also looking at it and saying it's still taking the Marine Corps until February to get that clean opinion. They're still doing a lot of the manual processes they had to do in order to get there, so one of the taglines we're using as we look at the audit going forward is it's a hybrid approach, controls where they exist, AI where we can, and then substantive testing where we must. The Marine Corps is still doing a lot of substantive testing. We're looking at trying to figure out how we can use AI and automation

to decrease the amount of testing so that we can get to exactly what we need without doing it on the backs of our people. The Marine Corps has been doing a fabulous job for the last three years, but we need to figure out how to make it easier for them with system improvements and some of that's going on with the AI as well automation.

Mr. Brady: What about the Defense Agencies (outside of DFAS), especially the larger agencies?

Mr. Harker: They're pivotal. Many of the Defense Agencies have material processes, material balances, things that matter, and they're going to be part of the audit. They may not be getting standalone audits anymore but they will definitely be included in the testing. There's going to be that same expectation that they are rising to the occasion and getting all of their data ingested into Advana, getting supporting documentation for the auditors when asked. The turnaround time will be critical as with the Marine Corps the last three years. They've had to turn things around very quickly, especially as it gets closer to the end of the audit; that's going to be the case across the entire Department.

Mr. Brady: I want to stay on this alignment theme a little bit but shift to the Inspector General (IG), where even with SDFM, when we've tried to approach the IG to get them involved in our events but they typically held us at arm's length. I understand that some of that is changing, and there's been a reengagement with the IG. Can you talk a little bit about that and the importance of the IG and their role in the audit process?

Mr. Harker: The IG is absolutely critical to our success, and it's something where I've been in organizations where there's been a strong IG, and I've been organizations where there's been a weak IG. I have seen a lot of changes in the current IG relationship with myself and the Services and Defense Agencies, and I think it's never been better inside the Department of Defense. Brett Mansfield, Deputy Inspector General for Audit, is here today. Lorin Venable, Assistant IG for Financial Audits, is also here today. We've got a great working relationship, and we talk all the time. We don't always see things from the same lens; they have to bring a level of professional skepticism to everything we say, and that's their job, and that's exactly what they should be doing. But, we are working together to figure out how to navigate, how we present financial statements, how they audit the financial statements, and how we, as a Department, get a clean opinion in 2028.

Mr. Brady: Is this going to lead to any changes to the approach to the audit itself?

Mr. Harker: Yes, as we go forward with the audit, the Inspector General has indicated he's open to outsourcing the consolidated audit to an IPA firm, so that's something that right now. 21 of the 24 CFO Act agencies do. The IG

is looking at going forward with that. It's pre-decisional or pre-contract so I can't really talk about it. It's not my process or my contract, but it's something that we feel is very exciting. It'll make 22 out of 24 CFO Act agencies that have their consolidated opinion issued by an IPA firm.

Mr. Brady: It sounds like that's a best practice that you've seen in other departments and want to bring into the Department of War.

Mr. Harker: It definitely is. When I was at HUD, they were audited by their IG staff. Shortly after I left to go to Navy, they shifted to an IPA approach, and they were able to get a clean opinion. It just shifted the dynamic. Part of that was also due to their CFO who was a former audit partner. He was able to make a lot of shifts in how they presented their information; it just kind of shifted the conversation at HUD.

Mr. Brady: Mr. Hurst talked about the JTF, but sticking on this topic, you talked about the approach to the audit itself, any thoughts about the approach to audit remediation and the work that's done on that side?

Mr. Harker: Yes, Mr. Hurst talked about the task force that's being stood up. Right now, the memo getting that task force stood up is on the Secretary of War's desk. Unfortunately, it got up there right after he got a little bit busy and has some other priorities that he's dealing with right now, so I doubt it'll get signed in the immediate near term, but it is something that he and Mr. Hurst have talked about and that he is in favor of. So what it'll do is establish a joint task force, under Mr. Hurst, where they're bringing in an Army 2 star general, a number of Reserve and National Guard service members, from all those Services, to work alongside the staff inside DCFO, as well as others, to go out and do targeted remediation, measure what's going on, where the help needs to be provided, and then identify the barriers that require removal by people above the level of performance. So, when you look at it, a lot of barriers never get cleared because you don't know about it in a timely manner. Having them, we call them A-teams, assist teams including our staff, the military personnel, contract support both from our office as well as from the Services, and DAFAs out there on the field on a regular basis providing information up to the General, to myself, to Mr. Lennon, will be able to raise up things that we can't resolve at our level to Mr. Powers, the Service FMs, and if need be, Mr. Hurst and even the Deputy Secretary. The Deputy Secretary is on board intervening where he needs to. He doesn't want the biweekly briefs, and he says if you need me to intervene, someone is probably going to lose their job and so that's something we really want to avoid. But, if we need to, we will, and so I think Mr. Powers, Mr. Hurst, Ms. Jenkins (Navy), Mr. Andersen (Army), and Mr. Weinberg (Air Force) are all queued up. We've all agreed on what we've talked about and we're moving forward with it. We may not all see things from the same lens, and

we always have to be mindful of operations as well, but where there's policy or where there's bureaucratic barriers, we plan on getting those removed as quickly as we can.

Mr. Brady: To the extent you can, and I know that you said the memo hasn't been signed, but who will the JTF Commander report to? Do they report to the Joint Staff, or do they report to OSW Comptroller?

Mr. Harker: The JTF commander will report to Mr. Hurst through the DCFO organization. So, it'll be working alongside our FIAR director. Shawn Lennon and I were looking at setting them up down at the Mark center (this has since been approved), shifting how we work, where we are, how we manage things.

Mr. Brady: What's the extent of their authorities? As we were talking about this, I got in mind the old defense digital service group that would go in and cut through institutional organizational barriers. They had special authorities to get stuff done. Is that kind of the thought here or is it more of a directed approach from the OSW Comptroller?

Mr. Harker: We are taking a direct approach to going after what it takes to get a clean audit opinion as well as to improve financial management. There are a lot of authorities in the memo; some of them will be exercised, maybe not all of them, but authority to approve corrective action plans, authority to go out and report on status around different things. It tasks the CIO to work with the JTF, so Mr. Hurst, Mr. Powers, Shawn, myself, and others on developing a plan towards consolidation of systems, elimination of legacy systems, so there's a lot of things in it. It's a great document; it's been through, as you can imagine, numerous cycles of revision. So you know, we ran it through AI, and it's about 30% the same as the initial draft but it's a good thing.

Mr. Brady: Is it your expectation that the Services will request support from the JTF or will your office be identifying where they need to focus their efforts and sending guidance down?

Mr. Harker: It's a partnership. The Services can request support from us, and we're happy to provide it. Services typically, at least when I was at the Navy, said to DCFO, "you stay away, leave me alone". I know I wasn't always the nicest, but the Services are integral to what we do, so we need to integrate with them. We call our teams the A-teams. They're there to assist, advise, not task. We have the authority and the memo coming from the Secretary, but it has to be collaborative or it's not going to work. The last thing we want them to do is see us as the spies or the enemy or something like that.

Mr. Brady: What does this mean culturally for the Department? It sounds like it really operationalizes the

audit, and for a long time, I having been in the seat of a financial manager in the Marine Corps, people outside of the FM world looked at it like, “hey that audit, that’s an FM thing, it doesn’t have anything to do with operations, supply, maintenance, you guys go back there and handle it and just leave us alone.” But, this is really a not only a change in approach but a change in mindset as well, right?

Mr. Harker: Absolutely. When you look at it, it’s the Secretary, the Deputy Secretary have both said we need to get a clean opinion. The Deputy Secretary as well as some of the Service secretaries have said, “everywhere I’ve worked having a clean opinion is a condition of employment.” That’s their expectation. They look at it as if you’re operations and you’re not doing what you need to do support the audit, then you’re failing, and so a lot of the things we need in order to get a clean opinion are accuracy of inventory, accuracy of property, those are all things that matter for war fighting much more so than they do for the audit, and so especially now, as we’re in an active conflict, knowing where our munitions are, what their classification is, if they’re ready for deployment, all of those things are critically important. The audit is just the way of checking your homework.

Mr. Brady: Just staying on that theme a little bit with the JTF overall, what’s it look like two or three years from now; what would success look like with the JTF?

Mr. Harker: Success looks like a lot of things. I think you’ll see a big shift in how the money is spent right. Now, we’re spending around \$240 million on audits and around \$1.25 billion on audit coordination and audit remediation. Some of that’s going towards systems modernization as well, but when you look at what we’re going to be spending money on in the future, we’ll have an audit opinion, so the cost of the audit will go down. We won’t need to do as much remediation. We’ll be spending more money on AI, automation systems, modernization, systems consolidation and we’ll free up a lot of resources so that we can ask better questions, have better information available for senior leadership so they can make better decisions—things that will not just save money but save lives.

Mr. Brady: You brought up resources. Obviously, that’s critically important. Are the resources there to support the audit objectives as you see them right now?

Mr. Harker: Yes, absolutely. My first month on the job, Mr. Hurst asked me like 5 times, “Do you need more money, more people?” I replied, “I don’t think so; let us hire what we’ve got.” What they did before I got there with Shawn, they made a decision to insource a lot of people inside the Comptroller organization, and to me, that was great because we’re now able to go out and hire people. There’s a lot of people who want to come into government, folks who have been at firms or elsewhere in government who are looking at the Department of War. We’re getting

candidates from all over, people from other agencies, people from large accounting firms, people from IT firms, data scientists. We’re turning those people around, putting them on our A-teams, putting data science capability out there, putting accountants out there figuring, out how we can go after this. So yes, the resources are there. And then, any contract cuts will let us go after additional funds.

We’re getting candidates from all over, people from other agencies, people from large accounting firms, people from IT firms, data scientists. We’re turning those people around, putting them on our A-teams, putting data science capability out there, putting accountants out there figuring, out how we can go after this.

-Tom Harker

Mr. Brady: What skill sets do you think are critically in need right now to support the audit? Are they accountants, data scientists, IT specialists, or what?

Mr. Harker: Yes! It’s all of those. Taking over Advana has us needing to go out and build a new skill set there as well. We’ve been able to advance hire for the year 2027 people that are coming on budget for us. We’re looking at what people we can bring in, potentially maybe insource additional people to get more billets as well. We started with 40 vacancies when I got there; we’ve got about six or seven to eight people on board now with another 15 or more in the hiring process, and we’re still doing interviews every week. We have direct hire authority, so anyone who wants to come, please send your resume. We are collecting all of those or you can send them to Mr. Lennon, myself or other people, but we are taking resumes. Mr. Powers gives us resumes every couple of weeks. There are a couple of new people and they’re interested in coming on, so it’s great. We’ll take resumes from anyone. If you have people that want to come in and work on this, are extremely motivated and want to work hard, send me their resume.

Mr. Brady: Are some of the skills already resident within the Department and they’re just not in the right place? Are you looking for some internal realignment to pull the people in that you need?

Mr. Harker: Absolutely, we’ve got a great staff. We’re shifting how our staffs are doing business, but we’ve got

some great people, as do the Services. What we don't have is enough of that, so I think some of those Services are having challenges with hiring increases, so we're lowering those barriers so that hopefully those can be resolved as well. For us though, in Comptroller, we're bringing in people that have backgrounds at specific Services knowing that we can then deploy them on the A-Teams. Overall, there's definitely a lot of skills already inside the organization.

Mr. Brady: Certification is important to us at SDFM. Do you need CPAs, do you need people with the actual certifications such as public sector or private sector audit experience? Are you looking for CGFM, CDFM, CMA, and other certifications when hiring people?

Mr. Harker: Absolutely. A certified workforce are people that you know they've at least mastered the basics of that certification. CPA is an entry level certification; you pass an exam after taking a certain requisite number of classes. CGFM, CDFM are similar where you can start taking those as your entry level. CMA you mentioned, that's more of a little more advanced managerial accounting but also something we find very useful. Fraud examiner, all of those there's demand. One of the big misconceptions people on the Hill have, oh they can't get a clean opinion, that means there must be rampant fraud through the department. That's not the case. The financial statement audit, as many of you know, does not identify fraud. It may, but that's not the main purpose of it. That being said, both IG and GAO are looking at fraud across the government, not just in the financial side and financial statements, but looking at acquisition programs, other places because fraud is something that has been highlighted very recently, primarily with the civilian agencies and their grant making function, but it's definitely something that's being looked at by GAO and the IG as well.

Mr. Brady: From a corporate perspective, I know we talked to a lot of companies and they're wanting to support the audit. Can you talk a little bit about the skills that you're looking for in their workforce or the certifications or the education that they'll need that you're looking again to support your audit objectives.

Mr. Harker: I think over the past however many years I've been doing this, there have been different requirements going out on statements of work. In some cases, it said, "you must be a CPA, other cases CPA or CGFM or CDFM." It varies based on who's putting the requirement out there. To me, I've got a 22-year-old son who's an accountant working in the federal space. I tell him every year he should be getting a new certification; start with CPA and then CDFM and then CGFM, and then from there, see where your interests take you. The more certifications you have as an individual the more valuable you are to your employer, to other potential employers, and to people in the government.

Mr. Brady: I want to talk a little bit about the DoD FM certification because Mr. Hurst brought it up. I had a conversation a few years back with Bob Hale who brought the DoD FM certification into the Department about 15 or so years ago, and he said his intent at the time was to create in his mind a kind of a boot camp for all 500 series FMers in DoD at the time, so that everybody had that baseline level of education training and then they could advance from there. What he saw was that everybody kind of got that but didn't continue to advance. It sounds like, and then recent feedback as Mr. Hurst said, it's kind of turned into a compliance drill. Looking at reshaping that would be supportive of the Department's priorities and the audit. What's your view on that?

Mr. Harker: Certifications are important. I know there's a lot of potential changes being discussed right now with Business Operations looking at shifting some of the things Mr. Hurst mentioned, some of that hasn't been presented to the Services yet, and it's still being worked and refined. I do know that one of the things that we implemented back when Glenda Scheiner was in Business Operations and I was performing the duties for a very brief period, was the ability for people with external certifications like CDFM, CGFM, or CPA if they come into the government, that allows them to meet the initial qualification then they just need to keep their certs when on board. They're trying to figure out how to make that continue in the new model, but they're still working through it. Some of those Services are doing different things, maybe did a project where they went out and benchmarked with a lot



of the civilian agencies saying how many of your people are 343s in your financial management workforce, how many are 501s, how many of them are 510s. They're looking at making more 510s and going out and requiring other certifications so there's a lot going on in this. My recommendation to everyone here is that a certification can only help you; it's something that makes you more valuable, and I highly recommend you go after it both in the new model as well as the current existing piece.

Mr. Brady: So, one last question on workforce and that is the series, the 510s, the 501s, any changes coming to that to support the audit? I know we talked about that for a few years, that some of that needs to be updated. Are you looking at that from a workforce structure development standpoint?

Mr. Harker: We're looking inside our workforce. We have 501s, 510s, but we're also looking at adding some of the more technical series such as IT program managers. Looking at the acquisition workforce, do we need an acquisition certified PM for revenue, or could that be somebody that's in one of our own roles, and so we're asking what specific skill sets do we need. We haven't made any final decisions yet, but we're definitely moving towards bringing in a lot of data scientists. That's obviously something that will be incredibly useful for us.

Mr. Brady: I want to talk about the very top, leadership wise. It's important obviously, and it's one of the number one things that came out of the Marine Corps clean audit opinion was the leadership tone at the top. It sounds like it's really permeated across the Department now; everybody's really getting it pushing all the way up to the Secretary level, the Deputy Secretary level. Can you talk a little bit about that consistent messaging across the Department and how important that is for you as the DCFO and supporting your efforts?

Mr. Harker: It's absolutely huge, and I've never seen it this good across the Department. Mr. Powers, Mr. Hurst are 100% all in. The Service FMs are all in. As you mentioned the Secretary, the Deputy Secretary are all in, but I'm also getting invited to meetings with the acquisition side. I'm sitting in on contracting decisions for the Joint Strike Fighter because they're looking at it and saying, "as we go forward with new contracts for buying joint strike fighters and their

parts pool, we need to make sure that we take care of the accounting upfront." Golden Dome, the new acquisition program that's kind of like based on Iron Dome but for the entire United States, one of the first conversations their Comptroller had was he brought Shawn and I in and said, "OK, how do I make sure that this program doesn't tank the audit so that we can make sure we're audit ready." So, we're going out and working with them to support them so it's not just tone at the top, it's tone throughout the enterprise and everybody's thinking about it in advance rather than fix it on the back-end. It's great, I love it.

Mr. Brady: How does that help combat or counter the audit fatigue, that again, one of the other topics we've talked about for some time now, this continuous effort that even within the Marine Corps, I think even though they've achieved a clean opinion, it's still a lot of manual processes. The fatigue does set in. So, how does the tone help counter that, and what are you doing to alleviate some of that?

Mr. Harker: I think the audit fatigue is people are tired of losing. Winning is awesome. We are going to win. We are going to get a clean opinion in 2027 on the working capital fund. We're going to get a clean opinion on the general fund in 2028. We're winning. Shifting focus, going after the material processes, material line items, is going to get us across the finish line and people are getting excited about it. People we talked to want to be part of this and everyone else, every DAFA, every Service are all going to be covered by the audit. The scope includes all of them. It's an outstanding opportunity to go out and win and accomplish something that the Department's been working at for many decades.

Mr. Brady: Some people will say though that achieving the clean audit is the easy part and sustaining it is the more difficult part. So, let's look at right of boom here, once you've got the clean audit opinion, what's it going to take to sustain it?

Mr. Harker: Sustaining it is challenging because sometimes the foot comes off the gas and you lose people that may have resident knowledge and that were critical to keeping it and then people have to come back in and figure out how to fix it. I know Coast Guard just had some challenges potentially. Mark Rose, I see in the audience who was my boss years ago, came back after retirement so that he could help bootstrap the Coast Guard. But as we get the clean opinion, we've got to make sure we continue to sustain it; keep putting the right people in and making sure it stays a priority because there's so much value from it, not just the value from we have to get this clean opinion, but the value of having clean processes, the value of using AI, automation, improving your systems, making things better, faster, cheaper, more lethal.

We're winning. Shifting focus, going after the material processes, material line items, is going to get us across the finish line and people are getting excited about it.

Mr. Brady: Ultimately, that's the value of the audit. One, as you're going through the process you learn more about your operations and you become more efficient, but afterwards, you've got better data in which to make decisions. One last question: let's put ourselves in the year 2030, what's it look like when you're looking back? What does this all look like, this effort really going back almost 40 years all the way to 1990 in the passage of the CFO Act, how do you put that into perspective?

Mr. Harker: In 2030 we'll have a clean opinion for a number of years. It'll be in sustainment, so you'll see a shift in flow of resources towards how can we make this easier on our staff, how can we free up people to do analytics that matter and provide better information for leaders, and how do we look at consolidation assistance? We need to get rid of legacy COBOL, Fortran, C programmed systems. We need to modernize. I'm not saying we need just one general Ledger system for the entire Department, but I'm not saying we don't. That conversation needs to take place, and it can, once we get past the audit.



Mr. Rich Brady, Chief Executive Officer, Society of Defense Financial Management Comptrollers

Mr. Rich Brady, CDFM, CGFM, CMA, is CEO of the Society of Defense Financial Management Comptrollers (SDFM). SDFM is a global organization representing more than 14,000 finance and accounting professionals in the public and private sectors of the defense/aerospace industry.

Mr. Brady joined SDFM after serving 32 years in the U.S. Marine Corps, retiring as a Colonel in 2021. In his time in the Marine Corps, he served in a variety of command and staff positions throughout the United States and overseas, including a combat tour in Iraq, multiple tours in the Pentagon, and as an accredited diplomat in the country of Georgia. As a financial management officer, he served as the Commander/Director of the Marine Corps Financial Management School and as the G8/CFO of Marine Corps Installations Command. His last assignment was as the Commander of the United States Military Entrance Processing Command (USMEPCOM) where he was responsible for the accessions of over 250,000 men and women into all branches of the Armed Forces annually.



Mr. Thomas "Tom" Harker

Tom Harker serves as the Deputy Financial Officer (DCFO) in the Office of the Under Secretary of War (Comptroller) (OUSW(C)). He serves as the principal advisor to the Under Secretary of War (Comptroller)/Chief Financial Officer and Defense senior leaders on all issues involving the amended Chief Financial Officers Act of 1990 and related financial management reforms. He is responsible for improving and sustaining DoW's financial framework inclusive of policy, systems, audit, and reporting.



Preparing The Financial Management Workforce for The Department of Defense Audit

by Joseph Comprix, Ph.D., and Thomas Constable

The Department of Defense (DoD) is on an unambiguous, department-wide path toward achieving an unmodified (“clean”) financial statement audit opinion, with leadership publicly targeting completion by the end of fiscal year 2028. That timetable raises both an operational challenge and an opportunity: getting the workforce - from interns and entry-level accountants to senior executives - prepared, confident, and capable of sustaining audit-quality financial management. Achieving a clean audit is not solely the job of centralized comptroller offices or audit teams; it requires distributed technical skills, disciplined controls, and confident leaders who can translate audit requirements into reliable, day-to-day practices.

Preparing for that success requires more than compliance; it requires a deliberate cultivation of the knowledge, skills,

and behaviors that allow financial managers to anticipate audit needs, respond to findings, and strengthen internal operations. There are unambiguous core competencies the workforce should be developing now through FY 2028. There are also practical, on-the-job training practices that leaders can implement to empower employees to master the audit and elevate the Department’s financial credibility.

Building the Core Skills for Audit Readiness

Preparing for the audit is ultimately about readiness: readiness to present accurate information, to justify the integrity of the data, and to demonstrate the stewardship expected of public servants. To achieve this readiness, the FM workforce must possess a solid foundation across several interdependent skill areas. These skills are not limited to accountants. They

apply equally to analysts evaluating execution trends, contracting and acquisition personnel supporting financial documentation, logisticians maintaining property records, program managers overseeing resources, and senior leaders responsible for governance.

The most critical workforce skills for audit success in each organization are a great topic of discussion for the Commander, Director, or Secretariat to have with the Chief Financial Executives and leaders on whom they rely for financial management. The most critical workforce skills for audit success, however, are more universal — skills that should be actively developed through deliberate training, education, practical application, and leadership engagement. These include:

Technical Financial Management Skills - The audit requires precision and consistency in how the Department tracks, records, reports, and justifies financial activity. Every member of the workforce must be able to operate confidently within the core disciplines of federal financial management.

Understanding the Standards - A strong working knowledge of federal accounting standards remains essential. Personnel should understand the concepts behind the U.S. Standard General Ledger, federal financial reporting, and the frameworks that define accountability. This familiarity allows individuals to recognize how their daily actions influence financial outcomes and audit visibility.

Mastery of Internal Controls - Internal controls underpin the audit. They serve as the mechanisms that ensure accuracy, prevent misuse, and preserve the reliability of financial information. FM personnel should be able to understand different types of controls, recognize control deficiencies, document control performance, and respond to auditors' requests for evidence. The ability to describe processes from beginning to end—and identify where controls exist within them—prepares organizations to withstand audit scrutiny.

Documentation Discipline - Audit readiness depends on proper documentation: clear, consistent, accessible records that reflect financial events and support management assertions. Managers should reinforce habits of maintaining current process documentation, updating standard operating procedures, and maintaining accurate records in enterprise systems. The discipline of documentation should extend beyond compliance to become a core professional habit, integrated into workflows and consistently practiced.

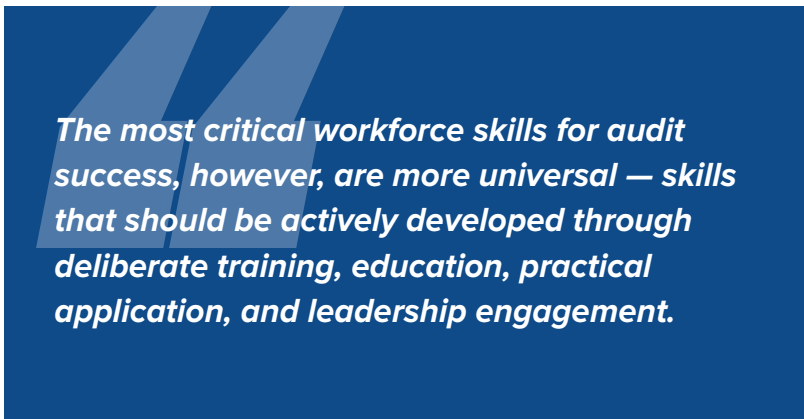
Data Literacy and Systems Awareness - In an increasingly automated environment, a financial manager's fluency with data and systems is central to audit performance.

Data Structure and Integrity - Personnel should understand the data life cycle—how data is generated, captured, validated, reconciled, stored, and reported. This includes understanding why inconsistencies arise and how systemic

deficiencies propagate errors through downstream reports. The ability to spot data anomalies, recognize inaccuracies, and interpret system-generated outputs builds a workforce that can prevent audit issues before they occur.

System Navigation and Troubleshooting - Because the DoD environment includes interconnected financial, logistics, and personnel systems, all employees should be familiar with the systems relevant to their roles. They should know where data resides, how transactions flow between systems, and where to locate supporting documentation. Equally important is the ability to troubleshoot issues, identify system behavior that indicates errors, and seek solutions proactively.

Critical Thinking and Analytical Competence - As the audit becomes more sophisticated, financial management professionals must be able to analyze information and identify the root causes of discrepancies.



The most critical workforce skills for audit success, however, are more universal — skills that should be actively developed through deliberate training, education, practical application, and leadership engagement.

Understanding the “Why” - Employees who understand underlying causes are better positioned to fix problems than those who address only surface symptoms. Workforce training should emphasize the ability to frame problems, evaluate evidence, consider alternatives, and develop data-informed recommendations.

Communicating Analytical Findings - Analysis has limited value unless it can be communicated clearly. Workforce training should therefore include structured thinking, concise writing, and effective briefing skills. The ability to communicate findings to supervisors, auditors, and program personnel enhances coordination and accelerates corrective action.

Process Knowledge and Audit Mindset - Audits succeed when the workforce understands the processes auditors examine and anticipates what they will ask.

Seeing the Process End-to-End - Employees should be encouraged to learn cross-functional processes, not merely their segment of the workflow. Whether dealing with funds distribution, procurement, property accountability, or cost reporting, the individual's task is only one part of a larger chain that auditors will assess holistically. The capacity to

describe that chain in clear, logical terms demonstrates an understanding of the organization's internal environment.

Cultivating the Audit Mindset - An audit mindset is defined by attention to detail, curiosity, precision, and unwavering commitment to accuracy. These characteristics can be taught through repetitive practice, structured reviews, peer checks, and leadership reinforcement. Managers should foster an environment in which employees value accuracy and integrity as part of their professional identity, not simply as compliance requirements.

Leadership, Communication, and Collaboration - Even the most technically skilled workforce cannot succeed in isolation. Audit readiness requires communication and collaboration across functions, echelons, and organizations.

Leading Through Complexity - Leaders at every level should be trained to manage audit demands while sustaining mission performance. This involves establishing expectations, allocating resources, managing workloads, and reinforcing accountability. Leaders who understand audit requirements can better

translate them into achievable goals for their teams.

Encouraging Cross-Functional Dialogue - Many audit challenges stem from gaps between functions. Training programs should encourage personnel to build relationships with peers in logistics, acquisitions, human resources, and operational units. Collaboration improves process alignment and ensures that documentation and data flow seamlessly across organizational boundaries.

Best Approaches to Workforce Training and Development

- Preparing the workforce requires a multi-layered approach that blends classroom instruction, experiential learning, leadership engagement, and on-the-job development.

Structured Professional Education - Organizations should establish a deliberate training roadmap that emphasizes the essential skills needed for audit support. Training programs should reinforce federal accounting standards, internal controls, evidence requirements, and financial reporting fundamentals. Equally important are courses in systems operation, data analytics, process improvement, and communication.

Apprenticeship Through Experience - Experience remains one of the strongest teachers. Managers should assign personnel to stretch roles that require them to document processes, participate in internal control assessments, or lead corrective-action efforts. These assignments build confidence and expand employees' understanding of how their work affects larger financial outcomes.

Mentoring and Coaching - Mentoring offers a powerful method for transferring knowledge, building confidence, and accelerating growth. Senior employees can guide junior personnel through complex processes, help them understand audit logic, and coach them on interpreting audit results.

Regular Process Walkthroughs - Walkthroughs—where employees describe processes step by step and demonstrate where controls exist—are a core audit expectation. Conducting internal walkthroughs before auditors arrive ensures personnel are familiar with their processes and can articulate them clearly.

Rehearsing Evidence Retrieval - Evidence retrieval is one of the most challenging parts of an audit. Employees must know where files are stored, how system documentation is generated, and how to validate that evidence is complete and accurate. Organizations should conduct periodic "evidence drills" to practice pulling documentation quickly and verifying its reliability.

Creating a Culture of Transparency and Learning - Preparing for the audit is not merely a technical task; it is a cultural one. Organizations that promote transparency, seek feedback, and encourage learning create an atmosphere in which employees feel empowered to raise issues without fear of reprisal.

Empowering the Workforce to Master the Audit - Success in the FY 2028 audit will depend on an



empowered, knowledgeable, confident workforce. Financial managers should feel not only prepared for the audit but capable of shaping its outcome.

Conclusion

The road to audit success is paved not by systems alone but by people - dedicated financial managers who understand their craft, believe in the importance of accurate financial reporting, and take pride in their contribution to national defense.

These lessons cannot be instilled in the financial management (FM) workforce overnight or at the eleventh hour - action is required now. A renewed surge in meaningful learning - the composite sum of education, training, and practical experience - must become the order of the day. Now is the time to enroll financial managers and entire teams in appropriate courses and programs offered by reputable colleges and universities. Now is the time to incorporate "audit simulations" into the regular training cycle and begin developing, rehearsing, and executing audit drills. Now is also the time to send key analysts on developmental assignments across staffs and organizations, even if doing so presents short-term challenges, so they can gain the broader perspective essential to mission success.

Achieving a clean audit opinion truly requires a unified effort. Still, leaders must recognize this fundamental truth: audit success - whether smooth or difficult, successful or unsuccessful—ultimately depends on the readiness and capability of the financial management workforce at every level.

¹ <https://www.war.gov/News/News-Stories/Article/Article/4221071/dod-will-pass-audit-by-2028-comptroller-confirms/>

² https://files.gao.gov/reports/GAO-25-108191/index.html?_gl=1*1ozg3xc*_ga*MjExMDc4NTQ4OC4xNzY0NzcwODIw*_ga_V393SNS3SR*czE3NjQ3NzE4MjAkbzEkZzAkDE3NjQ3NzE4MjckajUzJGwwJGgw



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Reframing Federal Risk and Oversight:

What Final OMB A-123 and CSRMC Mean for Agencies and Auditors

by Erika Correll

As federal agencies face growing pressure to strengthen accountability, safeguard data integrity, and modernize oversight, two developments within the realm of risk management stand out as especially consequential: the final revision of OMB Circular A-123, issued on March 10, 2026, and the Department of War's rollout of the Cybersecurity Risk Management Construct (CSRMC). Together, these changes signal a meaningful shift away from siloed compliance exercises and toward a more integrated model of risk governance—one that connects internal control, cybersecurity, financial reporting, and operational performance.

This article examines how the final 2026 revision of OMB Circular A-123 and DOW's new continuous-monitoring-based cybersecurity framework are reshaping expectations for federal agencies and auditors alike. It explores what these changes mean for organizations undergoing SSAE 18 examinations, FISMA assessments,

and FISCAM-based audits, and why agencies should begin preparing now for a broader, more data-driven, and mission-focused oversight environment.

OMB Circular A-123: Risk Management Reframed (Final 2026 Update)

One of the most consequential developments in federal governance and internal control policy is no longer a proposal: on March 10, 2026, OMB issued a final revised Circular A-123, now titled "Management's Responsibility for Internal Control." The revised Circular is effective upon issuance, supersedes prior versions, and establishes updated governmentwide guidance for how executive agencies are to manage internal control over operations, reporting, and compliance.

The final Circular confirms several of the philosophical shifts that had been anticipated during the draft stage, but it does so in a more nuanced way than many expected. Most

notably, OMB has not eliminated risk management from A-123. Instead, it has formally repositioned risk management as an integral part of internal control, rather than treating it as a separate governance construct. The Circular now includes a dedicated section titled “The Role of Risk Management in Internal Control,” which states plainly that risk management is systematic, ongoing, and iterative, and that successful use of risk assessment and continuous monitoring helps management identify the controls necessary to mitigate risk and achieve agency objectives.

That is an important distinction. The draft was widely interpreted as de-emphasizing Enterprise Risk Management (ERM) as a standalone discipline. The final Circular does streamline the framework and retitle the document around internal control, but it still explicitly recognizes that ERM can be a valuable tool for designing, assessing, and improving controls. It encourages agencies to implement or continue risk management practices, develop risk profiles, and manage risks at the programmatic, organizational, and enterprise-wide level, as appropriate.

In other words, the final A-123 does not eliminate ERM. It embeds it more firmly inside the internal control system. Agencies are still expected to identify, assess, respond to, and monitor risks. At the same time, the broader strategic dimension of enterprise risk management is addressed through OMB Circular A-11, which integrates ERM considerations into agency strategic planning, performance management, and annual strategic review processes. In this framework, A-123 governs the internal control and compliance architecture of risk management, while A-11 elevates enterprise-level risk discussions in connection with strategic objectives and performance reporting. They are also encouraged to establish a governance structure to implement the Circular, leverage existing organizational functions, and continue developing risk management practices that address both new and emerging risks and changes in existing risks. The Circular specifically notes that risk management should occur at the program, agency, organizational unit, and enterprise-wide level, as applicable.

The final Circular also retains and sharpens the expectation that agencies use risk-informed internal control to support better decision-making and protect taxpayer resources. In the Director’s transmittal memo, OMB frames the revision as part of the Administration’s effort to combat fraud, waste, and abuse, stressing that internal control should be preventative, continuously assessed, and focused on operational accountability and stewardship of taxpayer dollars. The memo also states that prior versions of the Circular had overly deferred to nonbinding external perspectives and that this revision is intended to provide more streamlined guidance for internal control assessment and continuous monitoring.

Another major feature of the final Circular is its emphasis on annual assurance reporting in a single report. Agencies are required to assess and report annually on internal control effectiveness and provide those assurances in a

single report within the Agency Financial Report (AFR), Performance and Accountability Report (PAR), or other management report labeled “Analysis of Entity’s Systems, Controls and Legal Compliance.” This reinforces OMB’s broader push toward consolidated, decision-useful reporting and should help reduce duplicative assurance structures that previously existed across financial reporting, internal control, and risk management activities.

The final A-123 also confirms that Appendices A, B, C, and D remain in effect. That means the updated main Circular does not wipe away the existing appendix structure agencies rely on for more specific requirements, including those tied to reporting, charge cards, and payment integrity. At the same time, the body of the new Circular broadens the lens of internal control by emphasizing reliable financial and performance information, not just financial statements alone. OMB’s policy language states that agencies must maintain effective internal control systems that support efficient operations, legal compliance, safeguarding of assets, and the production of reliable financial and performance information.



Together, these changes signal a meaningful shift away from siloed compliance exercises and toward a more integrated model of risk governance—one that connects internal control, cybersecurity, financial reporting, and operational performance.

That broader framing matters. It means agencies should no longer view internal control as limited to financial statement support. The final Circular places internal control squarely in the context of operations, reporting, and compliance, and it repeatedly links controls to performance, risk response, and strategic execution. It also encourages agencies to perform targeted reviews of areas posing material risk—specifically naming examples such as acquisition and cybersecurity—when those areas affect the agency’s ability to provide reasonable assurance over reporting, operations, or compliance.

From a governance standpoint, the final Circular does not expressly require a Chief Risk Officer, but it does encourage agencies to establish a governance structure and specifically recommends development of a Risk Management Council (RMC) to oversee the agency risk profile, assess risk regularly, and develop appropriate risk responses. It further recommends that the RMC include senior officials from program operations and mission-support functions so that

significant mission risks are surfaced and addressed.

The Circular also offers practical implementation direction that agencies and auditors should not overlook. OMB encourages agencies to:

- integrate risk management into control development;
- use risk assessments as a foundational tool for designing and refining controls;
- use automated systems and technologies to streamline risk assessments, control testing, and monitoring;
- implement data analytics for performance monitoring; and
- promote cross-functional collaboration among those responsible for risk assessment, control implementation, strategic planning, and performance monitoring.

This final language has direct implications for the audit community. Auditors should expect the 2026 A-123 revision to drive broader agency attention to controls over financial data, performance data, compliance processes, and other operational reporting streams. Agencies may increasingly use risk profiles, enterprise-level risk discussions, continuous monitoring tools, and data analytics as part of their internal control environment. Auditors—whether performing internal audits, financial statement audits, performance audits, SSAE 18 examinations, FISMA reviews, or FISCAM-based assessments—will need to understand how those mechanisms fit into the agency’s overall control framework and whether they are operating effectively.

In summary, the final 2026 revision to OMB Circular A-123 confirms that risk management is not being removed from federal governance—it is being repositioned inside the internal control framework. The Circular preserves the value of enterprise-level risk thinking, risk profiles, and governance councils, but places them in service of a more integrated, preventative, and operationally focused internal control model. The practical question for agencies is no longer whether A-123 will change. It already has. The question now is how effectively agencies will implement this more streamlined but still

risk-informed framework—and how quickly auditors will adapt their methodologies to evaluate it.

DOW’s New RMF Overhaul: Cybersecurity Risk Management Construct (CSRMC)

The Department of War has embarked on a sweeping overhaul of its approach to cybersecurity risk management. On September 24, 2025, DOW officially announced the Cybersecurity Risk Management Construct (CSRMC), a new framework that replaces the legacy RMF for DOW’s systems. This initiative is designed to embed cybersecurity into the fabric of system life cycles, addressing longstanding criticisms that the prior RMF process was too static and burdensome.

Under the old RMF (in place since 2014), systems had to implement a myriad of security controls (largely derived from NIST SP 800-53), document them in lengthy System Security Plans, and obtain a formal Authority to Operate (ATO) through a sometimes months-long review. While RMF brought standardization, it became known for its checkbox compliance mentality—a snapshot-in-time assessment that often lagged behind evolving threats. DOW leaders (under the new administration) openly criticized RMF as “outdated and not operationally effective,” even pledging to “blow up the old RMF” in favor of a more agile approach.

Key Features and Principles – The new CSRMC addresses those gaps by shifting from static checkpoints to dynamic, continuous risk management. It introduces a five-phase lifecycle aligned with how systems are developed and operated:

- **Design – “Secure by Design”:** Security requirements are baked in from the start of system planning. Resilience and protections are designed into architectures, and common security services can be inherited to avoid duplicative control implementations. This echoes the principle of cyber-informed engineering, ensuring security isn’t an afterthought.
- **Build – DevSecOps Implementation:** As the system is built and moves toward initial operating capability, security controls are implemented alongside functionality. CSRMC emphasizes DevSecOps, meaning development and security teams work in an integrated fashion to continuously test and harden the system during iterative development. Security checkpoints are part of the agile build process at every step, rather than waiting until the end.
- **Test – Threat-Informed Validation:** Before a system is fully deployed (Full Operating Capability), it undergoes rigorous testing and evaluation under realistic conditions. Rather than relying on paperwork, active threat-informed penetration testing and red-team exercises are used to validate the system’s security. This phase ensures that the system can withstand relevant cyber threats, not just that it meets documentation requirements. It aligns with

risk management is not being removed from federal governance—it is being repositioned inside the internal control framework.

CSRMC's tenet of Threat-Informed Assessments—validating security through real-world simulations.

- **Onboard – Continuous Monitoring Activation:** When the system is deployed, it doesn't simply get an ATO stamp good for a year or more. Instead, deployment triggers automated continuous monitoring of the system's security posture. Security tools and sensors feed data into real-time dashboards, providing ongoing visibility into vulnerabilities, configuration changes, and potential intrusions. The concept of a static ATO is replaced by a "constant ATO posture," where a system is essentially authorized in real-time as long as risk remains within acceptable thresholds.
- **Operations – Real-Time Risk Management:** In the operational phase, cybersecurity becomes a 24/7 aspect of system management. Dashboards and automated alerts give DOW cyber defenders immediate insight into threats. If a serious risk is detected (say a critical vulnerability or active breach), the framework empowers designated cybersecurity officials to take action, even to disconnect or isolate a system if needed to protect the mission. This authority, while potentially contentious, means security teams can respond within minutes to emerging threats, rather than waiting on lengthy approval chains. The focus is on mission assurance: ensuring that critical missions can continue, even if it means sacrificing or isolating a compromised component to prevent a larger compromise.

Backing up these phases are ten core principles that define the culture change CSRMC is driving. A few of the most significant principles include:

- **Automation:** Wherever possible, automate security processes to reduce human error and speed up responses. This includes automated scanning, patching, and even automated evidence collection for audits. Automation drives efficiency and scale.
- **Continuous Monitoring & Ongoing Authorization:** Replace one-time assessments with continuous situational awareness. Systems should ideally always be in a state of knowing their cyber risk posture, and authorizations should update dynamically. This principle ensures real-time risk management rather than periodic check-ins.
- **Critical Controls Focus:** Simplify compliance by focusing on the most important security controls (the critical ones that matter most to protecting the mission). Under CSRMC, DOW is reducing the control catalog to eliminate redundancies; many of the less impactful NIST800-53 controls can be trimmed so that attention (and documentation effort) goes to the truly significant safeguards.
- **DevSecOps Integration:** Make security an integral part of the development pipeline. This principle means security testing and reviews happen at the speed

of development—utilizing tools in CI/CD pipelines, automated code analysis, etc.—to catch issues early. It fosters a culture where developers, not just security officers, are responsible for building in security.

- **Cyber Survivability and Resiliency:** Design systems to continue operating under attack. This shifts thinking from purely preventing intrusions to also withstanding and recovering from them. Cyber survivability might involve architectures that degrade gracefully, redundant systems, or data backup/recovery strategies to ensure the mission can go on even if some defenses fail.
- **Enterprise Inheritance & Reciprocity:** A crucial efficiency in CSRMC is reciprocity, the idea that security assessments and authorizations can be reused across programs where appropriate. If one component or

For auditors and oversight officials, DOW's new construct means audit methodology will also transform. Traditional DOW cybersecurity audits often involved reviewing giant RMF packages—hundreds of control implementation statements, artifact attachments, and vulnerability scan results compiled for each system.

common service has been vetted, other programs should trust and leverage that work rather than duplicate it. Similarly, inheritance means leveraging enterprise security services (like centralized identity management, secure hosting environments, etc.) so that individual projects do not start from scratch on controls that the enterprise can provide. This reduces redundant testing and documentation across DOW.

- **Training and Culture:** CSRMC's tenets also include ensuring personnel are trained and cyber-aware (since people are often the weakest link), and emphasizing an operational mindset for cybersecurity (i.e., treating cyber risk decisions as integral to operational readiness).

For auditors and oversight officials, DOW's new construct means audit methodology will also transform. Traditional DOW cybersecurity audits often involved reviewing giant RMF packages—hundreds of control implementation statements, artifact attachments, and vulnerability scan results compiled for each system. Under CSRMC, evidence of security may be far more dynamic: auditors might be granted access to live dashboards or continuous monitoring tools, and they might evaluate the effectiveness

of automation rather than manually re-performing tests. For example, an auditor may no longer tick through a compliance checklist; instead, they might assess whether the system's automated controls and alerts are functioning as intended and whether any critical risks went unmitigated in real time. Audit findings in this paradigm will likely highlight operational risk observations (e.g., "System X's continuous monitoring is not flagging outdated software versions, creating a blind spot in risk awareness") rather than just policy compliance gaps.

The mission-focused risk orientation of CSRMC means auditors must also broaden their perspective: rather than treating cybersecurity as an independent silo of compliance, it is now directly tied to mission outcomes. For instance, if a weapons system or a financial system has cyber vulnerabilities that could disrupt operations, auditors may frame that finding in terms of impact on readiness or financial management, linking security directly to mission assurance.

In summary, the DOW's CSRMC launch in late 2025 represents a landmark change in federal cybersecurity risk policy. It is faster, leaner, and more aggressive in addressing cyber threats than the old RMF. While some experts remain cautious, noting that the new process may not yet fully resolve issues like supply chain risk or might end up "rearranging" existing processes without cuts in bureaucracy, there is broad agreement that CSRMC's emphasis on automation and continuous assessment is a necessary leap to defend against sophisticated adversaries. Federal auditors, particularly DOW IG and contracted auditors for DOW, will need to adapt quickly, developing new audit procedures to evaluate an active, continuous control environment. If successful, CSRMC could serve as a model for other agencies to inject agility into their security oversight, truly making cybersecurity a part of day-to-day operations rather than a yearly checkbox exercise.

Implications for the Federal Audit Community and Federal Agencies

Taken together, the policy shifts of 2025 and early 2026 represent more than incremental updates—they signal a broader recalibration in how federal agencies govern risk, internal control, and cybersecurity oversight. The final March 10, 2026 revision of OMB Circular A-123 confirms that risk management is now expected to function as an integrated component of internal control, while the Department of War's transition to the Cybersecurity Risk Management Construct (CSRMC) points toward a more continuous, mission-focused approach to cyber risk governance.

Federal oversight is moving away from siloed compliance structures toward a system in which financial management, cybersecurity, operational risk, and data integrity are evaluated together. For the federal audit community—including agency internal auditors, Inspectors General, and external CPA firms—as well as

the agencies undergoing SSAE 18 examinations, FISMA assessments, and FISCAM-based financial statement audits, these developments will materially influence how controls are documented, evaluated, and tested.

Beyond technical adjustments to audit methodologies and control documentation, these policy shifts will also require meaningful organizational changes within federal agencies. This will be a heavy lift to say the least. Integrating risk governance, internal control oversight, and cybersecurity monitoring into a more unified framework will require agencies to adapt governance structures, clarify roles and responsibilities across financial, technology and risk management functions, and ensure personnel are equipped to operate within a more cohesive oversight environment.

Expanded Scope of Internal Control and Data Integrity Auditing

The final A-123 reinforces that internal control exists over operations, reporting, and compliance, and that agencies are responsible for producing reliable financial and performance information. It also encourages the continued use of risk profiles, data analytics, and governance mechanisms such as Risk Management Councils. Historically, many audits focused primarily on controls supporting financial reporting and transaction processing. The updated framework, by contrast, supports a broader view of assurance—one that reaches the integrity of the information agencies rely on to inform decisions, demonstrate program performance, and communicate results.

Greater Integration of Cybersecurity and Financial Controls

The launch of the CSRMC framework represents a fundamental shift in how cybersecurity risk is managed across the Department of War. Rather than relying on static compliance documentation and periodic system authorization reviews, cybersecurity oversight is increasingly built around continuous monitoring, automated testing, and DevSecOps practices.

For agencies subject to FISMA and FISCAM reviews, this transition means cybersecurity oversight is becoming more operational and real-time. Auditors may increasingly rely on evidence generated through:

Continuous monitoring dashboards

Automated vulnerability scanning outputs

Security information and event management (SIEM) tools

DevSecOps pipeline security controls

Instead of validating compliance primarily through documentation, auditors may evaluate how effectively agencies detect, monitor, and respond to cybersecurity risk in real time. Agencies will therefore need to ensure that their cybersecurity monitoring tools produce reliable, auditable evidence that can support oversight activities.



Impacts on SSAE 18 Control Environments

Federal service organizations undergoing SSAE 18 (SOC 1 or SOC 2) examinations may also experience expanded scrutiny of their control environments as federal risk governance expectations evolve.

Under the integrated A-123 framework, agencies increasingly expect service providers to demonstrate how their systems safeguard not only financial transactions but also broader operational and reporting data. As a result, SSAE 18 examinations may place greater emphasis on:

- Data governance and integrity controls
- System interfaces between financial and operational systems
- Automated control environments supporting reporting processes
- Cybersecurity monitoring practices aligned with federal standards

Organizations providing shared services, financial management platforms, or mission-support systems should anticipate questions about how their control environments support data reliability across the broader federal reporting ecosystem.

Elevated IT and Cybersecurity Expertise

The integration of risk governance into internal control frameworks, combined with the adoption of CSRMC and

the increasing alignment between the Federal Audit Manual and FISCAM, will require auditors to significantly strengthen their expertise in IT controls and cybersecurity governance.

Audit teams will need professionals who understand both financial systems and modern cyber architectures. Competencies in data analytics, automated testing environments, cloud security, DevSecOps environments, and emerging technologies will become increasingly important. Audit organizations may need to invest in specialized training and recruit additional IT audit professionals to keep pace with these evolving oversight expectations.

Risk-Based Methodologies Aligned to Mission Outcomes

As risk governance becomes embedded in internal control processes rather than managed through standalone ERM programs, audit methodologies will need to evolve accordingly. Rather than focusing solely on procedural compliance requirements, auditors will increasingly adopt risk-based approaches aligned to agency mission objectives.

Audit planning will increasingly begin with questions such as: What risks could materially affect the agency's ability to achieve its mission? Audit procedures can then be tailored to evaluate whether controls effectively mitigate those risks. This shift encourages auditors to apply professional judgment when allocating resources. Rather than treating all compliance areas equally, auditors may devote greater attention to high-risk programs,

major financial systems, or emerging operational risks, ensuring that oversight activities generate insights that meaningfully strengthen agency operations.

Increased Reliance on Data Analytics and Continuous Auditing

The modernization of cybersecurity frameworks and internal control governance will also accelerate the use of data analytics and continuous auditing techniques in federal oversight. Rather than relying solely on traditional sampling approaches, auditors may analyze full datasets to identify anomalies or patterns that signal control weaknesses. This may include:

- Automated analysis of system logs and transaction histories
- Identification of anomalies across financial and operational data
- Continuous monitoring of segregation-of-duty conflicts
- Real-time testing of control performance

Agencies that invest in modern data governance, monitoring capabilities, and integrated system controls will be better positioned to support these evolving audit techniques.

Greater Scrutiny of Audit Quality and Oversight Effectiveness

The evolving policy environment also places greater emphasis on the quality and impact of oversight activities. As agencies integrate risk management and internal controls more closely, auditors themselves will face increased expectations from OMB, GAO, and Inspector General communities regarding the effectiveness of their work.

Peer reviews, oversight of financial statement audit quality, and evaluation of audit outcomes may become more prominent. Oversight bodies will increasingly ask whether audits are identifying root causes, driving corrective action, and improving program performance, rather than simply documenting compliance deficiencies.

For audit organizations, this means strengthening internal quality control programs, ensuring findings clearly link to operational risk, and communicating results in ways that are meaningful to agency leadership and policymakers.

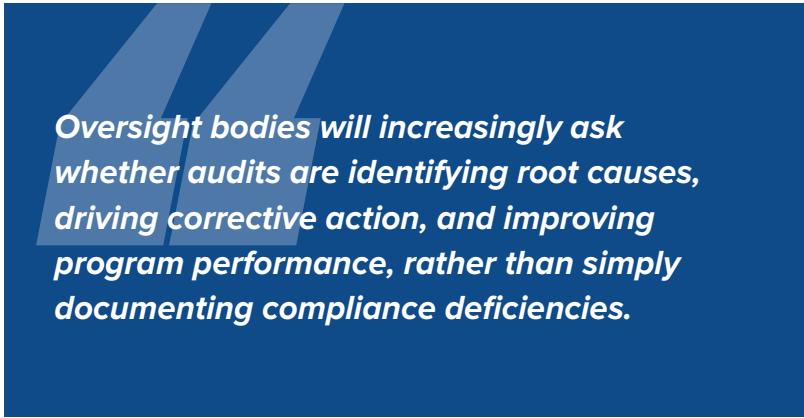
Auditing as a Driver of Risk-Informed Governance

Ultimately, the evolving oversight framework reflects a broader shift in how audits support government accountability. By integrating risk management into internal control processes and modernizing cybersecurity oversight, policymakers are signaling that audits should help agencies better understand and manage risks that affect mission outcomes.

In this environment, auditors play a critical role in helping

leadership understand not only where controls may be failing, but why those failures matter for mission readiness, public trust, and financial stewardship. Effective audit reporting will increasingly connect technical control issues to broader operational risks, enabling agencies to prioritize corrective actions and allocate resources more strategically.

Auditors may also be called upon to verify that corrective actions have been implemented and are functioning effectively, ensuring that audit insights lead to tangible operational improvements.



Oversight bodies will increasingly ask whether audits are identifying root causes, driving corrective action, and improving program performance, rather than simply documenting compliance deficiencies.

Looking Ahead

The federal audit and oversight community should approach this period of change with agility, curiosity, and strategic focus. While integrating risk governance into internal control frameworks and adopting continuous cybersecurity monitoring models will require new skills and methodologies, these developments also present an opportunity to elevate the impact of auditing within government.

An audit that not only verifies compliance but also provides insight into risk management and operational performance strengthens the effectiveness of public administration. In this sense, the reforms underway are not merely technical adjustments—they represent a shift toward using auditing as a tool to strengthen mission delivery, transparency, and accountability across the federal enterprise.

Conclusion

Federal oversight has entered a new era. With the Government Accountability Office (GAO), the Office of Management and Budget (OMB), and the Department of War (DOW) reshaping the frameworks that govern financial accountability, internal control under the Federal Managers' Financial Integrity Act (FMFIA), and cybersecurity risk management under FISMA, agencies and their audit partners must adapt to a more integrated model of oversight. The March 10, 2026 revision of OMB Circular A-123, Management's Responsibility for Internal Control, confirms that risk management is now formally embedded within internal control governance across

operations, reporting, and compliance, consistent with the GAO Standards for Internal Control in the Federal Government (Green Book) . At the same time, DOW's transition to the Cybersecurity Risk Management Construct (CSRMC) reflects a parallel shift toward continuous monitoring, automated control evidence, and mission-focused cyber risk management.

For federal agencies subject to FISMA assessments and financial statement audits incorporating FISCAM-based IT control testing—and for service organizations supporting federal programs that undergo SSAE 18 (SOC 1 or SOC 2) examinations—these developments will fundamentally influence how control environments are designed, documented, and evaluated. Oversight activities will increasingly assess not only financial reporting controls, but also the reliability of operational data, cybersecurity monitoring capabilities, and the broader governance processes agencies use to manage risk across the enterprise. The final A-123 makes clear that agencies are expected to provide annual assurance over internal control in a unified way and to manage risk as part of an ongoing, preventative, and operational discipline—not a separate paperwork exercise.

The imperative for agencies and auditors alike is clear: adapt to evolving policy expectations, strengthen cross-functional collaboration between financial, technology, and risk management leaders, and invest in modern oversight tools and analytical capabilities. Continuous monitoring technologies, data analytics, risk profiles, and automated control environments will become increasingly important components of both internal control programs and audit methodologies. At the same time, auditors must refine risk-based approaches that prioritize mission-critical systems, emerging operational risks, and the integrity of the data that informs government decision-making.

This transformation is both challenging and promising. As agencies implement the final A-123 framework, incorporate more explicit governance around risk and internal control, and adapt to cybersecurity oversight models built on real-time monitoring, there will inevitably be a period of adjustment. Early implementation efforts will likely surface lessons learned, requiring refinement of guidance, tools, and governance structures. Yet these growing pains are part of a broader modernization effort that seeks to make federal oversight more responsive, data-driven, and aligned with mission outcomes.

For agencies and auditors willing to approach this transition with agility and strategic vision, there is a significant opportunity to elevate the role of audit and risk management within government. Oversight functions that once focused primarily on compliance verification can increasingly serve as drivers of root-cause analysis, organizational insight, accountability, and operational improvement. A well-executed audit can illuminate systemic weaknesses before they become crises, while a mature risk-informed internal control framework can help agencies

anticipate and mitigate threats to mission success.

As federal oversight frameworks continue to evolve, the central objective remains unchanged: ensuring that public resources are managed responsibly and that government programs deliver results for the American people. By embracing the integration of risk management, internal controls, and cybersecurity oversight—and by focusing on outcomes rather than processes—the federal audit community can help strengthen transparency, reinforce public trust, and support the effective execution of national priorities. The landscape has shifted. The challenge now is not simply to comply with new requirements, but to leverage them to build a more resilient, accountable, and mission-focused federal enterprise that safeguards taxpayer resources and strengthens public trust.

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Erika Correll

Erika Correll joined Andrew Morgan as Director of Strategic Financial Growth on February 17, 2026, bringing more than 18 years of experience helping federal agencies and mission-driven organizations strengthen financial management, risk posture, and operational resilience. Her career spans both the public and commercial sectors, with deep expertise in financial management transformation, audit readiness, enterprise risk management, internal controls, fraud risk, and data-enabled decision-making.



Enterprise Space Activity Group (ESAG):

A New Financial Paradigm for Space Force Capabilities

by Elizabeth Truax and Rennie Rechel

The United States Space Force (USSF) has taken a significant step in acquiring and delivering space-based capabilities by establishing the Enterprise Space Activity Group (ESAG). This move, rooted in congressional direction, represents a fundamental shift in financial accountability and operational control for commercial satellite communications (COMSATCOM).

A Move Directed by Congress

The foundation for this transition was laid in the FY 2018 National Defense Authorization Act (NDAA), which directed the transfer of the COMSATCOM mission from the Defense Information Systems Agency (DISA) to what was then Air Force Space Command, now the USSF. Following this legislative mandate, the Department of the Air Force (DAF) coordinated with the Under Secretary of War (Comptroller) to establish the ESAG. On October 1, 2025, the new construct was officially established

under the DAF's existing Working Capital Fund (WCF), marking the first new start of its kind in nearly 30 years.

The Financial Architecture of a Stand-Up

Creating a new activity group within a Working Capital Fund is a complex financial undertaking. It required a multi-year, coordinated effort between SAF/FMB, the Commercial Satellite Communications Office (CSCO), Space Systems Command (SSC), and DISA to build a new financial framework from the ground up.

A primary challenge was establishing a viable accounting system. The solution is a phased approach: for the initial transition, ESAG will use DISA's Financial Accounting Management Information System (FAMIS) as a paid service. This ensures operational continuity while the long-term migration to the DAF's Maintenance, Repair, and Overhaul (MRO) system is planned for around FY 2029. Preparing for the "Go-Live" date required extensive



system testing, personnel training, and processing system access requests to ensure a smooth cutover. This process also involved coordinating with SAF/FMF to establish the required accounting structures, such as Limit and Program Element Code, Element of Expense/Investment code, etc. needed to operate within the interim system.

Another critical financial milestone was securing the initial cash corpus of approximately \$120M required to begin operations and cover initial expenses before customer revenue began to flow. The process involved justifying the requirement to the Office of Management and Budget (OMB) and securing the funds through the budget cycle.

Meticulous planning for audit readiness under the Financial Improvement and Audit Readiness (FIAR) guidance was also essential. This involved establishing clear roles and responsibilities with stakeholders like SSC, CSCO, and the Defense Finance and Accounting Service (DFAS). A key step was conducting a physical inventory and accumulating key supporting documents to validate the value of transferred property—including 530 pieces of equipment valued at \$499.9 million—for inclusion in the DAF's financial statements.

A Business-Oriented Financial Model

A central tenet of a working capital fund is full cost recovery, meaning rates must cover both direct costs and overhead. The pricing models, while similar to those used under DISA, will be continuously refined by CSCO to provide the best value to customers.

- **COMSATCOM Solutions:** The price is calculated using a “Direct Cost + Surcharge” model. Direct costs are the vendor contract costs for goods and services, while the surcharge covers indirect costs, including support, overhead, and service fees.
- **Enhanced Mobile Satellite Services (EMSS):** This program operates on an unlimited-use “family plan,” with costs allocated to customers based on the type and number of devices they own.

Enhanced Controls and Accountability

Another key tenet of a WCF is that obligation authority is generated from the receipt of customer orders, not from the initial cash corpus. This business-like

approach requires rigorous financial controls to maintain solvency. Accordingly, ESAG will enforce strict policies for delinquent accounts. After a 30-day notice for unfunded services, CSCO will de-provision devices from the network if funding is not provided within 60 days. This policy ensures costs are borne by the responsible organizations and protects the financial health of the fund.

With a projected annual revenue of over \$1.2 billion from a diverse customer base of DoD, federal, and foreign partners, the transition of COMSATCOM to a Space Force activity allows the USSF to better align spending with mission priorities, develop transparent pricing structures, and control cost recovery models. The establishment of ESAG is more than a mission transfer; it is proof of the USSF's evolution into a self-sufficient branch of the military. The successful implementation of this model could serve as a blueprint for transitioning additional space functions into the working capital fund construct in the future.



Elizabeth Truax

Elizabeth Truax is a U.S. Air Force civil servant with over 20 years of distinguished service. She is currently the lead analyst for the Enterprise Space Activity Group (ESAG) at the Air Force Budget Operations Directorate (SAF/FMBO), expertly manages the \$1B ESAG program and brings extensive Financial Management and Air Staff knowledge to this effort. Elizabeth is also a commissioned officer in the Florida Air National Guard.



Rennie Rechel

Rennie Rechel is the Division Chief of Revolving Funds at the Air Force Budget Operations Directorate (SAF/FMBO), leading a team of budget analysts and an accountant. She manages the \$20 billion Air Force Working Capital Fund (AFWCF), which supports the budget and cash management for critical functions across the Department of the Air Force (DAF) such as Depot Maintenance, Supply activities, and Commercial Satellite Communications (COMSATCOM). Prior to her current role, she held key financial management positions within the Army Budget Office and the Office of the Under Secretary of Defense (Comptroller). Rennie holds an MBA and an Executive MPA from Syracuse University.



CDFM Spotlight:

Questions for David Zorzi, CDFM

SDFM provides a unique forum for professionals to connect, share knowledge, and stay current on evolving financial management practices. The value for me has been both professional and personal—access to a strong network of peers, continued learning, and the opportunity to contribute back to the community

Please share a bit about yourself (family, hobbies, hometown).

I grew up in Wilkes-Barre, Pennsylvania, along the Susquehanna River, where my grandparents settled from Italy around 1895. After graduating from King's College in Wilkes-Barre, I joined the Air Force, and now I live in Clifton, Northern Virginia. I'm fortunate to have a loving and supportive wife, along with four adult children—including triplets—who keep me grounded and make me very proud. When I'm not working, you'll often find me at the skeet range, playing golf, or exploring the uplands with my bird dog Rex in pursuit of game birds. It's an ideal balance of concentration, fresh air, and enjoyment.

What is your professional background?

I spent 24 years in the U.S. Air Force, primarily within financial management community, holding assignments at base-level, numbered air force, major command and the Air Staff. My career also included broadening experiences at The White House, the Office of the Secretary of Defense (OSD), The Joint Staff, and Booz Allen Hamilton. After retiring in 2012, I joined Kearney & Company and have focused on audit, audit readiness, and transformation work across the Department of War and other federal agencies.

What attracted you to the financial management field as a career choice?

As a business major holding an MBA when I joined the Air Force, I knew effective resourcing and responsible stewardship are critical to mission success. So going into Financial Management was a natural fit. Financial management sits at the crossroads of accountability and national security. Ultimately, the blend of analytical skills and tangible impact is what excites me most about financial management as well as the opportunity to influence decisions at the highest level. The field appeals to me because it combines analytical reasoning with practical results—you witness firsthand the positive outcomes when resources are managed efficiently, and warfighters receive what they need for mission success.

What is your official title and job description? How long have you held that position?

I joined Kearney after retiring from the Air Force in 2012. As a Partner at Kearney & Company, I've held several leadership roles in audit, consulting and financial management, mainly focusing on projects like federal financial management, audit remediation, process improvements, and transformation efforts. Currently, I collaborate closely with our Chief Growth Officer to guide the company's strategy, drive growth, ensure seamless operations, strengthen relationships with civilian and Department of War clients, and enhance customer experience and service quality.

5) Describe a typical day in your current role.

No two days are the same, which is one of the aspects I enjoy most. It often starts with early-morning leadership

calls or reviews of deliverables, spending time mentoring our team, collaborating on proposals, and shaping growth initiatives. Afternoons might include business meetings, site visits, or working on thought leadership pieces. Evenings often involve staying current on emerging policy changes, preparing for SDFM DFMI's and events or preparing for the next day's priorities. The variety keeps the work engaging and impactful.

What is your favorite thing about your job?

The ability to make a meaningful impact—both on organizations and on people; so simply the people and the purpose. I get to work with professionals who truly care about doing the right thing. Helping teams turn tough financial challenges into clearer, more efficient processes—and seeing real results—is incredibly satisfying. Additionally, mentoring emerging leaders is a priority that I value greatly.

How did you first hear about and become actively involved in SDFM?

My colleagues and mentors introduced me early in my Air Force career, back when it was ASMC. It was at my very first assignment in the Air Force where my Comptroller squadron commander, Lt Col John Peters, told me week during week 1 on the job, “join the Officers Club and ASMC”. I did and attended my first PDI in 1988 and I've been hooked ever since. Today, I am still heavily involved with SDFM as the Corporate Advisory Group representative for Kearney, and as a voting member on the SDFM Professional Development Committee.

Why do you feel it is important to be a part of SDFM, and what value have you gained?

SDFM provides a unique forum for professionals to connect, share knowledge, and stay current on evolving financial management practices. The value for me has been both professional and personal—access to a strong network of peers, continued learning, and the opportunity to contribute back to the community. I've gained great relationships, practical insights, and plenty of chances to give back.

You earned the CDFM in October 2001—congratulations on maintaining your certification for 25 years! What initially motivated you to pursue the CDFM?

Thank you! I went after the CDFM because it's the gold standard in our field. It validated the core areas I was practicing—resourcing, budgeting, accounting—and signaled that I take accountability and professional growth seriously. It also helped set me apart early in my career. After earning my CDFM in 2001, I got more involved through chapter events and conferences. It's been a constant in my professional life ever since.

What tools and resources (people, materials, classes, etc.) did you use to prepare, and which did you find to be the most helpful?

I participated in a Management Concepts led CDFM training course and studied the provided CDFM

guides. The most valuable aspect was connecting the concepts to actual Department of Defense scenarios I encountered in my daily work.

What advice would you give to candidates who are preparing for the CDFM exams?

Schedule your first exam immediately after completing the training course! Then you will have a goal post. Treat it as professional development, not just an exam. Start early, be consistent, and focus on understanding the why behind the guidance. Use the blueprints, do the practice tests, join a study group, and connect what you're reading to your day-to-day work. Consistency and patience are key—stay disciplined, and the certification will pay dividends throughout your career.

How do you believe pursuing credentials enhances a person's professional value and influences their career growth?

Credentials demonstrate dedication, credibility, and competency in essential skills. They foster trust among employers and clients and frequently lead to additional professional opportunities. Furthermore, obtaining credentials enhances critical thinking and elevates your overall performance.

What has made certifications so important to your own career, and what personal significance does holding CDFM certification carry for you?

Certifications helped me bridge military experience into civilian leadership roles and stay current with evolving best practices. Keeping the CDFM for 25 years is a personal reminder of why we do the work—stewardship, accountability, and supporting the mission. It's been a cornerstone for how I lead and mentor.

In what ways has your CDFM certification increased your value to employers?

The CDFM signals “ready to lead” in a defense environment, especially early in one's career. It reinforces technical credibility, shows depth in federal financial management, and gives me the framework I use daily with senior leaders. It strengthens trust and opens the door to greater opportunities.

Is there anything else regarding your personal or professional experiences with CDFM certification that you wish to add?

I'm grateful for the mentors and colleagues who nudged me toward SDFM and supported my CDFM journey. The certification has connected me to a community that values excellence and lifelong learning. If you're on the fence, invest in yourself and stay engaged—the relationships and knowledge you build today will truly pay off for your career and the missions you serve.



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Looking to give back to the SDFM community?

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catalog is available at:**
sdfm.org/on-demand-learning

Alamo

PDS 2026 is officially in the books, and it was a huge success! Despite a few curveballs, we were thrilled to welcome over 100 attendees. A huge thank you to Mr. Ron for kicking things off with a fantastic team-building event, and to our incredible keynote speaker, the Honorable Dave Weinberg, who flew in from Hawaii to share his wisdom (and even break some wood!)

To everyone who attended, thank you! Your enthusiasm and participation are what made PDS 2026 so special. We're already in talks with National for the 2027 Regional DFMI. If you're interested in leading the charge as the DFMI Chairman, please reach out to your VP!



Buckeye

This was our 6th year supporting our military, veterans and their families through our annual “Souper Bowl” held the Saturday of Super Bowl weekend. Our SDFM Buckeye Chapter volunteers once again showed up to help us stock the M.A.S.H. Pantry located at the DSCC Installation.

Thank you to our SDFM Buckeye Members and non-members for volunteering your time and resources to support our local military, veterans and their families.

For more information or you would like to donate check out the M.A.S.H. Pantry and Resource Center visit www.mashpantry.org

For over 10 years our SDFM Buckeye Chapter members have been spending their Saturdays raising funds for our chapter by working at The Ohio State University’s home football games. The funds earned allow us to hold Development Sessions with guest speakers who educate that many of our members and non-members earn CETs that support FM Certification. Annually we award scholarships to youth wishing to pursue higher education.

If your local university has a “The Team Shop” and would like more information on how you can get signed up with them to help raise funds for your chapter please reach out to our SDFM Buckeye Chapter at: sdfmbuckeye.publicity@gmail.com or Terri Hilton at TerriHiltonETTInc@gmail.com



Indy

Indianapolis SDFM Chapter members hit the lanes for some exercise and laughter while bowling at Woodland Bowl August 27th. Members were able to participate in some friendly competition while sipping on their favorite beverage and enjoying some savory pizza. The night was a huge success filled with celebration and fun. Watch out for Nicole Lalor, our top bowler, she's got an excellent strike!

More recently, the Indianapolis SDFM Chapter met up with AGA Indianapolis Chapter friends for pizza, drinks, and socializing at Jockomo's Upper Crust after work on February 26th.

We are planning more fun socials in the coming months, be sure to check your email for opportunities to meet up and connect with your fellow SDFM Chapter members.



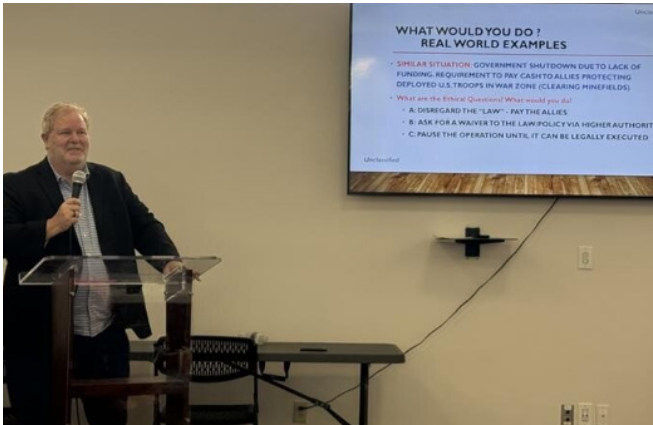
The Indianapolis SDFM Chapter led the Emmett J. Bean (EJB) Center in giving back to local schools by participating in the Westminster's Back to School Bash in the month of July. During this month long event, the Indy Chapter collected donations of several backpacks and school supplies to support local students start their school year off right.

On September 9th SDFM members volunteered for a Habitat for Humanity Restore event. Each year the Do It Best Tradeshaw donates items for Habitat for Humanity Restores Indianapolis. These items raise much needed funds for the four local Habitat for Humanity Chapters

The giving continued when the Indianapolis SDFM Chapter volunteered at the William's Creek Cemetery on Saturday, September 20th. The group picked up sticks and debris from the grounds. We also transplanted some day lilies. This was in preparation for the Wreath Laying Ceremony in December.

Tampa Bay

The SDFM Tampa Bay Chapter continues to build on a strong start to 2026, reflecting an impressive blend of professional development, community impact, and collaboration across the SDFM enterprise. Our members remain committed to elevating the defense financial management profession while giving back to the broader Tampa Bay community.



Mr Peterson, guest speaker at our Feb 10, 2026 chapter meeting.

Ethical Leadership with Mr. D. Mark Peterson

On January 13, 2026, the chapter was honored to host Mr. D. Mark Peterson, former Chief Financial Officer for the SOFM Directorate at HQ USSOCOM. His presentation, *Ethical Leadership: Speaking Truth to Power*, provided a thoughtful examination of how financial leaders must navigate complex dilemmas with integrity. Mr. Peterson emphasized the importance of identifying ethical mentors, recognizing moral crossroads, and developing one's own ethical decision-making model. His guidance challenged members to reflect on how they would respond when faced with difficult but defining leadership moments.

"Set Goals and Be Intentional" with Col Marshalee Clarke, USMC

On February 10, 2026, the chapter welcomed Col Marshalee Clarke, USMC, CENTCOM J8–Financial Management Division Chief and Comptroller. Her inspirational session encouraged members to pursue excellence through intentional effort, perseverance, and what she described as "intentional discomfort." Col Clarke emphasized that champions are defined not by perfection, but by refusing to give up. Her message particularly resonated with members in their "second chapter," reminding them to continue pursuing personal and professional goals with purpose.



Col Clarke speaking at our Jan 13, 2026 chapter meeting.

Expanding Professional Expertise – Appropriations Law Training

Reinforcing the chapter's commitment to high quality professional development, members recently participated in a four day virtual Appropriations Law Seminar from March 2-5, 2026, earning 32 continuing professional education credits. This opportunity advanced the chapter's goal of strengthening financial management expertise across the local defense community.

Chapter Social at Brick House Tavern

On March 12, 2026, seventeen individuals from MacDill AFB, including current and prospective members, attended the chapter's social event at Brick House Tavern in Tampa. The event fostered camaraderie and provided an opportunity to discuss the SDFM mission and have a good time in a relaxed setting. In a positive outcome for recruitment efforts, two attendees expressed interest in volunteering for the upcoming Orlando DFMI. The chapter looks forward to hosting future social events to promote solidarity and increase our membership.



TB Chapter attendees, from left to right: Nicholas White, Markina McKnight, Alisa Ricks, Pamela Diaz, Milton Butler, Travis Walton, Petal Leate, Desmond Gittens.



TB Chapter attendees, from left to right: Erin Jameson, Capt Martin Butcher, Markina McKnight, Milton Butler, Robert Edison, Nicholas White, Alissa Gustafson, Alisa Ricks. Center: Pamela Diaz, Rick Robison.

Supporting Special Olympics Florida – Sunshine Bowl 2026

The chapter is also gearing up to support Special Olympics Florida at the Tampa Bay Buccaneers Sunshine Bowl on April 18, 2026. Volunteers will assist with event registration, locker room tours, and flag football activities at the Buccaneers Training Facility and Raymond James Stadium. This cherished volunteer opportunity continues the chapter's tradition of championing inclusion, service, and community spirit.

Giving Back at Habitat for Humanity – Hillsborough ReStore

On January 10, 2026, six dedicated volunteers from the SDFM Tampa Bay Chapter demonstrated the chapter's commitment to community impact by spending a day serving at the Habitat for Humanity Hillsborough ReStore.

Habitat ReStores are locally operated nonprofit home improvement stores that sell new and gently used furniture, appliances, and building materials at reduced prices. Proceeds directly support the construction of Habitat for Humanity homes in the Tampa Bay area, providing safe and affordable housing for local families. Our volunteers contributed across a wide range of essential tasks, including processing donations, preparing merchandise, and organizing the sales floor. Their service helped keep store costs low, ensuring more funding flows directly into homebuilding efforts that strengthen our local communities.



SDFM TB volunteers at Habitat for Humanity ReStore, left to right: Veronica Floyd, Erin Jameson, Alisa Ricks, Tarsha Purnell, Kristin Quinn, Bill Quinn.

Jacksonville

The Greater Jacksonville Chapter had Abe Joseph speak at our February 18th meeting on The Importance and Evolution of Integrated Risk Management (IRM).

Our Chapter Treasurer, Linda Lentjes, Comptroller, Resources Dir, COMUSNAVSOUTH, presented Abe with a chapter coin for being our speaker that day.



Abe Joseph, CEO/Sr. Consultant, Joseph Business Consulting, Inc. Kingsland, GA.



Washington Chapter NCR PDI

The 2026 SDFM National Capital Region (NCR) Professional Development Institute (PDI), hosted by the Washington Chapter and led by Debra Del Mar on March 10, 2026, was a highly anticipated event that officially sold out its registration with more than 1,400 people in attendance.

The event served as a collaborative and educational hub for defense financial managers, bringing together government leaders and industry corporate partners to discuss modern financial strategies, technologies, and workforce development. The presentation agenda was divided into comprehensive morning and afternoon blocks:

Theme and Primary Focus

The event was centered around the theme “FM Warriors: Advancing Audit Outcomes!” This focus built urgently upon the Congressional mandate established in the FY 2024 National Defense Authorization Act (NDAA), which requires the Department of Defense (DoD) to achieve a clean financial audit by 2028. The core agenda highlighted the necessity of cross-functional behaviors, training priorities, and collective leadership to meet this looming milestone.

Program Highlights & Featured Sessions

- **Revised 2028 Audit Strategy Plenary:** A cornerstone morning session moderated by Rich Brady (CEO of SDFM) brought together top defense executives, including Mr. Thomas Harker (Deputy CFO, Office of the Under Secretary of War/Comptroller - OUSW(C)), to map out the tactical and structural revisions needed to execute a successful 2028 audit strategy.
- **Service Financial Management (FM) Updates:** Senior military officials and comptrollers provided individual service branch operational updates. Notable contributors included Alaleh Jenkins (DON), Edward Gardiner (USMC), Honorable Dave Weinberg (DAF), and Honorable Mike Powers (OUSW(C)).
- **Interagency Collaboration & Processes:** Specialized technical deep-dives tackled systemic modernization friction points. For instance, a focused collaborative session on G-Invoicing (Government Invoicing) featured project leads and defense agency experts like James Chung (DON), Michael Lane (DLA), and Maxwell Walens (DLA) targeting standardized, compliant cross-agency transactions.



- **Digital Innovation and Data Transformation:** Breakout tracks heavily scrutinized how defense financial managers can implement artificial intelligence (AI), machine learning, and automation tools safely. These sessions, alongside contributions from David Magjuka (DON Director of Digital and Data Transformation), Melissa Blakesly (DAF) and Eddie Lewis III (SAF/FMI), discussed the imperative of data ethics frameworks while leveraging advanced analytics simulations.

Key Participants and Speakers

The 2026 PDI brought together a prominent lineup of military leaders, Senior Executive Service (SES) members, and industry thought leaders, including:

- **Honorable Jules W. Hurst III**, PTDO Under Secretary of Defense (Comptroller) / Chief Financial Officer
- **Honorable Michael Powers**, Deputy Under Secretary of Defense (Comptroller)
- **Honorable Dave Weinberg**, Assistant Secretary of the Air Force (FM&C)
- **Alaleh Jenkins**, Performing the Duties of the Assistant Secretary of the Navy (FM&C)
- **Susan Goodyear**, Chief Financial Officer, Defense Logistics Agency (DLA)
- **Mark Rose**, Comptroller, United States Coast Guard (USCG)
- **Rear Admiral Ben Reynolds**, Office of the Chief of Naval Operations
- **Rich Brady**, CEO of SDFM

Conclusion

The 2026 Washington Chapter PDI successfully served as a strategic forum for defense “FM Warriors.” It bridged the gap between daily operations and macro-level objectives, reinforcing accountability, advanced data tool integration, and the cross-agency partnerships essential for steering the DoW toward absolute audit remediation by 2028.

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