Business Process Standardization (BPS) Roadshow Briefing

USAFMCOM Financial Audit & Compliance

30 JAN 2018
Agenda

- The Army Road to Financial Auditability
- Benefits of an Audit
- Mission, Scope, & Objectives
- BPS Process Architecture
- Army BPS Hierarchy
- BPS Execution Timeline
- Stakeholders
- Approach to BPS
- BPS Outputs
- Army Process Portal
- Change Control
- Benefits of BPS
- Summary
- Contact Us

BPS supports the Army’s achievement of a clean audit opinion!
The Army Road to Financial Auditability

Where We Were

- Audits to date have led to disclaimer of opinion. Several material findings or what we call deal breakers were identified.

What We’re Working On

- Business Process Standardization (BPS) provides the framework necessary to accelerate Army’s auditability. This work also helps to decrease process deviations and address audit findings.

Where We are

- Army is undergoing a great challenge – full financial statement audit. Audit is changing the way we do business. Standardizing our business processes gets us closer to achieving a clean audit opinion.
Why is an audit important?  
Benefits of an Audit

- **Improves Decision Support**
  - Allows Commanders real-time and accurate view of money
  - Improves forecasting and spending oversight
  - Supports mission readiness

- **Increases Credibility**
  - Proves to Congress and taxpayers that Army can account for every dollar spent
  - Assures leadership that financial information is accurate, reliable and timely

- **Complies with Law**
  - Chief Financial Officers Act, 1990
  - National Defense Authorization Act (NDAA) mandate in 2010
  - Tone At The Top – DoD Secretary mandates full financial statement audit by 30 SEP 2017

"It is unacceptable to me that the Department of Defense cannot produce a financial statement that passes all financial audit standards." – Former DoD Secretary Leon Panetta
What are we trying to achieve?

**Mission, Scope, & Objective**

**Mission**
Optimize, standardize and improve auditability and efficiency of FM processes.

**Scope**
Seven end-to-end (E2E) business processes, across the Army General and Working Capital Funds, which trigger a financial event impacting the general ledger and financial statements.

**Objective**
Provide Army organizations with policy, guidance and support to execute repeatable, auditable and standard business processes.

**BPS Scope: Business Enterprise Architecture E2Es (Level 0)**
- Hire to Retire (H2R)
- Procure to Pay (P2P)
- Acquire to Retire (A2R)
- Order to Cash (O2C)
- Plan to Stock (P2S)
- Budget to Report (B2R)
- Environmental Liabilities (EL)
BPS Process Architecture

Hire to Retire (H2R)
- Civilian Pay
- Military Pay
- Disbursing (Cash Accountability)
- Contract Pay / Vendor Pay
- Government Purchase Card
- Supplies (MILSTRIP)
- Transportation of People & Transportation of Things
- USACE Civil Works / Army Construction

Procure to Pay (P2P)
- Acquire to Retire (A2R)
- Reimbursable Work Order-Acceptor/Grantor
- Environmental Liabilities*

Order to Cash (O2C)
- Inventory & Operating Materials & Supplies

Plan to Stock (P2S)

Budget to Report (B2R)
- Funds Receipt & Distribution Management
- Financial Statement Compilation & Reporting
- Fund Balance with Treasury

Environmental Liabilities* (EL)

* EL will be documented as a sub-process within Acquire to Retire.

* FBwT is a process within Financial Reporting but will be mapped separately.
Army BPS Hierarchy

** End-to-End (E2E) Business Process (Level 0)
** Strategic-Level
Represents the 17 E2E integrated business capabilities required to fulfill the Business Mission Areas** (including seven scoped for BPS)

** Major Process Area (Level 1)
** High-Level
Represents the system-agnostic functions within the E2E business processes, provides authority to lower levels, and are supported by law or statute

** Process Area Segment (Level 2)
** Business-Level
Represents key activities within a major process area that are system-agnostic and supported by regulations, directives, etc.

** Process or Activity (Level 3)
** Tactical-Level
Represents business flows within a process area segment that are supported by Standard Operating Procedures

** Task or Action (Level 4)
** Tactical–Level
Represents how business-specific tasks are performed by individuals and are supported by desktop-level procedures

** Business Mission Areas include: Acquire to Retire (Equipment /Real Property), Budget to Report, Contract to Pay, Cost Management, Deployment, Environmental Liabilities, Hire to Retire, Order to Cash, Market to Prospect, Plan to Stock, Procure to Pay, Proposal to Reward, Service Request to Resolution (Equipment/Facilities), and Service to Satisfaction
BPS Execution Timeline
All BPS Process Standards: 3 Years to Completion

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Priority Process Standards

Key Milestones
- ↓ Initiation
- ⬇ Workshop
- ⬇ Ready for Publication
- ⬇ Standard Complete

* These dates are subject to change

2nd Qtr 2020
Stakeholders

Collaboration with key stakeholders is critical in recommending solutions to the Army’s FM challenges.
Approach to BPS

Phase 1
Scoping

- Define project scope, roles & responsibilities, approach and deliverables
- Gather and review existing process documentation

Phase 2
Documenting

- Develop a draft end-to-end process standard and vet across enterprise
- Facilitate Department-wide working groups to develop an approved process

Phase 3
Publishing & Implementing

- Issue approved processes as policy
- Publish processes online
- Coordinate implementation to the operational level

Phase 4
Maintaining

- Stand-up a Change Control Board to maintain processes
  - Facilitate business process reengineering activities to address complex variation

Communications and Change Management Activities

- BPS Charter, briefing materials, and policy memo
- Prioritization criteria
- Inventory and analysis of existing process & controls artifacts
- Conduct “quick win” process to define outputs

Key Activities

- Identified process variations and drivers (e.g. system limitations, operating environment, policy, processes, etc.)
- Process maps, details, and PCM
- Army Process Portal
- Job aids and training, communications and change management materials

BPS will address complex variation through:
- The Corrective Action Plan Process
- Field Network Quality
- Financial Performance Assessment
- System Owners

Outputs
What is the end result?

**BPS Outputs**

USAFMCOM will conduct a series of site visits and workshops bringing together subject matter experts (SMEs) throughout the Army to document current business processes and develop standardized processes, based on best practices and auditability.

Each team will assemble the Army’s end-to-end (E2E) business process standard, to include:

- **Process Map**
  - MS Visio cross-functional flowchart

- **Process Details**
  - MS Excel document

- **Process Cycle Memo**
  - MS Word document

- **All Things Audit Content**
  - MS Word document

*Standardized processes, including maps, details, process cycle memos & additional interactive audit information, will be made accessible via the Army Process Portal.*
Army Process Portal (APP)

What is the APP?
The APP tool is designed to access the latest information on BPS and process standard documentations.

What are some key features?
- An interactive tool to help you performing your daily operations
- Access to job aids, trainings, and user procedures
- An overview of key audit fundamentals related to each process standard
- A collaboration space to share documents and ideas
- Information on how to get involved with the BPS effort or reach us with questions
- Access to the BPS meetings and workshops calendar, latest announcements, and briefings

Who has access?
The APP is available to all Soldiers, civilians, and contractors with a Common Access Card (CAC).
https://army.deps.mil/Army/cmds/USAFCOM/bps

What is coming up?
The APP is dynamic! Upcoming features include Change Control and process standards, including:
- Fund Balance with Treasury
- Civilian Pay
- Contract & Vendor Pay
- Financial Statement Compilation & Reporting
Change Control

The APP will also include a BPS Change Control section to manage any changes to process standards. Materials to assist in navigating Change Control will also be accessible.

For a new Change Request……**HIT THE BIG GREEN BUTTON**
What’s in it for you?
Benefits of BPS

Achieves & Sustains Auditability

- Improves financial management controls
- Increases accuracy of financial reporting
- Reduces internal review and audit findings
- Provides clear guidance on auditable behaviors (e.g., internal controls, supporting document and retention requirements, etc.)
- Adapts management practices that will ensure every dollar spent counts toward fielding a trained and ready force

Supports Efficient & Effective FM Operations

- Standardization across the enterprise ensures your skills become portable
- All products supporting standardized process maps, such as the high-level SOPs, checklists, on-demand videos, training guides, etc., will be integrated into the Army Process Portal, further increasing accessibility
- Updated job aids, training, and other desktop-level materials support the actual way you are doing business
- Standardized processes reduce errors causing re-work and journal vouchers
- Reduced training time and access to more virtual and on-demand training
- From the Major Process Area (Level 1) to Process or Activity (Level 3) will be documented, providing a repeatable, auditable and standard way of doing business
Summary

Key Takeaways

- Understanding of BPS Mission, Scope, & Objectives
- Understanding of importance of an audit
- Understanding what to find on the Army Process Portal
Questions
Contact Us

BPS Leadership

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Government Team POCs

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  - Civilian Pay (CIVPAY)

- Mr. John O'Dell, Team Lead
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  - Government Purchase Card (GPC)

- Ms. Rachelle Shake, Team Lead
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  - Army Process Portal
  - Process Sustainment/Improvement

Questions?
Email us for any general questions related to the BPS initiative.
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Army Process Portal

Visit us online!
https://army.deps.mil/Army/cmds/USAFMCOM/bps
Backup
FAQs (1 of 2)

1. **Who is leading the BPS effort?** DASA-FO will provide the strategic guidance and policies and USAFMCOM will conduct the tactical execution of Business Process Standardization.

2. **Is this a business process engineering effort?** Yes. The first step is to standardize current business processes based on Army best practices. As part of this process, efficiencies will be identified and documented in order to drive process improvement efforts that will be addressed after the Army reaches standardization.

3. **Where will the final process standards be stored?** Standardized process documentation will be accessible via the Army Process Portal (APP). The APP will provide the tools necessary to help the field perform daily operations and understand their impact to audit.

4. **Is this another force reduction drill?** No, we are not conducting a manpower study or tracking labor hour savings. The identified efficiencies will remain within your command. Our goal is to maximize the use of the all Army systems, standardize our processes for audit and synchronize job and training aids.

5. **Where will the BPS workshops be held?** Although we encourage in person participation, we will maximize virtual opportunities as well. The location of BPS workshops will vary, based on the most convenient location for most stakeholders.

6. **How many of my personnel are you expecting to attend the workshops?** At least one person from each operating agency. We’d like your BPS lead to be someone who knows the particular E2E within your command, and is available to support this effort through the first year of workshops.

7. **Who is going to pay for the TDY if we are required to send personnel to these workshops?** The BPS effort is focused on making the Financial Management community more efficient and auditable. We would like each command to fund TDY for their personnel, and USAFMCOM will make every effort to use virtual technologies to minimize travel costs.

8. **My command has already developed standard business processes that we feel are very effective and audit compliant. How is this effort going to leverage and not duplicate our work?** For each process standard, the BPS Team will conduct a data call to gather process documentation and identify E2E POCs. The plan is to validate and identify best practices as we establish a single standard.

9. **Who makes the final decision if there is a disagreement amongst Commands?** We anticipate there will be cases where process variations exist. The goal is to standardize the process and document any process variances that cannot be standardized. With that as an overarching guide, we should be able to resolve most issues within the workshops. Where that is not possible, and in conjunction with DASA-FO, we will provide an Issue Paper to the ASA for resolution.
FAQs (2 of 2)

10. How will this affect the contracting and logistics community?  We are focusing on standardizing the seven E2Es that impact the general ledger. This effort will engage multiple communities, including contracting and logistics experts to help us:
   - Standardize what feeds the financial events (forms, data, etc.), and
   - Address what comes out of financial events and reenters the overall business process.

11. How will this affect the sensitive activity community?  We will work with the GFEBS-SA team to standardize the E2E processes prior to fielding the system. They will be asked to participate in the general workshops, but proper accommodations will be made to address unique design requirements.

12. Didn’t we do this standardization for Audit Readiness?
   - Under the Army’s heavy lifting to prepare for audit, many valuable artifacts were developed. This included ERP systems flows, business process maps, procedures, and standard operating procedures (SOPs) at various levels.
   - These artifacts will be the starting point for this effort. We are building a holistic view of each Business Process defined by the DoD Business Enterprise Architecture (BEA).
   - As we drill down to the tactical level maps, we will tie the BEA materials to the OUSD(C) FIAR segments and to the Core Accounting Transactions.
   - Key controls and key supporting documents will be revalidated, and as this program takes hold, variations at the desk/execution levels of the Army will be reduced.
   - Reduced variation gets us to auditable sooner and may reduce the cost of those audits.