Our client, a major U.S. federal government agency, was about to face its first annual financial statement audit. The agency’s CFO wasn’t certain the finance group was ready and needed answers to questions such as: Are we processing transactions in a timely manner? Are our processes efficient and effective? Are we following applicable laws, regulations, and policies? Are our financial reporting processes rigorous? How do we make sure our people, processes, and technologies are prepared? Are we ready to sustain annual audits?

The transformed finance organization is more efficient, effective, and streamlined. A rigorous communications infrastructure and enhanced risk management and program management processes give stakeholders an in-depth view of the agency’s day-to-day operations. And the agency’s financial leaders clearly understand the audit process, and are fully prepared to engage with auditors.

In preparation for its first annual audit, our long-term federal agency client asked us to assess the overall health of its accounting and financial reporting processes. That assessment provided insights into the people performing the processes, the state of the processes, and the technology and tools the team used. It also led to a subsequent assessment of the financial group’s organization and its agreement with a separate financial services provider. The results of the two assessments made it clear to the CFO that the group needed to overhaul its processes, organization, and capabilities in order to successfully handle rigorous annual audits. So we designed a major transformation program for the agency’s finance function, and partnered with the group through every phase including a significant organizational redesign, development of new capabilities, an audit readiness evaluation, change management, and on-the-job training focused on accounting and reporting processes. Our project management of the transformation made sure the organizational changes cause minimal disruption to day-to-day accounting and finance operations.
Make transformation a priority
Transformation projects require the support and active involvement of senior leaders. To be successful, they must have an adequate budget, realistic schedule, clearly defined criteria, and a dedicated and accountable project management team. To pre-empt and manage employee concerns and pushback, leaders need to communicate clearly and transparently.

Use external resources, but lead internally
External contractors who specialize in reorganizations can support the project, but the effort won’t succeed without internal accountability, belief in the goals of the transformation, ownership, and active participation from employees and leaders. Knowledge transfer, documentation of lessons learned, and recommendations that extend beyond the project are imperative.

Tie transformational goals to business goals
The goals of the transformation should be defined and linked to specific business goals.

Leaders must sustain the change
Transformation is a long-term commitment. It may take years to fully achieve the performance objectives of the change. Leaders should demonstrate continuous commitment with their involvement throughout the process.