



# Driving Organizational Transformation through the Lens of Finance & Accounting

GOVERNMENT CONTRACTING ADVISORY

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# About SC&H Group


SC&H Group is a nationally recognized management consulting, audit, and tax firm that serves clients ranging from rapidly growing startups to Fortune 500 companies with global brands. The firm's strategic practices provide leading-edge thinking and advice that transform our clients' businesses and help them outpace the competition.

Few industries are transforming and evolving like the government contracting landscape over the past three years. Contractors must remain agile to ensure compliance within an ever-changing regulatory environment, and SC&H's cross-disciplinary team of government contracting experts are well-positioned to offer valuable operational, financial, and strategic solutions tailored to the unique needs of this market. Our thought leaders possess extensive knowledge of the regulations and standards affecting prime contractors and subcontractors, and help organizations to maintain compliance while meeting growth and profitability goals.

## We provide the following services to the Government Contracting industry:

 Accounting and Finance Advisory

 Financial Planning and Analysis

 Technology Advisory

 Close Consolidation and Reporting

 BI and Data Analytics

*We help federal-sector companies embrace the future and prepare, innovate, and evolve their businesses in this highly complex and competitive world. SC&H Group is committed to delivering powerful minds, passionate teams, and proven results on each and every engagement.*

# Why Partner with SC&H Group?

## Financial Transformation for Lean Operational Accounting and Finance Departments

Accounting and finance in the government contracting space is typically characterized by complex government contract requirements, numerous manual processes, disparate systems, and outdated technology. As a result of abundant M&A activity in recent years, many of these processes have become lengthy and error-prone, including those necessary to prepare consolidated financials, data reconciliations, and forecast updates.

SC&H assists organizations in improving their decision-making through business process improvement and Enterprise Performance Management implementation services. Our consulting group features seasoned professionals who have spent the majority of their careers providing services in business process improvement around the budgeting/planning, financial close, consolidation, and reporting processes, with particular specialization in finance and accounting process reengineering and software implementations.

We have successfully reviewed, assessed, and designed enterprise-wide planning and financial reporting processes geared to lead these organizations through the murky waters many government contractors find themselves navigating.



**Financial Transformation:** The road to transformation in finance and accounting has its fair share of land mines, many of them quite expensive in terms of money, time, and employee morale. In order to most effectively transform, government contractors, much like other industries, need to solidify their business strategy first, then determine which solutions are imperative to realize its goals. With the advent of cloud technology and the current administration's focus on innovating government processes and systems, government contractors need to focus on transforming the offices of finance and accounting—specifically close consolidation, budgeting, forecasting, account reconciliation, tax reporting, allocations, and indirect rates.



**Evolving Accounting and Finance Nuances:** The recent ASC 606 and Lease Standards from FASB have had a huge effect on contractor accounting. Essentially, these regulations standardize revenue recognition across industries, which means increased accounting complexity for organizations that work on purchase- and invoice-heavy federal contracts. SC&H's advisors can help you manage these new regulations and ensure 100% compliance with ASC 606 and other evolving requirements.



**M&A Strategy:** Mergers and acquisitions have risen across every industry in the last five years, and the federal services sector is no exception. These processes require long-term audits and advising in order to iron out the complex supply chains, regulations, and invoicing that results when two or more large companies join together. SC&H has helped many clients, including federal contractors, navigate the M&A process, often finding unclaimed profits or repeat invoices. Our full-scale post-M&A audits can also provide a much-needed blueprint for the newly formed business's suppliers, workflows, and regulatory requirements.

# Creating an Enterprise-Wide Foundation in Oracle EPM Cloud for Government Contractors

With the help of the Oracle Cloud platform, government contractors can streamline their data collection, consolidation, and reconciliation efforts across the organization.

## ➤ Close Consolidation Systems

Implementing a new close and consolidation system for a government contractor typically involves integrating multiple ledger systems, top side journal entries, intercompany eliminations, and input of roll-forward information. Oracle Cloud excels at integrating separate ledger systems to create one centralized, consolidated book of record, with the flexibility to produce legal and segment views of the company at the click of a button. Its workflow and close management capabilities also provide broad insight into the status of the close, enabling the accounting teams to identify bottlenecks and rectify the problem areas, reducing the time to close.

## ➤ Enterprise Planning Systems

Creating new budgeting and forecasting processes can be complicated, particularly when producing indirect rates. The most effective enterprise planning systems are implemented using a two-phased approach shown below, allowing for quick stand-up and a streamlined end-user adoption of the new system.

### PHASE 1 Enterprise Planning

This involves project- or contract-level planning, providing users with the following capabilities:

- Multiple project types—ie. cost-plus, time and material, and fixed price contracts)
- Report on a PSR view of a project
- Ability for end users to plan for labor costs, other direct project costs, and fee percentages
- Calculations for indirect costs, fee, and revenue based on manually entered indirect rates

### PHASE 2 Enterprise Planning

This phase focuses on the calculation of indirect rates. This includes:

- Planning Indirect costs across various cost pools
- Allocation of corporate and other indirect costs to final cost pools
- Calculation of indirect rates based on planned indirect costs, allocated costs, and direct contract costs.

## ➤ Account Reconciliation Systems

The account reconciliation process for government contractors can be very extensive, often including hundreds, if not thousands, of reconciliations. SC&H implements Oracle's Account Reconciliation Cloud Service in a phased approach that fosters successful end-user adoption for many of our clients. The first phase involves using the tool for workflow. This offers accounting managers insight into the overall status of the reconciliation process utilizing the numerous dashboard reports in Oracle ARCS. From there, the system reconciles common accounts that are typically a balance comparison type of reconciliation (including AR and AP)—the goal is to use the data from the existing general ledger integration and from the AP and AR subsidiary ledgers to compare and complete reconciliations in the system.

## ➤ Tax Provisional Reporting Systems

As with tax departments across many industries, government contractors also deal with the pains of reconciling pre-tax income between the financial reporting and tax provision reporting. Oracle's Tax Reporting Cloud (TRCS) is a central repository for tax provisioning and reporting. TRCS supports the following key tax reporting concepts: IFRS, US-GAAP, FIN48, CbCR (BEPS), SAFT, Permanent Differences, and Temporary Differences. TRCS contains a robust set of automated features, and when used in conjunction with FCCS, our clients have been able to reduce manual reconciliation and data collection efforts, allowing tax teams to spend more time on the tax provision process and analysis of key risk areas.

## ➤ Business Intelligence & Data Analytics

With the finance and accounting foundation in place, many government contractors are striving to have quicker access to the metrics that matter most to their organization. While new measurement and tracking technologies have given executives and business stakeholders unprecedented insight into an organization's KPIs, cutting through the noise and seeing your data in an easy-to-understand and consumable format can be easier said than done. Our business intelligence and data analytics professionals work with organizations to understand what data is available, eliminate the complexities of gathering/compiling data, and streamline multiple data sources into a single, unified story that answers their most pressing needs. The ability to turn data into visual, interactive reports provides actionable intelligence.



## ***A Team-Based Approach that's Built for Creativity and Success***

When you engage with SC&H, you engage with our entire team. Our experts work together across projects to ensure knowledge-share and optimal strategy. And that same camaraderie extends to our client's teams. We see our clients as true partners, and are eager to build on your strengths and institutional knowledge. Every member of our practice regularly rolls up their sleeves, works as a team, and gets the job done.

Our rejection of the “lone wolf” approach endured by most professionals at other consulting firms is born from an organic approach to hiring and building from within—we place a premium on the continuing education, training, and development of our professionals with the goal of retention and camaraderie.

This approach has significant business benefits, as well. It allows us to enact continuous collaboration for knowledge-sharing across Oracle-Hyperion products and client industries. And it separates SC&H from other implementers of these products because we don't distinguish between technical and functional consultants. Our consultants are Oracle-Hyperion EPM experts as wells business process improvement specialists—this unique combination is essential to delivering a phenomenal client experience.



# Don't Take It From Us, Take It From Our Clients

Every government contracting team member, regardless of service line, delivers candid, objective advice to address business, regulatory, and accounting issues before they become problematic.



## Our Thought Leadership Yields Optimal Strategies for Success

Our commitment to industry research and timely news allows us to deliver immediate updates on legislative developments and accounting changes, and gives us an objective perspective for strategic decision-making. Our specialists communicate timely information through webinars, blog posts, whitepapers, and videos to stay on the pulse of the industry and provide organizations with the latest and greatest in best practices for the government contracting space. Some of our recent thought-leadership pieces relevant to federal-sector work include:

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*Upgrading to Oracle's EPBCS – Quick Tour for Government Contractors*

**BLOG**

*Best-In-Class Planning & Forecasting for Government Contractors*

**WEBINAR**

*Utilizing Oracle's PBCS to Build Your Project Level AOP and Automate a Fully-Burdened P&L*

**BLOG**

*Oracle's Enterprise Planning & Budgeting Cloud Service is FedRAMP Authorized*

**BLOG/NEWS RELEASE**

*Revenue Recognition for the Government Contracting Industry*

**BLOG**

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# Your Go-to Resources for GovCon Consulting

SC&H's Government Contracting Advisory Team is a group of innovative thought leaders with a history of assisting government contractors achieve their strategic objectives. Our experts support clients' evolving needs through the review and evaluation of important financial and contracting areas to identify opportunities for improved profitability, planning and forecasting, dashboard reporting, revenue, cost recovery, and cash flow.

Simply stated, our government contracting expertise and understanding of this industry's unique needs have prepared us to help you succeed. Whether your goals involve implementing real-time dashboard reporting, closing the books quicker, forecasting with greater accuracy, or adhering to the ever-changing compliance standards, we can get you there.



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