



Driving Organizational Transformation through the Lens of Finance & Accounting

GOVERNMENT CONTRACTING ADVISORY

Financial Transformation for Lean Operational Accounting and Finance Departments

Why Partner With SC&H Group?

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typically characterized by complex government contract requirements, numerous manual processes, disparate systems, and outdated technology.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 for Government Contractors

With the help of best-in-class enterprise solutions, government contractors can streamline their data collection, consolidation, reconciliation, and reporting efforts across the organization. Creating an enterprise solution provides a simple, centralized framework for all of the accounting and finance needs across the following systems:

➤ Close Consolidation Systems

The close consolidation system at any government contractor serves as the foundational system of record for global consolidation and externally reported financials.

Due to the volume of mergers and acquisitions in the industry, government contractors require a close consolidation system that seamlessly integrates multiple ledger systems and provides the ability to report companywide financials fully eliminated and inclusive of complex equity arrangements. Pro forma financial analysis and ability to integrate business segments into legal reporting are some of the common areas that SC&H has developed industry best-practices for.

This foundational system must also allow for transparency and audit compliance related to data changes, journal adjustment, calculations, and segregation of duties, as well as provide status tracking of close activities to identify bottlenecks and reduce the time to close.



► Enterprise Planning Systems

The Enterprise Planning System is where forward looking forecasts and budgets are used to manage companywide profitability through direct project planning and indirect expense planning. A best in class enterprise planning solution allows for direct project planning of multiple projects types, including the calculation of indirect cost burdens at the project level to assess each project's profitability.

Additionally, indirect expense planning across key overhead and G&A functions should align with externally disclosed cost pools. In our experience, the ability to quickly and accurately forecast indirect expenses, while tracking indirect costs by pools, has had significant impact on overall companywide profitability and sets the foundation for indirect rate modeling in a systematic way.

The combination of direct project planning and indirect expense planning can be brought together to model indirect rates through the buildup of cost pools and detailed allocations of corporate and service center costs. A best in class enterprise planning system provides the ability to seamlessly and effortlessly model changes to cost pool structures and allocation bases to see the overall impact on indirect rates and companywide profitability, as well as support variance analysis on provisional versus actual rates.

Based on SC&H's years of experience leading financial transformations for government contractors, we have found that a two phase approach to implementing a new enterprise planning system has been most successful for large organizations.

PHASE 1

Direct Project, Indirect Expense and Workforce Planning

- Direct project planning including labor, ODC's and indirect cost burdening for multiple project types
- Financial statement and fully burdened project reporting
- Ability to support performing and owning data collection and reporting
- Planning indirect costs across cost pools that align with external disclosure statements
- Workforce planning by direct contract and indirect function

PHASE 2

Indirect Rates Modeling

- Automatic buildup of pool cost and pool base using details from the planning processes developed in Phase 1
- Detailed waterfall allocation of fringe, other corporate cost, overhead, and service center cost to end state cost pools
- Calculation of indirect rates in final cost pools based on planned indirect costs, allocated costs, and direct contract costs
- Automated generation of Forward Pricing Rate package for compliance submissions

➤ Account Reconciliation Systems

The account reconciliation process for government contractors can be very extensive, often including hundreds, if not thousands, of reconciliations. A best in class account reconciliations system reduce reliance on Excel and manual processes by allowing for direct integration of general ledger and sub ledger data, defining business rules for reconciliations by account, and automating the reconciliation process were possible, all while providing insight into the status of the process.

In order to support complete user adoption, SC&H has found that a three phased approach to the implementation of account reconciliation works best:

PHASE 1: Tracking Only

- Useful if no current account reconciliation system is in place
- Supporting reconciliation worksheets can be uploaded for tracking
- Enables workflow for tracking of the reconciliation process

PHASE 2: Reconciliation Compliance

- Enhances the system with source system data integration and reconciliation of key accounts
- Provide end-users the ability to enter key reconciling items directly in the system and eliminate the need for manual spreadsheets
- Integration typically includes the general ledger, sub ledger, and other external data required for reconciliations
- Supports pre-built amortization and accretion schedules as well as aging calculations

PHASE 3: Transaction Matching

- Enhances the system with transactional detail from source systems for specific accounts
- Auto matches transactions based on criteria such as amount, date, description, or invoice id
- Enables suggested matches or allows for manual matching and adjustments

➤ 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. With emerging technologies like Robotic Process Automation (RPA) and Artificial Intelligence (AI), organizations are starting to realize the power of automating not only manually intensive and repetitive tasks, but providing AI-based insights for complex business processes to focus on higher-value work while increasing organizational efficiency.

Leveraging tools like RPA and AI will allow government contractors to empower their people to spend more time on higher-value priorities, and less of the day-to-day minutia, to solve business challenges. With all of these advancements at your fingertips, the ability to leverage modern technologies and turn data into visual, interactive reports ultimately provides actionable intelligence that management teams can rely on to make decisions efficiently.



A Team–Based Approach 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 implementation partners 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.

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



Business Intelligence (BI) and Data Analytics

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:

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

Accounting & Finance Best Practices in GovCon Whiteboard Strategy Series

VIDEO

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.

To learn more about how Government Contracting can help your company, or to ask any questions you may have, [please contact our team](#) for assistance.

