

**SPACE & NAVAL WARFARE SYSTEMS COMMAND (SPAWAR) COMPTROLLER
PERFORMANCE WORK STATEMENT (PWS)
Financial Improvement Program (FIP)
30 September 2008**

1.0 INTRODUCTION

The Department of Defense has refined its audit strategy for Financial Improvement and Audit Readiness Plan (FIAR) to focus on the business processes or 'segments' that underlie the amounts reported on the financial statements, and recognizes that financial statement audibility and the correction of deficiencies for many business processes must be tied to implementation of Enterprise Resource Planning (ERP) systems. New business rules for preparing and evaluating a segment continue the process for examining operations; diagnosing and correcting problems; and reaching audit readiness. However, after discovery and correction have been completed, the business rules now call for an independent validation of segment improvements with an emphasis on sustainment. Financial improvements are sustained through an evaluation of continued audit readiness rather than by examination engagements.

For the Department of the Navy (DoN) General Fund (GF), the Financial Improvement Program (FIP) uses an approach that minimizes risk, preserves resources, eliminates duplicative work, and standardizes workflows. A single or limited number of GF commands are assigned responsibility for documenting and correcting deficiencies and improving internal controls for specific end-to-end business process segments. The assigned command(s) collaboratively standardize the relevant business processes and share the results with other commands. The Navy ERP system, being implemented in phases across all commands, will facilitate business process reengineering by standardizing data for acquisition, financial, and logistics operations and eliminate many legacy systems. Through application of industry best practices and processes predefined in the ERP software, Navy organizations will be able to leverage proven practices and procedures.

SPAWAR GF FIP responsibilities include (1) Discovery and correction of financial segments as identified in paragraph 2.0 of the PWS, identifying weaknesses and deficiencies, recommending and implementing corrective actions, and preparing required documentation; (2) Preparing for segment assertion; (3) Performing audit readiness sustainment by conducting annual verifications using OMB Circular A-123, Appendix A as guidance; and (4) and supporting Navy Financial Statement Assertion efforts.

This acquisition is a new FIP contract effort that includes FIP discovery and documenting of business processes, and evaluating and testing of controls after Navy ERP implementation at SPAWAR. The acquisition will be executed as CLIN/SLIN options with a base and four option 12-month periods, and is subject to funding constraints of ASN(FM&C) provided financial resources.

2.0 SCOPE OF WORK

In order to satisfy DoN FIP requirements, the contractor shall assist the SPAWAR Comptroller in continued discovery, testing, and validation efforts that acquire audit readiness validation for ASN(FM&C) assigned financial segments. Contractor performance will include preparing and completing in-depth analysis of command level financial statements, collaborating with other Navy systems commands in assessing and testing the Navy ERP system and related processes for adequate controls, conducting root cause analysis, implementing local process improvements, recommending Navy wide solutions to ASN(FM&C) for consideration, and preparing required auditable supporting documentation.

Segments for Discovery, Correction and Validation include but are not limited to:

- Acquire to Retire/Dispose – Asset Management
- Budget to Authorize – Financial Funds Distributed
- Plan to Pay – Supply Chain Management and Order Fulfillment
- Pay our People – Workforce Management
- Plan to Perform – Navy Program and Project Management
- Post to Report – Financial Posting and Closing

Contractor requirements will include the tasks defined in the paragraphs that follow.

3.0 REQUIREMENTS, PERFORMANCE STANDARDS, AND DELIVERABLES

3.1 Command FIP Execution and Command Financial Statements

- 3.1.1 Requirement. Contractor shall support SPAWAR and its PEOs by preparing command level financial statements using the SPAWAR or ASN(FM&C) designated software application, assessing financial statement line item and segment deficiencies through the review of applicable processes and systems, executing and maintaining a current SPAWAR FIP POA&M, representing the command in FIP related matters, providing training to SPAWAR and its PEO personnel, maintaining metrics that adequately measure findings and progress status, and reporting progress status.

3.1.2 Performance Objectives and Standards

3.1.2.1 Objective: Develop and execute the SPAWAR FIP, reassessing and recommending changes for SPAWAR consideration that will improve processes and systems, satisfy regulatory and policy compliance, and that result in complete and accurate financial statements. The Command FIP shall include program objectives, technology, milestones, timelines, prioritized material deficiencies with corrective action plans, completion status of action items validation schedule, pre-audit validation readiness, validation completion, rework, and other pertinent aspects. The Command FIP will be maintained on the SPAWAR share drive in an electronic database as approved by SPAWAR.

Requirement(s): (1) Command FIP is due the fifteenth (15th) calendar day of each month or as driven by ASN (FM&C) requirements. (2) Command FIP database shall be maintained at the customer site with a monthly update deliverable.

Standard: (1) SPAWAR Command FIP execution meets SPAWAR established and ASN(FM&C) published due dates. (2) Command FIP is comprehensive, clearly articulates action plans for resolving identified deficiencies, provides measurable steps and completion dates, and sufficiently addresses risks. (3) Line item and segment deficiencies that have a material impact on financial statements and associated risks are identified during initial discovery review. (4) Quality of plan changes result in positive outcomes, such as meeting objectives and timelines. (5) Command FIP facilitates reporting to ASN(FM&C) via the DoN FIP Web Tool and is updated to the customer site on a monthly basis or as required by SPAWAR.

3.1.2.2 Objective: Prepare Quarterly General Fund Financial Statements using the SPAWAR or ASN(FM&C) designated software application and applicable existing data, reports, and tools such as general ledgers, crosswalks, flow charts, DFAS and SPAWAR manual inputs (such as Defense Departmental Reporting System-Data Collection Module (DDRS-DCM), CAMS-ME, manual journal vouchers, etc.)), and newly developed DoN processes and procedures. Financial Statements shall be prepared at the command level and at the SPAWAR component level, and be fully supported with ample documentation at the detail line item level. Statements at the component level shall be equal to SPAWAR funding major claimant codes.

Requirement(s): (1) Quarterly Financial Statements are due 15 workdays after accounting month-end close or as required by ASN(FM&C). (2) The Financial Statement Database shall be maintained at the customer site with monthly updates.

Standard: (1) Provide Quarterly Financial Statements including but not limited to Balance Sheets and Statement of Budgetary Resources at the command and component level. (2) Trial Balances are collected for each SPAWAR Component /appropriation/fiscal year/sub-general ledger account. (3) Financial Statements are delivered to SPAWAR meeting prescribed due date. (4) Financial Statements are provided in hard and soft copies using SPAWAR designated software application.

- 3.1.2.3 Objective: Attend meetings and coordinate with other entities within SPAWAR and its PEOs, DoD, DoN and other federal agencies.

Requirement(s): Meeting and Coordination Reports shall provide narrative summary, resulting action item requirements, and proposed recommendations when applicable. Reports due within five days of event.

Standard: (1) Results of meetings and coordination efforts are verbally communicated to SPAWAR within one day of event and written report is delivered within 5 days. (2) Written report is concise, identifies resulting requirements, and proposes recommendations when applicable.

- 3.1.2.4 Objective: Provide training to SPAWAR and its PEO financial communities as the Command FIP Trainer, participating in ASN(FM&C) sponsored training.

Requirement(s): Training Material content to be determined. Materials due to SPAWAR by established due dates.

Standard: (1) SPAWAR Command FIP Training Programs are delivered within established timelines. (2) Training materials are complete in policy and application content.

- 3.1.2.5 Objective: Maintain metrics that enable complete reporting of FIP progress status for applicable financial segments and financial statement line items as of business month-end and report SPAWAR Monthly Status reporting and Quarterly Program Review Brief requirements.

Requirement(s): Contractor shall maintain a metric database that enables complete reporting of SPAWAR FIP status and progress. Metric data at a minimum shall be comprehensive, clearly articulate POA&M results, identify problems that hinder intended progress, remedial recommendations, and lessons learned. Monthly and Quarterly Reports shall include established targeted goals, current status, percentage of completion, issues identified, lessons learned, and other elements as agreed to by SPAWAR. Metric reports shall include data elements set forth in contractor proposal and agreed to by SPAWAR. Report due by tenth workday of each month.

Standard: (1) Monthly Status report and Quarterly Program Review Brief are complete, provide clear representation of status and progress, identify risks/problems, and provide recommendations and lessons learned. (2) Monthly Status reporting and Quarterly Program Review Brief are delivered meeting prescribed due dates. (3) Metric reporting is provided in hard and soft copies using Microsoft applications as agreed to by SPAWAR.

- 3.1.2.6 Objective: Draft and deliver ad hoc briefing materials for communicating to DoN and SPAWAR management and its financial communities based on specific details communicated by SPAWAR.

Requirement(s): Briefing materials due by mutually agreed to due dates.

Standard: (1) Briefing materials are delivered meeting established due dates. (2) Content of brief is complete and communicates intended message.

3.2 Discovery and Correction of SPAWAR Financial Statement Line Items and Segments

- 3.2.1 Requirement. Contractor shall perform discovery of deficiencies that impede “clean” financial statements through review of system(s) and compilation of documentation that identifies internal controls, business processes and procedures, information systems, transaction detail, evidential matter including balance verification and source documentation, and resolutions to known deficiencies. Contractor efforts shall result in a Command FIP Validation Package for each assigned financial segment or statement line item ensuring audit readiness, in accordance with the latest DoN FIP Validation Package Reference Guidance. Additionally, closeout and reconciliation of detail transactions shall result in FIP Data Correction Packages.

3.2.2 Performance Objectives and Standards

3.2.2.1 Objective: Prepare FIP Data Correction Packages that are based on in-depth analysis of financial segment or financial statement line item related business transactions, and deliver to SPAWAR for review and processing. Packages shall identify corrective accounting adjustments and be supported with adequate documentation such as source documents and applicable accounting and disbursing system history reports.

Requirement(s): The contractor shall provide FIP Data Correction Packages to SPAWAR within SPAWAR established due dates, at a minimum.

Standard: Results of FIP Data Correction Packages are complete and identify appropriate corrective solutions.

3.2.2.2 Objective: Conduct root cause analyses, identify sources of inflow, and propose solutions for remedial consideration.

Requirement(s): The contractor shall lead, facilitate, and participate in Lean Six Sigma (LSS) events as directed by SPAWAR, provide root cause analysis results and recommendations in LSS formats or issue papers, and shall include but not be limited to providing background information, defining the issues and risk impacts, and making recommendations. LSS and issue papers are coordinated and communicated with SPAWAR for review and approval, and documented results are due to SPAWAR by mutually established due dates.

Standard: (1) Sources of inflow are identified, fully documented, and corrective solutions are proposed as applicable. (2) Prescribed due dates are met.

3.2.2.3 Objective: Prepare complete audit ready validation packages based on in-depth review of financial segments and financial statement line items, associated general ledger account balances and detail business transactions, and related business processes and systems. Packages shall include identified internal control deficiencies (known/new) and associated risks as they impact on audit compliance, and corrective solutions for material deficiencies.

Requirement(s): The contractor shall provide Audit Ready Validation Package(s) for each of the assigned SPAWAR financial segments and financial statement line items. Packages shall be prepared in accordance with latest ASN(FM&C) issued DoN FIP Validation Package Reference Guidance. Interim monthly packages are required until final Audit Ready Validation Package is delivered to SPAWAR for preliminary review and submission to ASN(FM&C). Interim monthly packages are due by the fifth workday of the month. Other status and success measures will be established as required by SPAWAR and ASN(FM&C).

Standard: (1) Validation package is sufficiently comprehensive with rework limited to one to five minor incidents for satisfying audit readiness criteria. (2) Validation packages submitted to SPAWAR meet assigned due dates.

- 3.2.2.4 Objective: Develop a plan for testing internal controls over financial reporting that meet the guidelines provided in OMB Circular A-123, Appendix A, and execute the SPAWAR approved testing plan.

Requirement(s): The contractor shall develop an approach for testing the adequacy and completeness of internal controls in accordance with OMB Circular A-123, Appendix A for SPAWAR consideration and approval. The contractor shall execute the approved SPAWAR test plan, identifying deficiencies and corrective solutions and reporting results in accordance with established SPAWAR and DoN policies and timelines.

Standard: Testing results of internal controls related to financial reporting are sufficiently complete with rework limited to one to five minor incidents for satisfying audit readiness criteria. (2) Written report is concise, identifies deficiencies, and proposes viable corrective solutions. (3) Testing Results Report submitted to SPAWAR meet assigned due dates.

- 3.2.2.5 Objective: Coordinate initial review of SPAWAR approved audit ready validation packages with ASN(FM&C) designated personnel as directed by SPAWAR, and communicate finding results to SPAWAR.

Requirement(s): The contractor shall provide written report within five days of completing review with ASN(FM&C).

Standard: Results of Validation Package review with ASN(FM&C) are verbally communicated to SPAWAR within one day of completing review and written report within five days. (2) Written report is concise, identifies resulting requirements, and proposes recommendations.

- 4.0 ELECTRONIC SUBMISSIONS IN CONTRACT EXECUTION: Contract requirements will be provided in ASN(FM&C) and SPAWAR designated standard and contractor proposed formats as applicable and prepared using Microsoft Office software applications as agreed to by SPAWAR. Shared DoD and DoN documentation will be acquired from DoD and DoN applicable sources such as databases and websites. Contractor deliverables shall be stored on the SPAWAR Comptroller Network Share Drive or the Intranet Resource Allocation Planning System (iRAPS), as designated by SPAWAR.
- 5.0 PLACE OF PERFORMANCE: Contractor will provide services from contractor site located within a 30-minute commute-time to client site location. Response time availability is essential for responding to higher-level ad hoc inquiries and data calls.
- 6.0 GOVERNMENT FURNISHED INFORMATION: SPAWAR will facilitate access to the necessary systems, data information, and personnel to enable the contractor to complete tasks. When access to systems is delayed, SPAWAR will provide applicable data to contractor via electronic means. Systems and related FIP related website are identified in Appendix A.
- 7.0 GOVERNMENT OWNED DATA, DOCUMENTATION, AND DATABASES: All acquired data documentation and associated databases are the property of SPAWAR and shall be turned over to the government by the contractor prior to contract expiration.
- 8.0 SECURITY: Performance of this work requires a confidential level security clearance, DOD Common Access Card (CAC) for accessing DOD financial systems, and involves the review of sensitive financial data.

The contractor will accomplish the following minimum requirements in support of the SPAWAR HQ Operations Security (OPSEC) Program: the contractor shall document items of critical information applicable to contractor operations involving information on or relate to the PWS/SOO/SOW. Contractor is responsible to adequately protect government designated critical information, and to determine meeting requirements outlined in the OPSEC attachment. All OPSEC requirements must be passed to all subcontractors.

- 9.0 TRAVEL – Minimal travel may be required in the performance of these tasks. Specific travel requirements shall be approved by SPAWAR. SPAWAR will provide advance notice when doable, to minimize associated cost.
- 10.0 NAVY MARINE CORPS INTRANET (NMCI): The nature of these tasks do not require contractor to procure NMCI seats for personnel working at the contractor site.

APPENDIX A – LIST OF MAJOR SYSTEMS AND RELATED FIP WEBSITE

STANDARD ACCOUNTING AND REPORTING SYSTEM – HEADQUARTERS
CLAIMANT MODULE (STARS-HCM)

STARS One Pay (STARS/OP)

STARS Field Level (STARS/FL)

STARS Financial Departmental Reporting/Major Command Reporting
(STARS/FDR/MCR)

Mechanization of Contract Administration Services (MOCAS)

Defense Cash Accountability System (DCAS)

Defense Departmental Reporting System-Data Collection Module (DDRS–DCM)

Defense Departmental Reporting System-Audited Financial System (DDRS-AFS)

Capital Asset Management System-Military Equipment (CAMS-ME)

Defense Civilian Pay System (DCPS)

Defense Travel System (DTS)

Defense Property Accounting System (DPAS)

DoN Financial Improvement Program (FIP) Management Tool,
http://endeavor.hq.navy.mil/fip/form_login.cfm