



Financial transformation in the Federal space

Accelerate and optimize financial processes with modern technology

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Introduction

In today's digital era, technology plays a pivotal role in delivering tech-enabled transformation to Federal agencies' **operational** and **financial reporting** processes. A successful financial transformation should leverage data and technology to derive actionable insights; and implementing a holistic approach addressing **policies, procedures, functions, internal controls, change management** and **emerging technology** cohesively. By leveraging these key elements, Federal agencies can significantly improve Federal program performance and financial reporting, drive regulatory compliance, and facilitate **data-informed decision-making**. KPMG and OneStream collaboratively deliver thorough services and solutions, encompassing the design, development, testing, implementation, execution, and sustainment of operational and financial transformation for Federal agencies.



Challenges in Federal financial transformation





Complex and fragmented systems

The Federal government often has a complex and fragmented information technology (IT) landscape, with multiple legacy systems and disparate data sources. Integrating and consolidating these systems to create a unified financial platform can be a significant challenge.



Change management and workforce readiness

Finance transformation initiatives require changes to processes, roles, and responsibilities, which can lead to resistance and organizational challenges. Navigating change management and ensuring workforce readiness is crucial to successfully implementing finance transformation initiatives.



Compliance and regulatory requirements

The Federal government is subject to numerous compliance and regulatory requirements, with specific accounting, budgeting, and reporting standards. Ensuring that financial transformation initiatives align with these requirements and implementing robust controls can be significant investment.



Interoperability and system integration

Software vendors are promoting cloud-first in finance transformation roadmaps. This approach is making integration of financial solutions with other enterprise systems, such as human resources, procurement, and supply chain management, more, not less, complex. Achieving interoperability while maintaining data consistency and process efficiency is a significant challenge.



Budget constraints

The Federal government often operates under constrained budgets. Funding limitations can hinder the adoption of modern technologies and capabilities required for financial transformation. Prioritizing investments and securing adequate funding becomes crucial.



Legacy mindset and cultural transformation

Finance transformation goes beyond technology and requires a shift in mindset and culture of data literacy. Overcoming resistance from stakeholders who are accustomed to traditional manual processes and embracing a data-driven and technology-enabled approach can be challenging.



Data quality and integrity

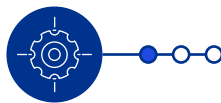
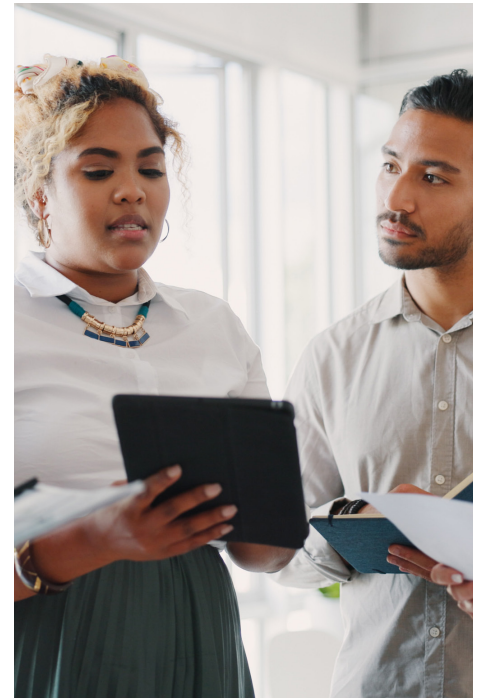
Large volumes of financial data are generated in the Federal government, making data quality and data integrity challenging to achieve. Data inconsistencies, duplication, and errors in data entry are common factors contributing to this challenging environment. Establishing data governance processes and implementing data validation strategies are vital.

Trends in financial transformation



Generative artificial intelligence (GenAI), BPM, CPM, data analytics, and visualization tools are all key technologies that can enable Federal end-to-end processes and provide valuable information in a simple and effective manner to support data-driven decision-making. By strategically designing and developing **a framework that seamlessly integrates with the agency's existing Enterprise Resource Planning (ERP) system**, Federal agencies can fully leverage benefits of technology. This framework enables agencies to harness the power of **GenAI** for intelligent automation, utilize BPM applications like ServiceNow for efficient workflow management, leverage CPM applications like OneStream for effective strategic planning and performance management, utilize data analytics for in-depth data analysis, and employ visualization tools for clear and intuitive data presentation.

This integrated approach empowers agencies to optimize their operations, improve efficiency, and make informed decisions based on accurate and timely information. By combining the capabilities of these technologies, Federal agencies can foster a data-driven culture and achieve greater transparency and accountability, to fulfill their responsibilities to the public.



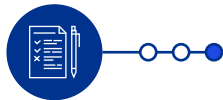
Trend is GenAI

Federal agencies are starting to employ GenAI to understand and process information, enable data-informed decisions, and streamline operations. GenAI helps enable Federal agencies to automate routine tasks, reducing manual effort, and freeing up resources for more complex and critical tasks.



Financial technology for the next three years

As Federal agencies, progress towards establishing and improving their current ERP systems and decommissioning legacy systems, they are also engaging in end-to-end business process re-engineering to address Federal program functional needs and embracing technological advancements to drive operational and financial transformation. Federal agencies acknowledge the importance of investing in data quality and management. They understand that reliable and accurate data is crucial for informed decision-making, efficient operations, and effective governance. Investing in data quality involves implementing processes and technologies for data integrity. This includes data cleaning, validation, establishing data governance frameworks to define roles, responsibilities, and standards for data management across the agency.



Upcoming Federal regulatory guidance and mandates

Federal laws and regulations are constantly evolving to adapt to the advancements in modern technology, aiming to enhance accountability and transparency for taxpayers. It is essential for Federal agencies to modify their processes and reporting to ensure compliance with all Federal regulatory requirements. These requirements encompass acts such as the Federal Financial Management Improvement Act, Federal Managers' Financial Integrity Act, appropriation acts, Antideficiency Act, Debt Collection Improvement Act, Prompt Pay Act, and DATA Act, among others. In addition to complying with laws and regulations enacted by Congress, Federal agencies must also adhere to guidelines issued by key Federal regulatory bodies, including Government Accountability Office, OMB, Federal Accounting Standards Advisory Board (FASAB), Treasury, and other relevant Federal mandates. Meeting these regulatory requirements and guidelines is vital for promoting accurate financial management, ensuring accountability, encouraging data transparency, and optimizing operational efficiency within Federal agencies. It is paramount for agencies to remain well-informed about evolving requirements and guidelines to maintain compliance and effectively support Federal missions and data-informed decision-making. Recent examples of changes in Federal regulatory requirements include the issuance of new lease guidance by the FASAB, which is effective for FY24, and the Treasury's G-Invoicing mandate, which aims to streamline the processing of intragovernmental buy-and-sell transactions.

What is the value to Federal clients?



OneStream has made a significant entry into the Federal sector

OneStream provides a robust framework that supports planning, programming, budgeting, and execution; financial reporting; data management; and analytics. OneStream is designed to empower various Federal use cases, delivering advanced capabilities through software deployments to agencies, which has the potential to revolutionize and optimize the financial management process by improving decision-making capabilities and driving business efficiency.

By providing a unified and comprehensive view of budgetary and financial data across the agency, OneStream enables fact-based decision-making and streamlining of operations to be more effective. Tangible benefits our approach include:

Key value enablers

Unified Financial Management



Integration enables the agency to consolidate financial data and processes, providing a single source of truth for financial reporting, planning, and analysis. This unified approach improves data accuracy, consistency, and reliability across the organization.

Optimized Planning and Budgeting

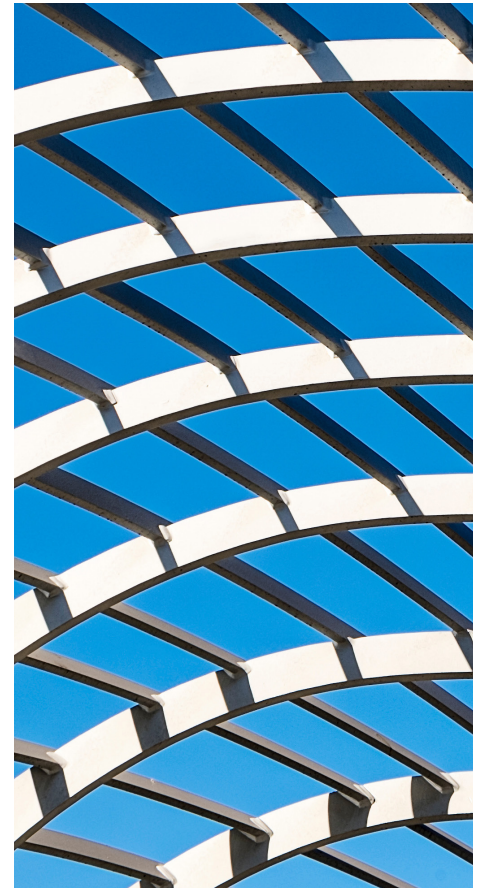


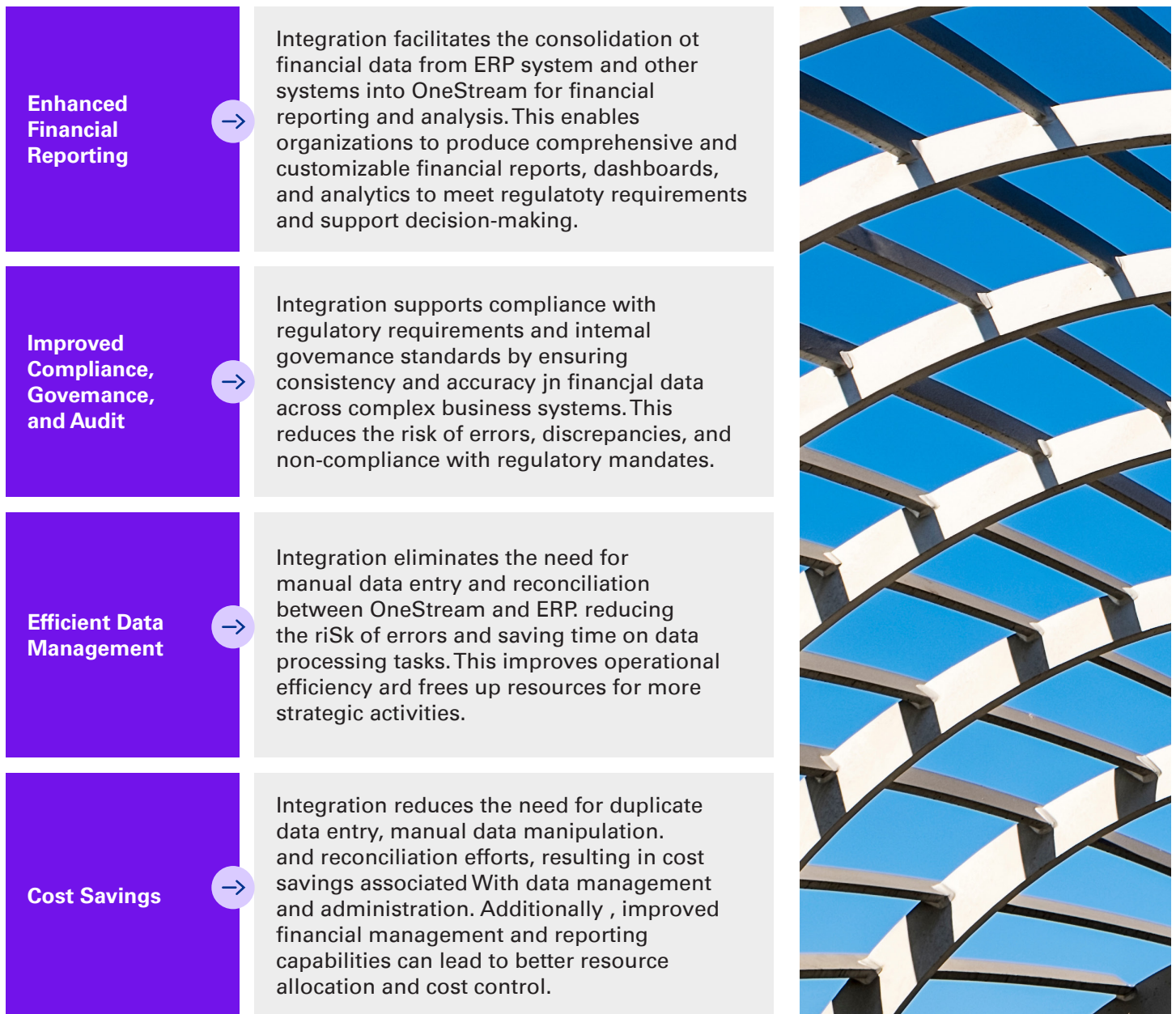
Integration enables seamless transfer of financial data between OneStream's planning and budgetary and financial data stored in the ERP system. This streamlines the planning process, improves accuracy in forecasting, and ensures alignment between financial plans, actuals, general ledger activities.

Real-time Data Visibility



Integration allows for real-time data exchange between OneStream and ERP system, providing stakeholders with up-to-date insights into financial performance, spending chain transactions, and business operations.





Key takeaways to a successful transformation

Key takeaways

KPMG serves as a valuable business integrator for Federal agencies, offering support in evaluating, guiding, and providing recommendations for addressing crucial finance digital business transformation and remediating audit issues. Our team possesses a deep institutional understanding of the fundamental Federal economic events and system requirements necessary to meet operational and financial reporting needs, including compliance with US Standard General Ledger and Federal Generally Accepted Accounting Principles requirements. With experience in Federal financial statement audits, risk management, and internal control programs, we have a thorough understanding of the risks associated with IT and how they impact both operational and financial reporting processes.

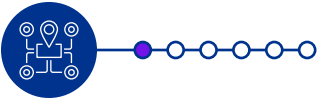


KPMG is a leading professional services contractor for the Federal government, recognized by reputable sources such as the Federal Times and Washington Technology. We play an active role in assisting Federal agencies in achieving compliance with Federal Financial Management System Requirements, as well as supporting their Enterprise Governance, Risk, and Compliance (eGRC) transformation initiatives. With over 25 years of experience in conducting financial audits for the Federal government, including 11 audits for Chief Financial Officer (CFO) Act agencies, we issue an average of 40 separate Federal audit reports annually.



KPMG provides support to Federal agencies in their pursuit of cultivating a skilled and inspired workforce as part of their strategic goals. Our change management approach is rooted in human-centered design (HCD), where we prioritize people and focus on creating experiences in alignment with the guidance outlined in OMB Circular A-11. By implementing HCD design and change management practices, our aim is to optimize service delivery by considering the entire journey of the service and the people involved, from start to finish.





Roadmap

Unlock the benefits of leveraging the full breadth of OneStream's platform

OneStream's platform encompasses a wide range of capabilities that can drive significant transformation in financial and operational areas. Although transformations often begin with a single objective, like consolidation or financial planning and analysis, the platform enables you to go beyond these initial goals and establish connections to achieve enhanced efficiency and effectiveness, ultimately to drive holistic transformation across the organization (Figure 1, Journey to Transform Finance).

How KPMG Defines the Journey to Transform Finance

Figure 1

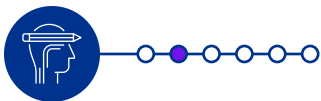


Key Success Factors

Business led with defined strategic objectives

Incorporate leading practices into your solution

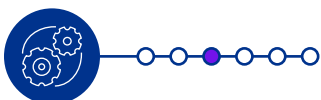
Leverage the full breadth of OneStream's platform



Design

Designing the OneStream use case with the end state in mind is crucial

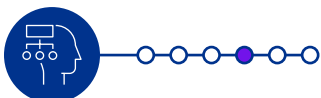
This involves considering future reporting requirements based on the end-to-end business process and roadmap. By aligning early in the process, Federal agencies can significantly increase their chances of success. Additionally, tracking and sharing data across actuals and planning helps facilitate efficient processing, reporting, and analytics, leading to enhanced operations and informed decision-making.



Development

Incorporating innovative and leading practices is essential to creating an effective and impactful solution

This involves considering the transformation of all layers of the Target Operating Model and incorporating leading practices across these layers, including People, Process, Data/Reporting, Technology, Service Delivery Model, and Controls. Furthermore, it is crucial to foster a continuous improvement mindset. Rather than replicating the current state, Federal agencies should embrace innovations to drive efficiency and effectiveness, and to meet the changing Federal regulatory requirement and mandates and challenges.



Implementation

Achieving a cost-effective implementation is pivotal for success

OneStream's platform offers a solution to reduce technical debt by streamlining licensing and providing a unified platform. With access to all solutions within OneStream's Marketplace, there is no need for separate licenses for each product. By consolidating licensing and utilizing a unified platform, organizations can eliminate the complexity and cost associated with implementing multiple point solutions (see Figure 2, Our Approach and Methodology to Transformation).

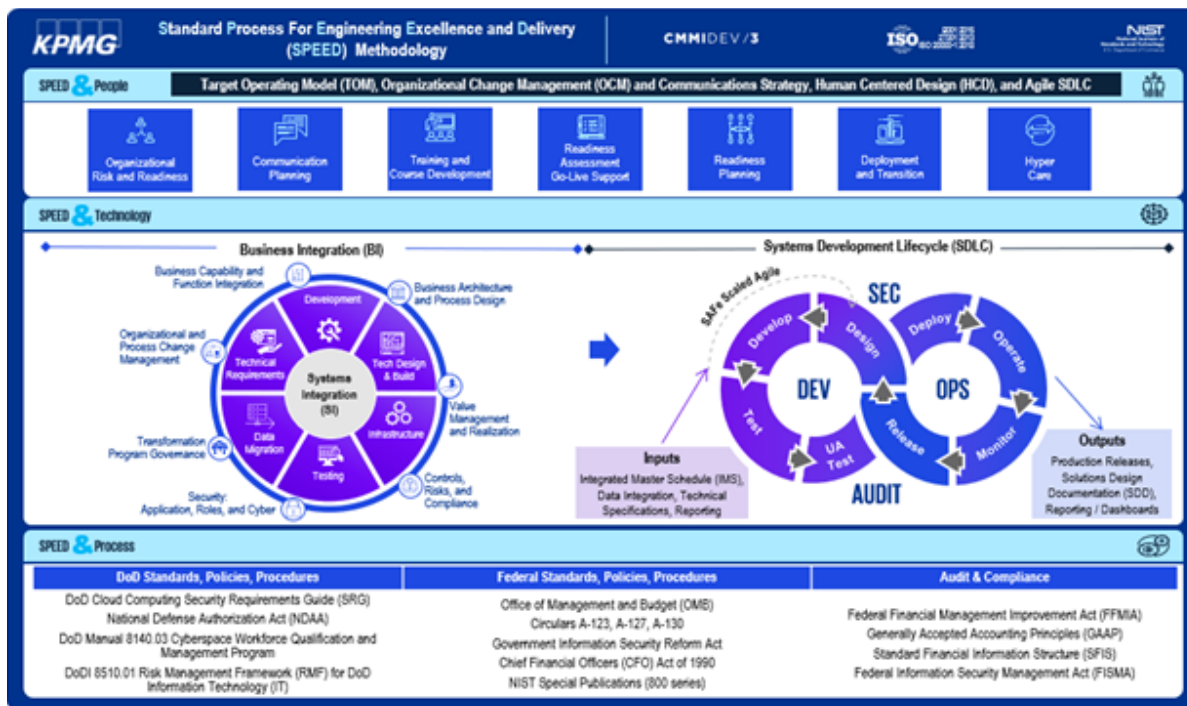
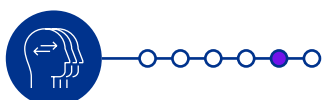


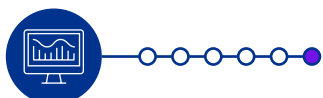
Figure 2



Sustainment

Incorporating change management and human capital investments is essential for the success

Establishing and executing effective change management is essential for bridging the skill set gap between pre- and post-transformation to support the long-term success. Federal agencies should address the transitional challenges and equip employees with the necessary skills to thrive in the transformed environment, ultimately leading to sustained success in the long run.



Monitoring

Incorporating real-time performance matrices monitoring and look-back analysis

By combining real-time performance matrix monitoring and retrospective analysis, Federal agencies can establish a robust performance improvement framework for their missions and programs. This framework facilitates efficient allocation of resources to exceed program goals and objectives, ultimately maximizing the impact of Federal programs for the public.



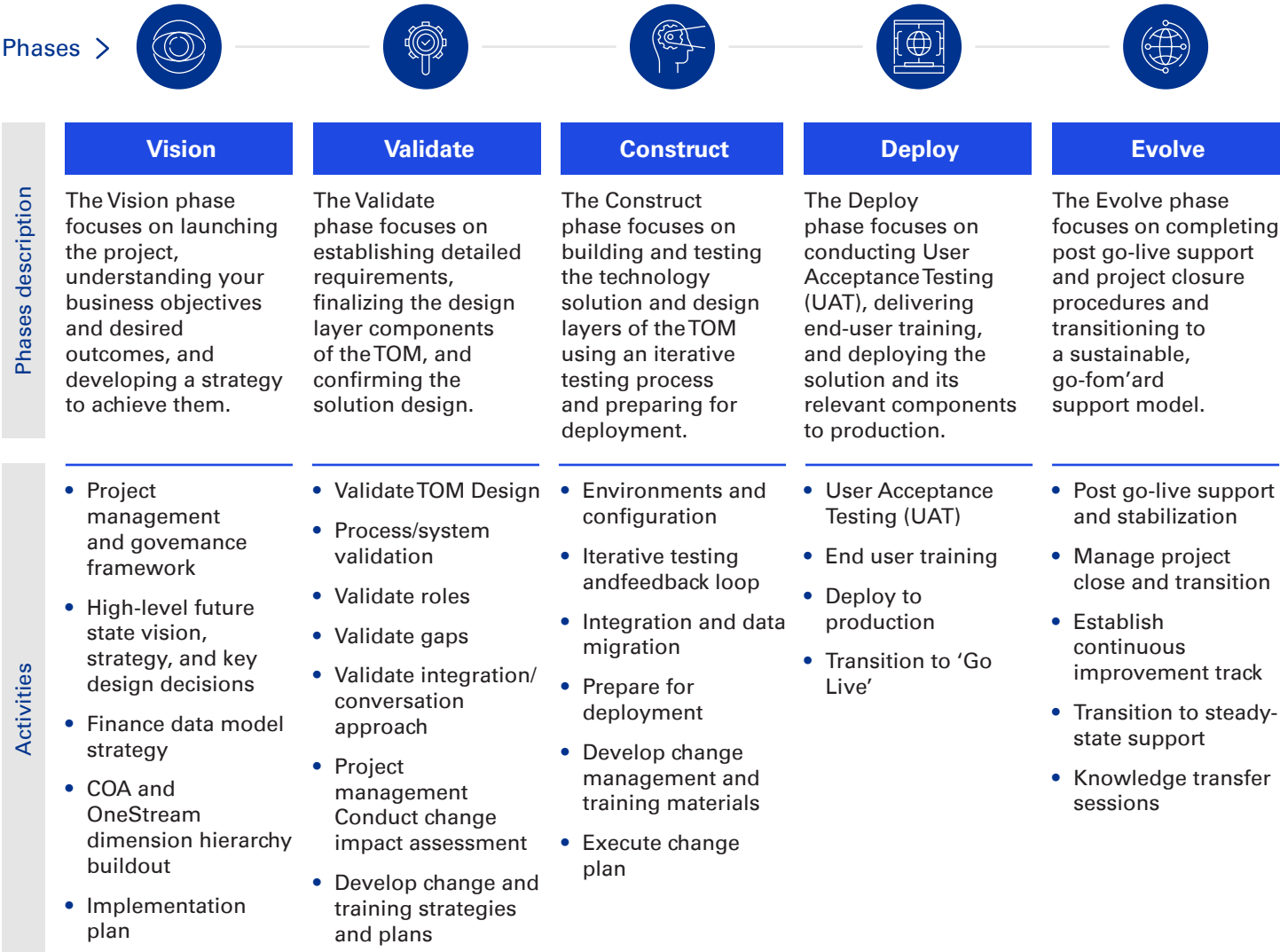


KPMG assets and accelerators



For more than a century, KPMG has assisted the Federal government in the civilian, healthcare, defense, and intelligence sectors. With our extensive experience in finance, technology and workforce transformations, data and analytics, and technology software and tools, KPMG helps Federal agencies accelerate innovation, drive impactful results, and scale in response to an evolving landscape.

The KPMG and OneStream approach is set to combine the deep knowledge of KPMG Federal and technology transformation experience with OneStream’s robust and integrated financial platform. This collaboration aims to streamline operations and effectively tackle the ever-changing challenges in the Federal sector.



Your benefits

- Jump start your OneStream implementation
- Validate pre-built operating model assets for DLA needs
- Immediate access to industry insights, practices and processes
- Engage key decision makers and end users in the solution design
- Shift your focus to high-value business decisions
- Demystify the technology and highlight how it can support you
- Increase certainty of outcomes and reduce risk
- Explore the impact of business change through every layer of the organization

KPMG stands as the unrivaled leader in financial transformation with OneStream as one of our strategic technology platforms. Through our extensive experience and deep industry knowledge, we have successfully guided numerous organizations in their journey towards achieving streamlined financial processes, improved data accuracy, and enhanced decision-making capabilities. With our diverse team of specialists, KPMG brings a holistic approach to financial transformation, encompassing technology implementation, change management, and strategic alignment with business objectives. As organizations navigate the evolving financial landscape, KPMG remains steadfast as the trusted adviser committed to driving sustainable growth and delivering tangible results. Together, let us enable your organization to unlock the full potential of OneStream and embark on a transformative journey towards financial excellence.

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Learn more about KPMG and our Federal Finance services at visit.kpmg.us/fedfintransform



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