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MEMORANDUM FOR DISTRIBUTION

From: Vice Chief of Naval Operations

Subj: SERIAL NUMBER 2 - ACHIEVING A CLEAN FINANCIAL AUDIT

Ref: (a) VCNO / ASN (FM&C) Joint Memo for Standardization of Business Processes dtd 9 Feb 2011

1. This is the second in a series of memoranda intended to improve the effectiveness and efficiency of Navy's business operations. This memo highlights our approach to one of our highest priorities, achieving a clean financial audit by 2017.
2. This Congressional mandate is simple in concept: we must be able to provide a full account of how we spend our financial resources - a complete picture of what we invest in our platforms, systems, manpower and infrastructure, and an accurate account of our assets.
3. A clean financial audit is a direct reflection of the effectiveness and efficiency of our business operations, and assesses every process that executes a financial transaction. We must understand these processes, standardize processes, and minimize the number of IT systems performing transactions, starting with systems that preclude achieving a favorable audit.
4. The following key actions are necessary to achieve this goal: standardize business processes; eliminate redundant business applications and systems; implement consistent business data standards; and establish enterprise financial performance metrics.
5. As addressed in ref (a), the initial focus of this effort is to reduce variability in all processes that have a financial impact by breaking each end-to-end process into segments such as Transportation of People (ToP), Reimbursable Work Order-Performer (RWO-P), and Other Contracting Services (OCS). This segment approach aligns with the FMO's audit assertion schedule and allows the Navy to standardize processes in an effective and efficient manner.

6. You can support FMO's effort by (1) providing thorough and timely responses to FMO's requests for comments on system agnostic business process flows; (2) engaging your subject matter experts in these business processes; and (3) reaching out to lower Echelons to ensure we capture all the existing variation in our business processes.

7. Future business serials will highlight other focus areas and update you on progress. Collectively focusing on these priorities will play a key role in improving business operations.



J. W. Greenert

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