

ALL THINGS FINANCIAL MANAGEMENT PODCAST

The U.S. Marine Corps' Clean Audit Opinion

With Mr. Greg Koval, Assistant Deputy Commandant,
Resources, U.S. Marine Corps



Welcome to the All Things Financial Management Podcast, presented by Guidehouse and the Society of Defense Financial Management. I'm your host, Tom Rhoads. Join us as we discuss top of mind issues facing Defense Financial Managers.

TOM RHOADS: Today with us on our podcast, we have Mr. Koval, the Assistant Deputy Commandant, Resources, at the Marine Corps. Thanks for being with us today, Mr. Koval.

MR. GREG KOVAL: Thanks, Tom, for having me. Appreciate it. Thanks to ASMC for everything they do.

TOM RHOADS: We've really been looking forward to this version of our podcast and excited to hear the Marine Corps' journey and also your personal journey. And to start, would you mind taking a few minutes and just share with us your background and what brought you to your current position? And in other words, maybe just tell us your story.

MR. GREG KOVAL: Sure. Starting back in college, I always had an interest in accounting and economics and IT to some degree. So I graduated from college as an accounting and economics double major. Wanted to take the economics track, but somehow I found myself in accounting, and that's what I do to this day. I've had a rather unconventional path, I think, to the Assistant Deputy Commandant for Resources position.

I actually spent most of my career in the private sector, so about 18 years before I joined the government as a civilian. Ironically, my first government job was with Marine Corps Programs and Resources as a fiscal division director, which oversees audit, accounting, financial reporting, A-123, all of that great stuff. And from there I took an SES position with the Department of the Navy as the Deputy Director or Chief Accounting Officer of DON FMO.

And that was actually a very interesting time. It was during COVID, a lot of things going on. And most of my tenure ironically at the DON was spent as acting or performing the duties of the deputy CFO position, or basically the Deputy Assistant Secretary of the Navy for Financial Operations. So eventually, as you all know, Mobola Kadiri came into that role. I went back to being the deputy. And at the same time, the Marine Corps was really starting the two-year audit journey.

They just made the transition to DAI. There's a lot of great work going on. And at that point, the person in the ADCR position left and they said, "Hey, Greg, do you want to go back to the Marine Corps?" And at the time it was interesting because we had just moved in. The DAI transition was very challenging for a whole host of reasons, and the clock was already ticking on the two-year audit.

So it was an interesting time to come back, but I was up for it because I always believed in the Marine Corps, and I always believed that the Marine Corps would be first over to finish line to get the audit opinion. So it was really a great opportunity that one, they wanted me back after I left and went to Navy, two, really welcomed me back and we got to work on this. So that's how I ended up in this position. It's really interesting, because if you had asked me three years ago whether I'd be here, I probably would've said no. But here I am and I'm happy I came back.

TOM RHOADS: Thanks for sharing your background with us, Mr. Koval, and I think the breadth and depth of your experience has definitely qualified you for your current position. Congratulations on the Marine Corps unmodified audit opinion. Such an amazing accomplishment. Can you tell us how the Marine Corps' tone at the top supported achieving this goal?

MR. GREG KOVAL: Yes, and thanks for the congratulations. It was the hard work of thousands of people literally around the world. Every business process was touched by this. And back to really the tone at the top, the commandant set the stage. General Berger unequivocally stated he wanted an audit opinion and it will be an unmodified audit opinion, which was a pretty hard order to execute. But General Smith at the time was the ACMC, and he took it upon himself and really took the effort on his back to make it happen.

And it wasn't just sending a memo out to the Marines saying, "Hey, this is the path forward. This is what we will do." It's really that follow-up. And what was happening behind the scenes throughout this process is that the senior leaders of the Marine Corps had to come brief the ACMC. It was about a 45 to 60 day cadence of the progress we were making or the challenges that we had. And it was really in that follow-up and getting some of the difficulties in front of him to really drive action.

Sometimes it was inside the Marine Corps. A lot of times it was actually outside of the Marine Corps. And he was really good at garnering support on both sides behind the audit effort and really pushing us over the finish line. And then continuing that with General Mahoney, he was the Deputy Commandant for Programs and Resources. Very close to us driving the audit effort while he was in that position. We all know General Smith got promoted to the Commandant. General Mahoney ended up putting on his fourth star as the ACMC, and those meetings still happen to this day.

So not just getting us through the audit, getting us to the audit, but it's also now sustaining the audit. Another thing I'd like to note is a lot of times in the building, and this was maybe an advantage I had being somebody who spent most of my time outside the building as a consultant, people don't like to talk about bad news with their leaders. And I will say that we sat down and we gave General Smith and even now General Mahoney the bad news if there was bad news to tell, because it doesn't get better with time.

And when we needed action, either internally or externally, they needed to understand what was going on so that we were able to come up with a plan, execute a plan. And he really deputized us and they had our back throughout this process. And I think that's really powerful, especially when you're trying to make change to the level that we were making change.

The other thing I'd like to know, this is probably something I'll touch on a little bit later in terms of business process silos and the way that really a lot of the DOD organizations are set up, having the ACMC sitting at the front of the table really knocked those silos down. One of the things that people don't realize about audit is there's the financial piece, and I know this is an FM podcast and we're focused on the FM side.

But in reality, the audit impacted, I would argue, installations and logistics, our Marine Corps Installations Command, our Marine Corps Logistics Command, our Marine Corps Systems Command, really those folks who produce assets, who buy assets, who move assets around the Marine Corps and around DOD. All of them had a role in this, right down to the folks who are sitting at ammunition points, who hold ammunition. Those counts had to happen. They were all part of the audit.

A lot of folks don't realize 70% of the balance sheet or more or all of those physical assets, all of those business processes, systems, controls, none of that's really in the purview of FM. Those process owners own that. And to be successful at audit, we all had to be on the same page. And that's not easy because everybody has their own chain of command. They all have their three star general that they report to.

And it really took everybody getting together in a room, determining our equities, figuring out our problems, and pushing through to make sure it was successful. And again, had we not had the ACMC as the referee and peacemaker, in some cases, it would've been really difficult for us to be successful. So I think that's really where the tone at the top becomes very important. The other thing that the tone at the top did for us was establish that unity of effort.

And what I saw was even inside the financial community, we have about a thousand Marines who are devoted to financial management or disbursing across a number of business processes. And they support these different groups like the installations command or the logistics command. And it really helped all of us get on the same page, have that unity of effort.

And I will tell you that once the tone was set from the top, folks were giving it all they had for as long as this audit went. So a lot of people are tired at this point, but it's kind of like winning a game seven or running a marathon. You're tired, but you won.

TOM RHOADS: It's so great to hear. For years we've heard the phrase tone at the top. Sometimes a phrase can become a platitude, but I think you've really brought this to life that really having an effective tone at the top, it breaks down all the barriers across the organization. And a successful audit isn't a finance function, it's an organizational function. And I think you've illustrated that very well. And to create a culture where... I mean, I've heard a saying that all progress starts by being completely transparent.

By having that transparency with the leaders at the top and having their trust to where you could open up about bad news and then course correct immediately and find a path forward is I think another key element of this tone at the top. So it's fantastic that this is a lesson that I think all organizations can learn. And leading into that, are there other lessons that the Marine Corps has learned that can be applied to the rest of the DOD?

MR. GREG KOVAL: What we really discovered through this whole process is we're making audit harder than we need to. And there's a lot of business and business processes that can be simplified and should be simplified for many reasons. And one of the things that we did in the postmortem of the successful audit, which sounds a little grim, but we wanted to understand, all right, we went through this effort, it was very difficult. There are a lot of spreadsheets involved. Why do we have so many spreadsheets?

Why do we have so many manual actions going on across the Marine Corps? And what we quickly discovered was, getting back to my earlier point about the business process silos, that's how we're set up. And what's interesting is, and this is where FM has an outsized role perhaps in transformation, we're really the first ones to see it. And what we saw was essentially procurement has their processes and systems. Supply and logistics have their processes and systems.

Asset management has their processes and systems. Financial management, budget, execution, we have our processes and systems. And really none of it was connected. And what we discovered quickly was the connective tissue between those business processes is the spreadsheets that we needed to get through our audit. And that's pretty scary because here we are in 2024, all the great technologies available to us, all of the standards across DOD to tell us we need to do stuff the same way.

And what we found out was different silos have different standards, and those standards weren't necessarily followed because we're using legacy systems that don't meet the standards that were put in place. And what this resulted in essentially is every time we need to do financial reporting, we need to go to a logistics system or an asset management system, take some data from there. We have to go to our financial system, take some data from there.

We may have to go out to Wide Area Work Flow, which is DOD wide receipt and acceptance system, take some data from there. Then we have to go to our disbursing system and get some data from there. And then and only then does FM really have the complete picture that's required to do financial reporting. And to us, that was really one of those things that jumped out of the page.

And when you're in the heat of a two-year audit plus overtime, plus migrating to DAI, you don't really sit back and ask the question, why are we doing things the way we're doing things? But once we did, it's a picture that we saw and that we need to change. And really sustaining our audit opinion and continuing to transform is going to be based upon our ability to break down those silos, connect those systems, and maybe even in some cases, eliminate some of the systems.

I mean, I think there's DOD wide processes and systems that were put in place at different periods in time that had a specific purpose. But I think we need to look at that purpose and look at what's going on in our world today and figure out if we still need to go down that path. Because what we have found throughout this process is because of our business process silos and because of all of the business process systems that we have, audit is difficult, time-consuming, and much more expensive.

Every one of those systems has a program management office. Every one of those systems needs their own audit. You can just see how things cascade from there. And when you really take a step back and look at what we did and why we did it, that was what jumped off the page at us more than anything. And in reality, some cases it's on us to connect the systems. In other cases, there's other policies and procedures and requirements and standards out there that tell us we have to use system A or system B.

TOM RHOADS: Thank you, Mr. Koval. And you mentioned sustaining the audit, and I guess the reward for doing good work is more work, and you probably have already jumped into the next audit. What is the Marine Corps doing to sustain their clean opinion in '24 and beyond?

MR. GREG KOVAL: So we really have a dual path. The first path is obviously we need to continue to fund, maintain and sustain the manual processes in a lot of cases we put in place to make sure that connective tissue doesn't break between our business processes. Concurrently with that, we've actually already started this get moving on connecting the systems. So if you can't make a system go away, you can at least get the data you need out of the system and put it in the right place.

And that will be critical to us for sustainment moving forward. And there's audit roadmaps and plans and POAMs and all that stuff. But for us, if we don't solve that problem of these systems not connecting and sharing data, it will get more and more difficult to sustain. And for the folks who are really into the accounting side, you have standard six, which is historical costs for the assets we place in service.

The longer we have to manage that in the spreadsheet, the more difficult it's going to be. And even for our operating materials and supplies. So standard three, ammunition, non-ammunition, we have a lot of stuff moving around the world at any point in time. And right now we're doing that valuation in essentially a spreadsheet. So for us, the path forward is really making those transformative moves to connect those systems and get the people out of the process.

We'll save costs. We'll save time. We'll save effort. It will make the audit much easier on us, and it should reduce the audit costs going forward. But I think unfortunately, until we get to that point where we're able to share our systems and share our data, it's going to be difficult to maintain that audit opinion. But we're up for the challenge and that's really what we got to do going forward.

TOM RHOADS: Such a great story and such great lessons learned, and thanks for sharing those with us. We like to wrap up each episode with some advice for early careers that are listening. So Mr. Koval, knowing what you know now, what advice would you give those that are just starting out their careers?

MR. GREG KOVAL: So a couple of things I think. So one is take on the hard assignments that other people want. I think that will put you in a position of responsibility maybe before you're ready, but it will give you experience that will last the rest of your career. One example when I was still in the private sector, there was a job I did for a couple of years where we were on the road pretty much 25 to 40 weeks out of the year. And a lot of folks didn't want that job, didn't want to be on that team.

But what we realized was you got to do some pretty important work, got to do some really cool travel, and you got to meet with some really senior folks when you were in your early to mid 20s. And I think folks make a big deal about I need to go brief honorable so-and-so. And what's crazy is that job gave us the opportunity to brief those folks when you're sometimes in your mid to early 20s. So I thought that's a key point. I think that really helped me in my career.

Because when you're a senior consultant or senior manager or manager going up against some pretty powerful SES' or appointee type folks, you're ready for it because you've had some practice. And with the travel job, you'd probably never see the folks again. So you had a little bit of runway to mess up and have it not really impact your career. So I think that's one is take on the hard assignments.

Two is focus. And again, put in overtime where you need to. It's always one way to stand out as long as you're being productive. And it does go back to taking on the harder assignments. And even when you're in the private sector and the firms like to see you have at least one or two difficult clients in your career before you really start moving. I think that's very important.

Again, probably not the best for work-life balance, but it will do wonders for your career. And I think finally, certifications are key. Figure out what you want to do, what your passion is and pursue that, but also know that work is work and work is not fun. There's probably some people who say work is fun. They're probably in the third or fourth decimal point of a very small number.

It wouldn't be called work if it was fun, so give it your all. But know that at some point, if you're in the private sector, it's a P&L. If you're in the government, it's another goal and objective. And the one thing I'm going to give a shameless plug for is at P&R here, we're always hiring. We're always looking for a talent, good accountants, good IT folks. I made the plunge to the government back in 2018. Recommend everybody take a turn through.

You'll learn things about the business of government that in some cases you never want to know, but in a lot of cases it's very valuable to be on the inside and see how things work. And when you're maybe a consultant who's banging your head against the wall, why aren't they taking my advice, I think getting behind the scenes and understanding how things work is critical sometimes to being a better consultant, auditor, you name it.

TOM RHOADS: Such great advice. I know you're so busy, Ms. Koval. We do appreciate you taking the time to join us today on the podcast. And again, congratulations on the Marine Corps unmodified audit opinion.

MR. GREG KOVAL: Thank you very much. Thanks for having me. Definitely appreciate it. Thanks again to all the Marines across the world who made this happen, all the civilians who support them. We could have never been here without a team effort in getting everybody on board. It was a lot of hard rowing for a long time, but we made it. And I especially appreciate the effort that was put in because it was significant and extraordinary.

TOM RHOADS: Thank you, Mr. Koval.

Thank you for tuning into All Things Financial Management, an SDFM podcast series sponsored by Guidehouse. You can find all our episodes on [SDFM.org](https://www.sdfm.org) and [All Things Financial Management](#).

About Guidehouse

Guidehouse is a leading global provider of consulting services to the public sector and commercial markets, with broad capabilities in management, technology, and risk consulting. By combining our public and private sector expertise, we help clients address their most complex challenges and navigate significant regulatory pressures focusing on transformational change, business resiliency, and technology-driven innovation. Across a range of advisory, consulting, outsourcing, and digital services, we create scalable, innovative solutions that help our clients outwit complexity and position them for future growth and success. The company has more than 16,000 professionals in over 55 locations globally. Guidehouse is led by seasoned professionals with proven and diverse expertise in traditional and emerging technologies, markets, and agenda-setting issues driving national and global economies. For more information, please visit [guidehouse.com](https://www.guidehouse.com).

 [guidehouse.com/industries/defense-and-security](https://www.guidehouse.com/industries/defense-and-security)

 [@guidehouse](https://twitter.com/@guidehouse)

 [linkedin.com/showcase/guidehouse-defense-security](https://www.linkedin.com/showcase/guidehouse-defense-security)