

ALL THINGS FINANCIAL MANAGEMENT PODCAST

Essential Elements for a Clean Opinion

Featuring Bridget Collins, Chief of Finance and Accounting, Defense Threat Reduction Agency



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: Bridget, thanks for being here with us today. I know you're extremely busy and we appreciate your time being with us today

BRIDGET COLLINS: Thank you, Tom. I'm so honored to be here today.

TOM RHOADS: We usually like to start by having you tell us about your background and what brought you to your current position at the Defense Threat Reduction Agency. In other words, Bridget, can you tell us your story?

BRIDGET COLLINS: Of course. You might be surprised to learn that I've spent the majority of my career as an auditor. I started my career right out of college working for PricewaterhouseCoopers in the federal practice as a financial statement auditor. And then as I transitioned into the government, I went to work at the Government Accountability Office where I was a financial auditor as well.

And there, I focused my time on the Federal Financial Management Improvement Act. We had an annual report and a testimony that I would work on as well as doing a bunch of work with the Senate and House committees. But my seat there was actually amongst many others who were working on specifically DOD audits. And their enthusiasm about the Department of Defense and about the mission just really intrigued me.

So when I started looking for my next role, I saw something that was available at the Defense Logistics Agency as an auditor. So I spent the next 13 years of my career working at the Defense Logistics Agency, starting as an internal auditor and quickly moving my way within that organization to be the IG for audit. We did performance audits and systems audits all over the world. I had seven offices worldwide where we were doing red team efforts and high visibility audits. So it was a really phenomenal experience and a way to really learn the agency.

And then leadership asked me to go work on the audit readiness program at DLA because of my financial statement audit experience, so I did that for a few years as well. But one day, someone provided me a job announcement and said, "I think you'd be a really good fit for this." And it was within the same building that I was currently working in, but it was for the Defense Threat Reduction Agency.

And that's what brought me to my current role as the Chief Finance and Accounting. And what intrigued me about the position was the fact that instead of being in an audit role, I would be in an accountant role where I was really responsible for not just identifying the problems but actually fixing them. So in my current role, I'm responsible for all things accounting, accounting services, financial systems, financial reporting, internal controls, and audit response remediation and sustainment. So that's what brought me to DTRA.

TOM RHODES: It sounds like, from your background, that you're uniquely qualified for this role. You have depth of understanding audit standards, you have depth of understanding accounting standards, and that's probably played a significant role in helping DTRA receive its first unmodified opinion in '24. And let me just start by saying, congratulations, that's an amazing accomplishment. Could you share with us maybe some of the work that went into preparing for the audit and maybe some of the critical elements that led to your success?

BRIDGET COLLINS: Sure. Thank you so much. We are really proud of our accomplishment and getting our clean opinion in our second year of audit without an extension. In fact, now as we got near the end of our audit last year and the results were starting to roll in for our samples, and there were nothing... Very few errors, we had very immaterial errors. I think everyone was a little surprised, even our auditors. So we did it quickly and we're very happy. So thank you for that.

We didn't necessarily expect to undergo standalone audit. We believed that we were going to be part of the consolidated audit. But as I mentioned, when I came into this role, and as you mentioned, I have kind of a unique background. So we really recognize the importance of having strong internal controls from an accountability and mission success perspective.

So we started working on our material areas, even though we didn't expect to have standalone audit, and we focused on documenting our processes, implementing internal controls, doing regular recurring testing of our internal controls. We were doing true walkthroughs with our process owners and ongoing training with our team. So we focused on the internal controls piece of it.

We also had some major gaps when I got here. So we didn't have much of a financial reporting process, so we built that. And we also built a strong audit response process. And we knew audit response would be important regardless of if we had standalone audit, because if you can't get your documentation to your auditors, it doesn't matter how good your documentation is. So we did work on that.

But then fast-forward to when we were asked to undergo standalone audit, we were really excited because we did feel like we were well-prepared. We also knew that we had identified two material weaknesses ourselves. So we knew going into it that we would have some issues, but we also, again, felt like we were well-prepared. We knew our numbers. We started working on our universe of transactions before the auditors arrived, and we just started getting ready.

So when they got here, we were ready. We were able to get them their requests, we were able to provide them all the documentation. They were surprised when we could talk the auditor language and talk about test of design and test of effectiveness. So we went through that year and it went very well, even though, again, our first year we did get a disclaimer.

But I would say that the number one thing that we did to prepare was by having the right team. So when I say that, what I really mean is that we have a team that, one, they have diverse backgrounds. So we have people who, like me, have an audit background. We have people who have more of a financial systems background, people who have more peer-to-pay and order to cash, maybe DFAS backgrounds, financial reporting.

So with that varied skill set, they were able to come up with some really unique ideas. And also, they collaborate really, really well. So when we have a problem, we all put our heads together and come up with solutions that one of us could have never created on our own. So they work really well together. They're brilliant. And they work really hard and they take a lot of pride in the work that we do. So to me, I really do feel like the team made a huge difference in us being successful.

I would also mention that our DFAS team was amazing and very collaborative, and we couldn't have been successful without them either.

And then lastly, our auditors. So from day one, we welcomed our auditors and we were very transparent with them. So we didn't really hide anything from them and we had a lot of open dialogue, which I think helped our success because they could plan accordingly. So if they needed to change the timing of some of their testing or anything like that, it was easy for them to do because they know what to expect.

So I think, again, just kind of in summation, having internal controls in place so that we could quickly respond to the auditors and our controls, we already knew our numbers, everything was already documented. If there were issues, we already knew about them before they were asking us. And again, having the right team was super important for us.

TOM RHOADS: Bridget, you highlight some things that I think are really important, and I love that you did it. One being how quickly you were able to close the books and to be ready to have the audit report in 45 days, which is incredibly fast. And I don't know if people really appreciate how fast that is to get that done.

And also the fact that you were able to speak the auditors' language. I think we've all seen cases where we can talk past each other, but I think it's a crucial part of success is the fact that you were able to speak the same language as the auditors and translate that to the organization to help facilitate the audit.

And then also having the right people, I think is... Audit's a people business, right? And it's neat that they had the right people to be able to get the job done and the collaboration with all your teaming partners. And it takes a village to get a clean opinion. And I think that you provided a great testimonial of doing that with DTRA this year. Having gone through this experience, what value has DTRA leadership seen from the audit efforts?

BRIDGET COLLINS: So our leadership has been supportive since the beginning when we were asked to have standalone audit. And they were supportive, I believe, because they really did believe that just with everything that we do, that accountability is important, being accountable for the tax dollars that we're given. And they also believe that as an agency, being the first would be beneficial. So one of the smaller agencies using the Defense Agency Initiative financial system, we have multiple appropriations. So being able to go through that process, identify what the risks are, and proving out that we are auditable would help the entire department towards the auditability goals, of course, that the Secretary of Defense has for all of us.

So I think they're seeing that value now as they're seeing others come to them and say, "Hey, we weren't able to do this. What did your team do?" So they're seeing that value, of course.

They also recognize that, especially in the areas where we had some issues, that we weren't doing the acquisition oversight. So there's a lot of emphasis and focus on getting funds obligated. But then as you go through the execution, and then especially after, when you're finished the execution, you're just waiting for the contract close [inaudible 00:09:26] the obligation, that maybe that isn't the focus.

So as we were doing our cleanup, they were able to see the value in doing that cleanup, freeing up some funds that were still active. So we had a significant dollar value that we were able to free up and use for other mission requirements. But also knowing that what we paid for is what we received and going through that process on a real-time basis so going forward, people will be able to identify those funds much quicker and to be able to de-obligate them using them for other mission requirements. But again, it's back to accountability, making sure that we know what we're paying for, that we're getting what we need.

They also are seeing the collaboration across the team. So it was a huge effort over the past year when we were trying to both clean up our issues that we had been identified in the first year of audit as well as start the second year audit. So the collaboration across the directorates, it went from being a focus on comptroller team and what we

needed to do for audit, for our audit to the agency audit. They're seeing that really have an impact of the collaboration across the teams and an understanding and an ownership. I think, of the directorates, of what they do, knowing that all funds that are used are part of this audit and it's important that we can be held accountable.

Of course, the recognition that internal controls are important to protect against fraud, waste, and abuse. But I would say in addition to that, they know that the numbers that they're using are accurate. So we have daily reports that our leadership and anyone across our entire team can use, and they know that the numbers that they're looking at to make decisions with are accurate.

And lastly, I would just say they do value the auditors. So our leadership welcomed the auditors from day one as well, and they've been very collaborative. So all feedback that they provide, our leadership accepts that and asks us to run with it. So I just believe overall, they see a value because it's making a difference in our day-to-day operations.

TOM RHOADS: Yeah, and it's neat that you highlighted that the audit or benefit of the audit is that you have timely, accurate data with the speed of relevance for leaders to make decisions, and that's so important. I also like the fact that you highlighted that other organizations that are reaching out to your leadership to understand how you did it, and what are some of the lessons learned that they might be able to take back to their organizations? Can you share with us maybe what a couple of lessons learned that you could share with other organizations who haven't quite yet reached a clean opinion?

BRIDGET COLLINS: Of course. And this is actually a really great question because again, as a small agency, we still believe that we can have a big impact for the Department of Defense as a whole.

So we've been sharing lessons learned for several years. We've held best practice meetings with the other ODOs, and sometimes it was self-serving. So for example, as we developed our trading partner reconciliation process, it was helpful for us to share it with others and get them to implement what we had already developed and designed so that when we send out those reconciliations, we got responses. So as we went through our first year of audit and we had some scope limitations and material weaknesses, they were in the areas of Fund Balance with Treasury aged balances and receipt and acceptances, all areas that impact others across the department and issues that they're going to see as they go through audit. So we've been sharing widely what we did to clean up those areas. And DFAS, I know, is implementing the corrective actions that they use for us for Fund Balance with Treasury for their other customers too.

So we've been sharing, as I mentioned, for our beginning balance cleanup, we did 100% review of all of our open obligations. We had a methodology, we had training, we had memorandums for records that were created. So we've been sharing all of that widely with others so that they can tackle it, but also sharing the lessons learned that we had because we had such an aggressive timeline that we just started running. So there are some ways that maybe the process could be streamlined. So we're sharing that as well.

I would say we are having meetings with other ODOs, even in some cases, our team is training other ODOs on our processes. So sharing our SOPs, our systems reports, our corrective actions, we have developed a Teams channel where we'll give others access so that they can go and pull documentation and support that they might be looking for. Or maybe they don't know what they're looking for, but they just want to go and look for things that are frequently asked for is how we populated that.

So as I mentioned, trading partner reconciliations, aged balance cleanup, the deemed cost packages we used for property are different accruals that we've implemented, our quarterly financial statement certification process Fund Balance with Treasury reconciliations, those are all some areas that we've been sharing as widely as we can because again, we believe that if others can take what we've already gone through the process of developing and documenting and implementing, and it's already been through audit, that they can be much more successful much more quickly without having to go through that entire process.

TOM RHOADS: That's great. And it's helping the department wide to be able to work towards achieving an audit, basically learning from the lessons that you've already gone through and experienced. And Bridget, I'd like to wrap up this episode, would you be willing to share with our listeners one of your most memorable experiences in your career?

BRIDGET COLLINS: Of course. So there's so many to choose from, but I would say the most memorable is probably an opportunity. Back in 2010, I had the opportunity to go to Afghanistan with my audit team to look at fuel accountability. And I wasn't supposed to go, but we always sent a senior auditor downrange when our teams went so that they could do all the reviews and so forth of the work papers prior to coming back, because obviously they can't go back and get more information after they come back home.

So I took that opportunity because I wanted to experience the mission firsthand. So having never been in the military, it was an opportunity that I never really knew I would have, and it was a really surreal experience. So the entire just going through the deployment process.

And I can just remember stepping off of that plane. It was late at night, it was dark, we were in the middle of the base. Our stuff was just all thrown on piles, and it was just really surreal. We were in uniform, which, of course, had never been in uniform before.

During the days, we would work really, really long hours because obviously we wanted to get in and get out for our audit. We could see people, we were on top of the fuel tanks and the fuel trucks taking measurements and things like that. So you could see over the fence and you could see people just off in the distance tending their sheep or just going about life. We also had the opportunity to go outside of the base where we had to go to fuel facilities.

So just getting a look at, I guess being in a war zone. At nighttime, we did get bombed quite often. And then we would also watch the night missions, the jets taking off. So it was just really an interesting experience to have.

And when we got back, the Monday when we got back, I had the opportunity to go in front of our leadership to include our three-star admiral at the time, and outbrief the results. And they took immediate actions because we had some security issues and things like that that they wanted to take action on. So it was very successful from that perspective as well.

So I would say professionally and personally, it was an experience I'll always be thankful for and an experience that I would never have had the opportunity to have outside of the Department of Defense.

TOM RHODES: Wow, that's awesome. Especially to be able to have the opportunity to go to a location of consequence and do this type of work. I guess we can say auditing really is exciting, isn't it? And thanks for sharing that experience with us and with our listeners.

And Bridget, thank you for your time. I know how busy you are, and we're grateful that you carved out some time to be on our podcast today.


BRIDGET COLLINS: Thank you so much, Tom.

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