

BPA Policy 130-8

Functional Statement for Finance

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1. Functional Statement

Finance provides leadership and services in financial planning & analysis, accounting & financial reporting, and financial strategy & operations for the Federal Columbia River Power System (FCRPS) and Bonneville Power Administration (BPA).

Finance provides analytical insights and support for rate case and regulatory proceedings, and public engagement processes. Finance oversees and manages all cash management operations including meeting the annual U.S. Treasury payment. Finance proactively addresses accounting matters to achieve a clean audit opinion.

Finance has primary responsibility for financial initiatives that are strategic and long-term in nature. Finance has primary responsibility for relationships with federal and non-federal banking communities, rating agencies, investors and others in the financial community. Finance has primary responsibility for the development of a robust and thorough cost management effort across the Agency to ensure that the lowest possible costs are reflected in budgets and in rates over the long term.

Finance provides leadership in developing proposals and policies on strategic issues that affect the agency's long-term financial integrity and competitiveness or that have an impact on customers, constituents, and other stakeholders. Finance will promote and execute sound debt management actions as reflected in a strong balance sheet and income statement.

Finance establishes financial policies and procedures for agency-wide guidance and internal controls including asset management to ensure that the on-going stewardship of the region's hydro and transmission assets continues.

A. The **Finance Liaison** group within Finance is a strategic business partner and provides consultation and on-going communication with Power and Transmission Business Units at a strategic level on cost management issues, BPA strategic financial initiatives, and on other complex and technical financial matters. This group maintains continuing collaborative relationships with leaders and executives throughout BPA to ensure sound and effective financial decision support is embedded in business strategies, policies and performance decisions. Members serve as technical experts across finance functions for all business unit leaders on complex financial issues. This group provides leadership, advice and facilitates finance specific public processes and external communication with BPA customers and stakeholders.

1. **Financial Systems & Automation** provides overall financial systems planning and support. It monitors changing strategic initiatives and requirements and recommends lowest cost automation solutions to meet strategic objectives. It ensures that business system requirements and well-designed solutions drive the additions, clarifications, changes, data fixes or enhancements to all financial systems. It leads development of financial system initiatives and prioritization. It supports broader agency IT projects by serving as financial data and processes

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experts and by focusing upon agency-wide integration. Financial Information Systems assesses viability of new system functionality provided for in new releases or patches to existing applications or to new applications. The group’s in-depth knowledge of transaction flow, table structure and system processes enables them to perform complex data analysis, corrections and resolutions. It is responsible for financial data stewardship across the agency to ensure relevancy, consistency, and integrity of financial information. The organization also coordinates user access reviews and is the SharePoint coordinator for Finance.

B. Financial Planning & Analysis provides direction and leadership for Agency cost management policy and procedures, integrated long-term budget planning, short-term budget execution and financial analytical services. This group facilitates the development of agency financial targets, consistent with strategic direction. It develops financial analyses and modeling of the short and long-term profit & loss statements and financial impacts due to changes in policies and strategies. Through process integration, it efficiently leads the resource allocation and prioritization of planned expense and capital investment levels, designed to meet strategic goals. It also partners with Agency Services, Power and Transmission managers to create actionable business intelligence, improve visibility and understanding of critical financial issues, and identify solutions to issues.

1. **Analysis & Forecasting** performs financial forecasting and planning, analysis of cost accounting, and performance measurement. It develops cost management policy, establishes prioritization criteria, and develops the methodology, assumptions and spending targets for the public engagement and review of spending levels. It ensures consistent cross agency forecasting by providing predictive analyses and coordination between capital and expense spending assumptions. It provides cross agency financial consulting, cost analysis and an objective third party review of costs. It conducts specialized variance analyses and ensures coordination on workforce assumptions. It provides quarterly/monthly assessments of financial performance and progress in achieving strategic goals.
2. **Budget Operations** ensures budget targets match long-term strategy. It provides cost management training, cost tracking and budget services to Power Services, Agency Services and Transmission Services managers by integrating strategy, efficiency recommendations and staffing plans into a multi- year budget database for cost control and management. It leads the Agency’s budget development process. It supports managers’ development of expense and capital project information for cost management and long-term planning estimates. It translates long-term budget targets into individual manager’s budgets and supports agency managers and staff tracking of actual financial results, forecasted end-of-year (EOY) expenditures, and advises managers on certain types of accounting corrections. It tracks work orders, cost allocation pools and assists managers with miscellaneous

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financial issues. It administers the Budget Planning Forecasting and Analysis System (BPFAS).

3. **Capital Investment Management** provides direction and insightful analysis for strategic deployment of capital in Bonneville’s asset fleet. It coordinates capital budgeting with asset investment planning and ensures alignment with BPA’s strategic plan. It manages forecasted capital indirect spending, providing analyses and review of business cases. It ensures the link between approved business cases with the approved Agency budget. It coordinates with BPA’s business units to achieve the goal of maximizing the long-term operational and economic value of federal power and transmission system assets for the Northwest. It works with other organizations in Finance and with business units and executives to ensure the Agency’s asset management goals are accomplished in a sustainable way from a long-term power and transmission rate, cost structure, and financing perspective. It leads the agency’s investment prioritization process and reviewing the merits and approving, or recommending the approval of, large capital project proposals. It seeks to ensure the processes are standardized, transparent, and risk-informed, and that they include internal controls that are robust and balanced. It produces BPA’s Federal budgets and associated information including support of the Congressional budget hearings and testimony.

C. **Accounting and Financial Reporting** proactively addresses accounting matters to achieve and maintain a clean audit and provides accounting and financial reporting for FCRPS and BPA. It develops and implements accounting policy; performs financial management system and general ledger operations; provides derivative accounting and settlement operations; performs asset accounting operations; and prepares audited financial statements and other financial reports. It performs cost analysis; accounting treatment analysis; appropriately classifies financial data; monitors developing accounting and reporting standards; and provides analysis that supports BPA decision making. It maintains appropriate and adequate financial systems and process support throughout BPA, ensuring such support meets continuing and changing requirements. It provides functional guidance and oversight to BPA’s financial management systems and establishes BPA and FCRPS requirements and reporting mechanisms to ensure adequate internal controls and compliance with applicable laws, regulations, and internal directives.

1. **General Accounting** operates and maintains the integrated accounting system to classify, record, and consolidate accounting information. It develops and issues policies and procedures for general accounting processes and provides a full range of general ledger operations. It performs closing and consolidation processes, maintains and ensures the accuracy of financial data in accordance with generally accepted accounting principles (GAAP), evaluates contracts for appropriate accounting treatment, and performs analysis that supports the review, preparation, and audit of FCRPS financial statements.

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2. **Asset Accounting** operates and maintains the asset management subsidiary accounting system in accordance with GAAP and the Federal Energy Regulatory Commission (FERC) Uniform System of Accounts. It develops and issues capitalization policies and procedures; provides assistance and guidance regarding work order set-up and completion, asset retirements, and capitalization issues. It implements regulatory utility accounting consistent with GAAP, ensures appropriate accounting for lease financing, provides support for ratemaking, administers certain components of contractual agreements, provides guidance and implements accounting for fish and wildlife activities and monitors and participates in broad BPA efforts to develop long-term capital investment strategies.
3. **Financial Statements** manages, coordinates, and prepares monthly, quarterly, and annual financial reports for the FCRPS; it prepares a variety of executive and management financial reports from BPA’s accounting system of record. It manages and coordinates quarterly external auditor reviews and annual audits. It ensures financial statements and management reports accurately represent the financial position of FCRPS and BPA in conformity with GAAP and other regulatory authorities, and it ensures integrity of reported financial information. It supports the preparation of Official Statements and other materials related to BPA’s participation in the municipal debt market. It also analyzes, prepares, and administers overhead and cost methodologies and performs a broad range of financial analysis and specialized cost studies. It provides management reporting and analysis to enable cost management. It produces strategic financial reports for use by decision makers including financial dashboards.
4. The **Technical Accounting Group (TAG)** provides expert accounting advice and guidance for FCRPS derivative accounting (ASC 815) and reporting areas in support of the preparation and issuance of the FCRPS audited financial statements. The TAG provides advice and guidance on complex accounting subjects in support of the FCRPS and BPA financial statement issuance including coordinating and developing accounting issue papers and managing accounting research activities and planning efforts for newly finalized and proposed Accounting Standard Updates (ASU) issued by the Financial Accounting Standards Board (FASB). The TAG is responsible for settlement, confirmation, and margin management activities for all financially settled derivative instruments. The TAG provides contract oversight and COTR responsibilities for BPA’s external financial audit and related services contract and other advisory accounting services contracts.
5. **Federal Partner Accounting** operates and maintains BPA’s reporting systems and processes that enable its accountants to record summary financial transactions for the generating facilities of the U.S. Army Corps of Engineers (Corps) and Bureau of Reclamation (Reclamation) that, together with the BPA, comprise the Federal Columbia River Power System (FCRPS) reporting entity. It receives the needed financial information directly from the Corps and Reclamation. It also maintains the

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integrated accounting system to classify, record, and consolidate FCRPS accounting information according to U.S. Standard General Ledger (USSGL) accounts prescribed by the United States Treasury and the Department of Energy (Department). It uses the Department’s STARS accounting system to provide USSGL account and detailed federal trading partner and budgetary information to the Department each month to enable the Department to comply with its reporting responsibilities. It develops and issues policies and procedures for federal accounting processes and provides a full range of general ledger operations specific to Corps, Reclamation and Department reporting requirements. It performs monthly federal and FCRPS closing processes, maintains and ensures the accuracy of financial data in accordance with the Department’s accounting instructions to BPA and with generally accepted accounting principles (GAAP) and other regulatory authorities. It also evaluates contracts for appropriate accounting and federal budgetary treatment and performs analysis which supports the review, preparation, and annual audit of FCRPS financial statements and of the audited federal information provided to the Department in

- D. **Financial Strategy and Operations** directs long-term strategic financial planning and provides leadership in developing proposals and policies on strategic issues that affect the agency’s long-term financial integrity, revenue requirement, and competitiveness, or that have an impact on customers, constituents and other stakeholders. It executes on these plans through capital borrowing, the investment of funds for BPA and exercises authority for receipt, disbursement, banking, custody of funds, and financial instruments. It oversees investor, rating agency and U.S. Treasury relations.
1. **Debt and Liquidity Management** develops debt and investment management policies and strategies in support of BPA’s strategic business initiatives. It develops and executes capital financing and manages the debt portfolio. Members of this organization have lead relationship responsibilities with the national financing community, including rating agencies, investment bankers, bond investors, bond insurers and the U.S. Treasury. It is responsible for establishing policy and managing external trust funds including the Columbia Generating Station Decommissioning Fund. It maintains and implements the agency’s interest rate policy. It oversees agency cash and treasury management activities, which include cash flow and cash reserves forecasting. It develops and implements BPA’s cash and treasury management strategies, including the BPA Fund investment strategies and the U.S. Treasury debt issuance strategies. This organization coordinates BPA’s borrowing plan with the U.S. Treasury and develops the amortization plan for actual repayments to the U.S. Treasury. Members of this organization have lead relationship responsibilities with U.S. Treasury officials.
 2. **Revenue Requirement, Repayment and Financial Strategy** determines revenue requirements for rate-making and long-term strategic planning, while providing expertise on regulatory requirements and repayment policy. It provides direction, review and guidance pertaining to repayment results. It participates in and supports

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rate development. This organization assures sustainable access to capital. It is responsible for preparing repayment studies and analysis and developing and implementing repayment policies. It ensures the integration of strategy and policy in BPA’s long-term financial plan. It develops and provides strategic agency financial ratios and metrics. It performs strategic what-if analyses and conducts financial benchmarking. It maintains and updates the agency’s discount rate.

3. **Finance Operations** processes the payments and accounting transactions that record BPA’s cash outflows in a timely and businesslike manner. It provides adequate and auditable processes, systems, internal controls and procedures to ensure compliance with regulatory requirements and agency policy and develops functional requirements for automated system development. It ensures disbursements are in accordance with contract terms and conditions. It performs required annual reporting on payments to vendors.
 - a) **Payroll and Travel** provides the full range of payroll payment, training, and support services. It develops policies, operating procedures, and internal controls necessary to ensure compliance with regulatory requirements, agency policy, and fiduciary responsibilities related to the custody and disposition of employee funds. It provides employee travel payments, training and support, serves as the agency point of contact and provides agency-wide support for the use of the government-wide travel arranging, authorizing and vouchering system. It also audits travel vouchers.
 - b) **Accounts Payable and Receivable** provides funds control, assessing and settling of penalty bills, reimbursable billings and collections, and U.S. Treasury transactions/services. This organization processes receipts and disbursements, provides cash and reserves management, conducts collection on overdue accounts, conducts reconciliations, executes cash management transactions, executes capital financing, and exercises overall funds control. It is responsible for the 4h10c certification and true-up process.

2. Review

BPA functional statements are reviewed and updated as required due to changes in delegations of authority, statutory changes, or organizational changes.

3. Revision History

Version Number	Issue Date	Brief Description of Change or Review
1.0	1/23/2015	Reformatted into new policy template.
2.0	8/11/2017	Revised as part of FY17 Finance reorganization.

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