

# Alignment of Financial and Non-Financial Functions in AM

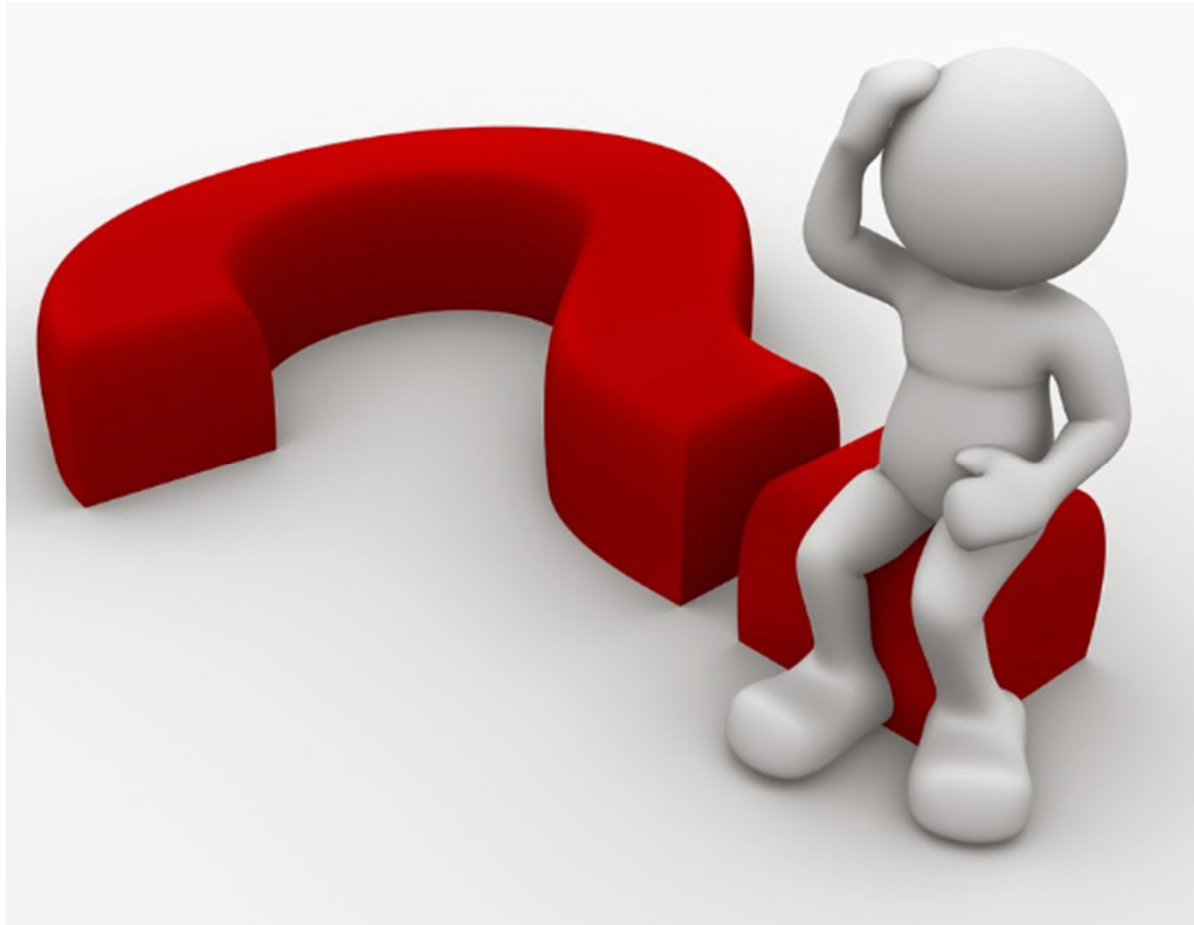
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November 20, 2018



# Alignment of Financial & Non-Financial Functions

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Go to [www.menti.com](http://www.menti.com) and use the code 669814

Go to [www.menti.com](http://www.menti.com) and use the code 66 98 14



# Poll #1

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- How many of you work in Finance?
- How many of you are Non-Finance?



# Poll #2

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Is Alignment a Problem?

- YES?
- NO?



# Poll #3

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In your own organization, Asset Management and Financial/Accounting staff:

- Have a close working relationship and talk
- regularly
- Tend to operate in isolation with occasional
- interaction
- Never meet or communicate with each other



# Poll #4

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In your own organization, which of the following apply?

- Registers are completely independent of each other
- There are some links, but still struggle to sync registers
- There is excellent correlation between the various registers



# What does Alignment mean?

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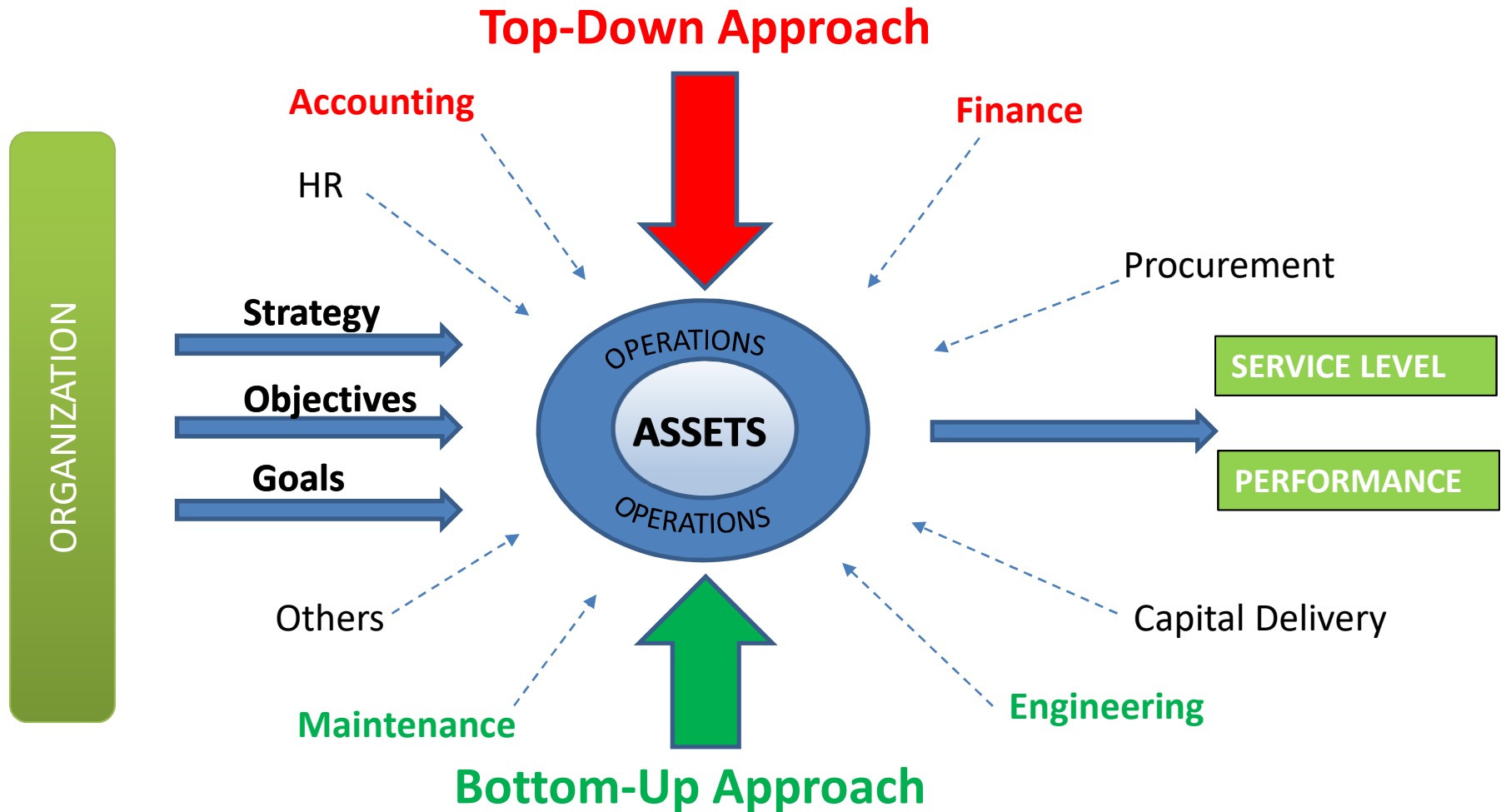


# Or This?

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# Alignment in Organizations



# Current Situation

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- Operations/Maintenance and Finance still tend to **operate in their own silos**
- **Minimal formal discussion** between Finance and Asset Managing units occur related to OPEX and CAPEX budgeting
- Level of Service and Asset Performance **data is not leveraged** to the benefit of the entire organization (optimized decision)
- .....



# What do we do?

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# Where to start?

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- Alignment between asset registers
- Seek to understand how performance levels impact asset operating and capital expenditures
- Software solutions to help forecast project long-term funding requirements



# ISO 55001 and Alignment

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- The organization shall determine the requirements for alignment between its financial and non-financial terminology relevant to asset management throughout the organization. (ISO 55001 7.5 d))
- The organization shall ensure that there is consistency and traceability between the financial and technical data and other relevant non-financial data, including, to the extent required to meet its legal and regulatory requirements, whilst considering its stakeholders' requirements and organizational objectives. (ISO 55001 7.5 e))
- AM Objectives in the SAMP shall be aligned to organizational Objectives (ISO 55001 4.1)
- Organization to determine stakeholder needs for reporting on financial and non-financial information (ISO 55001 4.2)

# Technical Specification Guidance on Alignment

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- Objective: Guidance on how organizations can achieve effective and efficient interaction between asset management, finance and accounting functions
  
- Benefits:
  - Improved internal controls;
  - More transparent, complete and timely reporting;
  - Commonly agreed taxonomy/terminology relating to assets;
  - More efficient measurement of key performance indicators;
  - Enhanced availability & accuracy of information for decision makers.

# ISO/DTS 55010

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## Contents List

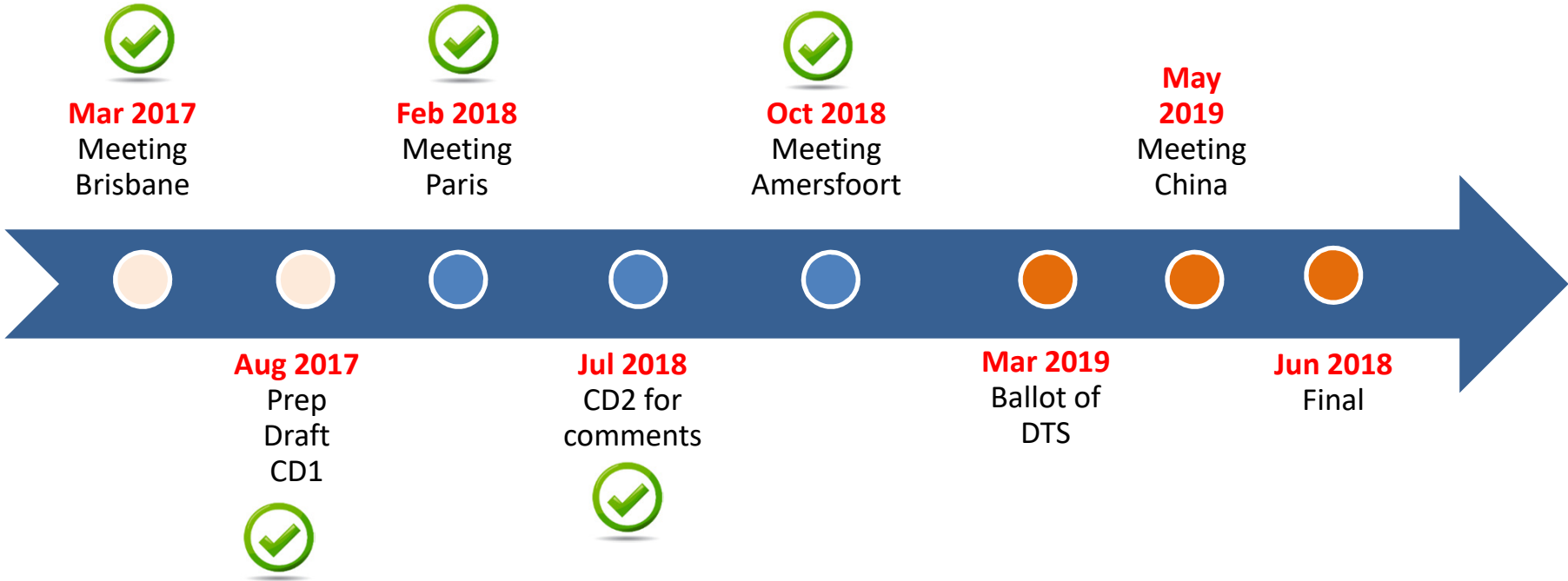
- Foreword
- Introduction
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- Normative references
- Terms and definitions
- Benefits of Alignment
- Enablers
- How to Achieve Alignment
- Performance Measurement and Reporting
- Bibliography
- Annexes
  - *Capital Investment Planning*
  - *Long Term Financial Planning*
  - *External Financial Reporting Standards*
  - *Financial Accounting Functions*
  - *Non-Financial Functions*
  - *Implementation Example*
  - *Example of Pricing of product or service*

# The Next Steps – WG5 Finance

- Complete editing of Document to produce DTS;
- Circulate to W5 for a final review.
- Produce DTS by Christmas 2018
- Pass to Secretariat for final editing and formatting of text
- Ballot – January-March
- Collation of comments for Meeting in China – May 2019
- Final Edit and Publication



# Timelines TC 251



# ISO TC 251 Website

- Website: [committee.iso.org/tc251](http://committee.iso.org/tc251)
- Publications and reference materials

The screenshot shows the ISO/TC 251 website homepage. At the top, it features the ISO logo and the text 'ISO/TC 251 Asset management'. Below this is a navigation menu with links for 'About', 'News', 'Projects', 'Resources', and 'Contact'. A central banner contains the text: 'Assets are fundamental to your organisation. Managing them in a controlled manner optimizes cost and risk, allows timely fact based decisions and delivers value in meeting your objectives.' Below the banner is a diagram with a central 'Asset Management' hexagon surrounded by six other hexagons: 'Grow Stakeholder Confidence and Reputation', 'Improve Asset Performance', 'Improve Asset Value', 'Effectively Manage Risk', 'Enhance Business Growth and Improvement', and 'Reliable Decision Making'. To the right, there is a section for 'New Guidance Documents!' with a paragraph about TC251's process and a link to 'Asset Management Tidbits'. At the bottom, it says 'Find out more about ISO 55001' and 'We strive to expand the large body of knowledge'.



# Steps in Infrastructure Financial Planning



Source: IPWEA



Corporate Asset  
Management

# Shift in Thinking

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Traditional Way → New Way



# Transformation Thoughts

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When Developing & Planning AM program:

- ISO 55000 alignment
- 39 subject areas AM Landscape
- Organizational change
- Bottom-up / Top-down Approach
- Governance & Leadership
- Full-time dedicated resources



# Thank You

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