



Hardcat

Asset and Evidence Management

Asset Governance, Compliance, Risk and ISO 55000



Effective asset management - the system



A Benchmarking Study

During an industry benchmarking study by “a prominent asset management consultancy” for a large utilities organisation, it was determined that the cost of the asset management ‘system’ made up only **3% of industry cost!**

However; the outputs (activities and decisions) generated or impacted on at least **82% of industry’s Total costs.**

Asset Management has traditionally been seen as a financial responsibility. Therefore it is not uncommon for people to think that their finance ERP systems will be suited to meeting all of their asset management needs. This could not be further from the truth. We are constantly approached by organisations who have attempted to manage the complex tasks associated with managing their asset life cycles in their SAP, Oracle, or other ERP systems.

An **effective asset management system** should connect all areas of the business and people associated with managing any aspect of the assets they work with or are responsible for:

- Maintenance of assets – preventative and reactive work on assets
- Audits and verification of asset details and condition
- Financial – purchasing of assets, depreciation and financial reporting of asset values, disposals, managing leases, insurance reporting, valuations
- Utilisation of assets between departments, transparency and visibility
- Company directors/shareholders – want to know legal, governance, risk and compliance requirements are met with consistent information available for analysis, monitoring, forward planning and decision making.

Effective asset management - ISO 55000

ISO 55000 – definition of an asset

An item, thing or entity that has potential or actual value to an organization (3.1.13). ISO 55000 defines asset management as the 'coordinated activity of an organisation to realise value from assets'.

Effective asset management is dependent on accurate, up-to-date and quality asset information. This requires asset management to interact with many functions and departments of an organisation as assets can touch many areas.

What does it do?

Asset management translates the organisations objectives into asset-related decisions, plans and activities, using a risk based approach.

Note 1:

Value can be tangible or intangible, financial or non-financial, and includes consideration of risks (3.1.21) and liabilities. It can be positive or negative at different stages of the asset life (3.2.2).

Note 2:

Physical assets usually refer to equipment, inventory and properties owned by the organisation. Physical assets are the opposite of intangible assets, which are non-physical assets such as leases, brands, digital assets, use rights, licenses, intellectual property rights, reputation or agreements.

Note 3:

A grouping of assets referred to as an asset system (3.2.6) could also be considered as an asset.



Effective asset management - GRC

How Governance, Risk and Compliance fits in with Asset Management.

Governance can be best described as the process and structures used to direct and manage the business and affairs of an organisation in a planned and ethical manner, with the ultimate goal of achieving financial viability and creating value for the business.

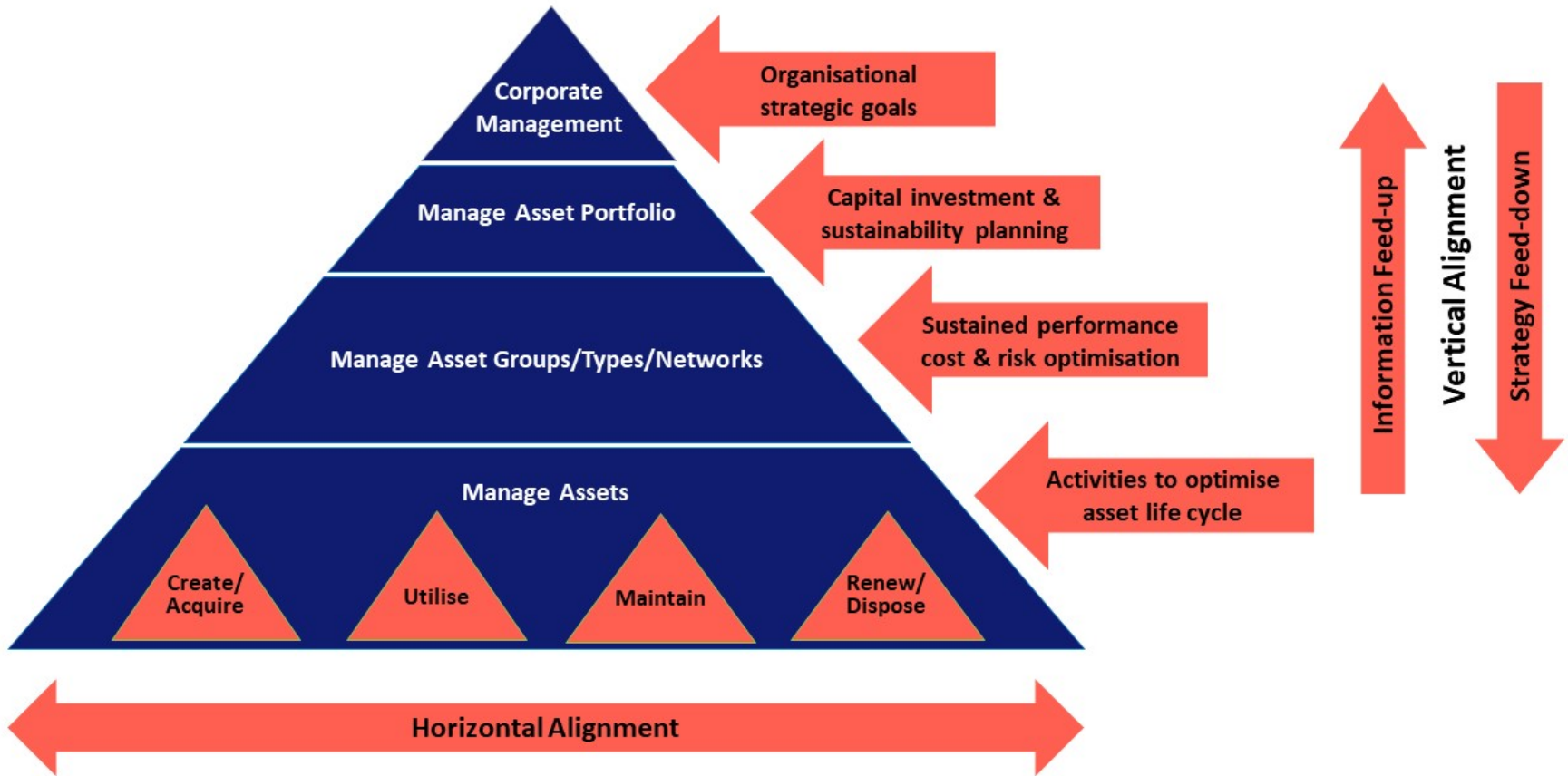


Risk is a set of recognised potential events that will prevent the company from achieving its objectives.

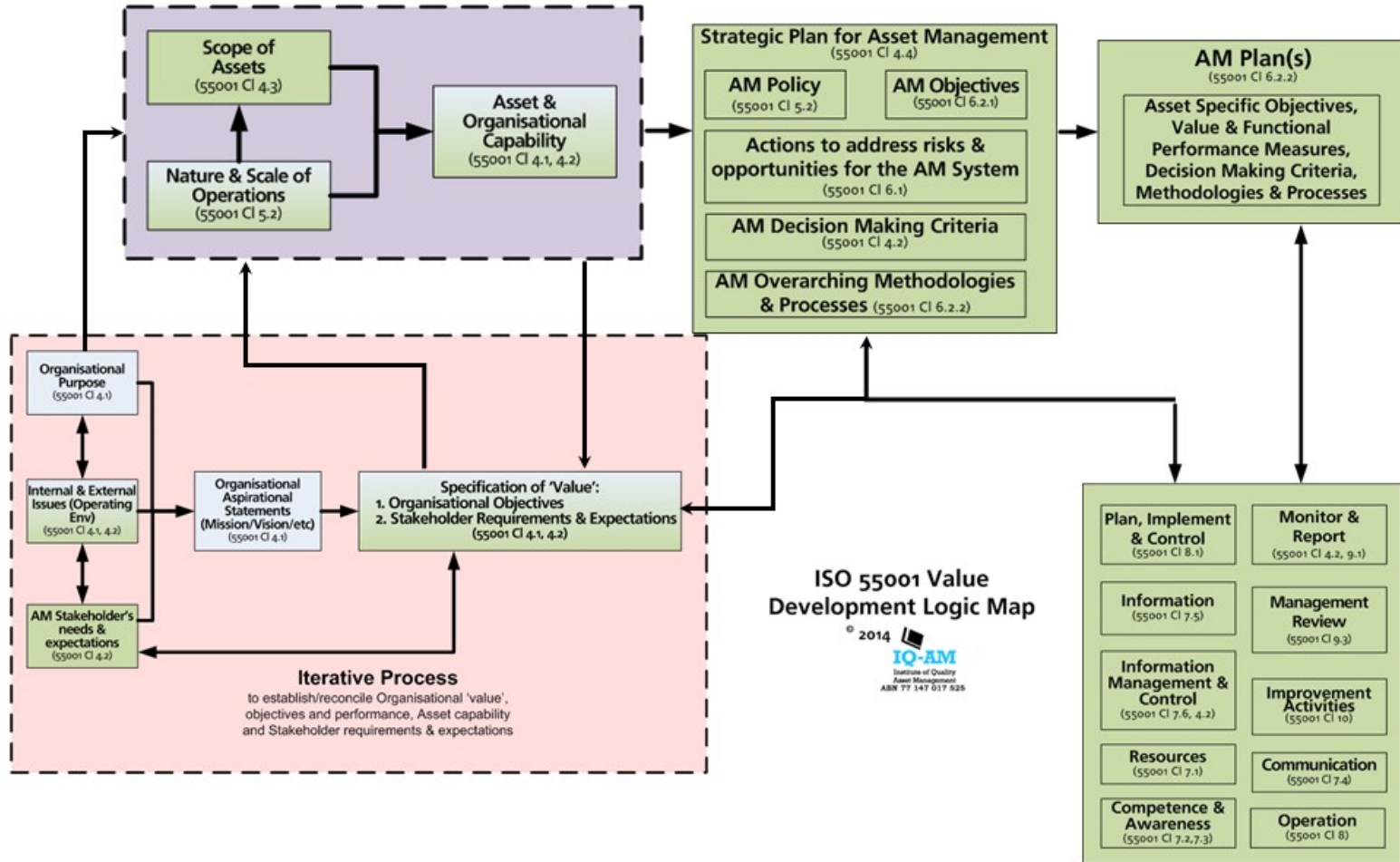
Compliance involves understanding and delivering on the expectations and obligations of all internal and external stakeholders, taking both legal obligations and voluntary standards into consideration.



Effective asset management - framework



Effective asset management - ISO 55001 value development



Effective asset management - ISO 55001 value framework

The value of managing assets according to ISO 55000 framework:

- improved financial performance: improving the return on investments and reducing costs can be achieved, while preserving asset value and without sacrificing the short or long-term realization of organizational objectives
- informed asset investment decisions: enabling the organization to improve its decision making and effectively balance costs, risks, opportunities and performance
- managed risk: reducing financial losses, improving health and safety, good will and reputation, minimizing environmental and social impact, can result in reduced liabilities such as insurance premiums, fines and penalties
- improved services and outputs: assuring the performance of assets can lead to improved services or products that consistently meet or exceed the expectations of customers and stakeholders
- demonstrated social responsibility: improving the organization's ability to, for example, reduce emissions, conserve resources and adapt to climate change, enables it to demonstrate socially responsible and ethical business practices and stewardship
- demonstrated compliance: transparently conforming with legal, statutory and regulatory requirements, as well as adhering to asset management standards, policies and processes, can enable demonstration of compliance enhanced reputation: through improved customer satisfaction, stakeholder awareness and confidence
- improved organisational sustainability: effectively managing short and long-term effects, expenditures and performance, can improve the sustainability of operations and the organization
- improved efficiency and effectiveness: reviewing and improving processes, procedures and asset performance can improve efficiency and effectiveness, and the achievement of organisational objectives.

Effective asset management - compliance with GRC

A sustainable GRC organisation should have a framework and management structure which include clearly defined roles, responsibilities, activities and systems to analyse and manage each recognised aspect of GRC.

The objective is to transform these activities from a costly burden into a strategic management tool, enable the company to respond flexibly and effectively, to changing stakeholder demands and lay a strong foundation for business success.

Asset information requirements according to ISO 55000



The organisation shall determine its information requirements to support its assets, asset management, asset management system, and the achievement of its organisational objectives.

In doing this, the organisation shall include consideration of:

- the significance of the identified risks
- the roles and responsibilities for asset management
- the asset management processes, procedures and activities
- the exchange of information with its stakeholders, including service providers
- the impact of quality, availability and management of information on organizational decision making

The organisation shall determine:

- the attribute requirements of identified information
- the quality requirements of identified information
- how and when information is to be collected, analysed and evaluated;
- specify, implement and maintain processes for managing its information
- the requirements for alignment of financial and non-financial terminology relevant to asset management organisation wide.
- that there is consistency and traceability between the financial and technical data and other relevant non-financial data, to the extent required to meet its legal and regulatory requirements whilst considering its stakeholders' requirements and organisational objectives.

Effective asset management - best practice

Here is the asset management process from 'conception' to beyond the disposal of an asset. There may be assets where you are obligated to manage beyond the disposal stage, for example buildings. The asset management framework is a decision making methodology and tool. It is a coordination of on-going activity to realise value from assets.



Hardcat asset management solutions are at the core of good governance, risk and compliance and ISO 55000.
Link for more information [Essential Asset management](#).



Australia | UK | South Africa | USA

Contact Hardcat sales@hardcat.com

**Hardcat Head Office
253 Park Street South Melbourne Victoria Australia 3205**

Phone [+61 3 9695 5400](tel:+61396955400)

www.hardcat.com