

# Capital Planning through the Lens of ISO 55000



How Proven Processes Help Improve Financial Performance



# Introductions

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# ISO 55000 and Capital Planning

- Provides a top-down view of asset management
- Application to capital planning
- Capital Committee approach
- Integrates with other management system standards



# ISO 55000 and Capital Planning

- US GAO Report 19-57 on asset management

**"OMB staff said that they view asset management as a tactical activity, separate from broader strategic and capital planning efforts, where agencies make operational-level policies to support their real property portfolio."**



# ISO 55000 and Capital Planning

- US GAO Report 19-57 on asset management

**"However, this approach to asset management differs from ISO's definition of asset management, which encompasses both the capital-planning and asset management levels of OMB's policy model."**



# Top-down view of asset management provides value beyond the traditional view of capital planning

- ISO 55000 provides a top-down view
  - Outcome-based rather than process-based
  - SAMP is the foundation
  - Takes into account the interests of all stakeholders, but not equally
  - Requires alignment of asset management objectives with organizational objectives
  - Comprehensive documentation, inherent in the standard, provides greatly improved audit support
  - Includes requirements for continual improvement



# Organizations that leverage ISO 55000 for capital planning have seen, on average, 10-20% improvement in return on assets ... This is an artful process

- Many portions of ISO 55000 have application to capital planning, including:
  - Redefines assets based on *organizational* value, in contrast to just financial value
  - Doesn't replace GAAP
  - Meshing ISO 55000 and GAAP in an AMS strengthens both and assists in audit compliance
  - Provides significant cost savings and improved ROI
  - Improves overall operations
    - Customer satisfaction
    - Constituent involvement
    - Productivity
    - Profitability
    - Effectiveness and efficiency



# Appointment of a capital committee is a best practice to ensure GAAP and ISO 55000 compliance

- What is a Capital Committee?
  - Standing committee comprised of individuals who understand the needs of the organization and have insight into organizational objectives and strategic direction
  - Members have responsibility and authority to agree upon a capital plan
  - Should include experts in fixed asset accounting, asset management, and asset maintenance
  - May also include expertise in Lean Six Sigma, procurement, pricing, and taxation





# ISO 55000 is compatible with and integrates with other management systems

- ISO 55000 is compatible with and integrates with:
  - ISO 9000 Quality Management
  - Securities and Exchange Act of 1934
  - ASTM E2279 Property Asset Management
  - COSO Integrated Framework of Internal Controls – GAO Green Book
- If you are complying with some or most of these, you already have a leg up on ISO 55000 compliance



# Contact Us

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# Questions?

