**ASSET AUDIT AND COMPLIANCE IN FAO**

**Extract**

## Background

In 2017 the Asset Management function was offshored from FAO Headquarters („HQ") to the Shared Services Centre in Budapest („SSC"). At the same time all asset related transactions and accounting related matters were centralized, new policies and processes were implemented. An Asset Management Services ("AMS") team started to work within the SSC Finance Services Unit.

FAO has 172 member nations and non-expendable assets are located in 156 countries. During the last 1.5 years we in the SSC realized that the general knowledge regarding asset management to be strengthened across the globe. Internal and external audit recommendations needed to be responded to, compliance issues were identified.

The SSC Deputy Chief has been requested to act as project sponsor given her extensive knowledge of FAO and her professional background in training and development.

## Planning phase

The AMS team in close cooperation with the SSC Contact Center defined the target audience, the objectives, the responsibilities and the framework of cooperation. We designed the structure of the trainings, the number of modules, prepared the contact lists, agreed upon the relevant communication. We decided that we would offer 3 modules in order to optimize length of each training session and to be able to cover all topics. We investigated the technicalities, explored the webinar platform, checked access rights, arranged for test environment, set up the actual live platform. We ran some test sessions to explore all the potential functionalities. We trained the trainers (both asset management and contact center co-workers), prepared a potential FAQ (frequently asked questions) list with relevant answers.

Regarding the timing of the Modules we ensured that all participants have the opportunity to attend Module 1 the content of which is of key importance to them to be able to meet the requirements of the annual Physical Verification of Assets report the submission date of which is scheduled for 31st October 2018 as per FAO's internal regulations.

## Project methodology

We decided to adopt an agile project methodology as opposed to a classical waterfall delivery method to enable us to hit key project milestones and provide the project sponsor with fast, accurate project status even when the deliverable is a moving target. We knew that this approach would have the advantage of greater visibility and continuous feedback, to be able to react quickly to any change or bottlenecks in the process, to manage time and scope and finally meet project objectives while creating a consistent value for the organization.

## Goals of the project

We identified the main deliverables that as an outcome of the training project the participants will be able to correctly raise asset related Purchase Orders, be familiar with the content FAO's information systems (GRMS, IMIS, FPMIS), be familiar with the concept and exact definitions of non-expendable / expendable / attractive item categories, understand the complete asset lifecycle and related administrative steps - additions, tagging (barcoding), physical verification, transfers, disposals -, be able to correctly complete the required forms, understand the different asset management roles and responsibilities.

All of the above will lead to improved financial reporting and cost allocation in FAO. The expectation is that any risk of overstatement of expenses will decrease and at the same time several audit issues will be tackled. Having acquired relevant subject matter expertise the internal customer base of the SSC will be able to self-service.

Eventually the project would also serve change management objectives. Our experience showed that the significant changes in asset management may still be unfamiliar for certain countries/regions where staff remains unfamiliar with the available systems, tools and accesses.

## Success Criteria

Relevant criteria to evaluate the success of the project are the number of participants, number of feedback surveys completed, a favourable (decreasing) trend of the quantity of miscoded items and the timely submission of complete sets of physical verification of assets report.

## Resources

We decided to use internal resources as the SSC AMS team has the necessary subject matter knowledge and the SSC Contact Center colleagues had already acquired the relevant technical skills. It was agreed that the asset management knowledge sharing materials would be prepared by the SSC AMS team internally based on FAO Accounting policy #6 on "Property, Plant and Equipment", the FAO Handbook Assets & Inventory section processes, the FAO Manual 503 on Asset management, also in compliance with IPSAS (International Public Sector Accounting Standards) #17 on "Property, Plant and Equipment".

## Project Delivery Phase

In the delivery phase the asset management related training materials per the 3 modules have been created resulting in a detailed presentation of 153 slides (see Appendix 1) including interactive features, screenshots on system processes and quizzes.

The project communication was prepared (invitation, reminders, feedback, wrap-up message). The wording of relevant messages was agreed upon internally with SSC management, externally with the Office of Support to Decentralized Offices (OSD). The invitations were sent out to local FAO Representatives requesting their nomination of training participants and to asset focal points in decentralized offices for their information.

We create a detailed training schedule considering the time zone differences and grouped participants in the same time zones together and considering their working hours. As the calendar invitations were sent out, we created a tracking sheet to record participants who signed up for and attended the individual sessions.

## Change Management in the Project

During the delivery phase the project team had to face with significant changes. One of these unexpected changes was the sudden unavailability of the webinar platform and the Adobe Connect tool. For several weeks the team was advised by FAO HQ colleagues that work was going on however no committed deadline for the delivery. As such we made good use of the agile project methodology to flexibly adapt to the situation: we have secured approval of the project sponsor and decided to run Module 1 on the available Skype / Skype for Business platforms and subject to availability of the webinar tool Module 2 & 3 would be run accordingly.

Another major change encountered in the project delivery phase was that we received a request to deliver a 3 days onsite training mission in FAO's East African Subregional Office in Addis Ababa, Ethiopia with all costs covered from their training budget. There was a very short notice to implement this change requiring adaptation of the material, shifting timing of other deliverables, arranging the travel itself including security clearance, vaccinations, bookings, visas but we managed to tackle all administrative and technical issues on time. The onsite training in Ethiopia took place between 23rd-27th July 2018 (see Appendix 2).

## Project Evaluation Phase

The project managed to achieve its original objectives. The agile approach was a good choice to be able to adapt to upcoming changes during the delivery phase. We were not afraid of amending the plan and/or adjust the delivery along the project.

We successfully managed to deal with the technical issues – Skype, Skype for Business incompatibility and connectivity issues, late joiners -, timing differences. During the delivery phase we realized that we need closer cooperation with IT and Contact Center to mitigate/manage issues coming up during the sessions, as such we always had two hosts/presenters. We also needed volunteers when we delivered to a set countries under the purview of Samoa (different working hours due to the time difference of 11 hrs).

A significant positive outcome of the project is the recognition of the SSC Asset Management Team globally. We raised awareness regarding audit and compliance issues in asset management, offered knowledge sharing training sessions, responded to all upcoming questions. Apart from the presentation material also relevant templates and forms were subsequently shared with the participants.

The project also entailed personal development opportunities for members of the SSC Asset Management Team, inasmuch that they acquired and practised presentation skills, technical skills, a few of the team had the opportunity to travel and be recognized as subject matter experts.

The most significant achievement from an accounting and financial point of view is that the average number of Miscoded items (purchase orders raised against incorrect accounts) has significantly decreased (see Appendix 3). It will lead to improved financial reporting and more correct cost allocation in FAO's financial statements. Another advantage is that the decrease in the number of Miscoded items will necessitate less investigation and follow up for the SSC Asset Management Team thereby freeing up resource time to be able to focus on other more value added tasks.

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MS FINANCE

20 September 2018

Appendix 1

ASSET
MANAGEMENT WEB

Appendix 2

Appendix 3

| Queue Name | Number of Records 31/Aug/2017 | Number of Records 6/Apr/2018 | Number of Records 12/Sep/2018 |
|---|---|---|---|
| MISCODE | 560 | 227 | 146 |
| ON HOLD | 113 | 9 | 40 |
| RESEARCH | 116 | 57 | 39 |
| OTHER | 38 | 0 | 0 |
| Grand Total | 827 | 293 | 225 |