

OPTIMIZE FIXED ASSET AUDIT

70% REDUCTION IN MISSING ASSETS

PROBLEM

The annual fixed asset audit for a Fortune 500 company determined that 1.3% of fixed assets were unaccounted for (\$500K book value).

The audit duration was 4 months (2000 work hours) spent working to locate/identify missing assets.

In addition to the financial loss, there were soft costs of non-value-added time spent by line personnel during the audit and potential liability risk in terms of missing sensitive information.



OBJECTIVE

- Reduce unaccounted-for fixed assets to 0.39% of total assets (70% reduction).
- Reduce total audit duration to one month and work hours to under 600 hours.



ROOT CAUSE

Critical root causes identified:

- Manual verification process.
- Managers and staff who did not care or did not take the audit seriously.
- Lack of communication to Finance of employee status change.



ASSET

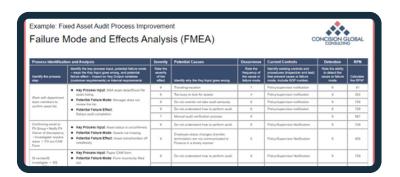
SOLUTION

Developed and implemented a new policy and procedure. The most significant improvement was a change in audit responsibility from the asset expense manager to an asset auditor, typically a member of IT or Office Services.

RESULT

The new procedure shifted the audit responsibility from the managers/ employees to the asset owners. This change eliminated the issue of team members being too busy, not caring, or not taking the audit seriously. It also eliminated the need to train team members on how to perform the audit.

Although the semi-manual audit verification process was maintained in the short term, missing items were below the 0.39% target due to SMEs performing the audit.



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