

From Auditor to Advisor



*Mike Beck, Director
Karen Francis, Vice President*

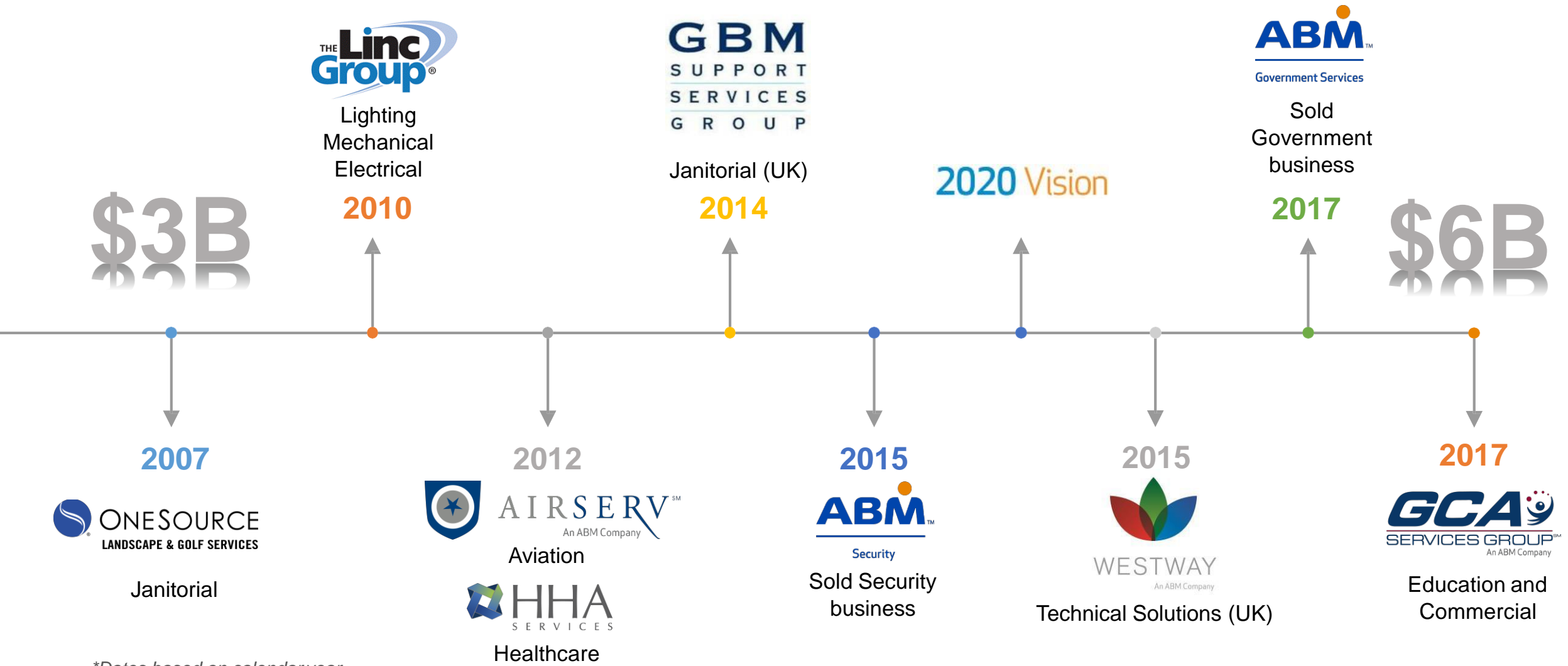
ABM Internal Audit & SOX Controls





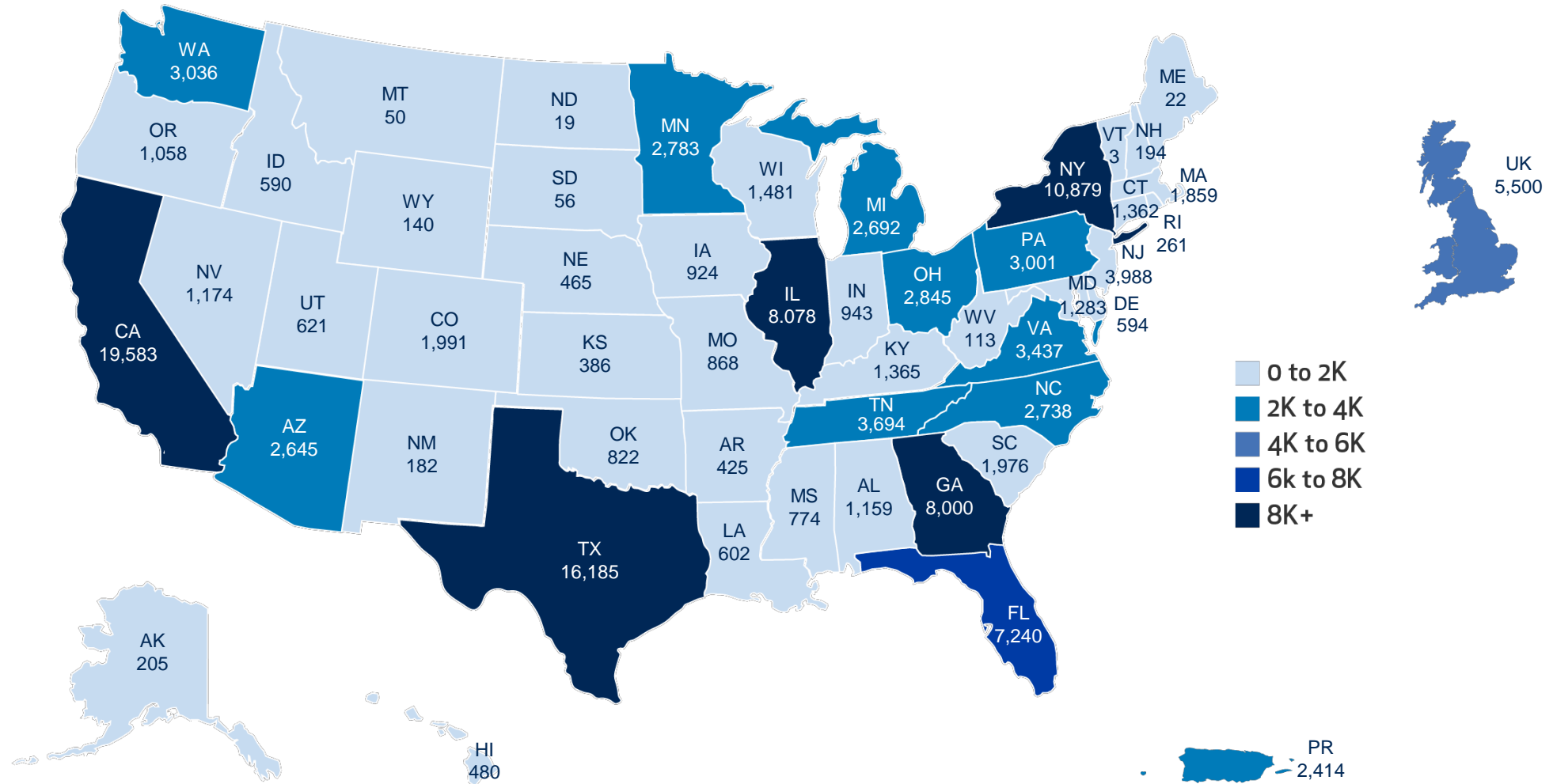
From 1909 to Today...

Growth to \$6B+



*Dates based on calendar year

ABM Has ~130K+ Employees



Source: ABM internal employee data

Services We Perform



Janitorial

Building Cleaning & Maintenance
Green Cleaning and Recycling Services
Hard Surface Floor & Carpet Care
Clean Room and GMP Cleaning
Staffing and Specialty Services



Parking & Transportation

On and Off-Street Parking Management
Shuttle and Transportation Services
Valet Parking and Special Event Services



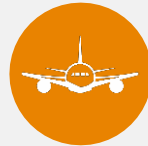
Electrical & Mechanical

Repairs, Replacements and Upgrades
Predictive and Preventative Maintenance
Low to High-Voltage Testing
Electrical Engineering and Commissioning
Chiller Services
Mechanical Systems Operations



Energy Solutions

HVAC, Central Plants, Lighting and Controls
EV Charging Stations
24/7/365 Facility Operation
Energy Audits & Optimization
Infrastructure Upgrades



Aviation Services

Aircraft Interior & Exterior Cleaning
Cargo Services
Terminal Cleaning
Wheelchair Assistance
Ambassador Services
Queue/Lobby Management



Landscape & Turf

Landscape and Grounds Maintenance
Golf Course Maintenance and Renovations
Athletic and Sports Field Maintenance
Irrigation Maintenance & Management
Exterior Pest & Fertility Management



Building Technical Administration

Mail, Logistics & Print Room
Furniture Movement
Supplier Management
Reception & Switchboard/Help Desk
Audio Visual

Clientele



2015: An Inefficient Operating Framework

- 14 accounting centers
- No central procurement
- Inconsistent IT approach
- No operating leverage

Today: 2020 Vision Process Improvements Underway

- **Shared Services in Houston**
- **Centralized procurement initiative**
- **Strategic investments in cloud-based HRIS, CRM, Financial Analytics**
- **The ABM Way (SOPs)**

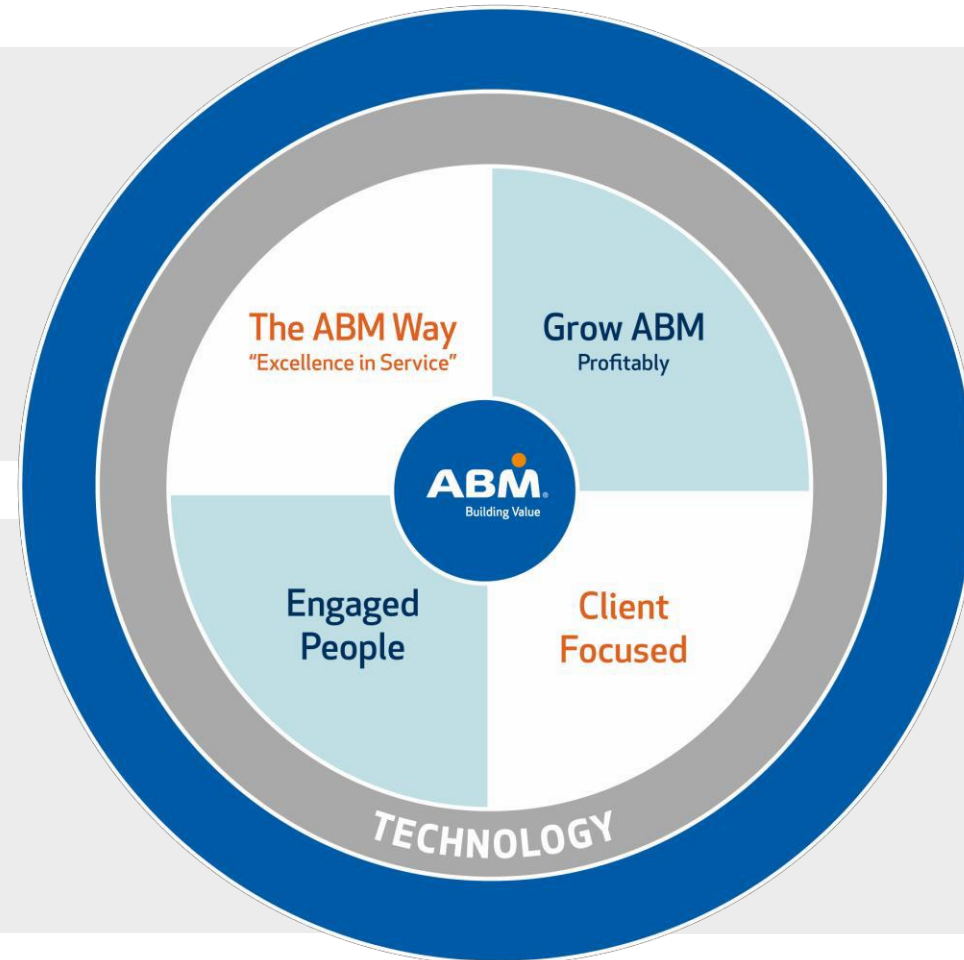
Alignment of Key Priorities

The ABM Way

- Account Planning
- Labor Management
- Safety & Risk
- Manager Development

Engaged People

- Recruit – Onboard – Retain
- Recognize & Reward Achievement
- Support Leadership Development
- Become the Employer of Choice



Grow ABM

- Establish a Sales Culture
- Cross-Sell & Up-Sell
- Pursue National Accounts
- Track Performance Scorecards

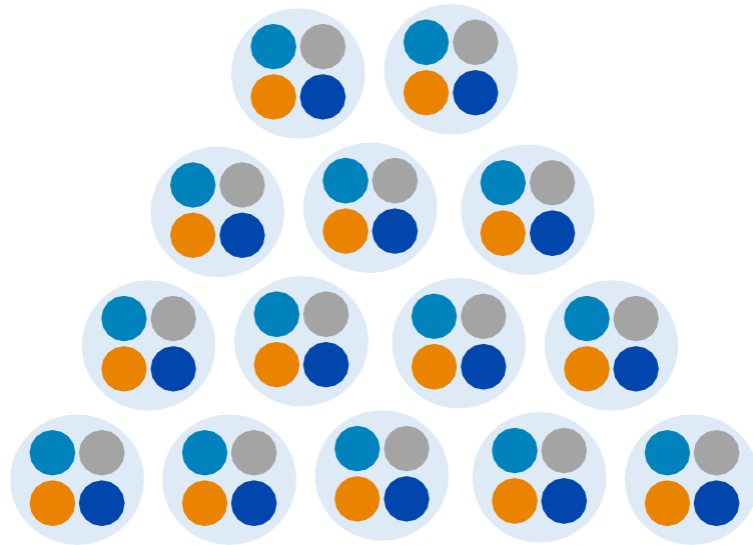
Client Focused

- Exceed Expectations
- Build Loyalty
- Underscore Ease of Doing Business
- Leverage Technology

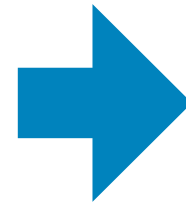
Establishing a Shared Services Center



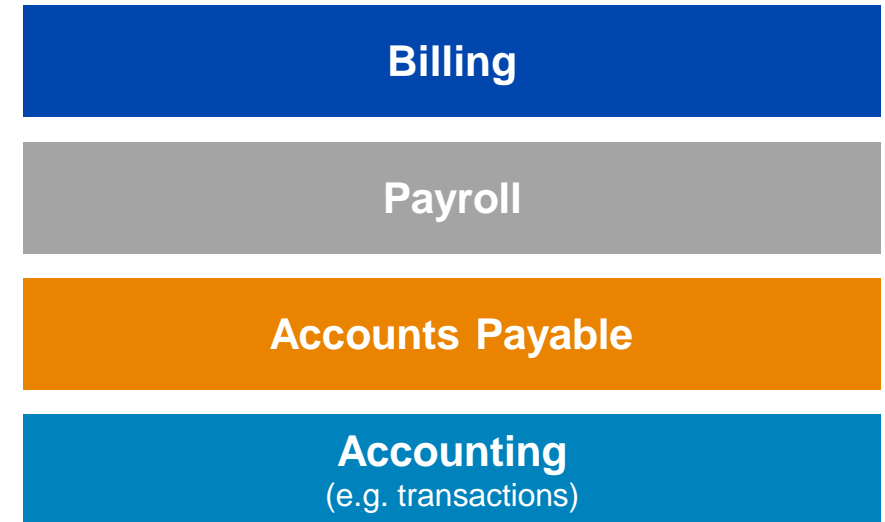
Functions Scattered in the Field



- Non-Dedicated Resources
- Poor Job Mobility
- Multiple Invoice Templates
- Costly Methods of Payroll
- Disparate Processes



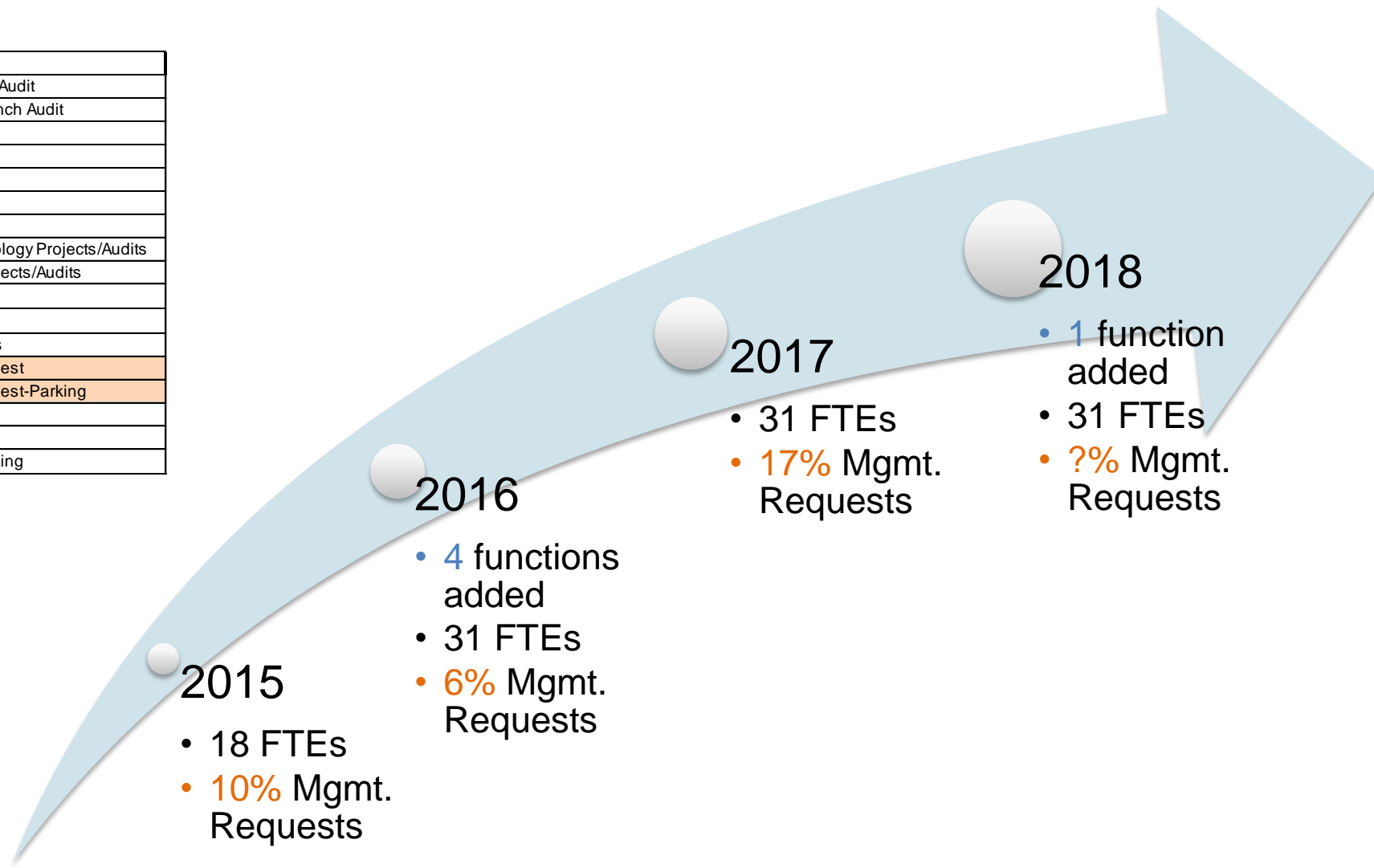
Shared Services Center



- Singular Focus
- Career Pathing
- Standardized Templates
- Consistent Processes
- More Efficient
- One TEAM

So...How has Internal Audit met the challenges?

Project Types:	
FS	Full Scope Branch Audit
LS	Limited Scope Branch Audit
V	Verification Audit
RA	Revenue Audits
AA	Airport Audits
MN	Minneapolis Audits
FCE	Forest City Audits
IT	Information Technology Projects/Audits
ITC	IT Compliance Projects/Audits
PR	Process Review
SOX	SOX Reviews
ENT	Enterprise Reviews
MR	Management Request
MRRA	Management Request-Parking
SP	Special Projects
INV	Investigations
INVRA	Investigations-Parking



Case Studies - Overview

Three consulting engagement examples from 2017:

1. IT Change Management Review
2. Government Contracting Division Compliance Project
3. Union Benefits Calculations Review



#1 - IT Change Management Review

Predication

- Immature IT processes
- Changes only met SOX minimum standards
- “Opt-In” Culture
- Too many “emergency” changes, clear circumvention
- New CIO
- Obsolete, home-grown ticketing system
- Governance only over large projects
- Ineffective change review meetings

...CIO requested IA perform a detailed review, clarify what processes and controls were needed



IT Change Management Review (cont.)

Potential Pitfalls

- Weak review
 - Surface level
 - Too focused (i.e. controls)
 - Insufficient experience
- Weak recommendations
 - Too generic
 - Too difficult
 - Too costly
 - Too much room for interpretation
 - “Captain Obvious”



IT Change Management Review (cont.)

Approach – Two Work Streams

Inside Out

- Interviews
- Existing policies & procedures
- Shadowed:
 - Weekly change meetings
 - Weekend change windows
 - Evening change windows
- Project repositories
- Change tickets

Outside In

- Relevant Frameworks
 - ITIL v.3
 - COBIT 5
 - ISO 20k
- Thought leadership (articles)
- Service Now change module documentation

IT Change Management Review (cont.)

Synthesis – Value Creation

- Distilled framework guidance into 51 process attributes
 - Bite-sized and easy to understand
 - Right-sized for company, uniquely implementable
 - Additionally, identified 9 potential process KPIs

- For each attribute:
 - Described current state and company-specific adoption steps
 - Detailed Service Now system capability
 - Rated maturity, control urgency, current state gap, effort to adopt and value if adopted

Process Stage	Framework Attribute	COBIT 5	ITIL v3	CMMI Level	Control Urgency	Current State Description	Current State Gap	Adoption Steps Description	Effort to Adopt	Value	ServiceNow® Capability (v. Istanbul)
Organization and Procedures	A Change Advisory Board (CAB) exists to oversee and approve changes and represents all relevant stakeholders. Member participation in CAB meetings and activities scales to meet the needs of upcoming changes.	BAI05.03 - 2	4.2.4.2	4	M	Large projects have go / no-go decisions with business stakeholder involvement and approval of test results. Communication between IT functions occurs on an as-needed basis. Relevant business stakeholders are not often included in the decision making process to approve non-project changes.	M	A Change Advisory Board would need to be created to include adequate business representatives and members of the various IT functions. Many decisions regarding meeting frequency, types of changes reviewed, methods of obtaining approvals and others would need to be made and documented in a CAB 'charter.' Challenges - Resource constraints and historical precedent of low business involvement in IT; comfort with 'black box' view of IT operations; identifying appropriate level of business representatives (e.g. high enough to have approval authority, low enough to make time to attend).	H	M	The ServiceNow Change Management application has a "CAB Workbench" that allows the user to define members who attend the CAB meeting and assign delegates to substitute if a member cannot attend.

IT Change Management Review (cont.)

Engagement Challenges

- Internal IA staff turnover mid-project
- Framework attributes – appropriate definition
- Adoption steps – specific and meaningful



IT Change Management Review (cont.)

Engagement Outcome

- Report issued; summarized 8 most important recommendations
- Detailed exhibit perceived as highly valuable
- CIO restructured IT
- Hired Change Manager within Service Delivery function
 - Report and exhibit served as training material
- Implemented Service Now change mgmt. module
- 1-year later, Change Manager continues to follow recommendations and improving the process, implementing at new acquisition



#2 - Government Contracting Division Compliance Project

Predication

- Government contracting division obtained as piece of larger 2010 acquisition
- Company decided to divest division in 2017, largest contracts misaligned with company strategy
- High-risk challenges could impact sale
 - Upcoming DCAA audit
 - New CAS-covered (Cost Accounting Standards) contract
 - Lacked adequate CAS-compliance processes
 - Past-due Incurred Cost Submissions (ICE) for prior years
 - Local resource shortages, cultural challenges

...M&A requested IA lead a project to triage risks and implement required compliance processes. Codenamed “Project CAS”



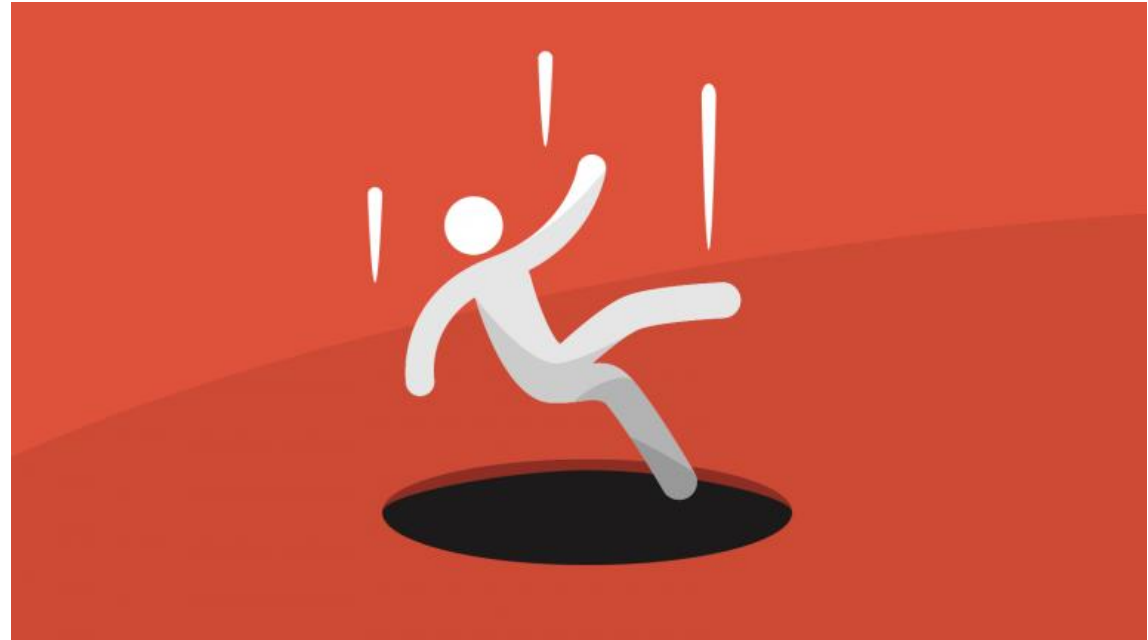
Government Contracting Division Project (cont.)

Potential Pitfalls

- Focus on wrong risks
- Failure to get traction
- Failure to finish
- Competing priorities
- Recommend vs. implement*

Challenges

- Need for secrecy
- Time constraints
 - 3 months
- Local resource constraints, competing with:
 - Investment Bankers
 - Due Diligence requests

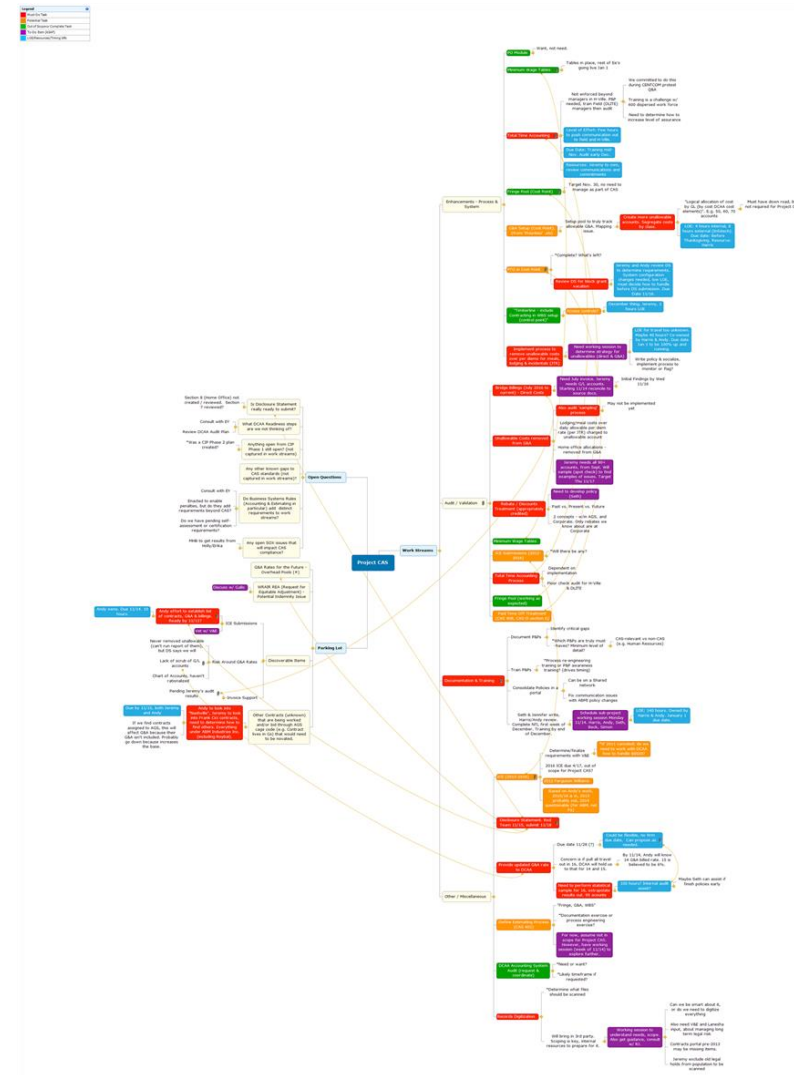
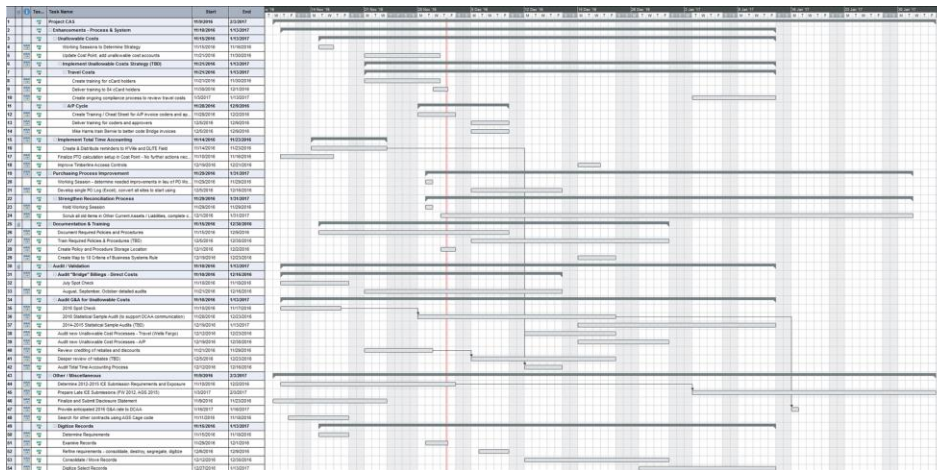


*Not concerned with independence due to planned sale

Government Contracting Division Project (cont.)

Approach

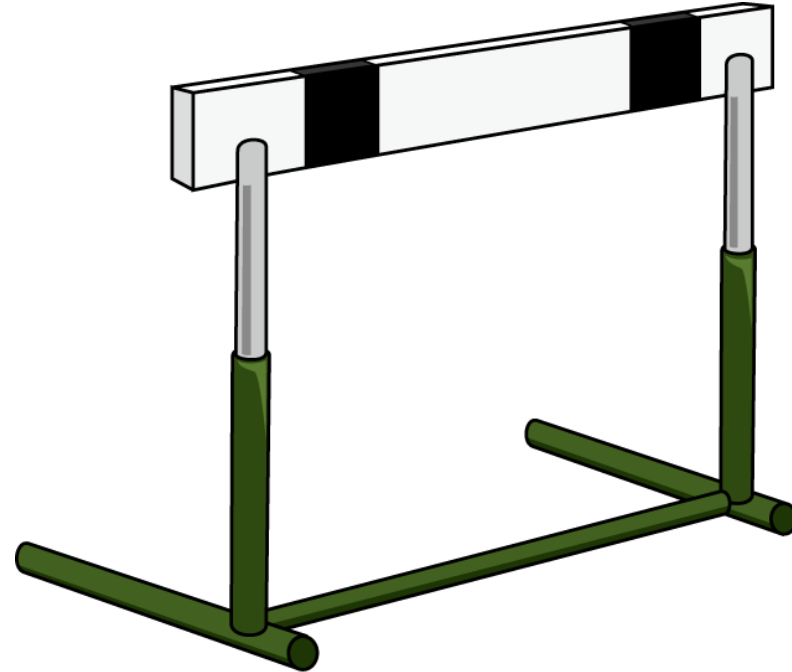
- Rapid risk assessment - “Mind Map” of concerns and response activities
- Reorganized into project plan
- Daily on-site project management, weekly status meetings and reporting
- Led facilitated working sessions
- Daily/weekly priority reshuffling



Government Contracting Division Project (cont.)

Project Challenges & Responses

- Local resource constraints
 - *Daily priority reevaluation*
- Allegations and investigation
 - *Refocus attention on priorities*
- Unallowable cost accounting
 - *Separate IA engagement*
- Controller health crisis
 - *Extended project, expanded tasks*
- Billing issues
 - *Added project work stream*



Government Contracting Division Project (cont.)

Engagement Outcome

- Implemented compliance processes
- Completed ICE unallowable cost review
- Supported due diligence process
- Project seen as significant success
- Division sold in May 2017
- Led to follow-on engagement...

Follow-on Engagement

- Government contracts in other divisions
- Started engagement in July 2017
- Co-sourced with Legal
- Identified, found, read all federal contracts
- Prioritized FAR clauses, risk areas
- Built compliance program plan
- Launched in January 2018

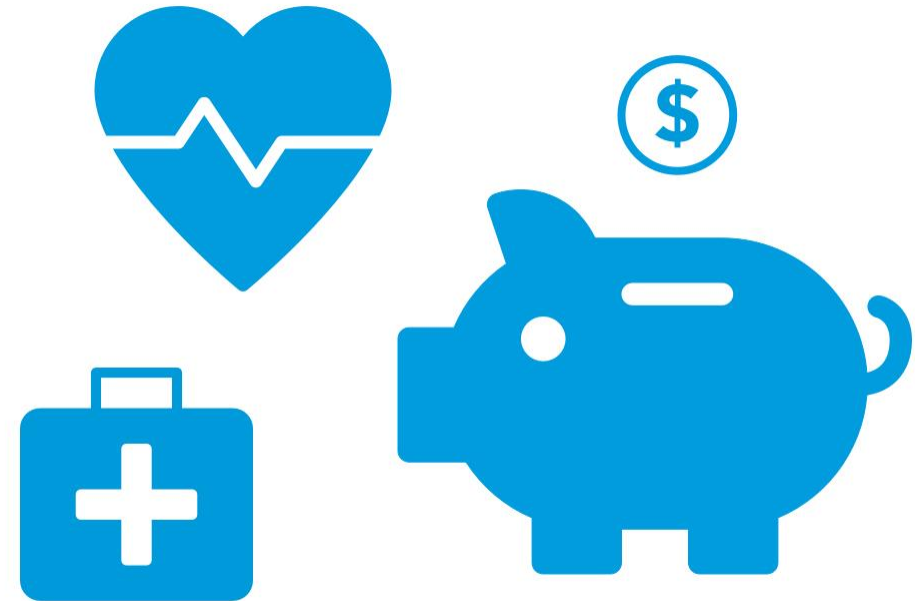


#3 - Union Benefit Calculations Review

Predication

- 40% of workforce unionized
- Large number of CBAs
- Complicated benefit entitlements and eligibility criteria
- Monthly calculations left behind in field during centralization
- Excessive surprise payments from union fund audits

... COO requested IA perform a review and propose solution



Union Benefit Calculations Review (cont.)

Approach – Two Work Streams

People & Processes

- Enterprise “Tour,” 45+ interviews
- Reviewed sample of CBAs
- Observed field calculations, tools
- Built “map” of entitlement fragments
 - Union, person, location, entitlement, method
 - Contact list
- Assessed ERP configuration, methods
- Interviewed system consultants
- Brainstormed, tested potential solutions with management

Data Analysis

- Started with “dirty” data
- Identified unique CBAs (from 2300 union codes) and union employees
- Determined those on company plans vs. union plans
- Reconciled to Legal contract database, recent A/P payments, and interview discoveries
- Outputs informed solution identification and development

Union Benefit Calculations Review (cont.)

Engagement Challenges & Responses

- Side project
 - *Creative & flexible scheduling, resourcing*
- Field resistance, layoff perception
 - *Empathy, engagement & persistence*
- Lack of consolidated, clean data
 - *Separate work stream to create needed data*
- Executive resistance to report
 - *Patient timing of issuance*



Union Benefit Calculations Review (cont.)

Engagement Outcome

- Proposed 6-step, sequential plan to remediate issues with people, processes & technology
- Provided detailed exhibit to aid management during consolidation
- Enthusiastic reception from senior management
- Transformation Management Office created project to address recommendations, asked IA to lead
- TMO project underway, implementing proposed changes



Other Completed/Ongoing Engagements

- Enterprise Compliance Program Review (General Counsel request)
- Workplace Investigations - Fraud Escalation Protocol Development (Legal request)
- Revenue Recognition Training for Operations (Enterprise Service Center request)
- Functional Training for Enterprise Service Center (CFO request)
- Transformation Management Office Workstream Participation (TMO request)
- Subcontractor Compliance Deep-Dives (Operations request)
- Government Contracting Compliance Program Development (Operations request)
- Operations SOP Development (Center of Excellence request)

Pros and Cons of Consultative Engagements

Cons

- Comfort zone, insecurity
- Reputation risk
- Scheduling challenges
- Lack of criteria / basis for recommendations

Pros

- Increased visibility and org / process awareness
- Reputation reward
- Staff engagement, growth
- Earn “seat at table”



Establishing Consultative Competency

- Hire diversely experienced talent
- Start small, build on success
- Educate sufficiently before engagement
- Pass on projects significantly beyond your capabilities
 - Technical expertise, resource availability
- Know the project sponsor(s)
 - Who is it? What do they want?
- Know the project adversaries
 - How can you appease them?
- Rigorously negotiate expected outcomes (in advance)
- Flexibly adapt to the project's needs, not the plan
- ***Do something important***
- ***Say something meaningful***
- ***Create something impactful***



Finding Recommendations Criteria

- Frameworks
- Thought leadership, whitepapers
- Industry publications, articles
- Benchmarks
- Interviews with other companies

If you can't find criteria, it's your opinion against theirs... how much is your unsupported opinion worth?



Finding Consultative Engagements at Your Company

- Sell, Sell, Sell Your Value!
 - Senior & Executive Management
 - Process Owners
- Identify spin-offs from assurance audit findings and observations
- Look for engagements within:
 - Industry changes
 - Organization missteps
 - Strategic initiatives

When you get an opportunity, remember:

- *Do something important*
- *Say something meaningful*
- *Create something impactful*

... and before you know it, you'll have more requests than you can handle.



Thank you

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