

## **Preparing for an ISO 30401 Audit: the ADB Experience**

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### **1. About the Case Organization**

The Asian Development Bank (ADB) is a regional development bank which is headquartered in the Philippines. ADB has 68 member countries and maintains 31 country offices around the world. ADB is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty.

### **2. About the Challenge**

Since ADB's commitment to be a learning organization in the early 2000s, it has put in place structures, systems and processes for managing knowledge effectively, enabling it to achieve global recognition as a Most Admired Knowledge Enterprise (MAKE) in 2012.

Oversight of the KM program is the responsibility of the Knowledge Advisory Services Center, which is now part of the Department of Communications and Knowledge (DOCK). ADB has undertaken several evaluations of its knowledge management (KM) programs over the years, including regular use of the Most Admired Knowledge Enterprise (MAKE) Survey and APQC KM Capability Assessment Tool to track its KM maturity.

In 2021 ADB launched its KM Action Plan 2012-2025, to better align KM efforts with the Bank's new Strategy 2030 which called for a strengthening of knowledge services, improved collaboration and leaner and more agile processes in its operations. This requires a fundamental shift in the way that KM is applied, governed, resourced and supported across the Bank, from the current state where it is still viewed in limited ways as the production of knowledge publications, or as a support function to run community websites. KM continues to be widely perceived internally as an ad hoc and/or an additional task or an afterthought, rather than a significant part of everyone's daily work.

Internally, KM has not been fully mainstreamed in the bank's operations and the bank has yet to gain significant maturity as a knowledge organization. In addition, to better deliver on its new strategy, ADB is moving to a New Operating Model (NOM) that is characterised by a matrix organization, and is specifically designed to bring together its expertise and deploy it much more flexibly in projects. ADB seeks to be agile and versatile in responding to client needs, hence, the need for transformational knowledge management.

Against this background, ADB decided to conduct an external ISO 30401 (Knowledge Management Systems) audit in order to take a comprehensive, externally validated view of its entire KM system, including the clarity of purpose and scope for KM, the existence of KM enablers, leadership and governance, operational support, monitoring, evaluation and continuous improvement. Benchmarking against the ISO standard would provide valuable input for the redesign of the KM system to support the NOM, inform the capacity building efforts for KM, and provide guidance on the mid-term review of the Bank's KM Action Plan.

The preparation for the audit was handled by the Knowledge Advisory Services Center (KASC) consisting of 8 staff. KASC also involved some of the knowledge management focals across ADB particularly those from the Safeguards, Environment, Transport, Climate Change groups and those from the Southeast Asia Regional Department, Central West Asia Regional Department, East Asia Regional Department, South Asia Department and the Pacific Regional Department.

### **3. What We Did**

ADB searched for a certified ISO 30401 auditor to ensure a thorough evaluation of their ISO certification process. The team was led by the very first ISO KM certified auditor and co-led by the chair of the technical committee supervising the standard. ADB also sought guidance on the necessary steps to be taken to obtain ISO certification beginning with the purchase of the standards for all the KM focals. To enhance comprehension of ISO KM standards and clarify individual responsibilities within the ISO exercise, ADB arranged familiarization course sessions for KASC and KM focals.

The comprehensive nature of the standard provided useful insight to the KM team and the KM focals on how an effective KM system works, and working through the preparation of the documentation that is required to show compliance with the standard's 151 requirements helped to anticipate some of the likely areas of focus for the audit team when they commenced the field work.

To demonstrate compliance with the 151 provisions of the ISO KM standards, KASC led the compilation of evidence. This evidence was subsequently presented to the Office of the Auditor General (OAG) for an initial review. OAG fulfils the internal audit function of the ADB by providing independent and objective assurance and advisory services designed to improve ADB operations. With the increasing focus to generate knowledge that will support the bank's operations, KASC and OAG agreed that there is merit for the latter to include an internal audit of ADB's KM processes within OAG's work program. This in itself has proven useful in familiarising the OAG team with the requirements of the standard, which will be useful should ADB wish to use the ISO standard to guide internal audits of its KM system in the future.

To facilitate the audit fieldwork process, KASC coordinated in-person interviews with over 40 staff members from ADB's headquarters, senior management, and resident missions in Armenia, Indonesia, and Vietnam and 11 stakeholder representatives from the 3 aforementioned countries and the Philippines. Additionally, KASC provided support and accompanied the ISO auditors during these interviews.

For streamlined communication and enable efficient collaboration, KASC used Zoom as the preferred platform for hosting meetings with auditors and conducting online interviews to supplement the in-person interviews. MS Office SharePoint was also used to gather, store and organise relevant documents allowing KASC members and auditors to have access to the files anytime and anywhere.

As we understood, ADB is the first public sector organization to work for an ISO 30401 certification of its knowledge management system. This was also the first time that ADB has undertaken a comprehensive review of its KM program using an external standard as a benchmark. This strengthened the leadership's attention on knowledge management as a key lever at a time of large-scale institutional transformation.

#### **4. Challenges and Lessons Learned**

Some of the ISO provisions were vague and could be subject to different interpretations. The terminologies within the standard could have different meanings within ADB. For instance the term “policy” which ADB interprets to have a similar meaning to framework or action plan, “requirements” which are interpreted as similar to needs or issues or pain points, and stakeholders which ADB clarified to include external parties, particularly the beneficiaries of ADB’s knowledge support. To address this, the KASC team undertook two measures: (i) to prepare a definition of terms to have a common understanding with the auditors and (ii) to engage the services of a KM expert who had been working with ADB and understood its context (independent of the KM auditors) to provide an understanding of the ISO 30401 terms within the ADB context.

ADB had competing priorities during the ISO 30401 audit exercise, with extensive preparations under way for transitioning to the NOM. However, rather than treating this as a barrier, KASC felt it opportune to do the ISO audit to surface what can be improved in ADB’s KM fundamentals, and to position the audit as an important input to the NOM transition. KASC experienced conscientious and committed support from colleagues who were engaged for the fieldwork interviews.

With competing work priorities, KASC had an insufficient number of staff to dedicate for preparations for the ISO exercise. Moreover, this was the first time that ADB had experienced an external ISO audit, so the processes were unfamiliar, and the nature of the documentation required was not always readily understood. To overcome this, KASC worked with the ISO auditors to break down the task and provide clarifications clause by clause to make the work more manageable.

Involving senior management earlier on in the process and regularly briefing them on the progress would have been helpful in this exercise. ADB had secured approval to do an ISO 30401 audit on knowledge management following management’s acceptance of the recommendation of its Independent Evaluation Department in 2020. However, there was a lag of a few years between the approval and the beginning of the audit, so senior leadership had lost some contextual understanding of the exercise by the time the audit started.

Having earlier engagement with senior management’s could have worked better in providing more staff resources and a dedicated team to work on the ISO KM certification.

Conducting pre-briefings for staff that were to be interviewed worked well. It helped them understand the purpose of the exercise and encouraged them to be honest with their feedback to the auditors. This helped escalate common and pressing issues for KASC to take up in the next phase of the KM program. Having a network of KM focals in place also helped identify a good range of potential interviewees for this exercise, to ensure a representative and thorough audit exercise

A final lesson is that the selection of the best timing for the ISO KM audit is important to maximize the benefits of this exercise. The timing so close to a major reorganisation helped to position KM as a major contributor to that reorganisation.

#### **5. Impact and Benefits**

The ISO exercise enhanced knowledge sharing and collaboration among KASC staff and other ADB staff identified as interviewees. It also helped raise awareness of the Center’s work and broadened the understanding of KM, especially through the pre-ISO interview briefings.

These briefings also gave staff an opportunity to discuss issues they have encountered with KM. The audit also highlighted the critical role of governance in a healthy KM system, and positioned this as a central issue for ADB to address in its new operating model.

Staff are made aware of knowledge management broadly through the knowledge forums that KASC organizes every 2 years. It is unlikely that their increased awareness resulted from this biennial exercise. It is more likely this came from the audit exercise itself. Staff also appreciated and gave good feedback about the pre-ISO interview briefings.

The success of going through and having wide participation in an ISO KM audit exercise resulted from (i) Management's awareness and endorsement of this exercise, (ii) internal and external social networks that the Chief of KM has built and maintained, (iii) the participatory and consultative approach in doing this exercise and (iv) the engagement of accredited ISO 30401 auditors, to guide the process.

#### **6. Next Steps**

KASC is now leading the process for developing an action plan to address the nonconformities identified in the ISO 30401 exercise and the implementation of these actions to validate that the non-conformities will be addressed.