Reduce Audit Fatigue & Optimize your Compliance Programs

March 23, 2021
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1. Choosing the right partner
1.1 DNV Business Assurance at a glance

A leading global TIC provider

+80K Customers globally

180+ Countries served

+3400 Auditors globally

+90K Issued certificates

+30 Accreditations

DNV Group Head Office in Oslo, supported by 4 regional hubs.
1.2 DNV value proposition

The approach adopted by your certification body (CB) can be a **critical factor** in the calculation of audit durations. If like DNV, the CB **works closely with their client** to fully consider all the applicable adjustments, this will result in the **most efficient and cost effective solution available unique to them**. DNV always adopt a ‘**partnership approach**’ with our clients. This involves us working closely with you to **support your business objectives** by providing an expert service, ensuring **maximum business benefit and value is gained from our engagement**.

- **Cost control**
  - A cost effective proposition ensuring maximum value for money
- **Value added offering**
  - Comprehensive suite of powerful MI tools included as standard
- **Innovation**
  - Driving digital transformation within the TIC industry
- **Confidence**
  - Unrivalled experience in delivering integrated solutions
- **Trust**
  - Industry leading customer satisfaction
- **Thought leadership**
  - Deep insights and analysis on future market trends
- **Collaboration**
  - Putting our client at the heart of our solution
- **Risk management**
  - Bespoke solutions focused on risks and improvements

**Value added offering**
Comprehensive suite of powerful MI tools included as standard
2. Audit duration optimization
2.1 Key drivers for determining certification audit durations

There are a number of factors to consider when calculating the amount of auditing time required for a particular organisation. These include the overall governing rules associated with the various schemes, accreditation rules, and the particular details associated with the organization seeking certification.

**Accreditation & oversight body/s rules**

The majority of ISO schemes are underpinned by a series of documents published by the International Accreditation Forum (IAF). These documents provide the central guidance that all certification bodies must follow, and are enforced by the accreditation bodies.

**Scheme specific rules**

In some cases specific rules and guidance’s have been developed for certain sector and industry standards, which must be strictly adhered to by the certification body (i.e. Food, Aerospace, Automotive etc.)

**Clients’ business**

In-line with the previous scheme governances mentioned; a critical consideration is the structure, systems, size, operations and scope of the organisation wishing to be certified.
2.2 Main IAF documents key features

The calculation of audit durations follows a particular sequence. In the case of QHSE standards, the below highlights the steps, reference documents, and associated levels of adjustments available to the certification body:

### Calculation sequence

#### Key contents

**IAF MD 5**
- QHSE days calculations
  - Tables showing QHSE baseline days based on emp numbers
  - Adjustment factors (+/-)
  - Risk & complexity factors
  - Audit execution

**IAF MD 11**
- IMS applicability (If 2 or more standards)
  - Explanation of what constitutes an IMS and various levels
  - Reductions based on level of systems integration
  - Reductions based on audit integration

**IAF MD 1**
- Site sampling eligibility (If 3 or more sites)
  - Eligibility criteria for multi-site sampling
  - Methodologies
  - Sampling rules

### Applicable reductions

1. Variable % based on determining the effective employee numbers
2. Up to 30% reduction in audit time based on adjustment factors
3. Up to 20% reduction in audit time based on site being part of a multisite

Up to 20% reduction in audit time based on level of systems integration and audit integration

Up to 70% reduction in audit days based on structure of centralised system and number of sites
2.3 Cost reductions and efficiencies illustrated:

The below illustrates the considerable cost savings which can be realised by applying the various applicable reductions*, and adopting combinations of group / integrated systems. This hypothetical scenario is based on a company with 10 sites and requiring a baseline of 12 days annually per site @ $1000 per audit day.

<table>
<thead>
<tr>
<th>Systems structure</th>
<th>Baseline days with no reductions</th>
<th>Reductions based on identifying effective number of employees</th>
<th>Reductions based on adjustment factors</th>
<th>IMS / Separate systems</th>
<th>No IMS / Group systems</th>
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<tbody>
<tr>
<td>IAF Ref. Doc.</td>
<td>IAF MD5</td>
<td>IAF MD5</td>
<td>IAF MD5</td>
<td>IAF MD11</td>
<td>IAF MD1</td>
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<td>5.4</td>
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<table>
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<tr>
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<th>Days</th>
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<th>Days</th>
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<td>Total annual days</td>
<td>120</td>
<td>96</td>
<td>67</td>
<td>54</td>
<td>23</td>
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<tr>
<td>Total annual cost ($1000 day rate)</td>
<td>$120,000</td>
<td>$96,000</td>
<td>$67,200</td>
<td>$53,760</td>
<td>$22,848</td>
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<tr>
<td>% Reductions</td>
<td>-20%</td>
<td>-44%</td>
<td>-55%</td>
<td>-81%</td>
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</table>

* Best case scenario – dependent on various factors
3. Certification consolidation
3.1 Consolidation - Summary of benefits

Certification consolidation benefits overview

- **Reduced external costs**
  - Preferential rates
  - Consolidated fees
  - Integrated / sampling approach to auditing

- **Reduced internal costs**
  - Single contract management & interface
  - Decreased internal resource costs based on integrated / sampling approach

- **Improved risk management**
  - Focus on corporate themes
  - Provide a holistic view of compliance
  - Risk based auditing

- **Improved MI**
  - Dedicated tools for the analysis and reporting of systems performance data, at group, regional, BU and site level

- **Improved audit consistency**
  - Standardisation of audit approach and reporting
  - Consistent auditor training and calibration

- **Improved business control**
  - Robust project management
  - Unified delivery model
  - Single contract with defined KPI's

Group vs separate certification structure matrix

- **Single group management system**
  - External and internal benefits from site sampling
  - Most efficient and cost effective model

- **Individual business management systems**
  - Least efficient and most costly option
  - Multiple efficiency benefits, mainly associated with contract management and deliverables

- **Multiple CB’s**
- **Single CB**

DNV is committed to providing a ‘best in class’ service that seeks to drive tangible business improvement and supports our clients’ business goals. By working in collaboration with our clients, our aim is to be considered a trusted strategic partner.
DNV
a trusted voice to tackle global transformations

Thank You

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