BUSINESS ASSURANCE

Cost Savings Strategies for Certification

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Today's Presenters

Ismael Belmarez
Accreditation Technical Manager @DNV GL Business Assurance, North America

Ismael Belmarez has been auditing management system standards for over 26 years. Ismael earned a Bachelor of Science in Mechanical Engineering in 1990 from the University of Houston. Ismael is currently the Accreditation Technical Manager for DNV GL North America and has experience with multiple standards including ISO 9001, TS 16949, ISO 14001, OHSAS 18001, ISO 45001, AS91XX and TL 9000 as well are the associated governing documents for accreditations.

Bill Mitchell
Northern Territory Sales Manager @DNV GL Business Assurance, North America

Bill Mitchell is a Business Development professional with over 20 years' experience in various industries with a strong focus in Training, Testing, Inspection & Certification. He currently is the northern territory sales manager, for DNV GL Business Assurance, North America.

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Who we are

Long history, Global presence

DNV GL HEADQUARTERS: **OSLO, NORWAY**		**STRATEGY RESEARCH**
	GROUP CENTRE	

| **MARITIME** HEADQUARTERS: **HAMBURG, GERMANY** | **OIL & GAS** HEADQUARTERS: **OSLO, NORWAY** | **ENERGY** HEADQUARTERS: **ARNHEM, NETHERLANDS** | **BUSINESS ASSURANCE** HEADQUARTERS: **LONDON, UK** | **DIGITAL SOLUTIONS** HEADQUARTERS: **OSLO, NORWAY** |

GLOBAL SHARED SERVICES
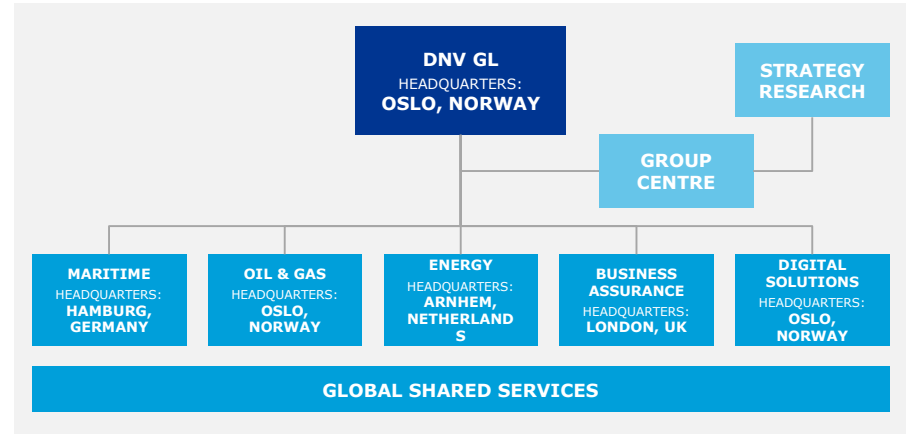
≈100,000
Customers

1864
Established

350
Offices Worldwide

100+
Countries

OUR PURPOSE
To safeguard life, property and the environment

OUR VISION
A trusted voice to tackle global transformations

OUR VALUES
WE CARE for each other, our customers, our planet, and we take care of ourselves.

WE DARE to explore, to experiment, to be different, and to be courageous, curious and creative.

WE SHARE our experience and knowledge. We collaborate with each other and our customers, and we continue to grow and develop as a result.

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DNV GL - Business Assurance:
Americas in a nutshell

8
Offices (39 locations)

12,250+
Certificates

630+
Employees

500+
Hospitals Accredited

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Crisis Management Solutions

Infection risk management

Companies must prevent and mitigate infection risk from emerging pathogens to keep employees and customers safe.

My Care: Assure your infection risk management maturity

KEEPING YOU SAFE

Assess your company's compliance and maturity with regards to emerging pathogens, in line with national requirements.

Crisis management plan implementation

A structured crisis management plan enables companies to protect their employees and business.

Business Continuity

Tools and services to support companies mitigate risks under extreme pressure and volatile conditions.
Includes Online Self-Assessment with a Rapid Check Protocol on Business Continuity

Online training

Keep your skills up to date through our online training, distance learning and e-learning courses.

Supplier qualification during a crisis

The outbreak of COVID-19 is forcing companies to find new ways to qualify, assess and manage suppliers in their value chains.

Working from home assessment protocol

With employees working from home becoming the "new normal", it is essential to know that your employees are doing so in a consistently secure manner.

Remote auditing

Our remote audit capabilities enable effective and efficient activities where and whenever needed.

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Agenda

Maintaining or expanding current certification programs while reducing cost.

o System Integration

o ISO Sampling Plans

o IATF Corporate Program

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Systems Integration/IAF MD 11

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Systems Integration Definitions per IAF MD 11

o Integrated Management System: A single management system managing multiple aspects of organizational performance to meet the requirements of more than one management standard, at a given level of integration (1.3). A management system may range from a combined system adding separate management systems for each set of audit criteria/standard, to an Integrated Management System, sharing in single system documentation, management system elements, and responsibilities."

o Level of Integration: The level to which an organization uses one single management system to manage multiple aspects of organizational performance to meet the requirements of more than one management system standard. Integration relates to the management system being able to integrate documentation, appropriate management system elements and responsibilities in relation to two or more sets of audit criteria/standards."

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Purpose

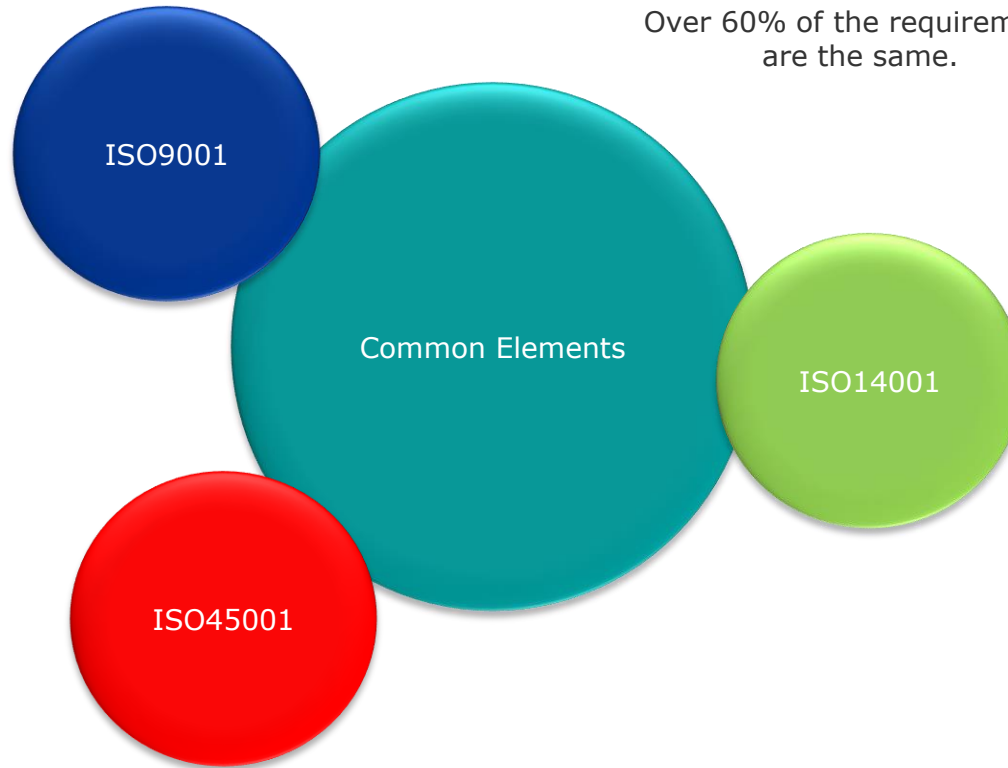**Create one, unified system to manage the activities of the organization and ensure:**

- Alignment of the key aspects of managing the business
- That quality, environmental, health & safety, security, and other requirements are not treated as something separate from operations
- That these activities are <u>how</u> the business operates, rather than something over and above the operation of the business

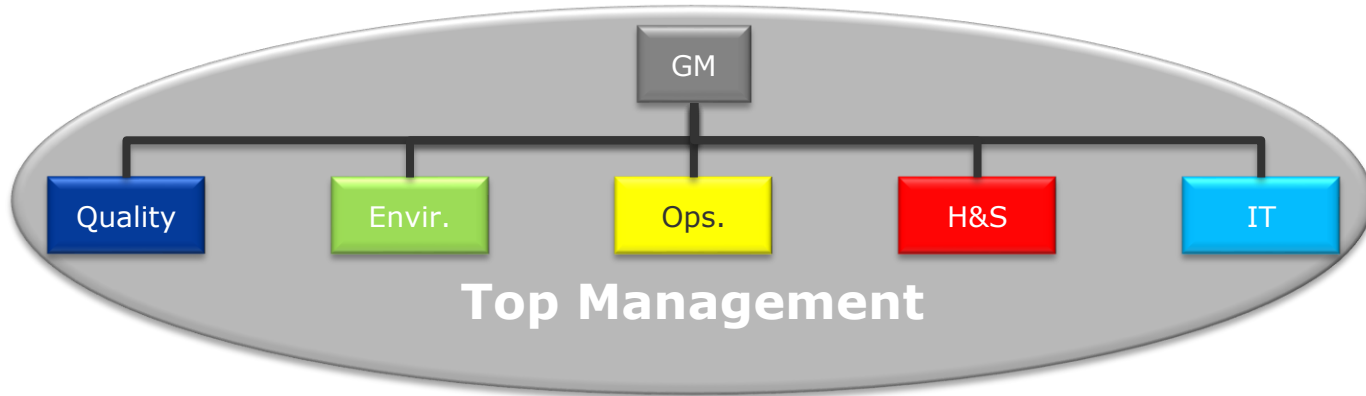# Typical Management System Structure
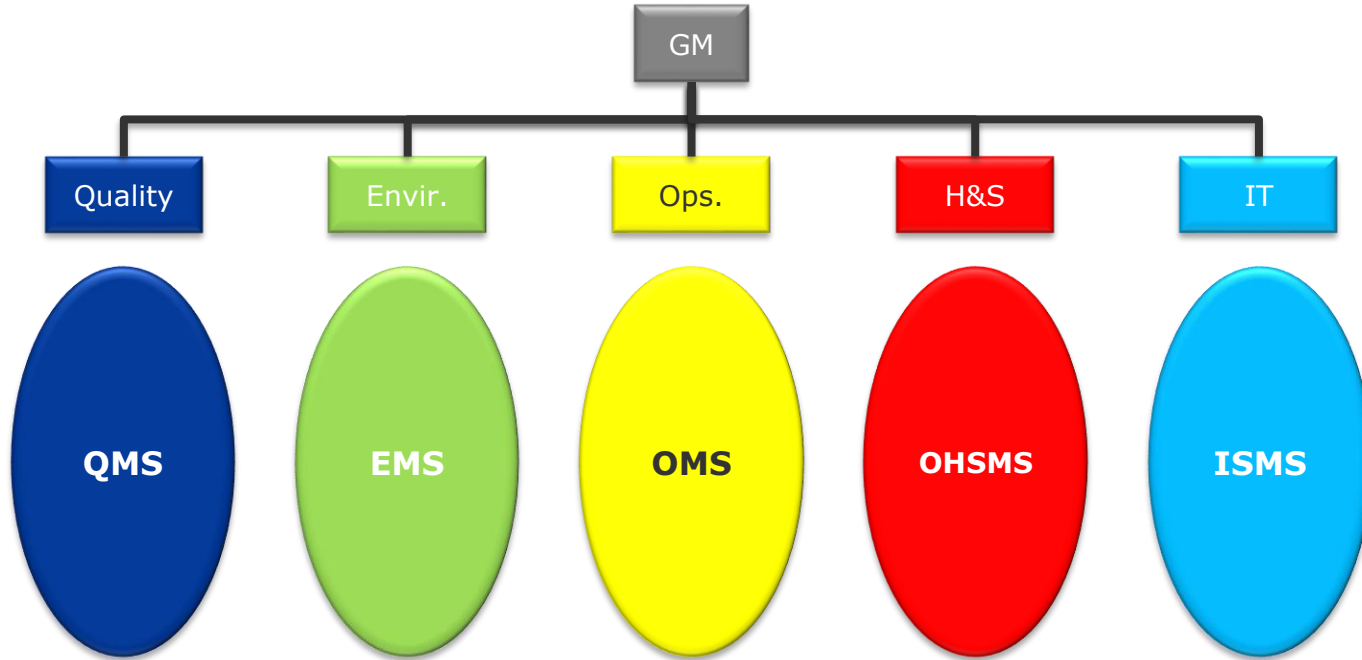
Considerable overlap due to common requirements

Over 60% of the requirements are the same.

ISO9001

Common Elements

ISO14001

ISO45001

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A More Efficient Management System

GM

Quality | Envir. | Ops. | H&S | IT

Top Management

Integrated Management System

Easily Integrated Elements – Common to all Standards

o Context of the organization
o Needs & expectations of interested parties
o Scope
o Policy statements
o Objectives / targets
o Leadership, roles, responsibilities, authority
o Risk and opportunities
o Training, awareness, competence
o Communications
o Control of documented information (documents, records)
o Performance evaluation, monitoring, measurement, analysis, evaluation
o Internal audit
o Management review
o Non-conformity
o Corrective action
o Continual improvement

ISO9001

Common
Elements

ISO14001

ISO45001

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Are You Fully or Partially Integrated?

Integrated Management System Questions

o   Is there a common management system manual that addresses Quality, Environmental and/or Safety systems?

o   Is there a common management representative for Quality, Environmental and/or Safety systems?

o   Is there a common document control system for Quality, Environmental and/or Safety procedure, instructions, etc.?

o   Does Management Review consider the overall business strategy and plan?

o   Is their an integrated approach to:

   • Internal Audits?

   • Development of processes, policies and objectives?

   • Corrective Action/Continual improvement?

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Benefits of an IMS

o One MS to build, operate, maintain

o Creates consistency across the organization

o Easy to understand

o Simplifies training

o Simplifies implementation

o Simplifies maintenance

o Savings of time & effort

o Reduced duplication

o Simplifies Internal Audits

o Simplifies External Audits

o Reduces External Audit fees

Sample ROI

Machine Shop	S1 + S2 Certification	1st Annual Audit	2nd Annual Audit	Re-Certification Audit
	Audit Days	Audit Days	Audit Days	Audit Days
ISO 9001	6.0	2.0	2.0	4.0
ISO 14001	5.0	1.5	1.5	3.5
ISO 45001	7.5	2.5	2.5	5.0
TOTAL	18.5	6.0	6.0	12.5
9K+14K+45K	14.5	5.0	5.0	10.0
% Saved	21.6%	16.7%	16.7%	20.0%

Example: Machine shop with 100 employees and no design

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Multi-Site Organization Sampling /IAF MD 1

Systems Integration Definitions per IAF MD 1

o Multi-Site Organization: An organization covered by a single management system comprising an identified central function (not necessarily the headquarters of the organization) at which certain processes/activities are planned and controlled, and a number of sites (permanent, temporary or virtual) at which such processes/activities are fully or partially carried out.

o Central Function: The function that is responsible for and centrally controls the management system.

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Process Eligibility

o "The processes at all the sites have to be substantially of the same kind and have to be operated to similar methods and procedures." "…sites which conduct the most processes, or critical processes are subject to full audit."

o "Where processes in each location are not similar but are clearly linked, the sampling plan shall include at least one example of each process… (eg. fabrication of electronic components in one location, assembly of the same components – by the same company in several other locations)."

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Centrally Controlled

o "The organization's management system shall be under a centrally controlled and administered plan and be subject to central management review." "Where processes in each location are not similar but are clearly linked, the sampling plan shall include at least one example of each process… (eg. fabrication of electronic components in one location, assembly of the same components – by the same company in several other locations)."

o All sites "…shall be subject to the organization's internal audit program and shall have been audited in accordance with that program prior to the certification body starting its audit."

Internal Auditing becomes even more important under a multi-site certification program using Sampling.

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Eligibility Per IAF MD1 Section 5

o The organization shall have a single management system.

o The organization shall identify it's central function.

o The central function shall have organizational authority to define, establish and maintain single management systems.

o The organization's single management system shall be subject to a centralized management review.

o All sites shall be subject to the organizations internal audit program.

o The central function shall be responsible for ensuring that data is collected and analyzed from all sites and shall be able to demonstrate it authority to initiate organizational as required, but not limited, to:

  o system Documentation and systems changes;

  o management review;

  o complaints;

  o evaluation of corrective actions;

  o internal audit planning and evaluation of the results; and

  o statutory and regulatory requirements pertaining to applicable standard(s).

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Cost Savings Example

o Example is based on 17 site mfg. ISO9001.

o Man-days per site for recertification 7.

o Man-days for surveillance 3.5.

o Man-day rate 1350.

o Man-days and required sites are based the following formulas;

    o Recertification: Square Root of total sites rounded up x .8.

    o Surveillances: Square Root of total sites rounded up x .6

Total Sites 17. Square root 4.123 rounded up equals 5.

Recertification: 5 x .8 equals 4. Sites to be visited 4 plus Central Function

Surveillance: 5 x .6 equals 3. Sites to be visited 3 plus Central Function

Cost Savings Example

Current state Recert Man-days	Current State Annual Surveillance Man-Days	Future State Sampling Recert Man-days	Future State Sampling Annual Surveillance Man-Days	Man-day Savings 3 year cycle	Cost Savings 3 year Cycle
119	59.5	35	14	175	236,250

Corporate Audit Scheme IATF Rules for Achieving IATF Section 5.3

A corporate audit scheme can be applied where multiple manufacturing sites are audit collectively with **common supporting locations.**

A corporate audit scheme applies only to multiple manufacturing sites based on a corporate quality management system meeting the following requirements:

✓ the quality management system shall be centrally structured and managed and shall have regular IATF 16949 internal audits at all sites

✓ the quality management system shall comply with IATF 16949

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Audit day reduction for corporate audit scheme

Number of Sites	Percent reduction for initial and recertification audits only
2 to 9	20
10-19	30
20 or above	40

Cost Savings Example

o   Example is based on:

    o   2-9 using 5 sites

    o   10-19 using 15 sites

    o   20 + using 20 sites

o   Man-days per site for recertification 10.

o   Man-days for surveillance 5.0.

o   Man-day rate 1590.

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Cost Savings Example

Sites	Current state Recert Man-days	Current State Annual Surveillance Man-Days	Future State Recert Man-days Sampling	Current State Annual Surveillance Man-Days	Man-day Savings 3 year cycle	Cost Savings 3 year Cycle
5	50	25	40	20	15	23,850
15	150	75	120	60	45	71,550
20	200	100	160	80	60	95,400

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Q&A

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