

Assurance Integrator

Optimization through process standardization and consolidation to improve resilience, compliance, sustainability and cost-effectiveness.



What is assurance integration?

Environmental and social governance (ESG), alongside safety and reliability, have risen to the top of the concern list for risk and audit committees. At the same time, sensors, the IoT and technological innovation continue to disrupt industries, raising concerns around cybersecurity. With rapid technological innovation and changes in demographics, stakeholders are also changing. They're demanding that leaders reinforce commitments to environmental protection, social responsibility and privacy.

With financial institutions and investors monitoring ESG practices, industry leaders are seeking ways to balance financial performance with sustainable development. There is mounting

pressure to provide assurance of operational excellence in order to maintain public trust, instill shareholder confidence, demonstrate resilience and comply with regulations.

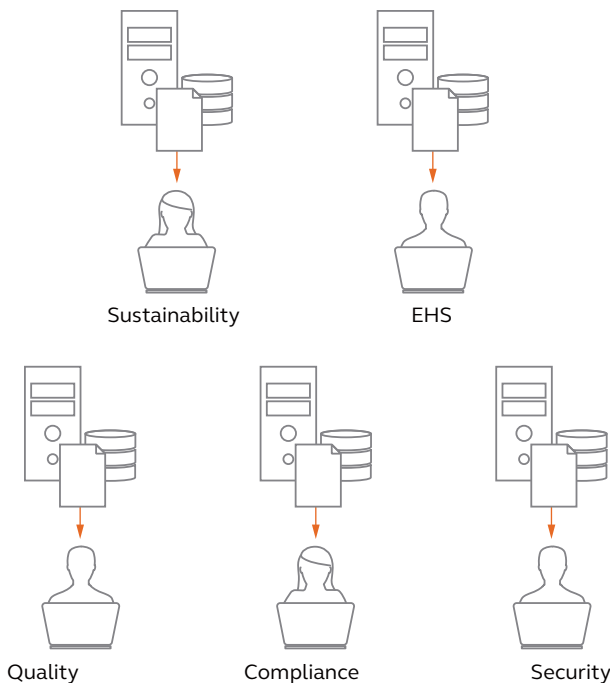
As a result, control assurance is moving from using insights into current controls provided by siloed compliance groups to harnessing skills, resources and data for predictive analytics. There is recognition that the current siloed approach leaves unrealized value on the table. Companies are collecting more risk data (operational, production, EHS, HR, asset health, facility and security) than ever, yet management is reporting the lowest level of preparedness in 12 years. Insights that could reduce corporate risk profiles, lower costs and strengthen resilience are going undiscovered. Recognizing data and digital systems as underutilized assets raises the need

to consolidate assurance-providing resources, standardize assurance processes and reduce the number of management information systems that have proliferated over the last decade.

The goals of assurance integration are to produce reliable, verifiable, and timely information that offers better insights about controls, predicts asset integrity failures and defects, and provides leading indicators of incidents that may have health and safety consequences.

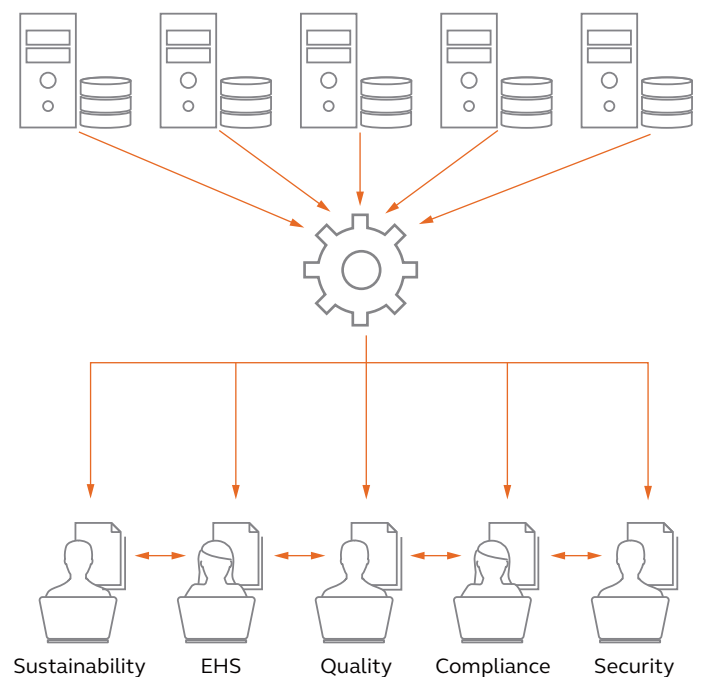
This paper explores how increased collaboration and engagement between organizational functions can drive a more effective and efficient operational risk management program. EHS leaders can help lead this transformation, while ensuring future programs and systems align with corporate needs and goals.

Traditional enterprise risk



Enterprise risk has traditionally been managed in departmental silos, limiting collaboration and coordination between working groups.

Assurance integration



The focus has moved from insights into current controls provided by siloed compliance groups to assurance integration (the harnessing of a broad range of skills, resources and data for predictive analytics).



Key drivers of change

- Pressure to increase value and find even more efficiencies
- Additional regulations creating a more complex compliance environment
- Aging infrastructure and assets
- Increased focus on sustainability from investors and the public
- Social media's ability to put companies in the spotlight at anytime

Are you sure that your risk controls are effective?

Clear and timely communications about risk often fail to reach the right stakeholders when they are not supported by a coordinated assurance process. Repeated and unnecessary disruptions occur when different auditors ask the same questions and use similar protocols to meet different compliance groups' assurance goals. Additionally, a more socially aware public is increasingly holding management accountable.

According to Aon's 2019 Global Risk Management Survey report, "Broad macro-economic risks, combined with the speed of technological change, are contributing to the growing prominence of new threats, which can disrupt supply chains and overall business operations."

The value of integrating

How sure are you that all risks and compliance issues are raised, visible, and accessible to your peers, management, and other stakeholders? If the answer is uncertain, then there is an opportunity for improvement.

Integrating assurance groups, identifying subject matter experts, and assigning coordinators to champion communications about risk in terms that everyone can understand is a first step towards assurance. Coordinated functions are more effective in managing risk. Standardizing the assurance process and using a single system to collect assurance data enforces accountability and improves data structure for analytics. This approach can also help leaders improve the efficiency of their overall risk management programs.



This evolution can be led by any working group that manages risk, but operations or the EHS function are the most logical places to start. EHS workgroups and leaders already work closely with multiple departments and achieve their objectives through influence and collaboration. EHS leaders often have perspectives on operations, functional processes, raw materials, products and risk that equip them to engage across functions and manage increasing complexity while controlling costs.

Deeper EHS collaboration within the broader strategic risk management framework can create business benefits outside the typical EHS scope. Best-in-

class organizations are already moving in that direction: An Arcadis survey found that more than 75% of EHS teams are focusing on the enterprise value and strategic advantage of the EHS function, a notable shift away from the traditionally narrow focus on just environmental and safety compliance.

Manage the change

Wherever your organization is currently, it's vital to note that an integrated, proactive assurance process designed to manage risk is ongoing and continually optimizes multiple core functions. Implementing a program that integrates

siload assurance activities and functions comes with many organizational change management considerations, such as the impact on vocabulary, working and communication styles, organizational structures, processes and outcomes.

Leaders must take the time to understand the impact integration will have on these areas and plan accordingly. Incorporating staff from across the organization into planning efforts can help align the integration with organizational needs and goals.

Leadership Expectations	Why?
Integrated governance	Raises important findings, issues and opportunities faster
Protocol harmonization and availability to function	Reduces operational disruption and costs from multiple audits
Increased management accountability for risk	Lowers costs of using party assurance providers
Dashboards to analyze interdependencies	Provides better insight into regional and facility performance and risk
Moving from lagging to leading metrics	Reduces unplanned event or incident spend
Reduced operational risk	Reduce incidents and other surprises
Improved sustainability, resilience and performance	Helps prepare for unforeseen global events and their impacts

The environmental, financial and operational benefits of increased collaboration across business lines are considerable

The Assurance Integrator implementation process

Purpose	Scoping Gather client information to define assignment scope	Maturity assessment Determine the "as is" condition of the client's program	Design plan Develop plan for integrated assurance program	Implementation implement design plan	Sustain and support Evaluate effectiveness; update as needed. Hand-off to client team
Outcome	Solution outline	Recommendations for optimization tailored to client's priorities	Plan that defines the optimized state and how to get there	Integration fo assurance procedures across support functions	Updated program
Deliverable					
Timeline	4 to 10 weeks		4 to 6 weeks	6 to 12 weeks	Ongoing as required
Dependencies	Client availability for workshop		Number of workstreams, sites, geographies		

Arcadis' Assurance Integrator

Arcadis has developed a practical and proven methodology to integrate processes, resources and data across business silos: the Assurance Integrator. Our methodology improves collaboration, resulting in an increased ability to identify risk, analyze multi-criteria consequences and their likelihood of materializing, and reduce the cost of overall efforts to manage risk.

The methodology blends commonly repeated and siloed processes to find efficiencies and synergies in a standard process design, a single management application, integrated digital tools, templates and data tracking frameworks.

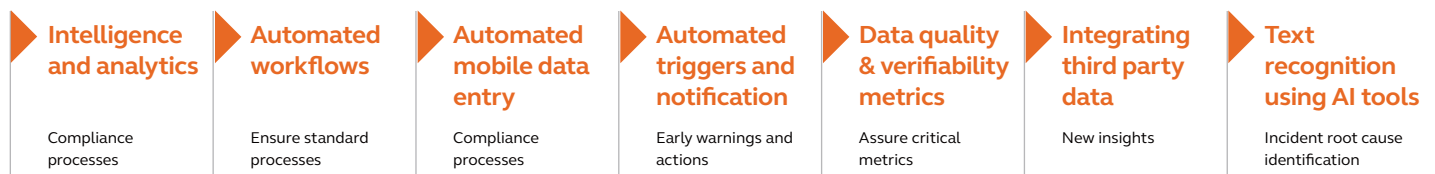
The Assurance Integrator increases an organizations' risk-based scheduling ability, visibility and control while driving down risk and the cost of incidents with improved governance structures and accountability. The accompanying digital solution provides a high value analytical toolkit that enhances efficiency and the customer experience.

Digital solution

The digital solution that supports the Assurance Integrator provides a way to combine data in multiple formats, transforming it to highlight trends and anomalies and tell a story around critical information that would typically be obscured in data silos. Outputs provide insight into the organization's process and policy revision needs, help identify strengths and risks, and serve as a decision-support mechanism.

Assurance Integrator

- Standardized assurance process
- Risk-based assurance scheduling
- Data and protocol harmonization
- Standardized findings and corrective actions
- Assurance resource efficacy
- Data management and analytics
- Uniform dashboards, reporting, and trend analyses



The Assurance Integrator's digital solution capabilities and outcomes.

Enterprise assurance data management

Enterprise data management systems (EMIS) can enable and facilitate improved management of risk through coordination and consolidation of assurance resources, systems and a standard assurance process. While an enterprise system is not required for success, having a single source of truth where all assurance activities and information collected are stored enables better risk management, makes risk communications clearer, and supports continual improvement and organizational learning. This is because enterprise systems enhance an organization's ability to collaborate while producing data, analyzing findings and implementing corrective actions. An EMIS will also increase the reliability and speed of information transfer.

Each of the companies Arcadis has worked with implementing forms of the Assurance Integrator have been at some stage of maturity in their implementation of an EMIS. Some have only implemented a portion, while others have a more mature implementation. Regardless, they all realized the symbiotic benefits of an EMIS in conjunction with the Assurance Integrator.

Building a world-class risk framework

Many organizations are responding to increased performance pressures by increasing collaboration and coordination across business siloes to drive improvements in enterprise risk management. For the EHS function, that often means being elevated to a more strategic role in the company beyond compliance.

To create a world-class risk management framework, organizations should implement operational risk management programs that achieve:

- High levels of collaboration and communication across the various functions managing risk
- An understanding of the benefits of improved collaboration amongst people in the functional teams managing risk
- Aligned and rationalized processes
- An assurance program that enhances operations, builds confidence and trust, and improves resilience



Case Study



This case study is an amalgamation of several Assurance Integrator implementations

Challenges

- Inconsistent assurance processes
- Lack of standardization
- Operational disruptions by multiple assurance providers
- Assurance functions unable to leverage each other's work to help identify priorities
- Proliferation of systems and tools
- Many reports, but few insights

Solution

Using the Assurance Integrator process, Arcadis has standardized processes, eliminated redundancies, and harmonized data to streamline the audit process for multiple business functions (e.g., EHS, security and sustainability), minimize facility disruptions, reduce costs and improve the processes that manage risk, with emphasis on continual improvement, compliance, resilience and sustainability.

Outcome

Assurance that operational risk is being effectively managed with a reduction in audit time of 40%. This lowered support function costs and, by minimizing operational interruptions, increased manufacturing production. The reduction in compliance costs was approximately 25% (approximately \$300,000/year).



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reduction in
audit time

Compliance
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↓ **\$300,000 year**

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About Arcadis

Arcadis is the leading global design and consultancy firm for natural and built assets. Applying our deep market sector insights and collective design, consultancy, engineering, project and management services we work in partnership with our clients to deliver exceptional and sustainable outcomes throughout the lifecycle of their natural and built assets. We are 27,000 people, active in over 70 countries that generate \$3.5 billion in revenues.

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