The **vision** to succeed

Solving the riddle of integrated assurance
Rod Sowden - P3M3® & MSP® Lead Author

We were part of the UK National Audit Office (NAO) assurance team in 2009 and 2010 and much of the focus was on scoping the reviews to avoid duplication and overload of a very complex programme. It was during this period that the term "Integrated Assurance" emerged, the principle being that programmes and projects should have a plan that focuses on the risks and opportunities and it is clear where, how and when the assurance will be managed in an optimal way.

There are various definitions of what integrated assurance means, but this one from Beyond Boundaries (Kubitscheck, Gower) seems to encapsulate the key points: "Integrated assurance refers to a structured approach for gaining a holistic picture of the principal risks and the level of residual exposure an organisation is required to manage. It involves aligning and optimising the organisation's assurance over the management of those risks and core business activities in line with the board's risk appetite and exists to support the board's risk oversight and risk taking". Assurance gives confidence to the key stakeholders that plans and objectives are achievable.

The 2011 version of Managing Successful Programmes incorporated the new focus on the need to have an integrated assurance strategy in place

from the outset of the programme to ensure that opportunities to improve the chances of success are identified as early as possible.

It is worth bearing in mind, the generally accepted key principles of effective assurance when you are developing your integrated strategy, these are:

1. Independent of the controlling organisation
2. Integrated with other levels and delivered in a timely fashion
3. Risk based to ensure the right level of focus in the right areas, so the higher the level of risk the more focus there should be on risk.
4. Focused around key decision points in the schedule; the earlier assurance is deployed the better as the journey to failure or success is often set very early.
5. Action based to ensure recommendations are considered and have implementation ownership.

> The main value of assurance is providing independent insight into what could go wrong and taking actions to avert failure rather than recover from it

Since 2009, we have been involved with the assessments of well over 100 companies and 6 years on from the emergence of the concept it should

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One of the models that has gained some resonance is '[the three lines of defence](#)' which has been defined as:

- The business operations – risk and control in the business
- The oversight functions – internal governance, policies and procedures
- Independent assurance – internal audit and external providers

be well established. As with so many things that come under the label of "best practice", in our experience examples are rare. This suggests that even though it makes a whole lot of sense to everyone, organisations aren't doing it for some reason.

The UK Major Projects Authority have mandated that [UK government](#) departments have an Integrated Assurance Strategy, but what we have found is that there is a document with some words to meet the requirement and maybe there are some reviews taking place, but generally it is neither holistic or integrated as far as we can tell.

What do you need to consider?
This article is an attempt to define how an organisation could use the various assurance concepts in an integrated way to achieve the aspirations of an integrated approach. Firstly, we are suggesting that there are 3 tiers of assurance to

think about, with each tier having a fundamentally different approach and techniques to address common topics.

- **Tier 1** – the focus is on assessing the organisational capability to achieve the strategic objectives. This requires a model that can take a holistic view of the people, processes, tools and techniques and management information on which delivery is being managed. There are a variety of maturity models and capability assessments that can be used to understand the core capability that the business needs.

- **Tier 2** – the focus is on independence, assessing the likelihood of success that is initiative orientated. It is important that it is independent of vested interests and that objectivity is the key characteristic.

- **Tier 3** – the focus is on the internal controls and performance to deliver specific capabilities. At this level there may also be assurance reviews at a very detailed level so would need subject matter expertise on some aspect, for example technology, engineering, markets or technology.

Organisation capability

Independent assurance

Internal controls

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Moving on to the P3M world (portfolio, programme and project) we have the tools to provide an integrated approach. The main forms of assurance that are generally available are:

- **Tier 1 – The P3M3® maturity model** - assesses the organisation's overarching maturity. This provides insight into the organisations systemic strengths and weaknesses which will ultimately dictate the likelihood of success.
- **Tier 2 – Independent reviews** - use either internal peer groups or external experience to take an independent view of programme or project. These are normally advisory in so far as they can judge the likelihood of success. As they are independent they are not part of the delivery regime so must provide an independent objective view on the business viability of achieving the outcomes and the process for achieving them.
- **Tier 3 – Internal reviews** - these reviews are the 'stop/go' points, so these are not advisory, they have teeth and bite because this is where the justification for continuing with the investment are made and where accountability sits. These reviews may need more technical expertise to assess the technical viability of the approach and their ability to meet the business requirements. At this level
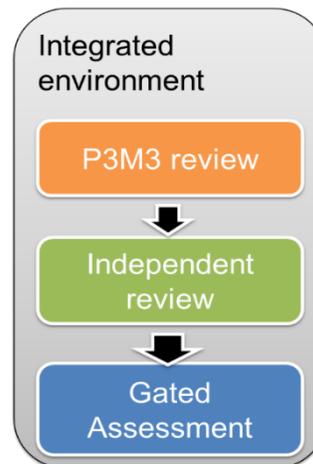
there could be internal health checks rather than formal gate reviews and as such are less likely to have teeth.

The flow of information and the relationship between the levels is essential to inform the level of assessment happening below. The key point of integrated assurance is that knowledge is being considered from a number of sources and duplication is being avoided during the assurance.

With this cascade of knowledge integrated assurance can be achieved. We have noticed that organisations tend to focus the assurance at areas they are normally comfortable with as those are the areas they believe are important.

If your organisation has a systemic strength in risk management, the subsequent tiered assurance reviews should have greater confidence when reviewing an initiative around this theme. What actually happens is that it is likely to be an area that draws the attention of reviews as it is within their comfort zone, which is the opposite of what is needed.

Integrated environment

- P3M3 review
- Independent review
- Gated Assessment

This 3 tier model aligns with the "three lines of defence", but not strictly at the same levels

Alternatively, if you have a systemic weakness around resource management at Tier 1, then it is likely that the tiers below will not focus on it either. However, in an integrated environment the weakness at Tier 1 (when it is known) can be managed through the other tiers by increasing the focus on resource management to reduce the chances of failure.

This is why Tier 1 (P3M3®) is important to integrated assurance as it highlights your systemic strengths and weaknesses. As most organisations are weak at knowledge management, they aren't able to process lessons learned, so they often continue to fail for the same reasons at all levels.

There is no standard for assurance as they are intended to be flexible and specific, however much of the research into why programmes and projects fail can be summarised into roughly 8 headings:

- Internal controls
- Stakeholder management
- Risk management
- Governance
- Finance management
- Resource management
- Requirements and benefits management
- Planning

By building the integrated approach to assurance around these core topics it will enable a balance in your organisations approach. Obviously each organisation has unique priorities, strengths and weaknesses but this is a good checklist to build from.

There are useful case studies of organisations that have sought to integrate the tiers to gain efficiency for themselves, here are some examples:

- The Australian Government mandated P3M3® assessments for their departments to help them understand their strengths and weaknesses. Bids for funds in business cases were required to show a mitigation plan to address any systemic weaknesses in their departments. This is a great use of Tier 1 assurance and has now been adopted by the New Zealand government as well.
- A pan European programme involving 3 partners in the music licensing industry commissioned an independent assurance review of the programme. Whilst the individual projects were operating reasonably effectively, the assurance review showed that the

To achieve success the organisation must decide if it sees assurance as a bureaucratic pain that you have to suffer as a result of external governance or embrace it as an opportunity to improve the chance of

divisional (programme in this case) layer integrity was not effective which significantly helped the 3 partners to manage their expectations. Tier 2 highlighted the areas that neither Tier 1 nor Tier 3 could pick up.

- The Nuclear Decommissioning Agency instigated P3M3® assessments of Sellafield Ltd as part of the assurance regime. They provided incentives to move up the maturity ladder on the basis that they could spend less time on individual projects if the programme governance and controls were better. A good use of Tier 1 to drive down the cost of Tier 2 assurance.

- Network Rail are seeking to adopt the full three layer approach, with P3M3® being used to assess divisional capability, peer reviews to provide the independent insight and stage gate reviews making the 'stop/go' decisions. Information from the different levels will create a robust fully integrated approach to assurance, the first we have come across.

- Gatwick Airport used the P3M3® maturity assessment as part of their re-licensing with the Civil Aviation Authority.

Too often organisations operate the layers independently or have too much focus in one area. Integrated assurance is about balance, prioritisation and achieving success efficiency, not repetition of bureaucratic analysis. This is not limited to P3M as there are numerous maturity models that can help with greater integration in other disciplines or have an impact on P3M, for example, asset management, change management, health and safety management. All can enrichen the understanding and increase the likelihood of success for the organisation.

Simply focusing on one of the tiers will not work as the same issues will recur and not be addressed. The whole system must function properly for an integrated assurance strategy to work.

If you are looking to develop an integrated approach to your assurance, a combination of maturity assessment, independent review and internal assessment will provide you with a robust and integrated assurance regime.