

# 2019/20 Data Assurance Summary



## COVID-19 (Coronavirus) – A message to Our Customers and Stakeholders

When publishing this Data Assurance Summary in July 2020, we know that this is a difficult time due to COVID-19 (Coronavirus). We also know that the water and wastewater services we provide play a key role in protecting public health and safeguarding the customers and communities we serve.

We are now taking extra steps so that we can protect our colleagues while also maintaining our services to customers.

Our industry has never been faced with such a challenge. However, our spirit of community and commitment to do the right thing for our customers has never been stronger.

Whilst we will take all reasonable steps to ensure that all the activities and timescales outlined within this plan will be achieved, we apologise if some activities may have to be delayed whilst we are doing everything we can to continue providing our essential services. Thank you for bearing with us.

### About this document

In the course of the year, we publish a range of information on the services we provide and our performance against key targets, including those contained within Ofwat's 2015 Final Determination. Building and maintaining a high level of customer trust and confidence is of paramount importance. We, therefore, have in place robust assurance arrangements to ensure that the information we publish is reliable and accurate and that we are providing the level of information and delivering the level of service that our customers expect.

We see assurance as a day-to-day activity and an important part of our continuous improvement programme, and, as we continue to engage with our key stakeholders, we will use their feedback to tailor our assurance activities to match their expectations.

In their final Company Monitoring Framework assessment, Ofwat concluded that we had demonstrated the consistently high standards for a "self-assurance" company and met the criteria to be promoted to the highest category of "self-assurance".

In March 2020, following consultation with key stakeholders, we published our Final Assurance Plan for 2019/20 ([Final Assurance Plan 2019/20](#)). Having firstly assessed the risks, strengths and weaknesses associated with meeting our obligations and commitments, we outlined the measures we intend putting in place to assure all relevant data. This Data Assurance Summary, published alongside our Annual Performance Report (APR), summarises the outcomes of this assurance.

In the appendices we set out details of the assurance activities undertaken and our findings. We believe that this shows that we have adequately managed performance risks and that our customers can trust the information we publish.

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## Summary of our Assurance Approach

We are committed to making available to customers, information that is reliable and accurate, is easy to understand and navigate and which allows them to understand how we are performing. Providing information to a consistently high standard also helps build trust and confidence in everything we do. Much of the information we produce is provided to our regulatory stakeholders and other stakeholder groups periodically or published in our APR and on our website.

We have in place an audit and assurance framework which allows for the systematic monitoring and evaluation of our performance. This involves having appropriate governance arrangements, close involvement by our Board in the assurance process, and the right level of independent review and challenge. It helps ensure that our statutory and regulatory reporting requirements are met in full with a high level of assurance.

In table 1 we set out details of our Assurance Framework.

Table 1 – Our Assurance Framework

OUR ASSURANCE FRAMEWORK		
Internal Controls	Independent Scrutiny	Independent Review
<ul style="list-style-type: none"> <li>•Written Guidance</li> <li>•Training</li> <li>•Management Reviews</li> <li>•Management Checks</li> </ul>	<ul style="list-style-type: none"> <li>•Specialist Teams e.g. Compliance, Legal, Regulatory</li> <li>•Senior Management</li> <li>•Audit Committee</li> <li>•Board</li> </ul>	<ul style="list-style-type: none"> <li>•Internal Audit</li> <li>•External Audit</li> <li>•Technical Audit</li> <li>•External Specialists</li> </ul>

The data assurance framework is underpinned by five key cornerstones:

1. Robust assurance principles – we operate a “three-lines of assurance” model, targeted at areas of greatest risk;
2. Clear ownership and accountability – we have clear lines of ownership and accountability for both the delivery of performance and the accuracy and reliability of the data provided;
3. Effective governance – we are subject to scrutiny by our Board, Audit Committee and the Dŵr Cymru Executive (DCE) with additional challenge provided by the Customer Challenge Group, regulators such as Drinking Water Inspectorate (DWI), Natural Resources Wales (NRW) and CCWater;
4. Transparency and accountability – we publicly report on our performance and hold ourselves to account where we do not meet our commitments; and
5. Company culture – having in place the right culture which encourages our people to act responsibly and “do the right thing”.

We believe that the “three lines of assurance” model represents best practice and provides for the effective management of risk. By mapping our assurance activities in this way, we are adopting a proportionate approach and making sure that the scope for error is significantly reduced. The diagram in Table 2 below provides more information on how the “three lines of assurance” model works.

Table 2 - Three lines of assurance model

Line	Area	Role	Type of Activity
1: Risks and controls:	Business Operations	Delivery of service and performance	<ul style="list-style-type: none"> <li>• Providing source information</li> </ul>
	Business Management	Monitoring and reporting performance	<ul style="list-style-type: none"> <li>• Defining and documenting methodologies and processes</li> <li>• Identifying material changes to systems and processes</li> <li>• Implementing quality checks and reviews</li> <li>• Reporting performance information</li> </ul>
2: Oversight functions:	Regulation, Finance, General Counsel, Compliance	Define policy and provide the enabling framework for regulatory reporting	<ul style="list-style-type: none"> <li>• Developing the assurance framework</li> <li>• Reviewing performance information submitted</li> <li>• Monitoring delivery of obligations</li> <li>• Reporting to Board</li> <li>• Implementing quality checks and reviews</li> <li>• Providing advice, guidance and support</li> </ul>
	Board, Audit Committee, Quality & Environment Committee, Customer Challenge Group, CCWater, DWI, NRW	Scrutiny and challenge	<ul style="list-style-type: none"> <li>• Reviewing performance information submitted</li> <li>• Monitoring the implementation of improvement plans</li> <li>• Reviewing risk profile</li> </ul>
3: Independent Assurance:	Business Assurance, external assurance providers	Independent review of levels of assurance provided by First and Second Lines	<ul style="list-style-type: none"> <li>• Reviewing methodologies and processes</li> <li>• Reviewing application of methodologies and processes</li> <li>• Providing an opinion on the integrity of data</li> <li>• Reviewing appropriateness of the assurance framework</li> </ul>

Our assurance approach is embedded into “business as usual” activities.

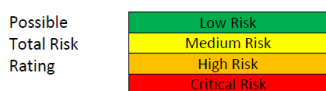
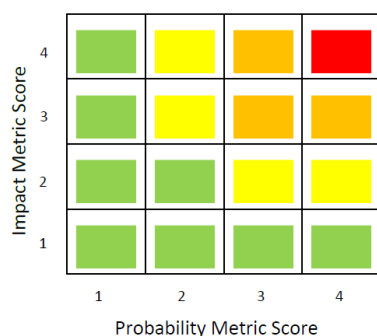
In the last 12 months we have implemented the following assurance programme (Table 3).

Table 3 – Annual Assurance Programme

2019	November	<b>Risks, Strengths and Weaknesses</b>  <b>AND</b> <b>Draft Assurance Plan</b>	A review of the risks, strengths and weaknesses of the data contained in the APR and other key publications. An impact and likelihood scoring methodology was applied and this assessed the likelihood of inaccurate or incomplete data being reported, by considering the reliability and accuracy of our source data, the robustness of our reporting processes and the strength of our governance and control arrangements. Stakeholders were engaged in this process. The Draft Assurance Plan consultation document (also containing Statement of the Risks, Strengths and Weaknesses) set out details of the levels of assurance we were proposing.
	November to January 2020.	<b>Consultation</b>	The responses we received both written and through meetings and conversations held with our stakeholders, were considered when preparing our Final Assurance Plan.
2020	March	<b>Final Assurance Plan</b>	Publication of Final Assurance Plan.
	April to June	<b>Implementation of Final Assurance Plan</b>	<ul style="list-style-type: none"> <li>• Performance data is subject to an internal assurance review and sign-off procedure by the individuals responsible for its collection, collation and management.</li> <li>• An external engineering/technical auditor (the Reporter) provides assurance to the Board on the accuracy and completeness of the information and the non-financial data published in our APR.</li> <li>• The financial reporting and accounts process is subject to a well-established and rigorous external financial audit process. The external auditors focus particular attention on those areas in the financial statements which have the highest level of management judgement applied to them or are considered to be the most inherently risky.</li> <li>• The APR is prepared consistently and in line with Ofwat's overall regulatory reporting framework. Each year, the external auditors provide a written opinion on the Company's compliance with the Regulatory Accounting Guidelines, accounting policies and all relevant Licence obligations.</li> </ul>
	July	<b>Annual Performance Report (APR)</b>	<p>Publication of APR</p> <p>The APR was published on our website along with all of the above documents and can be found on 'Our Assurance Framework' webpage.</p> <p><a href="#">Our Assurance Framework</a></p>

In table 4 we demonstrate how we prioritise areas that may require increased levels of assurance.

Table 4 – Impact and Probability Risk Matrix



The area with higher probability and higher impact residing in the red “high” and amber “high-medium” risk zones demand a higher level of assurance over those which reside in the yellow “low-medium” and green “low” risk zones.

In the Appendices we explain how the specific controls and mitigation actions set out in our Final Assurance Plan were applied and what our findings were.

Appendix 1 details the controls and mitigations relevant to data contained within the APR.

In Appendix 2 we comment on “other” data which is either produced and/or published routinely throughout the year (e.g. information on our website) or is published in separate reports, such as the documents associated with our Annual Report and Accounts or details of our Charges Scheme.

### Next Steps

It is important that we continue to review what information our customers and other stakeholders want and need. We will build on our proportionate and transparent approach to data assurance activities and ensure that our customers and stakeholders are involved in this process.

We welcome the important contribution made by our independent Customer Challenge Group to ensure that we plan to deliver the best possible outcomes for customers. The input of our Stakeholders has helped inform the structure and content of this APR and we value the constructive comments received and their general support.

We will in October 2020 publish our Statement of Risks, Strengths and Weaknesses and our 2020/21 Draft Assurance Plan.

## Appendix - Part 1

### APR including Outcome Delivery Incentive (ODI) measures

Our Outcome Delivery Incentive Scheme, introduced in April 2015, is a comprehensive suite of measures, both financial and non-financial, designed to challenge us to meet customers' expectations. It comprises Measures of Success contained within the 2015 Final Determination and other key metrics.

As in previous years, we used an Impact and Probability Risk Matrix (mentioned in this report and explained in detail in our Final Assurance Plan) to assess whether it was necessary to implement any additional assurance activities on particular measures beyond what we do as a matter of course for all performance measures.

These measures have existing and well-established data collection and verification procedures which have been the subject to both internal review and Technical Auditor scrutiny and which therefore carry high levels of assurance.

Although six of the measures fell within the "low-medium" risk zone, we did not consider it necessary to implement any additional assurance activities for these measures, as the high level of assurance obtained from the Technical Auditor and our own internal controls were appropriate.

The remainder of the performance measures all resided in the "low" risk zone. There were none in the "high-medium" or "high" risk zones.

All data reported in the APR continues to be subject to the structured "three lines of assurance" process.

In the table below we summarise the outcome of our assurance activities.

Controls, mitigating actions & Improvements	Assurance Finding response	
Data providers, their managers and business unit directors produce and approve data, commentaries and methodologies and audit trails to support the reported performance and demonstrate the control checks that have been applied.	The data assurance programme was implemented as planned. There were no material issues identified and the governance stages, e.g. sign off of data at different levels operated as planned.	✓
Finance and/or Regulation team review the information and audit trails.	The Finance and Regulation team undertook their own reviews, and this included a rigorous process of internal due diligence to challenge information, judgements and assumptions associated with both financial and non-financial data and to ensure compliance with the relevant guidance. Whilst there were no material issues identified during this exercise, it provided a good opportunity to highlight to management areas where judgements were required, or assumptions needed to be tested.	✓
Financial Auditors' audit and provide an opinion on Regulatory financial reporting (APR Parts 1 and 2).	The independent financial auditors (KPMG) began their audit and assurance procedures on 22 June and had substantially completed them by the time of the Board meeting on 2 July. KPMG attended the Board meeting via Teams video-conferencing and provided their assurance confirmations. They formally signed the audit opinion on 8 July.	✓



Controls, mitigating actions & Improvements	Assurance Finding response	
<p>Technical Auditors review data and commentaries on non-financial Performance) (essentially the operational performance of the business against the performance commitments set out in the PR14 Final Determination) highlighting any financial incentives accrued in the year i.e. APR Part 3) and report their opinion to Board.</p>	<p>Jacobs (our Technical Auditor) undertook a full data review in accordance with an agreed Audit Plan. This involved:</p> <ul style="list-style-type: none"> <li>(a) A review of documentation including Methodology Statements already in place for individual data items;</li> <li>(b) A process review which involved face to face discussion via Teams with the data owner; and</li> <li>(c) A year-end audit involving document review and face to face discussions via Teams with data owners covering: <ul style="list-style-type: none"> <li>- adherence to internal processes;</li> <li>- tracing to source data;</li> <li>- sample checks;</li> <li>- confidence grade reviews;</li> <li>- calculation of rewards/penalties (where appropriate); and</li> <li>- commentaries.</li> </ul> </li> </ul> <p>There were no material issues found and Jacobs' reports are included in the APR.</p>	✓
<p>Technical Auditors or Financial Auditors review relevant tables contained within APR Part 4 (i.e. additional regulatory tables, financial and non-financial, including wholesale totex performance against both the PR14 Final Determination assumptions and intercompany unit cost metrics, retails operating cost analysis and financial metrics.). Table are reviewed to agreed procedures.</p>	<p>Jacobs and KPMG undertook their reviews of data and methodologies in accordance with the agreed procedures. Jacobs found no material issues and produced a letter summarising their findings. KPMG provided a letter detailing the procedures undertaken and reporting by exception on any findings which were not in line with their expectations (of which there were none).</p>	✓
<p>Internal scorecards highlight performance against the key measures on a monthly basis across the business and up to Board level.</p>	<p>Internal scorecards and all Measures of Success are reviewed monthly by the Dŵr Cymru Executive and a report is sent to the Board each month.</p>	✓
<p>Review process with our Customer Challenge Group (CCG) who have a role to play in challenging our reporting.</p>	<p>We shared with the Chair of the CCG our proposals on the assurance activities planned in both our Draft and Final Assurance Plan.</p>	✓
<p>Information Packs and training sessions arranged by the Regulation Team for all data owners.</p>	<p>Information packs containing all relevant information were provided to all data owners.</p> <p>In March/April 2020 all data owners received training. The training was 100% complete and there were no issues of concern.</p>	✓
<p>Detailed internal Methodology Statements have been developed which include a step-by-step guide on how the data is obtained, the checks and balances in place, any assumptions made, and any exclusions applied.</p>	<p>Comprehensive Methodology statements are in place for all measures. They have been updated to reflect comments received from the Regulation Team and the Technical Auditor and changes in process which may have occurred in the year.</p>	✓
<p>Methodology Statements reviewed and scored by the Technical Auditor.</p>	<p>In previous reporting years, Methodology Statements had been formally reviewed by Jacobs and were scored using their bespoke risk-based Scoring Framework. Where appropriate, data owners were required to review and update the relevant Methodology Statement, having regard to comments and recommendations received. The application of the Methodology Statements when producing 2019/20</p>	✓

Controls, mitigating actions & Improvements	Assurance Finding response	
	data was an important element of both the internal due diligence checks and the audits conducted by Jacobs' at year end.	
Data sign off by the data owner, business manager (where appropriate) and the relevant Director.	100% complete. All data has been signed off by the data owner, his/her manager and the appropriate director.	✓
Regulation Team hold due diligence meetings with data owners to review data, methodology, performance, and supporting audit trails.	<p>During March, April and May and prior to the Jacobs' audits, due diligence meetings took place with all data owners. Amongst the matters reviewed were:</p> <ul style="list-style-type: none"> <li>• The application of the appropriate; Methodology Statements and reporting requirements;</li> <li>• Assumptions and judgements; and</li> <li>• Data Commentaries explaining performance by reference to targets and historical data.</li> </ul> <p>Verification checks by reference to previously reported data were also carried out.</p>	✓
Third party detailed audit of the data collection and reporting process by our Technical Auditor to provide assurance that the data can be reported reliably and accurately and in accordance with any relevant reporting requirements. This includes sample checks to test processes, assumptions, methodology, implementation, governance and results.	Jacobs' audits took place between 23 March 2020 and 28 May 2020. Reports were prepared for each audit and the risks were scored. Jacobs also produced a letter to the Board summarising their findings and attended both the Audit Committee meeting on 3 June 2020 and the Board meeting on 2 July 2020 to report their conclusions and to answer any questions. There were no material issues identified.	✓
High level audit of the reporting framework carried out by the internal Business Assurance Team.	In May 2020 the internal Business Assurance team undertook a high-level audit and evaluation of the assurance. Their report concluded that generally there is a sound system of internal control and broadly there is operational compliance with those controls and assigned an overall rating of "Satisfactory Assurance".	✓
Review by DCE and updates are provided to the Audit Committee.	<p>The DCE review of all data reported in the APR (financial and non-financial), took place on 26 May 2020. This was also attended remotely by Jacobs and the Business Assurance team. Members of the Regulation team and selected data owners (and/or their managers) were also present. For each measure, a summary containing current year's performance, historical performance and data owners' and reporter issues was produced and formed the basis of discussions. Key judgements and material assumptions were reviewed.</p> <p>Ahead of the discussions at the full Board meeting on 2 July 2020, the Audit Committee (on 3 June 2020) received a progress update. Both the Audit Committee and the Board reviewed the overall process, the operation of the systems of internal and external controls and reviewed the key judgements required in compiling the APR.</p>	✓
A Board Assurance Statement for performance data contained in the APR.	The Board Assurance Statement can be found in the APR Overview.	✓

## DCWW Data Assurance Summary 2019/20

Controls, mitigating actions & Improvements	Assurance Finding response	
We will include specific commentary giving an explanation on any performance measure/APR line that has a variance of 15% or more.	Where we have identified a line with a variance of greater than +/- 15%, where appropriate we have included a commentary to explain this.	✓
We are exploring the opportunity to include indicative 2019/20 performance on our new proposed PR19 suite of Measures of Success within our APR. If this is feasible, this will provide transparency and confidence to our customers and stakeholders on our key measures for the next five years.	Within our Annual Report and Accounts we have a section 'Look Forward: 2020-2025' which includes details of our 2019/20 performance on our new PR19 suite of measures.	✓
Our APR will include additional information for our customers and stakeholders to review and understand the impact our performance has on the outcome delivery incentive payments i.e. rewards or penalties. This information will be included within part 3 of our 2019/2020 APR.	We have included additional information within part 3 of our APR for 2019/20.	✓
We are currently scoping how we can improve further our online presence for more customer focussed performance reporting and what this could look like, which we will promote via social media.	We included within part 3 of our APR additional information for our customers and stakeholders to review and understand the impact our performance had on our outcome delivery payments. We will continue to look to improve our online presence and we will promote via social media.	✓

## Appendix - Part 2 – Other Publications

In 2016/17 we broadened the scope of the Data Assurance Plan by applying our Assurance framework to all key data reported (and not just data reported within the APR). When reviewing the Statement of Risks, Strengths and Weaknesses in the autumn of 2019, we identified a number of new activities which we thought merited inclusion, and these were added to our Final Assurance Plan.

These other activities were assessed using the Impact and Probability Matrix tool described earlier. Only four of the twenty-one were in the “low-medium” risk zone and the remainder were in the “low” risk zone. There were none in the “high-medium” or “high” risk zones. We have in place controls and mitigations which are appropriate to the classification, and in the following sections we explain how these have been applied and what our findings are.





## Segmental Reporting

Companies are required to report a considerable volume of disaggregated financial information against different price controls and different accounting units. This information is contained within Sections 2 and 4 of the APR and the assurance activities relevant to the APR apply equally to this data. We have continued to focus attention on reporting this financial information in accordance with the required regulatory guidance on segmental reporting.

Although this was classified as a low risk area, we have a number of controls and mitigating actions in place.

In the table below we summarise the outcome of our assurance activities.

Controls, mitigating actions & Improvements	Assurance Finding response	
<ul style="list-style-type: none"> <li>Monthly reviews by budget holders to explain variances and identify potential allocation errors.</li> </ul>	<p>The Commercial Finance team have continued to attend key budget holders' team meetings to present and challenge individual business areas' financial results. Their ongoing dialogue with the business has ensured that all variances are understood and that transactions are allocated appropriately.</p>	
<ul style="list-style-type: none"> <li>Monthly management accounts reviewed by senior managers and the DCE.</li> </ul>	<p>The Commercial Finance team attend individual DCE members' team meetings, as noted above. The Finance Director prepares a monthly financial summary using data from the Commercial Finance and the Corporate Finance teams. This covers the financial performance of the Water, Wastewater, Retail and Commercial businesses and is tabled for separate discussion at DCE meetings.</p>	
<ul style="list-style-type: none"> <li>Line items and table owners formally assigned to all financial data tables, with agreed sign off process.</li> </ul>	<p>Line item and table owners have been refreshed for the 2019/20 reporting year with acknowledgement by all responsible individuals. The sign-off process has been followed with a closing checklist to ensure completeness.</p>	
<ul style="list-style-type: none"> <li>Financial and Regulatory Accountant's role transition from data preparer to one of coordination and governance to ensure timely submission and critical review of the outputs from the management accounting team. This provides greater control and assurance, and an extra level of review and additional capacity to deal with new reporting requirements.</li> </ul>	<p>Members of the Commercial Finance team have taken on data ownership responsibility for the financial data in the APR tables, which are subject to internal review and challenge by the Financial and Regulatory Accountant prior to the more formal internal due diligence reviews and external assurance procedures.</p>	
<ul style="list-style-type: none"> <li>Methodology Statements developed to provide a step-by-step guide to the preparation of each table.</li> </ul>	<p>Methodology statements have been produced and formed part of the due diligence sessions with the Regulation Team and were also available for review by our external auditors.</p>	
<ul style="list-style-type: none"> <li>The Regulatory Accounting team has rolled out a series of training sessions to the Management Accounting team to ensure that all individuals responsible for the preparation of financial data for inclusion in regulatory reports are aware of both their own responsibilities and the relevant Regulatory Accounting Guidelines, and maintains an 'open door' policy to offer support and guidance on areas of interpretation.</li> </ul>	<p>The training sessions were well received, and they have helped focus the Commercial Finance team on their responsibilities and they have a greater understanding of the Regulatory Accounting Guidelines. Further update meetings were held throughout the APR completion process to ensure adequate ownership, understanding and timeliness of data preparation.</p>	

## DCWW Data Assurance Summary 2019/20

Controls, mitigating actions & Improvements	Assurance Finding response	
<ul style="list-style-type: none"> <li>Ofwat Regulatory Accounting Guideline checklist completed and reviewed by the Group Financial Controller.</li> </ul>	<p>The Financial and Regulatory Accountant has updated the checklist for the 2019/20 reporting year guidelines, and a copy has been provided to all table, data and action owners prior to the commencement of the reporting process. The Group Financial Controller reviewed the checklist for completeness and sign off prior to publication of the APR.</p>	✓
<ul style="list-style-type: none"> <li>Price control and segmental reporting in Part 2 of the APR receives an independent Financial Auditor's audit opinion in line with Ofwat's audit requirements. Price control and segmental financial reporting in the additional regulatory tables in Part 4 of the APR is subject to independent Financial Auditor scrutiny via agreed procedures.</li> </ul>	<p>During June 2020 the Independent Auditors performed their audit procedures on Section 2 of the APR. In addition, they performed certain agreed-upon procedures in respect of Section 4, which are focused on ensuring that the data was prepared appropriately from underlying records and that the reporting guidance had been followed in completing that section of the APR.</p> <p>Our Auditors reported their findings to our Audit Committee and were also present when the Board approved the publication of the APR at its meeting on 2 July 2020. They gave an unqualified audit opinion on both the (statutory) Annual Report and Accounts and Sections 1 and 2 of the (regulatory) APR, which can be found in the respective documents. The agreed-upon procedures report on Section 4 of the APR did not identify any exceptions following the completion of the assurance procedures.</p>	✓
<ul style="list-style-type: none"> <li>From 1 January 2020, alignment of the financial and regulatory teams within a single directorate to provide a more cohesive compliance team.</li> </ul>	<p>This change occurred on 1 January 2020 and the structure remains in place.</p>	



## Charges Section

Each year, we are required to publish a number of charges schemes. These schemes set out the company's charges for the services we provide and the terms and conditions of those charges.





Our assurance processes will continue to develop within the framework and guidelines issued by the Welsh Government. Although this was classified as a low risk area, we have a number of controls and mitigating actions in place. In the table below we summarise the outcome of our assurance activities.

Controls, mitigating actions & Improvements	Assurance Finding response	
<ul style="list-style-type: none"> <li>The Charges Schemes are subject to a series of reviews by members of the company's Legal Team for compliance with the relevant legislation.</li> </ul>	Charging assurance is overseen by the Charges Policy Steering Group (CPSG). The Competition Lawyer is a standing member of this group. Packs are distributed monthly and reviewed accordingly. No issues have been raised.	✓
<ul style="list-style-type: none"> <li>On completion, each section of the charges is reviewed and approved by the Charges Policy Steering Group.</li> </ul>	Charges for 2020/21 were developed in accordance with the Charges Compliance Manual 2020/21. As sections of the charges were drafted, they were presented to the relevant CPSG meetings throughout the year for review and sign-off.	✓
<ul style="list-style-type: none"> <li>Final charges are approved by the Board.</li> </ul>	The charges schemes assurance plan is reviewed and approved by the Audit Committee in June. Charges were approved at the January 2020 Board.	✓
<ul style="list-style-type: none"> <li>Independent external assurance of charges models and appropriate application of charging rules and principles.</li> </ul>	The charging models were peer reviewed by an external consultant and then audited and assured by Jacobs.	✓
<ul style="list-style-type: none"> <li>Independent external assurance of data inputs.</li> </ul>	Data inputs were assured by Jacobs.	✓
<ul style="list-style-type: none"> <li>A Charges Compliance Manual has been prepared for 2020-21 charges which contains information to demonstrate compliance with legislation, licence obligations and charges rules. It shows the assurance process followed and contains a number of tables used in the process to show compliance and allow assurance to be given.</li> </ul>	The document was reviewed by Jacobs as part of their assurance work.	✓
<ul style="list-style-type: none"> <li>Internal review of the flow of data from source through the models used to set charges to the charges documents by resources independent from the charges team.</li> </ul>	"Buddy check" undertaken on all models and data as recommended by Jacobs.	✓
<ul style="list-style-type: none"> <li>Independent external peer review of the models used to ensure they are fit for purpose.</li> </ul>	Peer review confirmed that there were no issues.	✓
<ul style="list-style-type: none"> <li>External audit of compliance of the published information with Ofwat's Charges Rules.</li> </ul>	Compliance was assured by Jacobs.	✓
<ul style="list-style-type: none"> <li>Engagement with stakeholders is highlighted in the accompanying information published alongside the Charges Schemes.</li> </ul>	Board Assurance Statement included a table of engagement.	✓
<ul style="list-style-type: none"> <li>Monitor changes in the Developer Services Charges Rules in England.</li> </ul>	Statement of changes was published in line with Ofwat's new Information Notice.	✓

## Website Publications

Each year we publish a number of key publications on our website to help inform our customers and stakeholders of how we are performing and the services we provide. Website publications will therefore always remain an important part of our assurance framework.

Although this was classified as a low risk area, we have a number of controls and mitigating actions in place. In the table below we summarise the outcome of our assurance activities.





Controls, mitigating actions & Improvements	Assurance Finding response	
<ul style="list-style-type: none"> <li>Annual Report and Accounts - drafted by senior management with reviews by DCE and the Audit Committee before approval by the Board and submission to members.</li> </ul>	<p>A panel chaired by the Legal and Compliance Director was set up to manage the process of creating the Annual Report and Accounts. Editorial control rested with the Legal and Compliance Director and steps were taken to ensure consistency with other documents such as the Annual Performance Report (APR). The document was reviewed by the Dŵr Cymru Executive team and the Audit Committee before submission to the Board for final approval. Verification was undertaken by the company's external auditors KPMG who provided the audit opinion.</p>	
<ul style="list-style-type: none"> <li>Codes of Practice - are reviewed by the legal department.</li> </ul>	<p>In line with our legal and licence obligations to inform customers of the levels of service they can expect from us, we have reviewed our Code of Practice and similar publications and published them on our website.</p> <p>We are also mindful of the recent modification to our License which requires a move away from Codes of Practice to the principle of Core Customer Information.</p>	
<ul style="list-style-type: none"> <li>Standard Information on billing literature is reviewed by the Legal Department and approved by the Annual Billing Steering Group before publication.</li> </ul>	<p>All changes were reviewed by the Annual Billing Steering Group with assurance provided by our Legal Department.</p>	
<ul style="list-style-type: none"> <li>Annual or quarterly Information provided to CCWater.</li> </ul>	<p>Where information is derived from performance commitments reported in the APR, it has already been subjected to the appropriate assurance. If data does not form part of the APR, second line assurance is undertaken before being sent to CCW.</p>	
<ul style="list-style-type: none"> <li>Data Share - The relevant information contained within the APR is or will be published on an industry site called Discover Water.</li> </ul>	<p>This data was the subject of the assurance programme (described earlier), specifically the "three lines of assurance" process. A numbers reconciliation was undertaken by the Regulation Department to ensure that the numbers had been extrapolated correctly.</p>	
<ul style="list-style-type: none"> <li>There is an ongoing development of our website and we will take every opportunity to ensure that it continues to be a reliable platform for our customers and stakeholders to obtain information on aspects of our business.</li> </ul>	<p>To ensure that it remains a reliable platform by which customers and stakeholders can obtain information on the business, a Group has been established chaired by the Digital Services Manager which ensures that all information published on the website has been assured to the required level.</p>	



## Bio-resources Market Information

Market information on Bio-resources (also known as sludge) allows third parties to identify market opportunities. Companies are required to submit information by the end of July each year.

Although this was classified as a low risk area, we have a number of controls and mitigating actions in place. In the table below we summarise the outcome of our assurance activities.




Controls, mitigating actions & Improvements	Assurance Finding response	
<ul style="list-style-type: none"> <li>Named data providers and data managers are responsible for providing accurate information in line with the guidance provided. A submission manager has been appointed to ensure that all data providers and data managers are identified and that the submission is completed to the relevant timescales and in line with requirements and guidance.</li> </ul>	<p>The data assurance programme was implemented as planned. There were no material issues identified and the governance stages, e.g. sign off of data at different levels operated as planned. Detailed internal Methodology Statements have been developed which include a step-by-step guide on how the data is obtained, the checks and balances in place, any assumptions made, and any exclusions applied.</p>	
<ul style="list-style-type: none"> <li>Named senior managers review and approve the information contained within the published document. A peer review of the information and the submission is carried out.</li> </ul>	<p>The Head of Service and the Biosolids Manager both undertook a full review of the data and methodologies and verified them against historic information and applied operational experience. All data has been signed off by the data owner, his manager and the appropriate director.</p>	
<ul style="list-style-type: none"> <li>External independent assurance is provided by the Technical Auditor to confirm that the 2019/20 data is accurate and in line with the published guidance.</li> </ul>	<p>Jacobs (our Technical Auditor) undertook a process and data review in accordance with an agreed Audit Plan. Jacobs' concluded that the data is accurate and in line with published guidance.</p>	
<ul style="list-style-type: none"> <li>DCWW are working with external consultants to develop data tools which can accurately measure the cost to serve for Biosolids (treated sewage sludge) as well as developing a capacity trading platform for other water and sewerage companies and third parties to trade Biosolids.</li> </ul>	<p>Phase 1 of the cost to serve data was completed. This was a research project to gather and verify all data associated with the Bioresources business. Phase 2 which is to develop a user-friendly dashboard/tool to enable the business to monitor and track our cost to serve as well as find an accurate and auditable gate fee for sludge trading with third parties is underway and will be ready for initial pilot by July 2020. The capacity trading platform is ready to use however only Severn Trent and DCWW are signed up to use it to date which has resulted in the two companies being asked to bear the brunt of the fees. Negotiations are ongoing.</p>	

## Water Resources Management Plan and Market Information

In February 2018, Welsh Government gave us direction to publish our draft Water Resources Management Plan 2019 (WRMP19) for full public consultation. The consultation ran for 12 weeks, closing on 8 June, during which time we received eleven responses from regulators and other stakeholders. On 14 September 2018 we submitted our revised draft WRMP19 and associated Statement of Response, setting out the changes we had made to our Plan in response to the comments received. We received direction on 8 March 2019 from Welsh Government to publish our [Final WRMP19](#) which is now available on our website.

We published a full set of Ofwat Market information Tables alongside the submission of our draft WRMP19 and have updated and re-published these on our website, to support the submission of our Final WRMP19.

Although this was classified as a low risk area, we have a number of controls and mitigating actions in place. In the table below we summarise the outcome of our assurance activities.

Controls, mitigating actions & Improvements	Assurance Finding response	
<ul style="list-style-type: none"> <li>We employ a multi-layer quality assurance process around the development of the WRMP and associated data. This includes quality monitoring of individual data lines through external consultants and DCWW staff review, peer review of data processes and overall quality assurance of our processes through external audit.</li> </ul>	<p>The external consultants we employ to undertake the technical assessments for the WRMP have their own internal systems of quality assurance. Within the Water Resources Team, we use our technical expertise to critically review the outputs received from the consultants.</p> <p>Ahead of submitting our dWRMP19 Jacobs reviewed the approaches we and our consultants had taken to producing the components of the dWRMP19 we had identified as high risk. The only matter identified was corrected before submission.</p>	
<ul style="list-style-type: none"> <li>External framework consultants are used to develop and produce the majority of the supply and demand side data for the WRMP, e.g. deployable output, outage and headroom allowances. Our consultants employ their own assurance processes to ensure that data is robust, and this information is further subject to DCWW review and sign off.</li> </ul>	<p>We have used our Water Resources and Drought Planning Framework to procure expert consultancy support. The following consultants have undertaken the technical assessments and associated reporting of key components of the WRMP19:</p> <ul style="list-style-type: none"> <li>Atkins;</li> <li>Wood;</li> <li>Ricardo;</li> <li>ARUP;</li> <li>HR Wallingford;</li> <li>Decision Lab;</li> <li>Jacobs; and</li> <li>Artesia.</li> </ul>	
<ul style="list-style-type: none"> <li>The Technical Auditor undertakes an independent audit of our processes and reviews the approaches that we and our partners have taken with regards to those components of the draft WRMP identified as high risk. This highlights potential risks to compliance with the WRMP guidance and considers how our draft WRMP processes are aligned to the Welsh Government's guiding principles and Ofwat's priorities for the 2019 Price Review. The key questions asked were: <ul style="list-style-type: none"> <li>Have we demonstrated a good understanding of the Water Resource Planning Guidance (WRPG) and associated documents?</li> </ul> </li> </ul>	<p>We asked Jacobs to highlight potential risks to compliance with the WRPG and consider how our dWRMP19 processes aligned to the Welsh Government's guiding principles and Ofwat's priorities for the 2019 price review. Overall, for the dWRMP19 components that Jacobs reviewed, they concluded that:</p> <ul style="list-style-type: none"> <li>we and our partners demonstrated a good understanding of the WRPG and associated documents;</li> <li>the processes ourselves and our partners described were consistent with the WRPG, with any deviations explained and justified;</li> <li>the plan adequately reflects the Welsh Government's guiding principles and Ofwat's key themes for the interlinked 2019 price review; and</li> </ul>	



Controls, mitigating actions & Improvements	Assurance Finding response	
<ul style="list-style-type: none"> <li>Were the processes used consistent with the WRPG, with any deviations explained and justified?</li> <li>Did the plan adequately reflect the Welsh Government's guiding principles and Ofwat's key themes for the interlinked 2019 Price Review?</li> <li>Do the processes employed incorporate appropriate levels of quality assurance?</li> </ul>	<ul style="list-style-type: none"> <li>the processes incorporated appropriate levels of quality assurance</li> </ul>	
<ul style="list-style-type: none"> <li>Collation systems for demand forecast and supply demand balances have been developed by external consultants with expert peer review undertaken internally. This reporting system takes audited data and automatically generates the data tables required by regulators. This includes the reporting of WRMP and Ofwat Market Information data. We have peer reviewed this reporting system.</li> </ul>	<p>One of our consultants (Wood), who are the experts in their particular field, were employed to undertake various technical assessments required to enable completion of the WRMP19. This involved producing a spreadsheet collation tool that automatically populated the required WRMP19 Natural Resources Wales/Environment Agency planning tables and the WRMP19 Ofwat Market information Tables.</p> <p>The reporting tables produced were critically reviewed by the Water Resources Team and were verified against the data tables we produce internally.</p>	✓
<ul style="list-style-type: none"> <li>The draft Plan was published for full public consultation in March 2018 and on 14 September 2018 we submitted a revised draft WRMP that took account of the feedback received.</li> </ul>	<p>In February 2018, Welsh Government gave us direction to publish our draft Water Resources Management Plan 2019 (WRMP19) for full public consultation. The consultation ran for 12 weeks, closing on 8 June, during which time we received eleven responses from regulators and other stakeholders. On 14 September 2018 we submitted our revised draft WRMP19 and associated Statement of Response, setting out the changes we had made to our Plan in response to the comments received. We received direction on 8 March 2019 from Welsh Government to publish our Final WRMP19 which is now available on our website.</p>	✓
<ul style="list-style-type: none"> <li>Direction from Welsh Government to publish our final WRMP19 was received on 8 March 2019.</li> </ul>	<p>The Final WRMP19 is published on our website.</p>	
<ul style="list-style-type: none"> <li>We will continue to work closely with our regulators to continually improve our processes and understanding of the risks that we are presented with. We have invested in a new water resources modelling platform 'Aquator' which will provide us with a new application to support our water resources and drought plan development through improved water supply system modelling.</li> </ul>	<p>We have now produced Aquator models for all of our water resource zones and are in the process of signing these off and will report updated values to NRW once we are happy with model performance.</p>	✓
<ul style="list-style-type: none"> <li>We are also improving our catchment modelling capability so that we can improve the representation of the hydrological inflows within our reservoir and river catchments where needed.</li> </ul>	<p>We currently have consultants working to produce an improved set of hydrological inflows for 11 water resource zones, using the best available data and catchment modelling techniques.</p>	✓
<ul style="list-style-type: none"> <li>We will continue to use the WRMP Annual Review process to report on any changes to our supply demand balances and to report on progress against the Final WRMP.</li> </ul>	<p>We submitted our most recent WRMP Annual Review to Welsh Government on the 29 October 2019.</p>	✓

## Statutory Financial Reporting

Our Annual Report and Accounts are published on our website in July each year, and our Interim Statements are published in the preceding November. Although this was classified as a low risk area, we have a number of controls and mitigating actions in place. In the table below we summarise the outcome of our assurance activities.

Controls, mitigating actions & Improvements	Assurance Finding response	
<ul style="list-style-type: none"> <li>Our accountants perform the day to day accounting activities which include maintenance of accounting systems and month end reconciliations.</li> </ul>	The Internal Audit function performs an annual review of the adequacy of general ledger controls and their operation. The last report, dated February 2020, was graded Satisfactory Assurance.	✓
<ul style="list-style-type: none"> <li>Data owners and managers are responsible for providing accurate information in line with the latest regulatory and statutory accounting guidance.</li> </ul>	The Regulatory and Financial Accountant has circulated the latest guidance to all responsible individuals and has held a number of training sessions with data and table owners, focusing on those whose responsibilities have changed and/or where there have been significant changes to the reporting requirements.	✓
<ul style="list-style-type: none"> <li>Management oversight of the accountants' activities includes regular reviews of information and final approval ahead of publication.</li> </ul>	All financial reports published externally are subject to a comprehensive suite of reviews, initiated within Corporate Finance and requiring sign-off from the Group Financial Controller and Finance Director prior to being circulated to the DCE, Audit Committee and Board. Reports are only published following Board approval.	✓
<ul style="list-style-type: none"> <li>Financial Auditors, working in line with International Standards on Auditing, review information presented within our statutory accounts and provide their independent audit opinion as to whether that information is true and fair based on its compliance with International Financial Reporting Standards and the Companies Act 2006.</li> </ul>	Similarly, to previous reporting periods, the independent external auditors performed interim controls testing work in October 2019 and have been working throughout April to June 2020 to complete their audit procedures prior to providing their formal audit opinion in June 2020.	✓
<ul style="list-style-type: none"> <li>Review by the DCE and updates are provided to the Audit Committee.</li> </ul>	The DCE review took place in May 2020, prior to the Audit Committee review and Board sign-off.	✓
<ul style="list-style-type: none"> <li>A Board sign off before publishing.</li> </ul>	The APR and statutory accounts were reviewed by the Audit Committee on 3 June 2020 and approved by the Board on 4 June 2020, prior to a preliminary announcement on 5 June 2020 and formal adoption of the statutory accounts at the Members' Annual General Meeting in July 2020.	✓
<ul style="list-style-type: none"> <li>Annual review of accounting policies to ensure compliance with changes to accounting framework and our ability to comply with future changes.</li> </ul>	At its meeting on 30 January, the Audit Committee reviewed and approved management's assessment of the impact of changes to both statutory and regulatory financial reporting requirements, as well as the impact of changes to the group structure and the outputs of a review of other sector companies' accounting policies. No significant issues were identified.	✓
<ul style="list-style-type: none"> <li>Further improvements to a consolidation module in the SAP accounting system will provide a more robust consolidation process to compile both Company and Group financial reports and will reduce the volume of offline journal entries.</li> </ul>	The consolidation module is live in the system and helps to ensure the integrity of the general ledger data extraction.	✓








## DCWW Data Assurance Summary 2019/20

Controls, mitigating actions & Improvements	Assurance Finding response	
<ul style="list-style-type: none"> <li>Further improvements to an accounting system module which gives a consolidated overview and greater control over all month-end closing activities.</li> </ul>	<p>The “finance closing cockpit” is being used on a monthly basis to give full visibility of the status of all financial close activities.</p>	
<ul style="list-style-type: none"> <li>Development of automated reports to reduce the need for manual cost allocation and increasing resources available to provide internal assurance.</li> </ul>	<p>The Finance Systems Manager has worked with the Commercial Finance (management accounting) team throughout 2019/20 to produce labour-saving automated reports.</p>	

## Natural Resources Wales (NRW) – Discharge Environment Permit Compliance

Each year, we are required to submit to NRW data which is used by them to populate a set of compliance tables around how our Sewerage Treatment Works are performing against their discharge consents.




This activity falls into the “Low-Medium” risk zone as we have a new system being introduced to report this important data to NRW. We have a number of controls and mitigating actions in place. In the table below we summarise the outcome of our assurance activities.

Controls, mitigating actions & Improvements	Assurance Finding response	
<ul style="list-style-type: none"> <li>Details of NRW and EA numerical permit limits are entered into DCWW’s Quality Database (QDB and LIMS).</li> </ul>	<p>These limits continue be stored within the master system QDB and have now been duplicated onto LIMS. Limits can change within AMP periods in line with agreement with our regulators but the number of applicable sites that change are not significant in any one year.</p> <p>There is an existing process in place to update the QDB system with any changes to numeric limits as they take effect which is initiated by the Permitting Team using a standard form. Historically, this process has been audited by our Business Assurance team and recommendations for improvement implemented.</p> <p>Following the recent business re-organisation, a review of the business process has commenced and the changed process will be included into the IMS system, so that it is formally audited and is subject to an extra level of governance in future.</p>	
<ul style="list-style-type: none"> <li>The Operator Self-Monitoring (OSM) sampling programme is not visible to operational employees responsible for discharge performance.</li> </ul>	<p>The OSM Programme is held and managed within two systems (LIMS and Click FSE). The changes in governance from Jan 2020, with the creation of Quality Policy and Compliance (QPac) Team means that the programme is now built and managed outside (wastewater) operations and the systems have restricted access.</p>	
<ul style="list-style-type: none"> <li>Suite of documentation and guidance available for staff in the DCWW Integrated Management System (IMS).</li> </ul>	<p>There is a complete and thorough set of documentation that covers all aspects of the OSM programme management. The management system is subject to audit by DCWW Business Assurance team and due to the need for this activity to be accredited to ISO17025, it is certified and audited annually by UKAS as part of our UKAS certification.</p>	
<ul style="list-style-type: none"> <li>Colleagues directly involved in the OSM process are free from any possible conflict of interest by reporting to different Directors.</li> </ul>	<p>All roles responsible for management and delivery of the OSM programme report into Head of Quality Policy and Compliance, who in turn reports into the Director of Legal and Compliance. This change took effect from January 2020. All Operational staff report into the Managing Director of Wastewater.</p>	
<ul style="list-style-type: none"> <li>Sampling results analysed by independent and United Kingdom Accreditation Services (UKAS) accredited laboratories.</li> </ul>	<p>All analysis required for OSM is carried out by UKAS certified laboratories.</p>	
<ul style="list-style-type: none"> <li>Sampling failures automatically reported from LIMS onto QDB.</li> </ul>	<p>All failures are reported on LIMS and then through our QDB system. Operational staff have access to QDB but not to LIMS.</p>	
<ul style="list-style-type: none"> <li>Regular manual and automatic reconciliation checks are carried out to ensure the NRW, EA and DCWW data sets remain in step.</li> </ul>	<p>This is an essential process that takes place at least annually between NRW, Environmental Agency and ourselves. Once agreed, the data is signed off by senior managers in all organisations. This data then forms part of our compliance report to Ofwat. Agreed that Managing Director of Wastewater will sign off the final report for 2019. From 2020 this</p>	



Controls, mitigating actions & Improvements	Assurance Finding response	
	director sign off will be from Director of Legal and Compliance.	
<ul style="list-style-type: none"> <li>Regular liaison meetings between NRW/EA and DCWW.</li> </ul>	There is a Liaison Framework in place between us, Environment Agency and NRW. Operational staff from the respective organisations meet locally and strategic staff meet centrally to work on issues such as NEP, scheme progress, audits and data integrity. Outstanding issues can be escalated upwards through the framework to director level meetings.	✓
<ul style="list-style-type: none"> <li>Senior Manager approves the end of year data with NRW, this includes data collated from England regulated by EA.</li> </ul>	Once the end of year compliance position has been agreed, the year-end data is signed off by Senior managers in both NRW and DCWW. Agreed that Managing Director of Wastewater will sign off the final report for 2019. From 2020 this director sign off will be from Director of Legal and Compliance.	✓
<ul style="list-style-type: none"> <li>Final report signed off by a member of our Dŵr Cymru Executive team.</li> </ul>	Once the end of year compliance position has been agreed, it is signed off by a member of our Dŵr Cymru Executive team.	✓
<ul style="list-style-type: none"> <li>Annual independent audit of DCWW processes carried out by UKAS.</li> </ul>	UKAS carry out a technical audit on an annual basis for all activity accredited to ISO17025 (sampling and analysis).	✓
<ul style="list-style-type: none"> <li>Annual audit of OSM management system carried out by NRW and EA.</li> </ul>	The Operator Monitoring Assessment (OMA) audit was performed by NRW/EA in November 2019, (although this is scheduled as an annual audit, the OMA previous to this was in 2017). All issues raised on OSM will be picked up by the Quality Policy and Compliance Team during 2020.	✓
<ul style="list-style-type: none"> <li>A SAMS Steering Group is in place, with representation from Head of Quality Policy and Compliance to oversee implementation of the new system to replace QDB.</li> </ul>	The SAMS project team have successfully delivered the mobile working aspect of the SAMS system and are currently delivering the reporting aspect (phase 2b) during 2020. The Managing Director of Wastewater has oversight via the steering group.	✓
<ul style="list-style-type: none"> <li>SAMS Steering Group reports regularly to Systems and Change Group.</li> </ul>	The Managing Director of Wastewater Services sits on the Systems and Change Group.	✓
<ul style="list-style-type: none"> <li>Pollution incidents entered into DCWW SAP system.</li> </ul>	All pollution incidents are entered into our corporate SAP system. This is undertaken by following an Information Management System (IMS) Pollution Incident/Reporting procedure.	✓
<ul style="list-style-type: none"> <li>Regular reconciliation between SAP system and NRW National Incident Recording System (WIRS) and EA national Incident Recording System (NIRS).</li> </ul>	Information is exchanged on a monthly basis. This data is reconciled with our internal records held on SAP and variances are recorded. Any differences between NRW, EA and ourselves are reconciled and agreed by year end.	✓
<ul style="list-style-type: none"> <li>Regular formal and informal liaison communications with NRW provides assurances on the accuracy and classification of pollution data.</li> </ul>	There are open channels of communication throughout the year between NRW, EA and ourselves on both formal and informal matters.	✓
<ul style="list-style-type: none"> <li>Assurance further provided with the development of staff guidelines regarding the classification and definition of pollution incidents all defined within IMS procedures.</li> </ul>	We follow our IMS procedures and NRW and EA guidance documents. We have also taken part in joint training workshops with NRW.	✓
<ul style="list-style-type: none"> <li>Procedures developed for reporting and recording of pollution incidents with process mapping required and implemented through IMS.</li> </ul>	There is a complete and thorough set of documentation that covers all aspects of pollution incident recording and reporting.	✓
<ul style="list-style-type: none"> <li>Year-end check of WIRS in line with the NRW timetable.</li> </ul>	This is an essential process that takes place between NRW and us.	✓

## DCWW Data Assurance Summary 2019/20

Controls, mitigating actions & Improvements	Assurance Finding response	
<ul style="list-style-type: none"> <li>Draft return to NRW approved by Head of Wastewater Assets.</li> </ul>	<p>Data is signed off by senior managers including the Head of Wastewater Assets. This data is then included in our pollution performance report to Ofwat.</p>	
<ul style="list-style-type: none"> <li>New system introduced to replace QDB in May 2018, however management and regulatory reporting will continue from the QDB system until May 2020.</li> </ul>	<p>The system introduced in May 2018 replaced QDB for the scheduling and management of the monitoring programme and introduced mobile working for sampling activity. The system to replace QDB for reporting (EDP) is due for delivery during 2020, but QDB will be retained whilst EDP undergoes testing and verification.</p>	
<ul style="list-style-type: none"> <li>We will be setting up with NRW more regular reviews of the data within the reporting year. Review dates for 2020 to be agreed but aim to meet to review the Q1 data in May 2020.</li> </ul>	<p>Quality Policy and Compliance Team held first liaison meeting with NRW/EA in March 2020. A further meeting has been scheduled for June 2020.</p>	



## Payment Policies, Practices and Performance

The UK's largest companies have an obligation to report on a half-yearly basis their payment practices, policies and performance for post 2017 financial years. The information must be published through an online service provided by the government and will therefore be available to the public.




Although this was classified as a low risk area, we have a number of controls and mitigating actions in place. In the table below we summarise the outcome of our assurance activities.

Controls, mitigating actions & Improvements	Assurance Finding response	
<ul style="list-style-type: none"> <li>Financial systems and procedures are configured to ensure that we can pay all approved invoices within our agreed payment terms.</li> </ul>	<p>As part of a drive to speed up the invoice payment process, in 2017/18 the system's payment parameters were revised and the day of the weekly payment run was brought forward.</p> <p>A "Faster Payments" process was also put in place to ensure that the Accounts Payable team can respond quickly to urgent payment requests.</p> <p>In March 2020 we reduced our payment times further in response to businesses' potentially increased exposure to cash flow difficulties as a result of the Covid-19 pandemic.</p>	✓
<ul style="list-style-type: none"> <li>Lists of outstanding invoices are circulated to procurers and line management to ensure visibility.</li> </ul>	<p>A report detailing blocked and parked invoices is circulated to all procurers, line management and the DCE on a monthly basis. The volume and value of invoices on this report is monitored and used as a KPI to track payment performance.</p>	✓
<ul style="list-style-type: none"> <li>We have implemented systems enhancements to make it easier for procurers to confirm receipt of goods/services and to automate the timely provision of visibility of delayed items to line managers.</li> </ul>	<p>Systems enhancements were deployed in April 2018 which send automated emails to the procurer when an invoice is received, with reminders and escalation to line management if the confirmation is not made within a set timescale.</p>	✓
<ul style="list-style-type: none"> <li>By signing up to the Prompt Payment Code we have made a public pledge to adopt 30-day payment terms as the norm.</li> </ul>	<p>Our average invoice payment time during the six months to 31 March 2020 was 23 days.</p>	✓
<ul style="list-style-type: none"> <li>On 25 March 2020 we responded to Ofwat's call for inputs about the impact on COVID-19 on the business retail market, specifically in relation to late payments.</li> </ul>	<p>We responded within the specified timeframe.</p>	✓
<ul style="list-style-type: none"> <li>We are continuing to implement systems enhancements to make it easier for procurers to confirm receipt of goods/services and to improve timely visibility of delayed items to line managers.</li> </ul>	<p>We have developed reports to provide administrators with visibility of colleagues' P2P (Purchase to Pay) transaction status.</p> <p>We are restricted by our current system functionality but are looking to upgrade this in the next price review period, which will allow us to implement further improvements, including the introduction of a KPI dashboard and a mobile app for confirming receipt of goods and services.</p>	✓
<ul style="list-style-type: none"> <li>Systems enhancements to improve suppliers' experience.</li> </ul>	<p>We have already made a number of enhancements in this area, including system and process improvements to deliver sector-leading payment performance and we now have the ability to accept invoices by email to our dedicated inbox. Going forward, we will be introducing a facility to auto-email remittance advice slips.</p>	✓

## Customer Engagement

We ensure that data and information that is used to inform any customer research is derived from a reliable and accurate source and also that it processed correctly. We have in place a framework for all customer engagement activities.

Although this was classified as a low risk area, we have a number of controls and mitigating actions in place. In the table below we summarise the outcome of our assurance activities.

Controls, mitigating actions & Improvements	Assurance Finding response	
<ul style="list-style-type: none"> <li>All customer research is undertaken by a reputable research company with a strong track record in the field of customer research. We use three research companies under a framework contract which was competitively tendered. All of the companies are members of the Market Research Society and are therefore bound by their code of conduct on how such research should be conducted.</li> </ul>	<p>During 2019-20 we used all three research companies under our framework contract. For example, they have undertaken customer research in relation to PR19 Measures of Success and customers' willingness to pay. All of the research undertaken is in line with the Market Research Society (MRS) best practice. This framework has been extended to run until September 2020 and a new procurement exercise is underway to re-tender and update this framework.</p>	
<ul style="list-style-type: none"> <li>Generally, data used in the research is sourced from our published documents such as our APR or the Annual Reports and Accounts which themselves have been subject to the appropriate level of assurance.</li> </ul>	<p>Where possible, we have ensured the use of already published data in our research, for example, when highlighting company performance, data has been taken from 2018/19 APR.</p>	
<ul style="list-style-type: none"> <li>Where data is obtained from documents published by reputable external bodies, e.g. NRW we assume that the data has been subjected to the appropriate assurance.</li> </ul>	<p>We continue to make this assumption. The UKCSI survey is undertaken on behalf of the Institute of Customer Service which benchmarks customers' satisfaction for companies across the UK. The research partner used is a member of the MRS, and data used from this companies surveys are assumed to be subject to the appropriate assurance. Similarly, CCWater also use reputable research companies who are a part of MRS to conduct their research and so we assume appropriate assurance.</p>	
<ul style="list-style-type: none"> <li>Data owners within the business are responsible for processing the data and satisfying themselves that it is reliable and accurate.</li> </ul>	<p>For all MOS and KPIs there are Methodology Statements that state the process for sourcing and validating internal data, including any checks which need to take place.</p>	
<ul style="list-style-type: none"> <li>Generally, customer engagement undertaken is shared with the CCG and they have the opportunity to challenge and scrutinise the approach and materials provided. Our research briefs and questionnaires are shared with the CCG as are all final reports on the results.</li> </ul>	<p>Any relevant research is shared with the Customer Challenge Group for their independent advice and challenge.</p>	
<ul style="list-style-type: none"> <li>Following the completion of PR19 research we undertook a lessons learnt exercise with the CCG and research agencies, which included a review of how the controls and mitigations listed above were followed and any recommendations for future work.</li> </ul>	<p>This has been completed with the CCG with the input from Welsh Water and research agencies. Findings from this review will be aligned to next steps for the CCG and any forward plans for customer engagement work in the business. There were no issues found with the integrity of any of the controls.</p>	
<ul style="list-style-type: none"> <li>The future customer engagement programme will be developed with the CCG aligning with the above controls and actions.</li> </ul>	<p>We have developed a Customer Insight Strategy following on from Lessons learnt in PR19. This will be used as a blueprint to establish the AMP7 research work programme alongside the CCG.</p>	
<ul style="list-style-type: none"> <li>The programme will also align with lessons learnt during PR19 consultation for example, improving triangulation of research outcomes and data.</li> </ul>	<p>As above, lessons learnt have been incorporated into the forward work programme of research and we will continue to review and update methodologies where necessary.</p>	

## Our Priority Services for Vulnerable Customers

Vulnerable customers, i.e. those who have particular requirements due to their age, health, medical condition or extra communication requirements are encouraged to register for Priority Services so that we can help adapt our services to meet their needs. We publish a “Priority Services” booklet which explains what is available, how we can help and how customers can apply.

Although this was classified as a low risk area, we have a number of controls and mitigating actions in place. In the table below we summarise the outcome of our assurance activities.

Controls, mitigating actions & Improvements	Assurance Finding response	
<ul style="list-style-type: none"> <li>The Company maintains a Register for our priority services, which includes over 55,000 customers.</li> </ul>	We have dedicated resource to manage and maintain the Priority Services Register (PSR). We provide CCWater with a quarterly report.	✓
<ul style="list-style-type: none"> <li>Customers’ information and needs are registered onto relevant business systems, where reports can be produced.</li> </ul>	We have a dedicated Priority Services field in two of our primary company systems to identify any customers on our PSR and the additional services they require.	✓
<ul style="list-style-type: none"> <li>Access to the Register is restricted so we comply with DCWW’s policy on sensitive information.</li> </ul>	Access to the PSR is restricted to a small team of people. These access requirements are reviewed as people join/leave the team.	✓
<ul style="list-style-type: none"> <li>Data sharing agreements with other utility providers to receive details of customers signed up to their priority services schemes.</li> </ul>	We currently receive customer share data from Wales and West and Western Power Distribution. All information shared is sent electronically to our Priority Services inbox and password protected.	✓
<ul style="list-style-type: none"> <li>The Register is maintained in various ways, such as application form received from the customer, information received from Renal Dialysis Units regarding priority service customers, and information received during a telephone conversation with a customer if for example, they are unable to complete an application form.</li> </ul>	Direct customer applications are scanned onto our BPM system which is then allocated to the Priority Services team for processing. Information from Renal Dialysis Units are received monthly and are sent to the Priority Services team to update records and make contact with the customer if necessary. Assistance is given when customers request assistance in completing our Priority Services application.	✓
<ul style="list-style-type: none"> <li>Our processes are continually being reviewed and a new Priority Services Register was developed in 2018 to comply with GDPR requirements which ensured that customers’ data was accurately captured and reporting improved. Data is reviewed and reported regularly.</li> </ul>	We continue to review our process and make enhancements to our system(s) to ensure that we accurately capture and report on the Priority Services Register.	✓
<ul style="list-style-type: none"> <li>We currently work with over 200 partner organisations as a way to promote our Priority Services Register. As well as this we have a one-way data share agreement in place with Western Power Distribution and Wales and West Utilities.</li> </ul>	We have a dedicated ‘Promotion’s’ team who work with external partners to raise awareness of the Priority Services Register. They also attend events/forums to connect directly with customers in order to place them onto the Priority Services Register. The Data Share agreement currently in place is currently only one way, but further work is underway in order to provide a two way exchange. This will hopefully be delivered once we have incorporated all of the needs codes.	✓
<ul style="list-style-type: none"> <li>Our specialist support team was formed in May 2019 and plans are in place to build the team further to increase the level of support to our vulnerable customers by June 2020. This team provides a case managed service based on the customers circumstances. This ranges from financial, non-financial support and sign posting where necessary.</li> </ul>	Second phase of recruitment is complete with new starters joining us in June 2020 for their induction training into the business. A further recruitment phase is underway, with a view to join the team in July.	✓

## CCWater Reporting

The Consumer Council for Water (CCWater) is a statutory consumer body for the water industry in England and Wales.

We provide, on a regular basis (monthly, quarterly and half yearly), a suite of data to CCWater on areas such as our performance on sewer flooding, supply interruptions and the number of customer complaints we have received. In addition, a copy of our company scorecard, which shows performance against our key targets is provided to CCWater monthly.

In addition, and following discussions with CCWater, we have developed a non-household report which we submit to CCWater on a quarterly basis. The report includes information on the volumes of telephone contacts and written complaints received. CCWater also reviews and discusses this report at the regular quarterly meetings.

The accuracy and completeness of the information we provide to CCWater is very important for all customers and other stakeholders in general and justifies its inclusion within this document. We therefore ensure that the data that we provide follows the same high level of assurance that we provide to all of our other regulators.

Controls, mitigating actions & Improvements	Assurance Finding response	
<ul style="list-style-type: none"> <li>Sign off by the data owner, business manager (where appropriate) and relevant Director.</li> </ul>	100% complete. All data has been signed off by the data owner, his/her manager and the appropriate Director.	✓
<ul style="list-style-type: none"> <li>Commentaries are provided to support the data. These are reviewed and signed off by the relevant Director.</li> </ul>	All data and commentaries provided are reviewed and approved by the relevant business director.	✓
<ul style="list-style-type: none"> <li>Regulation Team review data, methodology, performance and supporting audit trails.</li> </ul>	<p>During March, April and May and prior to the Jacobs' audits, due diligence meetings took place with all data owners. Amongst the matters reviewed were:</p> <ul style="list-style-type: none"> <li>The application of the appropriate; Methodology Statements and reporting requirements;</li> <li>Assumptions and judgements; and</li> <li>Data Commentaries explaining performance by reference to targets and historical data.</li> </ul> <p>Verification checks by reference to previously reported data were also carried out.</p>	✓
<ul style="list-style-type: none"> <li>Third party detailed audit of the year end data collection and reporting process by our Technical Auditor to provide assurance that the data can be reported reliably and accurately and in accordance with any relevant reporting requirements. This includes sample checks to test processes, assumptions, methodology, implementation, governance and results.</li> </ul>	Jacobs' audits took place between 23 March 2020 and 28 May 2020. Reports were prepared for each audit and the risks were scored. Jacobs also produced a letter to the Board summarising their findings and attended both the Audit Committee meeting on 3 June 2020 and the Board meeting on 2 July 2020 to report their conclusions and to answer any questions. There were no material issues identified.	✓
<ul style="list-style-type: none"> <li>Quarterly meeting held with CCWater who challenge our performance where relevant. At least one Director attends these meetings.</li> </ul>	We have ongoing attendance at the quarterly CCWater meetings by colleagues from across the business, along with at least one Director.	✓
<ul style="list-style-type: none"> <li>CCWater arrange Public meetings and customers can attend and question the Company.</li> </ul>	Ongoing attendance at the public meetings arranged by CCWater by colleagues from across the business. These are usually twice a year but CCWater are reviewing the frequency of this, and they may now move to one event a year.	✓
<ul style="list-style-type: none"> <li>In consultation with CCWater, the reporting mechanisms will be kept under review.</li> </ul>	We have an open relationship with CCWater and work with them to develop appropriate changes to their reporting requirements.	✓

## Corporate Resilience

Strengthening resilience so that our customers can depend on their water and sewerage services, both now and in the future, is a major feature of our Business Plan.

We take a ‘whole business’ approach to resilience, and as such our plans for resilience are embedded in almost every element of our Business Plan. We have developed a comprehensive framework, including the DCWW ‘Resilience Wheel’, to assess resilience across the business, based on international good practice and national guidance.


The UK Corporate Governance Code sets out standards of good practice in relation to leadership, effectiveness of the Board, accountability, remuneration and relations with Shareholders. Although the Code is more applicable to companies whose shares are listed on the London Stock Exchange, we endeavour to follow the spirit of the Code and the principles it sets out.

Each year we publish our Annual Report and Accounts in as fair and balanced a manner as possible and our Directors confirm that the company is a “going concern” and make a long-term viability statement. In our Annual Report and Accounts we report against the UK Corporate Governance Code, including ensuring a “fair, balanced and understandable” review of the performance, business model and strategy of the company.

Controls, mitigating actions & Improvements	Assurance Finding response
<ul style="list-style-type: none"> <li>We are headed by an effective Board which is collectively responsible for the long-term success of the company.</li> </ul>	<p>As we provide a vital public service, we understand that how we are governed is crucial to earning the trust of our customers. It is our vision to Earn the Trust of our Customers Every Day.</p> <p>The Board and its Committees have the appropriate balance of skills, experience, independence and knowledge of the Company to enable them to discharge their respective duties and responsibilities effectively. The Board regularly reviews this in discussions with the Company Secretary, Nominations Committee and as part of our annual effectiveness review.</p> <p>The composition of the Board was reviewed by the Nominations Committee to confirm an appropriate diversity of background, skills expertise and experience, and to plan for Director succession. The composition of the Board Committees was also reviewed and changes to current Membership proposed and approved.</p> <p>An external Board evaluation process was carried out in March 2020 led by an independent external consultant with experience of evaluating and making recommendations to enhance Board effectiveness.</p>
<ul style="list-style-type: none"> <li>We have a clear division of responsibilities between the running of the Board and the executive responsibility for the running of the company’s business. No individual has unfettered powers of decision-making.</li> </ul>	<p>The effectiveness of the Board is essential to ensuring the long-term success of the business and there is a clear division of responsibility between the strategic focus of the Board and the Executive responsibility for implementing strategy in the day-to-day running of the business.</p> <p>Whilst the Chief Executive is responsible for leading the business, our Chairman is responsible for leadership of the Board and ensuring its effectiveness, and Non-Executive Directors</p>

Controls, mitigating actions & Improvements	Assurance Finding response	
	<p>constructively challenge and help develop proposals on strategy.</p> <p>We consider the independence of our Non-Executive Directors on an ongoing basis and formally on an annual basis.</p> <p>All of our Non-Executive Directors are deemed to be independent in accordance with the UK Corporate Governance Code and free from any relationship which would compromise their independent judgement.</p>	
<ul style="list-style-type: none"> <li>We have formal and transparent arrangements for considering how it should apply the corporate reporting, risk management and internal control principles and for maintaining an appropriate relationship with the company's auditors.</li> </ul>	<p>The Boards determines the appropriate risk appetite in achieving our strategic objectives, whilst ensuring sound systems of internal control and risk management.</p> <p>The Board is accountable to a wide range of key stakeholders including the Glas Members, our investors, customers, colleagues, suppliers, partners, and regulators and its judgements and processes are subject to review by its Auditors, KPMG and the Company Reporter, Jacobs.</p> <p>As part of the ongoing development of our Directors, the Company Secretariat ensures that developments in legislation, corporate governance and reporting are brought to the attention of the Board and its Committees as appropriate. Regular attendance from our Auditors, KPMG, at meetings of the Audit Committee means that Directors are kept up to speed on current developments, including the changes to the UK Corporate Governance Code set out in the Revised Code.</p>	<p>✓</p>
<ul style="list-style-type: none"> <li>We prepared an overview of the proposed modifications within the Ofwat consultation to simplify various conditions of all undertakers' licences to ensure that our assurance processes were in place before any licence modifications took place.</li> </ul>	<p>In September 2018 Ofwat consulted on proposals to modify various conditions of all companies' licences.</p> <p>Our Dŵr Cymru Executive Team was briefed about the changes proposed to each individual licence condition.</p> <p>Particular attention was paid to any bespoke conditions that specifically applied due to our operating wholly or mainly in Wales.</p> <p>These actions allowed us to consider any changes to systems or processes that were required to ensure continued compliance with all our licence conditions.</p>	<p>✓</p>
<ul style="list-style-type: none"> <li>Checklist developed to ensure compliance with the latest version of the UK Corporate Governance Code and implications reviewed by Board.</li> </ul>	<p>The Deputy Company Secretary produced a checklist to track our compliance against the latest UK Corporate Governance Code.</p>	<p>✓</p>
<ul style="list-style-type: none"> <li>Monitoring our compliance with the new UK Corporate Governance Code and how this will be reported in our 2020 Annual Report is ongoing.</li> </ul>	<p>Ofwat's principles of Board Leadership, Transparency and Governance (part of our Licence Conditions) and the UK Corporate Governance Code 2018 are the standards against which we measure our governance practices in our 2020 Annual Report. The Annual Report includes sections on how we comply with the principles and provisions of the Licence and the Code.</p>	<p>✓</p>

## DCWW Data Assurance Summary 2019/20

Controls, mitigating actions & Improvements	Assurance Finding response
<ul style="list-style-type: none"><li>Undertaking a lessons learnt review of the findings contained in the FRC's Annual Review of the Corporate Governance Code published in January 2020.</li></ul>	The Deputy Company Secretary reviewed the FRC's Report and prepared a Briefing Paper outlining the key learning points. 



## Financial Resilience


Our customers need to know they can rely on the services we provide over the long term and ensuring the long-term resilience of our business, including financial resilience, is therefore a key area of focus for us.

As we do not have shareholders (who could provide equity in the case of financial distress), maintaining ready access to low-cost debt is a key part of our not-for-profit ownership model. The benefits of this low-cost finance are then passed on to customers in the form of lower bills.

Controls, mitigating actions & Improvements	Assurance Finding response	
<ul style="list-style-type: none"> <li>Financial resilience is embedded in our business planning process; this includes robust risk management controls, financial forecasting and sensitivity analysis, as well as regular budget reviews.</li> </ul>	Internal and external assurance feedback on our business planning and risk management controls has been positive, with no material weaknesses identified.	✓
<ul style="list-style-type: none"> <li>In 2018/19 the Board considered that a period of up to 11 years was the most suitable period over which the Board should assess the prospects of the Group (covering the current price control period to 2020 and the next two regulatory review periods, to 2030).</li> </ul>	A 10-year period was agreed by the Board at its meeting on 4 June, following review and a recommendation for Board approval by the Audit Committee on 3 June.	✓
<ul style="list-style-type: none"> <li>We have clarity of our current regulatory price controls to 2025 with detailed delivery plans for the period, and we are also developing outline plans for the following price control period to 2030 in the context of our strategic planning document "Welsh Water 2050".</li> </ul>	The Board approved our 2020 Financial Plan in March 2020, covering the period to March 2025 and has been presented with forecasts which show indicative financial performance through to 2030.	✓
<ul style="list-style-type: none"> <li>We stress-test our business plan forecasts against a variety of financial scenarios which include the estimated impact of each of our identified principal risks and uncertainties occurring, both individually and together based on the Board's assessment of their likelihood and severity. We also combine the forecast impact of these with high and low inflation scenarios and "blanket" financial stresses over the period.</li> </ul>	At its meeting on 3 June the Audit Committee reviewed the outputs of our going concern and long-term viability assessments and concluded that even in a "crisis" scenario we do not expect to breach the 85% gearing trigger level set out in the Common Terms Agreement.	✓
<ul style="list-style-type: none"> <li>The Group operates in a stable sector with predictable cash flows and a supportive regulator; levels of investor confidence have historically been high and likely changes to the regulatory environment and the Group's own principal risks are unlikely to have a material impact on the company's creditworthiness in the foreseeable future.</li> </ul>	<p>All funding is in place to deliver the business plan for at least the next two years, including allowance for flex to the most extreme combination of adverse scenarios over this period; we will consider additional funding sources for later in AMP7 and beyond and, given the success of our last bond issue (in February 2020), do not currently anticipate experiencing significant difficulties.</p> <p>We have the best credit rating in the UK utility sector which means that, in the event of the water sector as a whole being seen as higher risk, our relative lower risk profile would become even more valuable to potential new lenders.</p>	✓
<ul style="list-style-type: none"> <li>The Group retains robust forecast and actual gearing of around 60%, a strong level of liquidity and ability to raise finance.</li> </ul>	<p>Funding available at 31 March 2020 included net cash and short-term deposits of £667m and undrawn bank facilities of £170m. This demonstrates a strong level of liquidity, giving a balance of readily available funding of £837m.</p> <p>Gearing, at 60%, remains in line with the Board's target of around 60% which is deemed the optimal balance for customer value and low-cost borrowing.</p>	✓



## DCWW Data Assurance Summary 2019/20

Controls, mitigating actions & Improvements	Assurance Finding response
<ul style="list-style-type: none"> <li>We will enhance the disclosures in our 2020 long-term viability statement to demonstrate greater evidence of financial risks being considered as part of the risk assessment, and we will provide further detail in relation to the scenario testing performed (particularly in relation to how the scenarios tested link to the risks identified and the level of stretch the specific scenarios present).</li> </ul>	<p>We have developed a fuller narrative for our 2020 long-term viability statement, including detailed discussion of the possible impacts of the Covid-19 pandemic and the assumptions we have made in arriving at these outcomes.</p> 

## General Data Protection Regulation (GDPR)

Our business holds a huge amount of personal information about our customers and colleagues. The coming into force of the General Data Protection Regulation (GDPR) and Data Protection Act 2018 on 25 May last year meant that we had to make some changes to the way we handle personal information of our customers and colleagues, including changes to systems and controls, and to raise awareness of the steps all colleagues can take to minimise risks under Data Protection.

Controls, mitigating actions & Improvements	Assurance Finding response	
<ul style="list-style-type: none"> <li>Data Protection Officer (DPO) continues to advise colleagues on Data Protection issues – both business as usual and projects – to ensure that we consider Data Protection issues in all relevant matters and are able to demonstrate that we have done so.</li> </ul>	The DPO continues to advise colleagues on Data Protection issues.	✓
<ul style="list-style-type: none"> <li>All new colleagues complete the GDPR e-learning training, and relevant new colleagues receive face-to-face scenario-based training. Refresher, and tailored, training is provided to Teams where needed to ensure that all relevant colleagues have the guidance they need.</li> </ul>	Training continues to be provided to new starters, and refresher and tailored training is provided where needed.	✓
<ul style="list-style-type: none"> <li>Relevant policies are updated, and new ones are created, where necessary.</li> </ul>	This is ongoing as part of our aim to continuously improve our practices in relation to Data Protection.	✓
<ul style="list-style-type: none"> <li>All new processes/systems or changes that affect the way in which we handle personal data since May 2018 have been subject to our Data Protection and Information Security Impact Assessment (DPIIA) process. A web app for the DPIIA process, created by Data Science, has been implemented during the year, and this has made the process more streamlined, efficient and easier to use.</li> </ul>	This continues, and the DPIIA web app has been successfully embedded across the business as business as usual.	✓
<ul style="list-style-type: none"> <li>GDPR Programme Board members remain GDPR Champions within their business areas.</li> </ul>	The GDPR Programme Board remains in place.	✓
<ul style="list-style-type: none"> <li>DCWW's DPO reports the number of Data Protection breaches on a monthly basis to DCE, and to the Retail Leadership Team, and in relation to each data protection breach notified to the DPO, recommendations as to preventative steps and reminders to colleagues are provided.</li> </ul>	This process remains in place and the DPO continues to recommend steps to prevent the same issues re-occurring. Reminders and guidance are issued to re-enforce the importance of compliance with Data Protection and to minimise the risk of the issues happening again.	✓
<ul style="list-style-type: none"> <li>DCWW's DPO provides an annual Data Protection compliance report to Audit Committee/ Board setting out the risks identified over the past year, the steps taken to mitigate those risks and areas of focus for the coming year.</li> </ul>	This continues. In addition to the overall Data Protection Compliance Report to Board and Audit Committee in September, the DPO provides an annual GDPR Programme report to Audit Committee in May.	✓
<ul style="list-style-type: none"> <li>Our GDPR systems and processes have been subject to a satisfactory internal audit in 2019/20.</li> </ul>	We have implemented many of the recommendations and are continuing to work with the business on others.	✓
<ul style="list-style-type: none"> <li>We have introduced a web app version of the Information Breach form, which will streamline the internal reporting processes in relation to Data Breach management, and also create a more user-friendly process for reporting breaches.</li> </ul>	The Information Breach web app is now embedded into the business as business as usual.	✓
<ul style="list-style-type: none"> <li>GDPR is embedded across our Business and will be subject to appropriate internal assurance activities from our Business Assurance Team.</li> </ul>	The Business Assurance Team carry out internal assurance activities across all areas of our business.	✓

## Gender Pay Gap

The gender pay gap is the average difference between the remuneration for men and women who are working. Women are generally paid less than men within the UK, although this could be attributable to a higher proportion of women choosing occupations that offer less financial reward (e.g. administration).

Companies like DCWW who are large employers are required to publish their gender pay gap and gender bonus gap.

At DCWW, we believe in creating a workforce that is truly diverse and gender-balanced and fully reflects the customers and communities we serve.

Controls, mitigating actions & Improvements	Assurance Finding response	
<ul style="list-style-type: none"> <li>We published a Gender Pay Report in April 2019 (and will do so again in April 2020) that highlights the breakdown between male and female workforce profile across total employees, the DCE and the Board.</li> </ul>	<p>We published a Gender Pay Gap report in April 2020 and this is available on our <a href="#">website</a>.</p>	
<ul style="list-style-type: none"> <li>Our published report highlights that our gender pay gap is much lower than the current national average, however we are committed, through a range of initiatives, to reducing this further until there is no gender pay gap between men and women.</li> </ul>	<p>We will continue to provide diversity and inclusivity education for all our people with support from our newly appointed “Inclusivity Ambassadors”. We will work, learn and benchmark ourselves by partnering with leading academics on gender equality and organisations.</p>	
<ul style="list-style-type: none"> <li>We have made good progress in recent years to promote diversity across all levels and all types of roles within the company. This was acknowledged in 2017 when we were named Employer of the Year by Welsh equality charity, Chwarae Teg.</li> </ul>	<p>This year saw an increase of 3% for our apprenticeship programmes. This is our most significant increase in recent years. 34% of applications received for the Graduate programmes were from female applicants. However, our progress in recent years has seen a steady increase in the total proportion of our workforce being made up of women — bringing it up from 21% in 2012 to 31% in April 2019.</p>	
<ul style="list-style-type: none"> <li>The Chief Executive and the People and Change Director confirm that the information in the Gender Pay Gap report is accurate and prepared in accordance with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.</li> </ul>	<p>The published Gender Pay Gap includes a ‘sign off’ from both the Chief Executive and the People and Change Director.</p>	
<ul style="list-style-type: none"> <li>Engaging young people - We will use our Education Outreach programme to support workshops that provide young people with key skills that are relevant to our business, through our dedicated Welsh Baccalaureate resource. Engage with Universities, Schools and attend career events to share our available opportunities to interest new female talent. We will encourage our leaders and aspiring leaders to mentor female participants to help develop their interest in working in our industry.</li> </ul>	<p>In 2019/20, our seconded teachers worked with over 70,000 pupils from schools in north and south Wales. These sessions aim to increase interest in STEM (Science, Technology, Engineering and Mathematics) from an early age, and focus on a range of business-related topics. The visits have been complemented by BITC Business Class partner school activities (including Welsh Baccalaureate support) and Engineering Education Scheme Wales (EESW) site visits. During the reporting year, we held two events with role model female speakers at each, who spoke to over 24 female pupils about their career.</p>	
<ul style="list-style-type: none"> <li>Promoting Diversity - We will support activities to ensure we retain existing talent and continue to attract new female talent to develop and pursue science, technology, engineering and maths (STEM) careers at Welsh Water - including through our award-winning apprentice and graduate programmes. We will continue to support women throughout their careers with Welsh Water. In 2018 we joined the EU Skills</li> </ul>	<p>We launched our Welsh Water Inclusivity Forum in July with Inclusivity Ambassadors appointed from across all business areas. We continue to offer students a flexible approach to work placements in all areas of the business. This year we have facilitated 7 placements for females. We will continue to work along 31 other utilities and energy companies as part of the EUSkills Inclusion</p>	

Controls, mitigating actions & Improvements	Assurance Finding response	
<p>Diversity Group to share and listen to ideas from companies across the energy and utility sectors.</p>	<p>Commitment – working together to attract talent that reflects the diversity of the customers we serve.</p>	
<ul style="list-style-type: none"> <li>Working in partnership - We will continue to work, learn and benchmark ourselves by partnering with leading academics on gender equality and organisations such as Chwarae Teg and Women in Science and Engineering (WISE) and pledging to support initiatives such as the Equality and Human Rights Commission’s Working Forward campaign.</li> </ul>	<p>We have signed up with Chwarae Teg to be a fair Play Employer. Over 113 of our aspiring females have participated in Chwarae Teg’s Agile Nation 2 Programme and we are offering colleagues the opportunity to attend future programmes. We are currently working with Chwarae Teg to deliver series of webinars for our female colleagues on different topics. We continue to work with WISE and our Ten Steps action plan.</p>	<p>✓</p>
<ul style="list-style-type: none"> <li>Equality and Diversity - In 2019 we rolled out a new e-learning module to all employees. It covers the importance of equality, diversity and recognising unconscious bias and will also signpost employees to our Code of Conduct for further guidance. All our leaders participated in an unconscious bias workshop to highlight the importance of making objective decisions at work. Review job advertisements and recruitment processes in order to become more attractive to diverse candidates and work with organisations supporting women from Black, Asian and Minority Ethnic (BAME) communities to ensure opportunities are visible.</li> </ul>	<p>The e-learning module was rolled out to all employees in June 2019 and is mandatory for all new employees. We launched our new careers site with a section that focuses on equality, diversity and inclusivity. We have added a programme called Recite, this technology allows accessibility for all, as you can customise the content, so it can be consumed it in ways that work for the individual.</p>	<p>✓</p>

## Board Leadership, Transparency and Governance Principles

Ofwat introduced the board leadership, transparency and governance principles and complementary principles for holding companies in 2014. Since the 2014 principles were introduced, Ofwat consider there have been some improvements in the governance arrangements of companies, but developments in the sector and wider economy have reinforced the important role of effective corporate governance and strong board leadership in driving high standards and securing the proper discharge of regulated water companies' functions. Poor corporate behaviour and some significant service failures have undermined trust in the sector. These developments led Ofwat to revisit the board leadership, transparency and governance principles.





In July 2018 they set out a proposed framework to give companies the autonomy and flexibility to deliver the highest standards of accountability and responsibility for their behaviours while also reflecting their own circumstances. Reflecting the importance of these principles to this sector, Ofwat also consulted on a new licence obligation for all companies to meet the principles and considered further obligations on company board composition.

In Ofwat's January 2019 conclusions on board leadership, transparency and governance principles they set out draft wording for a licence condition. When Ofwat refer to "the principles" they mean the overarching objectives, guiding provisions and their overall approach to assessing compliance.

Strong corporate governance underpins the values set by the Board and supports the decision-making framework of the Group. As we are not a listed company, we are not obliged to comply with the UK Corporate Governance Code, but we do so voluntarily as far as it is applicable given our ownership model.

Controls, mitigating actions & Improvements	Assurance Finding response	
<ul style="list-style-type: none"> <li>Paper prepared outlining obligations required under the new Ofwat Board Leadership, Transparency and Governance Principles including the Transitional Requirements for the 2019 Annual Report and Accounts.</li> </ul>	Ofwat published its revised Board Leadership, Transparency and Governance Principles on 21 January 2019. Alongside this document Ofwat also published a "Conclusions" document outlining their observations following the comments received during the consultation exercise with companies. A Paper was prepared outlining Ofwat's conclusions, recommendations and expectations for future reporting.	✓
<ul style="list-style-type: none"> <li>Mapping of obligations required by the UK Corporate Governance Code against the Ofwat Board Leadership, Transparency and Governance Principles.</li> </ul>	For our Annual Report 2019/20 we applied the principles set out in the UK Corporate Governance Code. The Annual Report also explains how we meet Ofwat's Principles on Board Leadership, Transparency and Governance which was included within our Licence from August 2019.	✓
<ul style="list-style-type: none"> <li>Corporate Governance Report to be drafted by senior management with co-ordination by the Deputy Company Secretary.</li> </ul>	A panel chaired by the Legal and Compliance Director was set up to manage the process of creating the Annual Report and Accounts which includes the Corporate Governance Report.	✓
<ul style="list-style-type: none"> <li>Legal and Compliance Director to act as the editor to ensure consistency and that all explanations are "effective, accessible and clear".</li> </ul>	As in previous year's the Legal and Compliance Director acts as the editor to ensure consistency and that all explanations are "effective, accessible and clear".	✓
<ul style="list-style-type: none"> <li>Licence /regulatory compliance assured by Compliance team.</li> </ul>	The Compliance Manager was part of the internal team involved in the Ofwat consultation on Board Leadership, Transparency and Governance and the proposed Licence obligation. The Compliance Manager prepared a Briefing Paper for the Legal and Compliance Director to ensure that all licence and regulatory obligations were identified and complied with.	✓

## DCWW Data Assurance Summary 2019/20

Controls, mitigating actions & Improvements	Assurance Finding response	
<ul style="list-style-type: none"> <li>Review by members of the DCE team and a verification process involving the company's Financial Auditor.</li> </ul>	<p>There is a continual review process, but a draft was presented to the Dŵr Cymru Executive Team on 26 May 2020. Verification was undertaken by the company's external auditors KPMG who provided the audit opinion.</p>	
<ul style="list-style-type: none"> <li>Final draft reviewed by Audit Committee prior to review and approval by the Board, and submission to Members as part of the Annual Report and Accounts.</li> </ul>	<p>The final draft was discussed at the Audit Committee meeting held on 3 June 2020.</p>	
<ul style="list-style-type: none"> <li>Any specific requirements relating to the Board Leadership, Transparency and Governance Principles which may be contained in Ofwat's guidance in their annual information notice (which sets out expectations for companies when producing their annual reporting) will be incorporated in the Overview Checklist maintained by the Regulation Team as soon as Ofwat's guidance is published.</li> </ul>	<p>In April 2020 Ofwat published Information Notice 20/03 called "Expectations for monopoly company annual performance reporting 2019-20". There was guidance in this document on expectations regarding Board Leadership. These obligations were subsequently included within the APR Checklist maintained by the Regulation Team. This Checklist is published in the Overview Section of the Annual Performance Report.</p>	
<ul style="list-style-type: none"> <li>Implementing best practice highlighted in Ofwat's report on companies' preparations for meeting the 2019 principles published in January 2020.</li> </ul>	<p>In the document Board leadership, transparency and governance – Report on companies' preparations for meeting the 2019 principles Ofwat signalled important areas of focus for companies in their explanations of how they are meeting the objectives. A Summary Paper was prepared for the Legal and Compliance Director to ensure best practice was considered in our reporting.</p>	


## Annual Report and Accounts

This is an annual report which allows stakeholders to assess our business model, strategy, operation of our business, including its governance, and our results and financial performance, set within the context of our strategic objectives. Our Annual Report and Accounts is published on our website in July each year, and our half-yearly Interim Report is published in November each year.

The preparation of statutory accounts is a legal requirement; this is carried out in accordance with International Financial Reporting Standards as adopted by the European Union and with the requirements of the Companies Act 2006 and other related reporting regulations. We also publish quarterly interim financial statements as required by our Common Terms Agreement with investors. We further report on the outcome of our financial resilience assessment in our long-term viability statement as published in the Annual Report and Accounts.

Controls, mitigating actions & Improvements	Assurance Finding response	
<ul style="list-style-type: none"> <li>Data owners and managers are responsible for providing accurate information in line with the latest Methodology Statements.</li> </ul>	The Methodology Statements are used to produce the reported performance figures. It is important that the data and information we provide is accurate and complete, so that our customers and other stakeholders can trust what we say.	✓
<ul style="list-style-type: none"> <li>Management oversight of the accountants' activities includes regular reviews of information and final approval ahead of publication.</li> </ul>	Activities and reports are monitored by the Group Financial Controller. Approval is provided by the Director of Finance for the information to be sent to the Executive Team for final review.	✓
<ul style="list-style-type: none"> <li>Checklist developed to ensure compliance with the UK Corporate Governance Code and implications reviewed by Board.</li> </ul>	The Deputy Company Secretary produced a checklist to track our compliance against the latest UK Corporate Governance Code 2018.	✓
<ul style="list-style-type: none"> <li>Legal and Compliance Director acts as the editor to ensure consistency and that all explanations are "effective, accessible and clear".</li> </ul>	The Legal and Compliance Director coordinates the publication of the Annual Report and Accounts. The Statement of Directors' responsibilities in respect of the Annual Report and the Financial Statements states 'We consider the Annual Report and Accounts, taken as a whole, to be fair, balanced and understandable and provides the information necessary for stakeholders to assess the Group's position and performance, business model and strategy'.	✓
<ul style="list-style-type: none"> <li>Licence /regulatory compliance assured by Compliance team.</li> </ul>	The Compliance Team prepare an annual Risk and Compliance Statement. This is one of Ofwat's key regulatory tools and allows Dŵr Cymru to demonstrate their accountability to their customers and demonstrate to Ofwat that Dŵr Cymru are complying with all their relevant statutory, licence and regulatory obligations. Confirmation of compliance with Licence obligations is provided by the relevant member of the Executive Team.	✓
<ul style="list-style-type: none"> <li>Close liaison with the Regulatory Reporting Team to ensure consistency of information contained within the Annual Report and Accounts and the Annual Performance Report.</li> </ul>	The Legal and Compliance Director liaises closely with the Head of Regulatory Data and Reporting to ensure consistency.	✓
<ul style="list-style-type: none"> <li>Statutory audit undertaken by independent External Auditors who issue a report to the Members of the Company within the Annual Report and Accounts.</li> </ul>	Audit undertaken by independent External Auditors and their report is included within the 2019/20 Annual Report and Accounts.	✓
<ul style="list-style-type: none"> <li>Review by DCE and a final draft is provided to the Audit Committee to ensure that the Report presents a fair, balanced and understandable assessment of the Company's financial status.</li> </ul>	This was reviewed by the Executive Team on 26 May 2020 and by the Audit Committee on 3 June 2020.	✓
<ul style="list-style-type: none"> <li>Board approval before publication.</li> </ul>	Approval by the Board in July 2020.	✓

## DCWW Data Assurance Summary 2019/20

Controls, mitigating actions & Improvements	Assurance Finding response
<ul style="list-style-type: none"><li>Monitoring our compliance with the 2018 UK Corporate Governance Code and how this will be reported in our Annual Report and Accounts is performed on an ongoing basis.</li></ul>	<p>Ofwat's principles of Board Leadership, Transparency and Governance (part of our Licence Conditions) and the UK Corporate Governance Code 2018 are the standards against which we measure our governance practices in our 2020 Annual Report. The Annual Report includes sections on how we comply with the principles and provisions of the Licence and the Code.</p> 



## Methodology Statements

As a business we pride ourselves on being able to provide timely and accurate information to all our customers and stakeholders. This information is provided in many forms and can be complex to produce. We see it as vitally important that we can ensure business continuity if a colleague were to move on or leave the business. With that in mind, we have worked with data owners to produce detailed Methodology Statements for all our Performance Measures, CCWater Reports and the individual lines reported within our APR.

The Statements are scored using a matrix provided by our Technical Auditor and our target is for all Methodology Statements to score a 'B' or above. If, after scoring, a statement scores at 'C' or below then we work with data owners to address where it has fallen short and update the document to address these concerns.

These Statements are held on our internal intranet, Source, and are detailed documents that would allow new or existing colleagues to confidently produce a data item in the absence of the current data owner.

Controls, mitigating actions & Improvements	Assurance Finding response	
<ul style="list-style-type: none"> <li>Annual review and update of existing Methodology Statements by individual data owners as part of the APR process.</li> </ul>	Comprehensive Methodology Statements are in place for all measures, these have been reviewed and updated by data owners across our business.	✓
<ul style="list-style-type: none"> <li>Reviewed and challenged annually by the Regulatory Data and Reporting Team as part of their due diligence process.</li> </ul>	Due Diligence meetings took place in March, April and May where all Methodology Statements were reviewed and challenged.	✓
<ul style="list-style-type: none"> <li>Our Technical Auditor reviews Methodology Statements as part of their annual audits.</li> </ul>	Methodology Statements are uploaded to our Intranet and are available for Jacob's to review as part of their annual audit if required.	✓
<ul style="list-style-type: none"> <li>Following the publication of our Final Determination on 16 December 2019, we are in the process of preparing Methodology Statements for each of our new Performance Measures.</li> </ul>	We continue to prepare Methodology Statements for our new PR19 Measures of Success.	✓
<ul style="list-style-type: none"> <li>The Regulatory Data and Reporting Team will work with data owners to review and score the new Methodology Statements.</li> </ul>	The new PR19 Methodology Statements will be scored in the 2020/21 reporting year.	✓

## Operator Self-monitoring (OSM)

Following a lengthy investigation Ofwat recently concluded that a water company in England had deliberately misreported data to them about the performance of its wastewater treatment works. Ofwat also concluded that the company had failed to have adequate systems of planning, governance and internal controls in place to be able to manage its wastewater treatment works and also failed to accurately report information about the performance of these works.

The public's trust in the water sector depends on companies behaving with integrity, honesty and transparency and nurturing a strong public service ethos throughout. Ofwat wrote to every company stating that no company could afford to be complacent in this area.

On 12 July 2019 we responded to Ofwat reiterating that "we are not at all complacent and subject our processes to continual monitoring and review". We also explained that we are conscious of the risk that poor practices at other water companies could unfortunately colour the views of our own customers. It was for this reason that we appreciated we needed to look closely at the findings in respect of the water company concerned and then reassure our customers that they can continue to trust us in the future.


The Environment Agency (EA)/Natural Resources Wales (NRW) set numeric discharge quality limits in environmental permits to make sure discharges comply with water quality objectives. Water companies must collect and analyse samples of permitted discharges that are subject to numeric quality limits. This is called Operator Self-Monitoring (OSM).

Controls, mitigating actions & Improvements	Assurance Finding response	
<ul style="list-style-type: none"> <li>The papers for the Glas Board meeting on 4 July 2019 included a summary of the issues and findings in the Ofwat Investigation.</li> </ul>	This information was contained in the papers presented to the Glas Board meeting held on 4 July 2019.	✓
<ul style="list-style-type: none"> <li>Following discussion at the Glas Board it was agreed to review our current processes and our reliance on company culture.</li> </ul>	The Quality Policy and Compliance Team has carried out a review and enhanced the existing OSM guidance documentation to ensure it is accurate, up-to-date and embeds the values and behaviours the Company wishes to foster in employees.	✓
<ul style="list-style-type: none"> <li>Details of NRW and EA numerical permit limits are entered into DCWW's Quality Database (QDB and LIMS).</li> </ul>	Checks are carried out to ensure that the data and information we record in Dŵr Cymru 's Quality Database QDB and LIMS is accurate and complete.	✓
<ul style="list-style-type: none"> <li>The OSM sampling programme is not visible to operational employees responsible for discharge performance.</li> </ul>	To ensure confidentiality of the OSM Sample Programme there are a range of activities undertaken and access is restricted to relevant individuals.	✓
<ul style="list-style-type: none"> <li>Suite of documentation and guidance available for staff in the DCWW Integrated Management System (IMS).</li> </ul>	The documentation and guidance in the Dŵr Cymru Integrated Management System (IMS) reflects current processes and is consistent with the latest guidance.	✓
<ul style="list-style-type: none"> <li>Employees directly involved in the OSM process are free from any potential conflict of interest by reporting to different Directors.</li> </ul>	The Quality Policy & Compliance Team report to the Legal & Compliance Director, who is independent of the operational areas of the business.	✓
<ul style="list-style-type: none"> <li>Sampling results analysed by independent and United Kingdom Accreditation Services (UKAS) accredited laboratories.</li> </ul>	United Kingdom Accreditation Services (UKAS) accredited laboratories (ISO 17025) analyse sampling results.	✓
<ul style="list-style-type: none"> <li>Sampling failures automatically reported from QDB and LIMS.</li> </ul>	Sample failures are automatically flagged on the QDB/LIMS daily report.	✓
<ul style="list-style-type: none"> <li>Regular manual and automatic reconciliation checks are carried out by the Company to ensure the NRW, EA and DCWW data sets remain in step.</li> </ul>	A validation process is carried out to ensure data sets are consistent and reports updated if necessary.	✓
<ul style="list-style-type: none"> <li>Regular liaison meetings between NRW/EA and DCWW.</li> </ul>	Meetings held on a regular basis.	✓

## DCWW Data Assurance Summary 2019/20

Controls, mitigating actions & Improvements	Assurance Finding response	
<ul style="list-style-type: none"> <li>Senior Manager approves the end of year data with NRW, this includes data collated from England regulated by EA.</li> </ul>	Meeting held with a Senior Manager to approve the year end data with NRW.	✓
<ul style="list-style-type: none"> <li>Final report signed off by Managing Director of Wastewater Services.</li> </ul>	The Director of Wastewater approved the final report for 2019.	✓
<ul style="list-style-type: none"> <li>Annual independent audit of DCWW processes carried out by UKAS.</li> </ul>	UKAS carry out an annual audit.	✓
<ul style="list-style-type: none"> <li>Annual audit of OSM management system carried out by NRW and EA.</li> </ul>	Annual audit carried out by NRW.	✓
<ul style="list-style-type: none"> <li>Annual audit of sampling technicians and the Management System by Business Assurance.</li> </ul>	Business Assurance carry out annual technical competency assessments of the OSM Samplers and an annual OSM Management Systems audit.	✓
<ul style="list-style-type: none"> <li>We operate the 'three lines of assurance' model.</li> </ul>	<p>We use the 'Three Lines of Defence' model and appropriate risk mitigation to ensure compliance with our processes and policies.</p> <ul style="list-style-type: none"> <li>First line of defence owns and manages risks. This is fulfilled by operational teams and managers. A wide range of potential events including legal, regulatory, core operations, customer service and hazard risks are reviewed.</li> <li>Second line of defence is risk management and risk control. This is fulfilled by our Compliance team and internal committees.</li> <li>Third line of defence is independent review and oversight. This is fulfilled by Internal and External Auditors, including our technical adviser on regulatory reporting issues (Jacobs Engineering Group).</li> </ul>	✓
<ul style="list-style-type: none"> <li>Our Code of Conduct encourages colleagues to 'speak up' when appropriate.</li> </ul>	There is a 'Speak Up' section in our Code of Conduct that outlines the options available to staff that wish to speak up.	✓
<ul style="list-style-type: none"> <li>Our Whistleblowing Policy is regularly updated.</li> </ul>	Our Whistleblowing Policy was last updated and approved in February 2019.	✓
<ul style="list-style-type: none"> <li>For a number of years, we have operated an independent third-party Whistleblowing Hotline.</li> </ul>	Doing the right thing and speaking out about things we feel are wrong is essential in maintaining the high ethical standards that are crucial to the continued success of our business. All Dŵr Cymru employees, and those working on our behalf, are encouraged to raise concerns at work through their line manager wherever possible. However, we recognise that colleagues may in certain circumstance feel inhibited to do so. We operate a confidential and independent Whistleblowing Hotline which is available for all employees.	✓
<ul style="list-style-type: none"> <li>Lessons Learned Review undertaken by the DCWW Compliance Manager.</li> </ul>	Lessons Learned Review undertaken.	✓
<ul style="list-style-type: none"> <li>Regular updates provided to DCE, QEC, Audit Committee and Board.</li> </ul>	Regular updates provided at the appropriate meetings.	✓
<ul style="list-style-type: none"> <li>Lessons Learned Review Report completed.</li> </ul>	Lessons Learned Review completed by the Dŵr Cymru Compliance Manager.	✓
<ul style="list-style-type: none"> <li>Action Plans developed to capture enhancements identified.</li> </ul>	Action plans developed and regularly monitored.	✓
<ul style="list-style-type: none"> <li>Running alongside the Lessons Learned Review was a high-level desktop exercise conducted by colleagues in Business Assurance which focussed on a review of existing controls and assurance within our OSM Management regime (i.e. a 3 lines of defence assessment). This Business Assurance review incorporated all aspects of the OSM process and not just the ones singled out in the Ofwat Investigation Report.</li> </ul>	Business Assurance provided a Report which provided opportunities for improvement with the aim of enhancing overall governance through the strengthening of systems, processes and procedural practices as appropriate.	✓

## DCWW Data Assurance Summary 2019/20

Controls, mitigating actions & Improvements	Assurance Finding response
<ul style="list-style-type: none"><li>A small cross business Working Group has been set up to implement on a timely basis the Action Plans developed from the Lessons Learned Review and Business Assurance Review.</li></ul>	Working Group meet on a regular basis and Action Plan monitored and updated. 

## Customer Satisfaction

Our aim is to give the best possible service to all our customers. Ofwat have introduced new measures of experience for both Customers and Developers and have made changes to the surveys for Business Customer Satisfaction. In order to prepare for this change, we felt it important to include these areas within our Assurance Plan as we will be reporting these three customer satisfaction measures within our APR. The three measures are Customer Measure of Experience (C-MeX), Developer Measure of Experience (D-MeX) and Business Customer Satisfaction (non-household).

Controls, mitigating actions & Improvements	Assurance Finding response	
<ul style="list-style-type: none"> <li>Data Owners within the business are responsible for providing the data for the satisfaction surveys. They assure themselves that the data is reliable and accurate.</li> </ul>	Data owners and providers undertook their own reviews and checks, which included a sign off process prior to submitting any data for the satisfaction surveys.	✓
<ul style="list-style-type: none"> <li>Data Owners and Senior Managers are responsible for ensuring that data for the D-MeX and C-MeX survey has been submitted in line with the Ofwat guidance.</li> </ul>	Ofwat templates and formal guidance was used to submit data. The researcher's portal also prohibits incorrectly formatted data being submitted automatically.	✓
<ul style="list-style-type: none"> <li>A detailed Methodology Statement has been completed for the Business Customer Satisfaction surveys. This has been reviewed and scored by the Technical Auditor.</li> </ul>	A Methodology Statement is in place and has been reviewed and scored by Jacobs.	✓
<ul style="list-style-type: none"> <li>All customer research is undertaken by reputable research companies with a strong track record in the field of customer research. All of the companies are members of the Market Research Society and are therefore bound by their code of conduct on how research should be conducted.</li> </ul>	Ofwat appoint the market research company without engagement of water companies.	✓
<ul style="list-style-type: none"> <li>All data is subject to our 'three lines of assurance' process before being reported in the APR.</li> </ul>	This is 100% complete and all data has been signed off by the data owner, his/her manager and the appropriate director.	✓
<ul style="list-style-type: none"> <li>External independent assurance is provided by the Technical Auditor for the current Business Customer Satisfaction Survey results to confirm that the data been accurately submitted/calculated.</li> </ul>	Jacobs undertook their reviews of data and methodologies in accordance with the agreed procedures with no material issues found.	✓
<ul style="list-style-type: none"> <li>The results of these customer satisfaction surveys will be published in our APR which will be subject to the appropriate level of assurance.</li> </ul>	Results are calculated by the research company with Ofwat final sign off prior to being provided to water companies. Scores used from this publication were used to populate our APR.	✓
<ul style="list-style-type: none"> <li>External independent assurance will be provided by the Technical Auditor to confirm that the data for C-MeX and D-MeX has been accurately submitted/calculated and is in line with the Ofwat guidance.</li> </ul>	Jacobs undertook their reviews of data and methodologies in accordance with the agreed procedures and found no material issues.	✓

## Cyber Security

In common with other utility companies, DCWW is reliant upon a range of systems and technologies to support the efficient running of our administrative and operational functions. We fully recognise the importance of protecting our systems and information in an evolving threat landscape.

Our essential services are subject to the Network and Information Systems Regulations 2018 which are overseen by Welsh Government and the Drinking Water Inspectorate.

Controls, mitigating actions & Improvements	Assurance Finding response	
<ul style="list-style-type: none"> <li>DCWW has an in-house Information Security team that is supplemented and supported by external partners where relevant.</li> </ul>	The team, and a procurement framework for external support, remain in place.	✓
<ul style="list-style-type: none"> <li>We operate a range of technical, procedural and policy controls to protect our information and our IT and Operational Technology (OT) systems from relevant threats.</li> </ul>	Our policies and control framework remain in place and are undergoing external review as part of the ISMS project.	✓
<ul style="list-style-type: none"> <li>We are Cyber Essentials certified and have a continuous vulnerability management regime in place.</li> </ul>	Cyber Essentials certificate was issued in October 2019.	✓
<ul style="list-style-type: none"> <li>Our systems are subject to annual penetration testing by an independent third party, we also carry out additional testing of new systems and major changes where appropriate.</li> <li>Information Security matters are overseen by the Information Security Steering Group with regular reporting to the Managing Director and the Audit Committee.</li> </ul>	<p>Our network perimeter was penetration tested in December and continues to be subject to regular vulnerability scanning.</p> <p>The ISSG continues to meet throughout the year. An Information Security update was provided to the Audit Committee in May.</p>	✓
<ul style="list-style-type: none"> <li>The Information Security Steering Group (ISSG) is supported by IT Security Working Group and an OT Security Working group.</li> </ul>	Both working groups have continued to meet regularly.	✓
<ul style="list-style-type: none"> <li>All new colleagues complete Information Security e-learning and sign up to the Acceptable Use policy. In our annual employee Engagement survey 98% of colleagues agreed that Information Security is taken seriously at DCWW.</li> </ul>	E-Learning and Acceptable Use Policy remain in place. A new Cyber Security Handbook has also been published for all colleagues.	✓
<ul style="list-style-type: none"> <li>We are continually improving our security controls using a risk-based approach both in our daily operations and via several improvement projects.</li> </ul>	A number of control improvements are being made by in-flight projects.	✓
<ul style="list-style-type: none"> <li>We have an in-flight project which is formalising our Information Security Management System in line with ISO/IEC27001 - the internationally recognised standard of good practice for Information Security management. Achieving this standard is a Board-level commitment.</li> </ul>	The project is on-track and progress is monitored by a Stakeholder Group, the ISSG and Audit Committee.	✓
<ul style="list-style-type: none"> <li>The OT Cyber Programme is implementing continuous improvement and architectural changes to support and enhance the security of our Operational Technologies (that monitor and control our treatment works).</li> </ul>	The OT Cyber Programme is ongoing, tracked by a programme steering group and the ISSG.	✓