

Final Assurance Plan 2019/20



FINAL ASSURANCE PLAN

Who we are

Dŵr Cymru Welsh Water (DCWW) is the sixth largest of the eleven regulated water and wastewater companies in England and Wales. DCWW is unique among utility companies in the UK – we are owned by Glas Cymru Cyfyngedig, a ‘not-for-profit’ company, limited by guarantee. We provide an essential public service and, as custodians of the water industry in our area, we are responsible for protecting the environment and delivering a high quality and reliable service to our customers.

WE'RE A NOT-FOR-PROFIT WATER COMPANY.

WE DON'T HAVE SHAREHOLDERS, WHICH MEANS THAT EVERY SINGLE PENNY GOES BACK INTO LOOKING AFTER YOUR WATER AND ENVIRONMENT.

We keep over three million people healthy each day with safe, reliable water, and take away waste water to clean, before returning it safely to our beautiful rivers and seas.

We serve customers in most of Wales, Herefordshire and some communities along the English border.

THE AREA WE SERVE



Our vision

Customers must be able to trust that the essential services we deliver are safe and of the highest standard. We know that we are relied upon to do the right thing on their behalf. This is why we put customers first. They are at the heart of everything we do.

We will earn the trust of our customers every day by delivering high quality essential services that protect our customers' health, our communities and environment around us.

Our values

We are proud to put our customers first. We strive for excellence in all that we do. We are always open to new ideas and challenge ourselves to discover better ways of working. We are safe in everything that we do and never cut corners. Being honest, even when things are difficult, means our colleagues and customers can always trust us to do the right thing. By living these values, every day, we will earn the trust of our customers.

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

When publishing this Final Assurance Plan in March 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 before 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 June 2015 Ofwat published guidance on its Company Monitoring Framework (CMF) - it said:

“The Company Monitoring Framework is a tool to challenge all companies to provide information for customers and stakeholders that is reliable, timely, appropriate to the audience and for companies to be transparent with customers and stakeholders about the data assurance they put in place”.

In the last annual CMF 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”. Ofwat stated that:

“In line with our expectations for a self-assurance company, Dŵr Cymru demonstrated behaviours that met our expectations by a clear margin in most assessment areas and exceeded our expectations, demonstrating leading edge behaviour in two areas, risk and compliance statement and assurance plan”.

In August 2019, Ofwat published Information Notice 19/04 – Update on information quality and assurance, which set out how they expect companies to provide accurate and easily available information about their performance. It further explains that since the CMF was first introduced in 2015 to encourage companies to conduct high quality assurance of the information they produce, the standard of reporting has been raised and there are good examples of companies embedding assurance requirements within their business practices.

Ofwat will not be publishing any further CMF assessments, but will continue to scrutinise and challenge companies’ approaches to data quality and assurance of their performance reporting.

“Companies need to continue to strive for best practice in their assurance arrangements, and we expect all companies to adopt as a minimum the requirements established by the ‘targeted’ category under the company monitoring framework”.

Even though we were promoted to the self-assurance category in January 2019, we will continue to adopt the same robust and transparent assurance processes that have served us so well over the past few years. We have again undertaken a reporting risk assessment for all relevant data that will be contained in the Annual Performance Report (APR) and other key documents. This was an important exercise and formed the basis of our Statement of Risks, Strengths and Weaknesses.

Our overall aim is to ensure that the data and information we publish is accurate and reliable. We will continue to engage with our key stakeholders to understand the information they use and rely on so that we can focus our assurance activities accordingly.

We strive to ensure our documents are written in a format that our customers and stakeholders can easily understand and have also discussed this aspect with them to see if there is scope for further improvements.

We have already identified any risks that could affect our ability to provide information that our customers and stakeholders can trust. This is called our Statement of Risks, Strengths and Weaknesses and was included in the [Draft Assurance Plan](#) published for consultation in November 2019.

Our Final Assurance Plan sets out the actions we believe are necessary to address all of the risks and weaknesses we have identified. We have taken on board the consultation feedback received and listened to stakeholder's views by incorporating some new areas into this Final Assurance Plan.

We have included a table summarising the material changes to this Final Assurance Plan from the 2016/17, 2017/18 and 2018/19 Plans - (See Appendix 1).

Contents

1. EXECUTIVE SUMMARY	5
2. HOW STAKEHOLDER ENGAGEMENT HAS INFLUENCED OUR ASSURANCE PLAN.....	6
3. OUR COMPANY MONITORING FRAMEWORK	10
4. FINAL ASSURANCE PLAN 2019/20.....	14
4.1 Annual Performance Report (APR) 2019/20	15
4.2 Performance Measures (Outcome Delivery Incentives)	18
4.3 Segmental reporting	19
4.4 Charges Schemes.....	20
4.5 Website publications.....	21
4.6 Bioresources Market Information.....	23
4.7 Water Resources Management Plan and Market Information.....	24
4.8 Statutory Financial Reporting.....	26
4.9 Natural Resources Wales – Compliance Tables (MD109)	27
4.10 Payment Policies, Practices and Performance	29
4.11 Customer Engagement.....	30
4.12 Our Priority Services for Vulnerable Customers	31
4.13 CCWater Reporting	33
4.14 Corporate Resilience	34
4.15 Financial Resilience	36
4.16 General Data Protection Regulation (GDPR).....	37
4.17 Gender Pay Gap	38
4.18 Board Leadership, Transparency and Governance Principles.....	40
4.19 Annual Report and Accounts.....	42
4.20 Methodology Statements	43
4.21 Operator Self-Monitoring (OSM)	44
4.22 Customer Satisfaction	46
4.23 Cyber Security	48
5. NEXT STEPS.....	49
APPENDIX 1 Material changes since the 2016/17 plan.....	50
APPENDIX 2 Impact and Probability Risk Matrix – Other Activities	55
APPENDIX 3 Impact and Probability Risk Matrix – Performance Measures.....	56

1. EXECUTIVE SUMMARY

We value the engagement we have with our customers and stakeholders and our challenge is to provide them with information that is accurate, reliable, timely and appropriate. In the course of preparing this document, we have engaged with our key stakeholders to make sure that our plans cover the information that is important to them and that the planned assurance will give them confidence that our published information will be accurate and complete.

We also asked whether the document was easy to read and whether there was any way it could be improved.

This document explains how we identified any risks with the information we publish, how these risks are addressed and how we carry out assurance.

The results from our risks, strengths and weaknesses analysis allowed us to develop a Draft Assurance Plan for 2019/20. As in previous years, the Draft Assurance Plan included a wide variety of controls and mitigating actions designed to ensure that customers and stakeholders can trust the information we publish.

The outputs from our November 2019 public consultation are summarised in Section 2 and we explain how we have taken into account the comments received. All of the key stakeholders with whom we engaged were positive about the document and the processes followed. Some constructive suggestions were made to further enhance the Plan and we have taken these on board.

In Section 3 we provide more information on the application of our CMF and, in particular, explain how the key elements of the Framework, such as the application of robust assurance principles, clear ownership and accountability, effective governance, and transparency and accountability have been applied.

Section 4 contains our risk based Final Assurance Plan. An integral part of this is the reporting of performance relating to those measures (both financial and non-financial) which are part of our Outcome Delivery Incentive Scheme. This includes the Measures of Success which were contained in Ofwat's 2014 Final Determination. We report on these in an Annual Performance Report (APR) published each July.

In addition, we apply the Framework to regulatory data reported elsewhere. Last year, we identified several new areas of regulatory reporting and included these in our Assurance Plan. This year, as part of a continuous improvement programme, we have reviewed these activities and have added several new areas.

Within Section 4, we list each area covered by the Final Assurance Plan and include the following information

- Background information and why the particular area is included in this Final Assurance Plan;
- A list of the controls and mitigation actions in place;
- For those areas which were part of the 2018/19 Final Assurance Plan, the improvements made in the course of the year; and
- If they are new areas, the improvements we anticipate making.

As a result of the analysis of risks, strengths and weaknesses, the feedback received from key stakeholders as part of the consultation, and taking into account the controls and mitigations we have in place, we are satisfied that this Final Assurance Plan addresses all known risks and that we are well placed to assure the relevant data. By adopting this approach we are able to ensure that customers and stakeholders can have a high level of trust and confidence that the information we publish continues to be accurate and reliable.

2. HOW STAKEHOLDER ENGAGEMENT HAS INFLUENCED OUR ASSURANCE PLAN

In June 2015 Ofwat introduced the CMF for the period 2015/20 to ensure that stakeholders can rely on the information provided by water companies. The Framework required all companies to provide:

- explicit sign off on the assurance that had been provided;
- full transparency on the audit procedures; and
- a summary of the outcome of assurance.

DCWW was the only company in 2019 to be promoted to the self-assurance category, and is one of only two companies that achieved the status that year. This means that although we must meet the minimum assurance requirements, we have the discretion to decide what additional assurance arrangements we put in place.

The table below shows the position of all companies.

Ofwat CMF assessment	2016	2017	2018	Move from prior year
United Utilities	Self-assurance	Self-assurance	Self-assurance	↔
Dŵr Cymru Welsh Water	Targeted	Targeted	Self-assurance	↑
South East	Self-assurance	Self-assurance	Targeted	↓
Northumbrian	Targeted	Self-assurance	Targeted	↓
Anglian	Targeted	Targeted	Targeted	↔
South West	Targeted	Targeted	Targeted	↔
South Staffordshire	Targeted	Targeted	Targeted	↔
Portsmouth	Targeted	Targeted	Targeted	↔
Affinity	Targeted	Targeted	Prescribed	↓
Wessex	Targeted	Targeted	Targeted	↔
SES (Sutton & East Surrey)	Targeted	Targeted	Targeted	↔
Severn Trent	Self-assurance	Targeted	Targeted	↔
Yorkshire	Prescribed	Targeted	Targeted	↔
Thames	Targeted	Prescribed	Targeted	↑
Dee Valley(HafrenDyfrydwy)	Prescribed	Prescribed	Prescribed	↔
Southern	Prescribed	Prescribed	Prescribed	↔
Bristol	Prescribed	Prescribed	Targeted	↑

Ofwat self-assurance category requires us to meet the following requirements:

Ofwat requirements	What we have done to meet requirements
<p>Companies produce an Annual Performance Report (APR). This will include:</p> <ol style="list-style-type: none"> 1. regulatory financial reporting; 2. price control and additional segmental reporting; 3. performance summary; 4. additional regulatory information; and 5. a base level of reporting and assurance which is set out in the Regulatory Accounting Guidelines. <p>As a minimum for companies in all three categories, sections 1 and 2 of the APR should be covered by a financial audit opinion.</p> <p>For the APR, we expect all companies to include a summary, or links to, their assurance plan, assurance findings and company response. This should be accessible for all customers and stakeholders.</p> <p>Companies must publish their charges scheme each year and provide us with (and publish) an assurance statement from its Board of Directors on its charges schemes.</p>	<p>Each year we have published our APR by the date set by Ofwat. Our APRs from 2015/16 are available on our website and can be accessed here.</p> <p>The independent Financial Auditors report can be found on page 9 our 2018/19 APR (part 1) and can be accessed here.</p> <p>Our Assurance Framework webpage contains information on all of our assurance activities and can be accessed here.</p> <p>The Charges section on our website includes our current and historic charges schemes along with the assurance statement from our Board and can be accessed here.</p>
Over the reporting year each Board must confirm that it has complied with all its relevant statutory, licence and regulatory obligations and is taking appropriate steps to manage and/or mitigate the risks it faces.	We have published an annual Board statement confirming we have complied with all relevant statutory, licence and regulatory obligations. This can be accessed here .
The company will provide transparency on the audit procedures it has put in place in relation to data assurance.	Our Assurance Framework webpage contains information on all of our assurance activities and can be accessed here .
The company will provide a summary of the outcome of the data assurance that has been carried out.	We publish on our website our full data assurance summary. The summary for 2018/19 can be accessed here .

We fully support Ofwat's approach to the CMF – we cannot expect to build and maintain the trust of our customers and stakeholders if we do not first understand if they have any concerns, and then seek to address them. To assist us in this process we have developed an [Engagement with Stakeholders Protocol](#).

Key to our CMF is the assurance we undertake at each stage of the process and how we engage with stakeholders to ensure that the information we provide is useful and relevant for their needs.

During the consultation exercise we engaged proactively with a range of key stakeholders, as well as preparing presentation packs outlining our data assurance framework.

We have considered the consultation feedback we received on our 2019/20 Statement of Risks, Strengths and Weaknesses and Draft Assurance Plan, which was published on our website in November 2019. As a self-assurance company, Ofwat feel that we have demonstrated that customers and other stakeholders can place trust and confidence in the information we provide. We will continue to retain all the processes that helped us to reach this strong position. We have listened to stakeholders and have taken on board suggestions that some new areas are added by incorporating these into the Final Assurance Plan.

Our Customer Challenge Group (CCG) helps ensure that current and future customers are at the heart of the way we operate. A key part of the role of the CCG is to provide additional independent challenge and review of our data. We are committed to working with the CCG to ensure they are able to challenge the company and provide an independent view on the quality of our customer engagement and the extent to which the results of this engagement drive decision making.

Information is shared regularly with the CCG to enable them to review and challenge our progress in delivering our performance commitments.

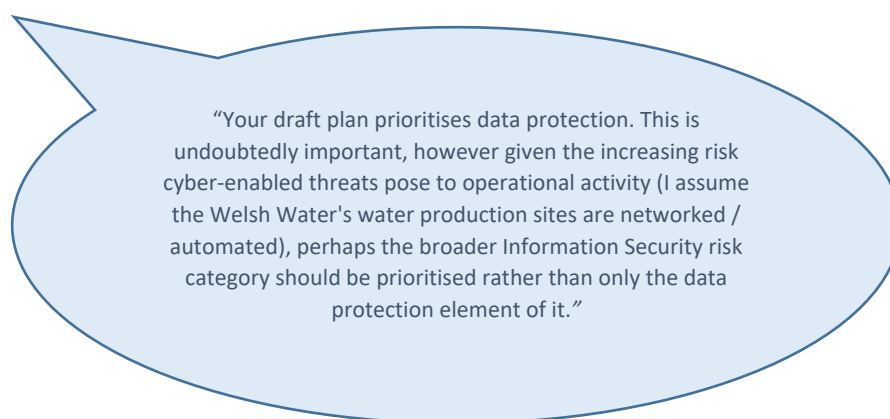
We will continue to work with the CCG to develop our performance reporting to ensure it meets the requirements of customers and other stakeholders.

We have also provided written feedback thanking individuals for their input and addressing the points made and, where appropriate, explained how we have taken account of these comments in the Final Assurance Plan.

Amongst the comments received from stakeholders was the following:

Figure 1 – Stakeholder comment

Customer



As a result of this comment we have now included Cyber Security within this Assurance Plan, see Section 4.23 on page 48.

The "[Our Assurance Framework](#)" page on our website contains information about our CMF as well as the suite of available documents, which includes information on our performance. We will continue to use this as a means of informing customers and stakeholders of the steps we take to assure the data that is contained within key publications such as the APR.

Feedback from Ofwat

A key element of the CMF is the level of assurance Ofwat requires in addition to companies' own assurance proposals. In January 2019, Ofwat published its third and final annual assessment which determined whether companies should move between the following three categories:

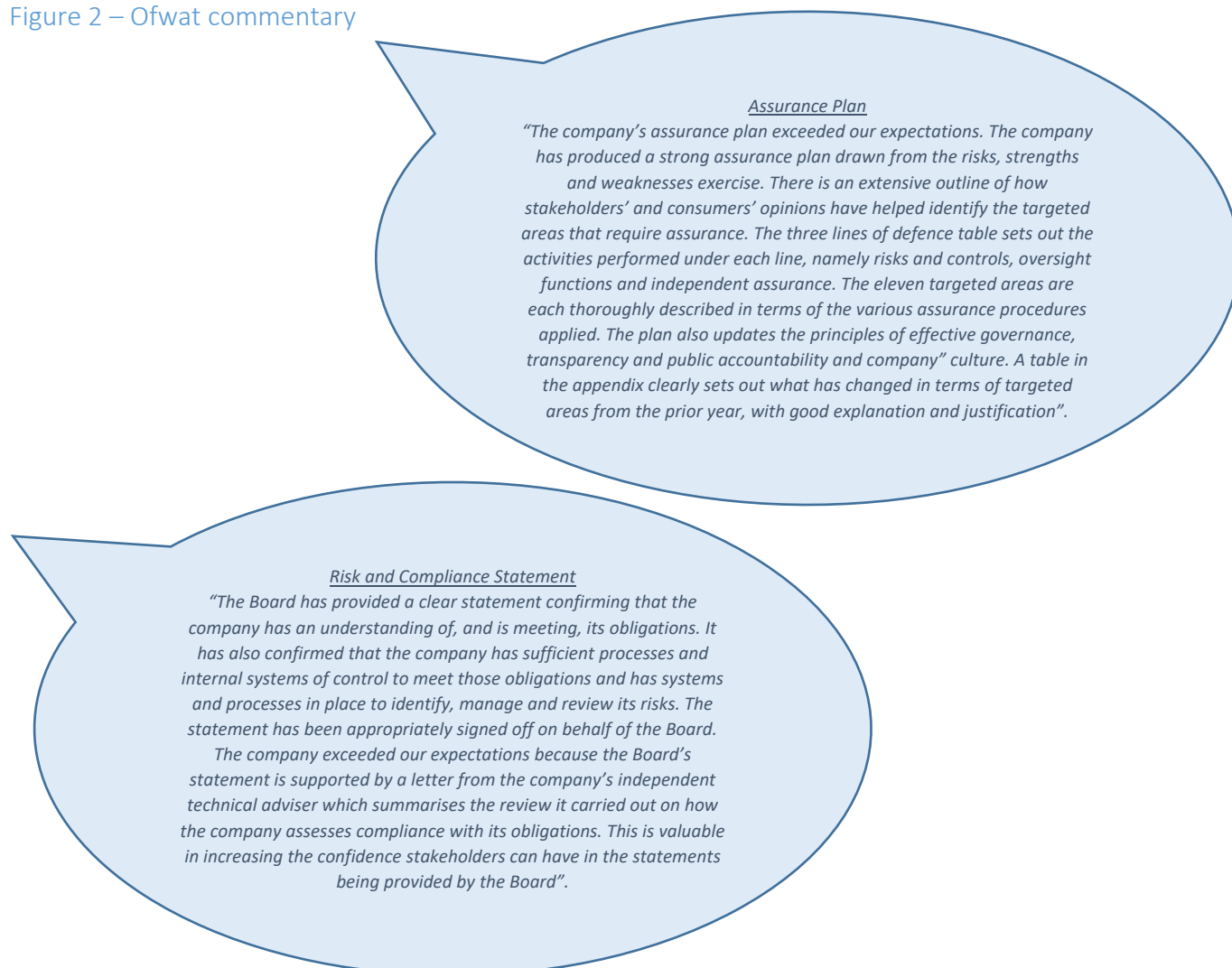
- "self-assurance", a company uses its own discretion to provide assurance beyond the common assurance requirements;
- "targeted assurance", a company loses discretion on some areas of assurance beyond the common assurance requirements; or
- "prescribed assurance", a company loses discretion on many areas of assurance beyond the common assurance requirements.

Ofwat assessed in January 2019 that DCWW should be **promoted** to the upper category of "self-assurance".

We exceeded Ofwat's expectations in two of the eleven assessment areas. These were:-

- the Assurance Plan; and
- the Risk and Compliance Statement.

Figure 2 – Ofwat commentary



3. OUR COMPANY MONITORING FRAMEWORK

This section provides an overview of our approach to assurance.

In June 2015 Ofwat published guidance on its CMF – it stated the following.

“The Company Monitoring Framework is a tool to challenge all companies to provide information for customers and stakeholders that is reliable, timely, appropriate to the audience, and for companies to be transparent with customers and stakeholders about the data assurance they put in place.”

It is important that we provide information to customers and stakeholders that is customer-led, accessible, clear, accurate, transparent and timely. Our ongoing objective therefore, is to make available information that is easy to understand and navigate and which enables them to understand how we are performing. We also recognise that this helps build trust and confidence in the business.

The reliability and accuracy of data is a matter of great importance to us. Within the business we have well-established governance and accountability processes. Our proposed Assurance Plan for this financial year, 2019/20, continues to build on the solid foundation we implemented in previous years’ assurance plans.

Our data assurance framework is underpinned by five key cornerstones:

- Robust assurance principles – we operate a three-lines of assurance model, targeted at areas of greatest risk;
- 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;
- Effective governance – we are subject to scrutiny by our Board, Audit Committee and Dŵr Cymru Executive team (DCE) with additional challenge provided by the CCG, Regulators such as Drinking Water Inspectorate (DWI), Natural Resources Wales (NRW), and CCWater in its important role as a statutory consumer watchdog;
- Transparency and accountability – we publicly report on our performance and hold ourselves to account where we do not meet our commitments; and
- Our Company Culture – having in place the right culture which encourages our people to act responsibly and “do the right thing”.

Robust assurance principles

We have an established framework to provide for the effective management of risk. We operate the ‘three lines of assurance model’ which distinguishes between first line (risks and controls), second line (oversight functions) and third line (independent assurance).

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"> • Providing source information
	Business Management	Monitoring and reporting performance	<ul style="list-style-type: none"> • Defining and documenting methodologies and processes • Identifying material changes to systems and processes

Line	Area	Role	Type of Activity
			<ul style="list-style-type: none"> Implementing quality checks and reviews Reporting performance information
2 Oversight functions:	Regulation, Finance, General Counsel, Compliance	Define policy and provide the enabling framework for regulatory reporting	<ul style="list-style-type: none"> Developing the assurance framework Reviewing performance information submitted Monitoring delivery of obligations Reporting to Board Implementing quality checks and reviews Providing advice, guidance and support
	Board, Audit Committee, Quality & Environment Committee, CCG, CCWater, DWI, NRW, EA	Scrutiny and challenge	<ul style="list-style-type: none"> Reviewing performance information submitted Monitoring the implementation of improvement plans Reviewing risk profile
3 Independent Assurance:	Business Assurance, external assurance providers	Independent review of levels of assurance proved by First and Second Lines	<ul style="list-style-type: none"> Reviewing methodologies and processes Reviewing application of methodologies and processes Providing an opinion on the integrity of data Reviewing appropriateness of the assurance framework

We see assurance as part of our continuous improvement programme. The first and second line activities are undertaken throughout the year, providing clear visibility of potential risk areas. We employ external third line assurance at relevant points during the year, much of which is brought together and culminates in our year-end financial and performance reporting.

Clear Ownership and accountability

Strong personal and collective ownership is critical for ensuring the accuracy of information we produce, driving improvements and holding ourselves to account. Regular monthly internal performance reporting to our DCE and Board (at every meeting), and performance reporting to the CCG reinforces this culture of ownership and accountability. Every year we refresh our compliance framework to ensure that individual accountabilities are linked to our regulatory and statutory obligations. We also operate a rigorous process of sign-off for our performance data by the data owner, the responsible senior manager (where appropriate) and finally, the accountable director. This is in addition to our Board governance arrangements.

Our three lines of assurance model ensures that there is clear separation of accountabilities between those responsible for delivery of a performance commitment or a regulatory/statutory obligation and those responsible for ensuring the integrity of that data. This delineation is mirrored in our governance arrangements.

Effective governance

We will continue to review our governance arrangements to ensure that we remain compliant with future changes to the UK Corporate Governance Code and our Licence Conditions. In particular, the Corporate Governance Code that we have in place reflects our performance reporting principles and governance arrangements to make sure that it delivers:

- transparency in our reporting so as to meet or exceed the standards set out in the Financial Conduct Authority's Disclosure and Transparency Rules; and
- appropriate challenge by our Board by making sure they have the appropriate balance of skills, experience, independence, and knowledge of the company.

Our Assurance Plan provides for governance of our performance commitments and other external reporting with a clear delineation of accountabilities and has the following key features:

- The Board's role is to meet its obligations to the company's stakeholders. It reviews performance in the light of the company's strategic objectives and business plan commitments – ensuring that any necessary corrective action is taken;
- The Board's Audit Committee assists the Board in discharging its responsibilities for the integrity of the company's financial statements, the assessment and effectiveness of internal controls for both financial and non-financial data and the effectiveness of internal and external auditors; and
- The CCG provides independent external challenge of both our performance against our commitments and any supporting information we provide on it. Our Regulators, DWI, EA and NRW, and the consumer watchdog CCWater, also provide independent scrutiny and challenge.

Transparency and accountability

Our Vision is to earn the trust of our customers every day and we are committed to being open and honest in all our communications and performance reporting. Our communications are based on transparency, integrity, accessibility and timeliness. Our information and reports go through many levels of checks before they are included in our core publications, and this includes peer reviews, senior manager approval and review by our DCE or Board as required. This year we will continue to hold ourselves to account with the publication of our 2019/20 APR which will follow Ofwat's reporting requirements.

Our company culture

Our approach to data assurance allows us to consider risks associated with processes and identify specific controls that are in place to manage or mitigate those individual risks. However, it is important to remember that these controls do not operate within a vacuum and take place within an organisation with its own culture and governance which in itself provides a level of reassurance for many of the risks identified.

The culture of our company is defined by the values we adopt and the knowledge, skills and attitudes of our employees. We have made it our Vision to earn the trust of our customers every day. It is vitally important that we act responsibly as individuals and as a company at all times - not only when we are required to do so by law, but also generally, in our working lives.

We are committed to ensuring that we give our employees the tools to do their job, which is why we invest in developing our people. We take pride in being Investors in People accredited, which was granted in June 2018 (gold status), for our work in creating a culture that encourages our people to flourish and realise their potential.

We work in an environment where managers don't hide away in offices and there is an open door policy at all times, so if a colleague has a question, they will always be able to get an answer. This enables us to build closer working relationships, promote accessibility and establish an open flow of communication.

Our culture is a cornerstone of the data assurance process and is based on shared values and beliefs. It helps shape the way we conduct our everyday business and ensures we strive to “do the right thing”. Because of its importance, company culture is sometimes described as a layer of control even preceding the first line of defence against inaccurate information. Maintaining a positive culture is important to us because:

- everyone is aware of the expectations regarding high quality information;
- other controls will focus on checking and correcting errors, but in a positive corporate culture, errors are less likely to arise because individuals create, record and transmit information completely and accurately as part of the way they work;
- other controls are laid over the top of the information-reporting process, but cultural controls are embedded within it;
- other controls might be occasional or periodic, but culture is ongoing and permanent; and
- everyone knows that they can be honest about data errors.

Areas for assurance

We believe that our approach to risk assessment, governance and assurance has worked well in previous years and see that this is a key strength in our system of reporting. We have therefore built on this approach for our 2019/20 reporting framework. More information on our risk assessment approach is provided in our, [Statement of Risks, Strengths and Weaknesses/Draft Assurance Plan](#).



4. FINAL ASSURANCE PLAN 2019/20

In this section we set out the areas that we intend to focus on for our Assurance Plan for 2019/20.

We have introduced five new areas to our Assurance plan. We have re-evaluated the data activities that merited inclusion in last year's Assurance Plan and this resulted in one area (Price Review 2019 Business Plan) being removed. Our Final Determination was published in December 2019 and all our data was submitted in line with Ofwat's requirements; as a result of this we felt this area no longer merits inclusion in our Assurance Plan.

Activities		Included in Assurance Plan			
		2016/17	2017/18	2018/19	2019/20
1	Annual Performance Report				
2	Performance Measures				
3	Developer Services		N/A	N/A	N/A
4	Segmental Reporting				
5	Business Retail Market		N/A	N/A	N/A
6	Charges Schemes				
7	Website Publications				
8	Price Review 2019 Business Plan	N/A			N/A
9	Bioresources Market Information	N/A			
10	Water Resources Management Plan & Marketing information	N/A			
11	Statutory Financial Reporting	N/A			
12	Natural Resources Wales Compliance Tables	N/A			
13	Payment Policies, Practices and Performance	N/A			
14	Our Priority Services for Vulnerable Customers	N/A			
15	Customer Engagement	N/A			
16	Non-Household Customer Contacts and Complaints	N/A		N/A	N/A
17	CCWater Reporting	N/A	N/A		
18	Corporate Resilience	N/A	N/A		
19	Financial Resilience	N/A	N/A		
20	GDPR	N/A	N/A		
21	Gender Pay Gap	N/A	N/A		
22	Board Leadership Transparency and Governance Principles	N/A	N/A		
23	Annual Report and Accounts	N/A	N/A	N/A	
24	Methodology Statements	N/A	N/A	N/A	
25	Operator Self-Monitoring (OSM)	N/A	N/A	N/A	
26	Customer Satisfaction	N/A	N/A	N/A	
27	Cyber Security	N/A	N/A	N/A	

As part of our process, we also identified a number of new activities that merited consideration within our Risk, Strengths and Weakness analysis. In addition, a further five new activities (Annual Report and Accounts, Methodology Statements, Operator Self-Monitoring, Customer Satisfaction and Cyber Security) have been identified as important areas that warrant being included within the Final Assurance Plan. These areas, together with the activities remaining from last year's Assurance Plan, are contained within the Impact and Probability Risk Matrix in Appendix 2.

4.1 Annual Performance Report (APR) 2019/20

This is an annual report which provides cost information, financial performance and information of our performance against our customer outcomes and commitments. This will be published in July 2020.

All data reported in the APR will be subject to our structured 'three lines of assurance' process:

1. In the first line of assurance, management has accountability for identifying risks and managing these by developing and maintaining sound processes, systems and controls in the normal course of their operations.
2. In the second line of assurance, the Regulation and Finance team has accountability for providing the framework and governance for regulatory reporting; and
3. The third line of assurance provides independent audit and assurance activity through our Business Assurance team, who review the assurance framework and provide risk based assurance on individual elements. The information contained within this document will also be assured by the Financial Auditor or the Technical Auditor.

Section	Description	Assurance activities
APR Section 1: Regulatory financial reporting	A baseline level of historical cost financial information aligned to the way in which price controls (and associated regulatory performance commitments and incentives) have been set.	<ol style="list-style-type: none"> 1. 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. 2. Finance team review of information and audit trails. 3. Financial Auditors audit and opinion according to Ofwat audit requirements.
APR Section 2: Price review and other segmental reporting	Further disaggregation of revenue and costs, to allow stakeholders to review companies' performance against final determinations.	<ol style="list-style-type: none"> 1. 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. 2. Finance team review of information and audit trails. 3. Financial Auditors audit and opinion according to Ofwat audit requirements.
APR Section 3: Performance summary	A high-level report of the performance of the appointed business, including outcome delivery and the regulatory financial results of the regulated	<ol style="list-style-type: none"> 1. Data providers, their managers and business unit directors produce and approve data, commentaries and methodologies and audit trails to support the reported performance

Section	Description	Assurance activities
	business. As a minimum it will include reporting on outcomes and delivery service levels and cost performance.	<p>and demonstrate the control checks that have been applied.</p> <ol style="list-style-type: none"> 2. Regulation team review of information and audit trails. 3. Technical Auditors review data and commentary and report opinion to the Board.
APR Section 4: Additional regulatory tables	Additional financial and non-financial information, including (but not limited to), additional accounting policies, financeability statement, current cost reporting, totex analysis.	<ol style="list-style-type: none"> 1. 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. 2. Finance and Regulation teams review of information and audit trails. 3. Financial Auditors and/or Technical Auditors review of relevant tables to agreed procedures.
APR Section 5: Risk and Compliance Statement	Allows companies to evidence their accountability to their customers and demonstrate to Ofwat that they are complying with their obligations.	<ol style="list-style-type: none"> 1. Accountability for meeting licence, regulatory and statutory obligations assigned to specific individuals. 2. Guidance provided by Ofwat by means of Regulatory Accounting Guidelines and Information Notices. 3. Annual strategy document prepared by the DCWW Compliance Manager to ensure all Ofwat requirements are met. 4. Risk discussed at every DCE meeting 5. DCE's update on strategic risks reviewed at every Board meeting. 6. Technical Auditors review of statements to ensure compliance with Ofwat guidance. 7. Approval by Audit Committee. 8. Sign off by the Board.

Improvements	Complete (✓) or 'In progress'
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.	In progress

Improvements	Complete (✓) or 'In progress'
<p>Ofwat have yet to consult on the 2019/20 Regulatory Accounting Guidelines (RAGs). When this is published, we will:</p> <ul style="list-style-type: none"> • check the requirements and report appropriately; and • ensure that all relevant data owners are fully conversant with the proposed changes. 	In progress
We will include specific commentary giving an explanation on any performance measure/APR line that has a variance of 15% or more.	In progress

4.2 Performance Measures (Outcome Delivery Incentives)

In April 2015, we introduced our new Outcome Delivery Incentive Scheme. It includes a comprehensive suite of measures, both financial and non-financial, designed to challenge us to meet the expectations of customers in every respect and on every occasion, and where appropriate to ensure that they are properly compensated where our performance falls short.

We used the Impact and Probability Risk Matrix for 2019-20 (Appendix 1) to assess whether it was necessary to implement additional assurance activities on any particular measures. It can be seen from Appendix 1 that no Performance Measures currently reside within the red zone (high risk) or the amber zone (high-medium risk).

Our objective will be to highlight opportunities to strengthen our control framework further. We will achieve this by applying the three lines of assurance process and relying on the programme of work that will be undertaken by our external assurance providers as described in section 3, page 11 - Three lines of assurance model.

Controls and mitigating actions

- Internal scorecards highlight performance against the key measures on a monthly basis across the business and up to Board level.
- Review process with our CCG who have a role to play in challenging our reporting.
- Information Packs and training sessions arranged by the Regulation Team for all data owners.
- 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.
- Methodology Statements are reviewed and scored by the Technical Auditor.
- Data sign off by the data owner, business manager (where appropriate) and the relevant Director.
- Regulation Team hold due diligence meetings with data owners to review data, methodology, performance, and supporting audit trails.
- 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.
- High level audit of the reporting framework carried out by the internal Business Assurance Team.
- Review by the DCE and updates are provided to the Audit Committee.
- A Board assurance statement for performance data contained in the APR.

Improvements	Complete (✓) or 'In progress'
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.	In progress
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.	In progress

4.3 Segmental reporting

2015-16 was the start of a new price control period with separate price controls for wholesale (water and wastewater) and retail (household and non-household). With the introduction of greater competition, we want to ensure that our customers and stakeholders can remain confident that costs are reflected properly in their charges and allocated correctly.

Our APRs for the past four financial years contain a significant volume of disaggregated financial information with income and expenditure being reported against the price controls as well as individual accounting units. This is set to remain the case with additional reporting requirements incorporated into the APR for 2019-20 and the likelihood of further reporting changes to reflect modifications to the regulatory framework in 2020, including two new price controls: bioresources and water resources. We will therefore, continue to focus attention on reporting financial information in accordance with the required regulatory guidance on segmental reporting. The planned assurance activities, which include external assurance conducted by independent third parties, will continue to provide stakeholders with a high degree of confidence in our reported figures.

Controls and mitigating actions

- Monthly reviews by budget holders to explain variances and identify potential allocation errors.
- Monthly management accounts reviewed by senior managers and the DCE.
- Ofwat Regulatory Accounting Guideline checklist completed and reviewed by the Group Financial Controller.
- Line items and table owners formally assigned to all financial data tables, with agreed sign off process.
- 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.
- 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.
- Methodology Statements developed to provide a step-by-step guide to the preparation of each table.
- 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.

Improvements	Complete (✓) or 'In progress'
From 1 January 2020, alignment of the financial and regulatory teams within a single directorate to provide a more cohesive compliance team.	✓

4.4 Charges Schemes

We are required to publish a number of charges schemes each year in compliance with Licence Condition D and Ofwat's Charges Rules. These documents set out the company's charges for services provided and the terms and conditions of those charges. The documents are:

[Scheme of Charges](#) – This document sets out the company's charges for water and sewerage services for household and non-household customers.

[Wholesale Tariff Document](#) – This document sets out the primary charges for wholesale water supplies and services to eligible sites that could be supplied with water by a water supply licensee with a retail or restricted retail authorisation. This document also includes non-primary charges that would be payable by a water retailer for sundry services provided by our wholesale business.

[Developer Services Schedule of Charges](#) – This document sets out the charges for new connections and other activities to support developers.

Controls and mitigating actions

The Charges Schemes all follow the same assurance process:

- The Charges Schemes are subject to a series of reviews by members of the Company's Legal Team for compliance with relevant legislation.
- On completion, each section of the charges is reviewed and approved by the Charges Policy Steering Group.
- Final charges are approved by the Board.
- Independent external assurance of charges models and appropriate application of charging rules and principles.
- Independent external assurance of data inputs.
- 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.
- 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.
- Independent external peer review of the models used to ensure they are fit for purpose.
- External audit of compliance of the published information with Ofwat's Charges Rules.
- Engagement with stakeholders is highlighted in the accompanying information published alongside the Charges Schemes.

Improvements	Complete (✓) or 'In progress'
Monitor changes in the Developer Services Charges Rules in England.	In progress

4.5 Website publications

The development of our website is ongoing and each year we publish a number of key publications on our website to help inform our customers and stakeholders. When considering the scope of our data assurance process, we identified this as an area which should come within our assurance framework and we feel it is important that customers and stakeholders have access to a wide range of publications that have been properly assured, and not just information that is contained within our core regulatory publications. This continues to be an area upon which we are focusing.

We will continue to engage with our key stakeholders and the CCG to review the list of publications to ensure its relevance. The publications that we have included in our review are shown below.

Publication	Description	Mitigation Actions
APR	Information about how we have performed	<ul style="list-style-type: none"> • Finance/Regulation Teams review. • Reconciliation between data in APR and Annual Report. • Scrutiny by Audit Committee. • Board approval. • Independent audit and opinion.
Annual Report and Accounts	Information allowing stakeholders to assess the company's performance, business model and strategy	<ul style="list-style-type: none"> • Drafted by senior management with co-ordination by the Deputy Company Secretary. • Legal and Compliance Director acts as the editor to ensure consistency. • Reviews by members of the DCE team and a verification process involving the company's Financial Auditor. • Final draft reviewed by Audit Committee prior to review and approval by the Board, and submission to Members.
Charges Schemes	Information about our current charges and policies	<ul style="list-style-type: none"> • Legal compliance assured by Legal teams. • Approval by Charges Policy Steering Group. • CCWater consultation. • Board approval. • Independent audit and opinion.
Codes of Practice/Core Customer Information	Details of the levels of service customers can expect from us	<ul style="list-style-type: none"> • Legal/regulatory compliance assured by Legal teams. • CCWater consultation. • Director approval. • Codes submitted to Ofwat as appropriate.
Standard information on our billing literature	Standard information which is included with customer bills	<ul style="list-style-type: none"> • Legal/regulatory compliance assured by Legal teams.

Publication	Description	Mitigation Actions
		<ul style="list-style-type: none"> • CCWater consultation. • Approval by the Annual Billing Steering Group.
Consumer Council for Water (CCWater) – quarterly and annual reports	Information provided to the CCWater on complaints, leakage, distribution input, per capita consumption, vulnerable customer numbers, sewer flooding and supply interruptions.	Annual reports are subject to: <ul style="list-style-type: none"> • Independent review by Technical Auditor. • Reconciliation with APR data where applicable.
Data Share	Industry data share of annual performance data. Also published on the Discover Water website	<ul style="list-style-type: none"> • Independent review by Technical Auditor. • Reconciliation with APR data. • Due diligence by Regulation Team. • Director sign off.

Improvements	Complete (✓) or 'In progress'
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.	In progress

4.6 Bioresources Market Information

Ofwat wants to promote market development in Bioresources (also known as sludge) activities with a view to providing services at lower costs, making best use of resources, improving resilience and finding new innovative ways of doing things. Such opportunities can inform, enable and incentivise efficiencies and innovation for the benefit of customers, the environment and wider society.

Market information on where Bioresources are produced and the quality of data is key to supporting the Bioresources market in so far as it helps promote and encourage efficient entry and development of the market.

To allow third parties to identify market opportunities and thus facilitate discussions companies are required to publish Bioresources Market Information as frequently as they deem necessary, but this must be updated at least annually. The annual publication must be made by 31 July each year. Our assurance activities are aimed at publishing information that stakeholders can have trust and confidence in and is easily navigable and understood.

Controls and mitigating actions

- 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.
- 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.
- 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.

Improvements	Complete (✓) or 'In progress'
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.	In progress

4.7 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 from Welsh Government on 8 March 2019 to publish our [Final WRMP19](#) and this is available on our website.

Companies are legally required to prepare a WRMP which sets out how they intend to maintain the balance between water supply and demand. The Plan must take a long term view (at least 25 years) accounting for all potential factors that could affect the balance between available supply and customer demand for water, such as climate change.

As part of the 2014 Price Review, Ofwat introduced water trading incentives to encourage water trading between incumbent water companies. By allowing scarce resources to be optimised between company areas as well as within them, it can allow more expensive investment in developing new resources within a company's area to be deferred, reducing future upward pressures on bills. Companies can only receive these water trading incentives if they produce, and are compliant with, an approved Bid Assessment Framework.

DCWW was the first company to present a Trading and Procurement Code to Ofwat in February 2016 and this was subsequently approved. Our new Bid Assessment Framework along with market information requested by Ofwat was presented as part of our Business Plan submission. The Framework is intended to provide reassurance that in contracting for the provision of water resources we will purchase from the most economical sources available, having regard to the quality, quantity and other relevant aspects.

Our Plan shows that we are open and transparent when considering supplies of water to us from third parties and support the use of competitive processes. As part of the WRMP consultation process, we published a view of the need and availability of water resources across our supply area on our website. A Prior Information Notice was placed in the Official Journal of the European Union (OJEU) from 17 May 2017 until 18 August 2017 seeking either bulk raw or treated water supplies in the following zones at the indicative quantities stated below:

- Pembrokeshire (~1 - 10 MI/d);
- Tywyn Aberdyfi (~ 0.1 - 0.5 MI/d);
- North Eryri Ynys Mon (~1 - 10 MI/d);
- SEWCUS (~2 - 30 MI/d).

We published a full set of Ofwat Market information Tables alongside the submission of our draft WRMP19 and updated and re-published these on our website, to support the submission of our Final WRMP19 in March 2019.

Controls and mitigating actions

- 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.
- 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.
- 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:
 - Have we demonstrated a good understanding of the Water Resource Planning Guidance (WRPG) and associated documents?
 - Were the processes used consistent with the WRPG, with any deviations explained and justified?
 - Did the plan adequately reflect the Welsh Government's guiding principles and Ofwat's key themes for the interlinked 2019 Price Review?
 - Do the processes employed incorporate appropriate levels of quality assurance?
- 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.
- 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.
- Direction from Welsh Government to publish our final WRMP19 was received on 8 March 2019.

The WRMP and the reporting of marketing data are closely aligned and the mitigation controls listed above have equal application to both.

Improvements	Complete (v) or 'In progress'
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.	In progress
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.	In progress
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.	In progress

4.8 Statutory Financial Reporting

The preparation of statutory accounts is a legal requirement and we publish quarterly and half-yearly financial reports as required by our Common Terms Agreement with investors. Within our group Annual Report and Accounts we communicate our strategy, governance and performance, set within the context of our strategic objectives. We also report on the outcome of our financial resilience assessment in our long-term viability statement.

Our Annual Report and Accounts are published on our website in July each year, and our Interim Statements in November.

Controls and mitigating actions

- Our accountants perform the day-to-day accounting activities which include maintenance of accounting systems and month-end reconciliations.
- Data owners and managers are responsible for providing accurate information in line with the latest regulatory and statutory accounting guidance.
- Management oversight of the accountants' activities includes regular reviews of information and final approval ahead of publication.
- 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.
- Review by the DCE and updates are provided to the Audit Committee.
- A Board sign off before publishing.
- Annual review of accounting policies to ensure compliance with changes to accounting framework and our ability to comply with future changes.

Improvements	Complete (v) or 'In progress'
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.	In progress
Further improvements to an accounting system module which gives a consolidated overview and greater control over all month-end closing activities.	In progress
Development of automated reports to reduce the need for manual cost allocation and increasing resources available to provide internal assurance.	In progress

4.9 Natural Resources Wales – Compliance Tables (MD109)

During the 2010-15 price control period, Ofwat continued to monitor company performance in delivering outputs and improvement programmes through what was known then as the June Return and MD109 submissions. Whilst Ofwat's reporting and monitoring procedures have progressed, we continue to have an MD109 type report, which is now called the "Compliance Tables". Responsibility for completing the annual Compliance Tables rests with Natural Resources Wales (NRW) and Environment Agency (EA) but the information contained within the tables is based on data produced by DCWW.

The Compliance Tables contain information about the performance of our water/wastewater treatment works against their discharge permits. Each treatment works has a permit issued by NRW or EA which regulates the quality of wastewater the Company is allowed to discharge into rivers and coastal waters. The Tables also contain details of any pollution incidents.

Controls and mitigating actions:

Water/Wastewater Compliance

- Details of NRW and EA numerical permit limits are entered into DCWW's Quality Database (QDB and LIMS).
- The Operator Self-Monitoring (OSM) sampling programme is not visible to operational employees responsible for discharge performance.
- Suite of documentation and guidance available for staff in the DCWW Integrated Management System (IMS).
- Employees directly involved in the OSM process are free from potential conflict of interest by reporting to different Directors.
- Sampling results analysed by independent and United Kingdom Accreditation Services (UKAS) accredited laboratories.
- Sample failures reported from LIMS onto QDB.
- Regular manual and automatic reconciliation checks are carried out to ensure the NRW, EA and DCWW data sets remain in step.
- Regular liaison meetings between NRW/EA and DCWW.
- Senior Manager approves the end of year data with NRW, this includes data collated from England regulated by EA.
- Final report signed off by a member of our Dŵr Cymru Executive team.
- Annual independent audit of DCWW processes carried out by UKAS.
- Annual audit of OSM management system carried out by NRW and EA.
- 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.
- SAMS Steering Group reports regularly to Systems and Change Group.

Pollution

- Pollution incidents entered into DCWW SAP system.
- Regular reconciliation between SAP system and NRW Wales Incident Recording System (WIRS).
- Regular formal and informal liaison communications with NRW provides assurances on the accuracy and classification of pollution data.
- Assurance further provided with the development of staff guidelines regarding the classification and definition of pollution incidents all defined within IMS procedures.
- Procedures developed for reporting and recording of pollution incidents with process mapping required and implemented through IMS.
- Year-end check of WIRS in line with the NRW timetable.
- Draft return to NRW approved by Head of Wastewater Assets.

Improvements	Complete (✓) or 'In progress'
New system introduced to replace QDB in May 2018, however management and regulatory reporting will continue from the QDB system until May 2020.	In progress
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.	In progress

4.10 Payment Policies, Practices and Performance

The Department for Business Energy and Industrial Strategy (BEIS) outlined in its October 2017 report that, every year, thousands of businesses experience severe administrative and financial difficulties simply because they are not paid on time. Late payment is a key issue for organisations, especially smaller businesses, as it can adversely affect their cash flow and jeopardise their ability to trade. In the worst cases, late payment can lead to insolvency.

Regulations made under section 3 of the Small Business, Enterprise and Employment Act 2015 (and, for limited liability partnerships (LLPs), the Limited Liability Partnerships Act 2000) introduced a duty on the UK's largest companies and LLPs to report on a half-yearly basis on their payment practices, policies and performance for financial years beginning on or after 6 April 2017. The information must be published through an online portal provided by the government, and is available to the public.

We have made significant performance improvements since our first public report submission in October 2018, as such we are now a signatory to the Prompt Payment Code and we pay over 90% of invoices within 30 days of receipt.

Controls and mitigating actions

- Financial systems and procedures are configured to ensure that we can pay all approved invoices within our agreed payment terms.
- Lists of outstanding invoices are circulated to procurers and line management to ensure visibility.
- We have implemented systems enhancements to make it easier for procurers to confirm receipt of goods/services and to automate the timely visibility of delayed items to line managers.
- By signing up to the Prompt Payment Code we have made a public pledge to adopt 30 day payment terms as the norm.
- 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.

Improvements	Complete (✓) or 'In progress'
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.	<p>In progress: Development of reports to provide administrators with visibility of colleagues' P2P (Purchase to Pay) transaction status.</p> <p>Planned: Mobile app to facilitate field-based colleagues' confirmation of receipt of goods/services.</p>
Systems enhancements to improve suppliers' experience.	<p>✓ - Auto-emailing of remittance advice slips.</p> <p>In progress: resolution of invoice receipt issues from certain email servers.</p>

4.11 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 undertake “business as usual” customer research, including surveys to establish customer trust levels and awareness of our “not for profit” status. We also develop bespoke projects as the business requests.

We have a draft Insight strategy in place for customer engagement which is the blueprint we follow when undertaking research. This is being developed and refined with the CCG. This includes guidance notes for implementing good practice requirements for customer engagement.

Whilst recent activities have focused principally on the price review, we apply these principles underpinning this research and the controls and mitigations listed below to all customer engagement activities, to ensure the research is based on accurate and reliable data provided by the Company.

Controls and mitigating actions

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 the results of customer research are processed and reported accurately. We achieve this by ensuring the following:

- 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.
- 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.
- 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.
- Data owners within the business are responsible for processing the data and satisfying themselves that it is reliable and accurate.
- 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.
- 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.

Improvements	Complete (✓) or 'In progress'
The future customer engagement programme will be developed with the CCG aligning with the above controls and actions.	In progress
The programme will also align with lessons learnt during PR19 consultation for example, improving triangulation of research outcomes and data.	In progress

4.12 Our Priority Services for Vulnerable Customers

We want to make sure that we always give the best service possible to all of our customers. If customers have a particular requirement due to their age, health, medical condition or extra communication requirements, we ask them to register for Priority Services so that we can help adapt our services to meet their needs. We have a 'Priority Services' booklet that explains what is available, how we can help and how to apply. This is also reinforced within the Security and Emergency Measures (water and sewerage undertakers) Direction 1998, where priority is given to vulnerable sectors of the population.

We promote our Priority Services through our call centre and other frontline colleagues, as well as working with community based partner organisations to raise awareness of the services we provide. We have agreements with two other utilities organisations, Wales and West Utilities and Western Power Distribution. We are able to take the details of the customers that they have signed up for their priority services schemes, to include on our scheme, when the customer has given their permission for them to pass their details over.

Our Priority Services Register is critical to ensure that any vulnerable customer on our Register is offered an alternative supply during any incident e.g. bottled water. This is available for customers who have a medical condition requiring water, as well as for older customers, young families and customers with mobility issues, which prevents them from obtaining alternative supplies during an incident. Additionally, all frontline customer contact staff are briefed to actively identify potential customer vulnerability so that, even if a customer wasn't on our Priority Services Register, we could understand whether any additional support was required.

Controls and mitigating actions

- The Company maintains a Register for our priority services, which includes over 55,000 customers.
- Customers' information and needs are registered onto relevant business systems, where reports can be produced.
- Access to the Register is restricted so we comply with DCWW's policy on sensitive information.
- Data sharing agreements with other utility providers to receive details of customers signed up to their priority services schemes.
- 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.
- 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.

Improvements	Complete (✓) or 'In progress'
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.	Ongoing
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	In Progress

Improvements	Complete (✓) or 'In progress'
customers circumstances. This ranges from financial, non-financial support and sign posting where necessary.	

4.13 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.

During the year CCWater publish a range of reports on company performance that highlight how individual companies compare on a number of measures, as well as comparing and reporting on customer views about the services they receive from their local water company and whether they are value for money.

A meeting is held quarterly with each water company where CCWater discusses the companies' performance and has the opportunity to raise any matters of concern. Once a year, the meeting is open to members of the public to attend. From 1 April 2017 non-household customers in England have been able to change their water retailer. In Wales, only large non-household customers are able to do this. To ensure that our non-household customers continue to receive excellent customer service, we have appointed a market research organisation to undertake two half-yearly satisfaction surveys on a random sample of 1,000 of our customers. We publish the results in our APR.

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 our other regulators.

Controls and mitigating actions

- Sign off by the data owner, business manager (where appropriate) and relevant Director.
- Commentaries are provided to support the data. These are reviewed and signed off by the relevant Director.
- Regulation Team review data, methodology, performance and supporting audit trails.
- 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.
- Quarterly meeting held with CCWater who challenge our performance where relevant. At least one Director attends these meetings.
- CCWater arrange Public meetings and customers can attend and question the Company.

Improvements	Complete (✓) or 'In progress'
In consultation with CCWater, the reporting mechanisms will be kept under review.	In progress

4.14 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.

Resilience in the round is what matters to our customers and is a core concept for us. It is essential we see the bigger picture if we are to deliver against customer expectations. This means having robust infrastructure and services underpinned by having the right skills, the right leadership and the right systems. We will achieve resilience in the round by linking strong corporate, financial and operational elements together with customers at the heart of it all.

Glas Cymru was established in 2001 as a single purpose entity to own, finance and manage DCWW which is a ‘company limited by guarantee’. It has no shareholders and any financial surpluses are used for the benefit of DCWW’s customers.

As a company limited by guarantee, our governance structure comprises a Board which consists of a majority of independent Non-Executive Directors, and a membership body that fulfils the vital role of holding the Board to account to enable a strong governance framework. The membership body votes at our AGM on decisions such as director appointment and remuneration policy. We endeavour to enhance the effectiveness of our membership body by ensuring interaction between our Board and our Members at a minimum of two meetings a year, two regional meetings a year and through regular contact with Members via the Executive and Company Secretariat teams.

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.

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.

Ofwat has developed a set of principles that represents the minimum standards for Board leadership, transparency and governance for companies in the water sector and compliance with these principles is a condition of our Licence. We believe this complements the Code.

Controls and mitigating actions

- We are headed by an effective Board which is collectively responsible for the long-term success of the Company.
- 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 one individual has unfettered powers of decision-making.

- 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.
- 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.
- Checklist developed to ensure compliance with the latest version of the UK Corporate Governance Code and implications reviewed by Board.

Improvements	Complete (✓) or 'In progress'
Monitoring our compliance with the new UK Corporate Governance Code and how this will be reported in our 2020 Annual Report is ongoing.	In progress
Undertaking a lessons learnt review of the findings contained in the FRC's Annual Review of the Corporate Governance Code published in January 2020.	In progress

4.15 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 finance 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.

When the ownership structure under Glas Cymru was established in 2001, a focal element of this financial resilience strategy was to reduce our gearing. Gearing is currently slightly better than the Board's target of 60% and this reduction in gearing has created a strong buffer of financial reserves (standing at £2.4bn at March 2019). Although not a listed company, we adhere to the UK Corporate Governance Code as far as possible for a company limited by guarantee.

Controls and mitigating actions

- 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.
- In 2018-19 the Board considered that a period of up to eleven years was the most suitable period over which the Board should assess the prospects of the Group (being within the period covered by our current business planning process and covering the next two regulatory review periods, to 2030).
- 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".
- 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.
- 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.
- The Group retains robust forecast and actual gearing of around 60%, a strong level of liquidity and ability to raise finance.

Improvements	Complete (✓) or 'In progress'
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).	In progress

4.16 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 2018 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.

Controls and mitigating actions

- 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.
- 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.
- Relevant policies are updated, and new ones are created, where necessary.
- 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.
- GDPR Programme Board members remain GDPR Champions within their business areas.
- 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.
- 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.
- Our GDPR systems and processes have been subject to a satisfactory internal audit in 2019/20.

Improvements	Complete (✓) or 'In progress'
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.	✓
GDPR is embedded across our Business and will be subject to appropriate internal assurance activities from our Business Assurance Team.	In progress

4.17 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.

- This will ensure we can not only better understand and respond to their needs - but also achieve our Vision of earning the trust of customers every day.
- It allows for new ways of thinking from a wider talent pool, which is both necessary and the right thing for a modern business providing the most essential of services, to rise to today's challenges while also preparing for the future.
- As one of the biggest employers in Wales, we recognise we are in an influential position and should lead by example to create an inclusive culture that helps everyone feel that their contribution is valued and that they are able to reach their full potential - regardless of gender, age, race, disability, language or sexual orientation.

Controls and mitigating actions

- 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.
- 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.
- 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.
- 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.

Improvements	Complete (✓) or 'In progress'
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.	In Progress
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 DCWW - including through	In Progress

Improvements	Complete (✓) or 'In progress'
our award-winning apprentice and graduate programmes. We will continue to support women throughout their careers with DCWW. In 2018 we joined the EU Skills Diversity Group to share and listen to ideas from companies across the energy and utility sectors and in 2019 we started our own Inclusivity Group with the primary purpose of driving diversity and inclusion into the culture of DCWW through implementing our Strategy.	
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.	In Progress
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.	✓

4.18 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 considered there had been some improvements in the governance arrangements of companies, but developments in the sector and wider economy had 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 had 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.

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.

However, Ofwat consider that their approach to reporting is not the same as the UK Corporate Governance Code's "comply or explain" approach, where companies either comply with a provision or provide an explanation for not doing so. Instead, companies must meet the objectives and set out how they have done so. The provisions should be considered and referenced by companies in their explanations of how they meet the objectives. This ensures companies have ownership and responsibility for considering how to deliver the objectives in the way best suited to their circumstances.

Ofwat sought indicative consent from all companies to the proposed licence modifications. The Board of DCWW gave this indicative consent and our Licence was modified from 1 August 2019.

The 2014 principles remained in place until April 2019, and we reported against these in our 2019 Annual Report and Accounts. We also explained the steps we were taking towards ensuring we would meet the objectives of the new 2019 principles going forward.

In our 2020 Annual Report and Accounts we will report fully how we have met the objectives of the 2019 principles.

Controls and mitigating actions

- 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.
- Mapping of obligations required by the UK Corporate Governance Code against the Ofwat Board Leadership, Transparency and Governance Principles.
- Corporate Governance Report to be drafted by senior management with co-ordination by the Deputy Company Secretary.
- Legal and Compliance Director to act as the editor to ensure consistency and that all explanations are “effective, accessible and clear”.
- Licence /regulatory compliance assured by Compliance team.
- Review by members of the DCE team and a verification process involving the Company’s Financial Auditor.
- 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.

Improvements	Complete (✓) or ‘In progress’
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.	In Progress
Implementing best practice highlighted in Ofwat’s report on companies’ preparations for meeting the 2019 principles published in January 2020.	In Progress

4.19 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. The assurance arrangements regarding our statutory financial reporting obligations are outlined in Section 4.8 (page 27) of this document.

Controls and mitigating actions

- Data owners and managers are responsible for providing accurate information in line with the latest Methodology Statements.
- Management oversight of the accountants' activities includes regular reviews of information and final approval ahead of publication.
- Checklist developed to ensure compliance with the UK Corporate Governance Code and implications reviewed by Board.
- General Counsel and Company Secretary acts as the editor to ensure consistency and that all explanations are "effective, accessible and clear".
- Licence /regulatory compliance assured by Compliance team.
- Close liaison with the Regulatory Reporting Team to ensure consistency of information contained within the Annual Report and Accounts and the Annual Performance Report.
- Statutory audit undertaken by independent External Auditors who issue a report to the Members of the Company within the Annual Report and Accounts.
- 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.
- Board approval before publication.

Improvements	Complete (✓) or 'In progress'
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.	In Progress

4.20 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 and mitigating actions

- Annual review and update of existing Methodology Statements by individual data owners as part of the APR process.
- Reviewed and challenged annually by the Regulatory Data and Reporting Team as part of their due diligence process.
- Our Technical Auditor reviews Methodology Statements as part of their annual audits.

Improvements	Complete (✓) or 'In progress'
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.	In progress
The Regulatory Data and Reporting Team will work with data owners to review and score the new Methodology Statements.	In progress

4.21 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 and mitigating actions

- The papers for the Glas Board meeting on 4 July 2019 included a summary of the issues and findings in the Ofwat Investigation.
 - Following discussion at the Glas Board it was agreed to review our current processes and our reliance on company culture.
- [OSM](#)
- Details of NRW and EA numerical permit limits are entered into DCWW's Quality Database (QDB and LIMS).
 - The OSM sampling programme is not visible to operational employees responsible for discharge performance.
 - Suite of documentation and guidance available for staff in the DCWW Integrated Management System (IMS).
 - Employees directly involved in the OSM process are free from any potential conflict of interest by reporting to different Directors.
 - Sampling results analysed by independent and United Kingdom Accreditation Services (UKAS) accredited laboratories.
 - Sampling failures automatically reported from QDB and LIMS.
 - Regular manual and automatic reconciliation checks are carried out by the Company to ensure the NRW, EA and DCWW data sets remain in step.
 - Regular liaison meetings between NRW/EA and DCWW.
 - Senior Manager approves the end of year data with NRW, this includes data collated from England regulated by EA.
 - Final report signed off by Managing Director of Wastewater Services
 - Annual independent audit of DCWW processes carried out by UKAS.
 - Annual audit of OSM management system carried out by NRW and EA.
 - Annual audit of sampling technicians and the Management System by Business Assurance.
 - We operate the 'three lines of assurance' model.
 - Our Code of Conduct encourages colleagues to 'speak up' when appropriate.
 - Our Whistleblowing Policy is regularly updated.

- For a number of years we have operated an independent third party Whistleblowing Hotline.
[Reporting](#)
- Lessons Learned Review undertaken by the DCWW Compliance Manager.
- Regular updates provided to DCE, QEC, Audit Committee and Board.
- Lessons Learned Review Report completed.
- Action Plans developed to capture enhancements identified.
- 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.

Improvements	Complete (✓) or 'In progress'
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.	In progress

4.22 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)

C-MeX is based on customer satisfaction and monthly surveys will be undertaken using Ofwat's independent market researcher. Customers will be asked how satisfied they are with the customer experience received and a Net Promoter Score question (likelihood to recommend to others).

Developer Customer Measure of Experience (D-MeX)

D-MeX is designed to incentivise water companies to provide an excellent customer experience for developer services (new connections) customers. These customers include small and large property developers, self-lay providers, and those with new appointments and variations.

Business Customer Satisfaction (non-household)

Since 1 April 2015 an independent market research company has been selecting a random sample from all our non-household customers and asking them to rate the quality of service they have received. This is based on two surveys per year with the scores being converted into a customer satisfaction score. The arrangements from April 2020 will be similar but will likely involve four surveys per year.

Controls and mitigating actions

- 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.
- 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.
- A detailed Methodology Statement has been completed for the Business Customer Satisfaction surveys. This has been reviewed and scored by the Technical Auditor.
- 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.
- All data is subject to our 'three lines of assurance' process before being reported in the APR.
- 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.
- The results of these customer satisfaction surveys will be published in our APR which will be subject to the appropriate level of assurance.

Improvements	Complete (✓) or 'In progress'
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.	In progress

4.23 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 and mitigating actions

- DCWW has an in-house Information Security team that is supplemented and supported by external partners where relevant.
- 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.
- We are Cyber Essentials certified and have a continuous vulnerability management regime in place.
- 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.
- Information Security matters are overseen by the Information Security Steering Group with regular reporting to the Managing Director and the Audit Committee.
- The Information Security Steering Group (ISSG) is supported by IT Security Working Group and an OT Security Working group.
- 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.

Improvements	Complete (✓) or 'In progress'
We are continually improving our security controls using a risk-based approach both in our daily operations and via several improvement projects.	Ongoing
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.	In progress
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).	In progress

5. NEXT STEPS

We will publish a summary of the outcome of this assurance activity alongside our APR in July 2020.

The outcome of our 2019/20 assurance activity will inform our next Statement of Risks, Strengths and Weaknesses and Draft Assurance Plan that will be published in the autumn.

It is important that we continue to review what information our customers and other stakeholders want and need. We also need to continue with our proportionate and transparent approach to the data assurance activities we carry out to give confidence to our customers and stakeholders in the information we publish. To these ends we will continue with our commitment to ensure there is regular and effective engagement with our stakeholders.

Further details about our overall assurance framework and access to all available documents can be found on our website page "[Our Assurance Framework](#)".



APPENDIX 1 Material changes since the 2016/17 plan

Area	2016/17	2017/18	2018/19	2019/20	Comments	Reference	
	Included in Final Assurance Plan					Section	Appendix
APR	√	√	√	√	Established assurance processes but important to stakeholders.	4.1	2
Performance Measures	√	√	√	√	<p>Established assurance processes but important to stakeholders.</p> <p>Six measures retain yellow (medium/low) risk. The rationale for this is that they are:</p> <ul style="list-style-type: none">• naturally complex and require subjective judgement;• reliant upon data that is derived from external sources; and/or• significant in terms of financial penalties in the event of performance falling short of the 2014 Final Determination targets set.	4.2	3

Area	2016/17	2017/18	2018/19	2019/20	Comments	Reference	
	Included in Final Assurance Plan					Section	Appendix
Developer Services	√	X	X	X	We consider that we have sufficient strength in this area and it does not warrant targeted assurance. Stakeholders were comfortable with this approach, when we consulted on this in our 2017/18 Draft Assurance Plan.	N/A	
Segmental Reporting	√	√	√	√	Established assurance processes but important to stakeholders.	4.3	2
Business Retail Market Reform	√	X	X	X	We consider that we have sufficient strength in this area and it does not warrant targeted assurance. Stakeholders were comfortable with this approach, when we consulted on our 2017/18 Draft Assurance Plan.	N/A	
Charges Schemes	√	√	√	√	Established assurance processes but important to stakeholders.	4.4	2

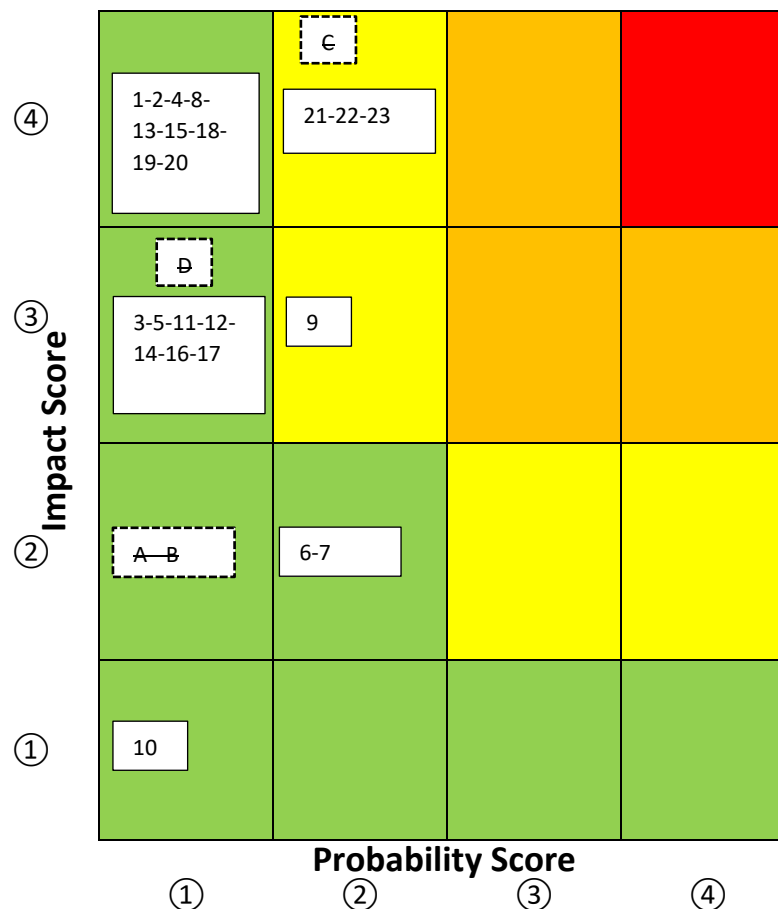
Area	2016/17	2017/18	2018/19	2019/20	Comments	Reference	
	Included in Final Assurance Plan					Section	Appendix
Website Publications	√	√	√	√	Established assurance processes but important to stakeholders.	4.5	2
Cost Assessment Data	X	√	N/A	N/A	Ofwat merged cost assessment data within the APR for 2017/18.	N/A	
Price Review 2019 Business Plan	√	√	√	X	Our Final Determination was published in December 2019 and all our data was submitted in line with Ofwat’s requirements. As a result of this we felt this area no longer merits inclusion in our Assurance Plan.	N/A	
Bioresources Market Information	X	√	√	√	Established assurance processes but important to stakeholders.	4.6	2
Water Resources Management Plan and Market Information	X	√	√	√	Established assurance processes but important to stakeholders.	4.7	2
Statutory Financial Reporting	√	√	√	√	Established assurance processes but important to stakeholders.	4.8	2
Natural Resources Wales – Compliance	X	√	√	√	Driven by Statement of	4.9	2

Area	2016/17	2017/18	2018/19	2019/20	Comments	Reference	
	Included in Final Assurance Plan					Section	Appendix
Tables (MD109)					Risks, Strengths and Weaknesses. Established assurance processes but important to stakeholders.		
Payment Policies, Practices and Performance	X	✓	✓	✓	Driven by Statement of Risks, Strengths and Weaknesses.	4.10	2
Customer Engagement	X	✓	✓	✓	Driven by Statement of Risks, Strengths and Weaknesses. Established assurance processes but important to stakeholders.	4.11	2
Non-household customer contacts and complaints	X	✓	N/A	N/A	Now included within CCWater reporting.	N/A	
Our Priority Services for Vulnerable Customers	X	✓	✓	✓	Important to stakeholders.	4.12	2
CCWater Reporting	X	X	✓	✓	Important to stakeholders.	4.13	2
Corporate Resilience	X	X	✓	✓	Important to stakeholders.	4.14	2
Financial Resilience	X	X	✓	✓	Important to stakeholders.	4.15	2

Area	2016/17	2017/18	2018/19	2019/20	Comments	Reference	
	Included in Final Assurance Plan					Section	Appendix
GDPR	X	X	√	√	Important to stakeholders.	4.16	2
Gender Pay Gap	X	X	√	√	Important to stakeholders.	4.17	2
Board Leadership, Transparency and Governance Principles	X	X	√	√	Important to stakeholders.	4.18	2
Annual Report and Accounts	X	X	X	√	Important to stakeholders.	4.19	2
Methodology Statements	X	X	X	√	Demonstrates our commitment to ensuring that we can always provide accurate information.	4.20	2
Operator Self-Monitoring	X	X	X	√	Important to stakeholders.	4.21	2
Customer Satisfaction	X	X	X	√	Our customer-led success approach places the needs of customers at the centre of everything we do.	4.22	2
Cyber Security	X	X	X	√	Important to stakeholders.	4.23	2

APPENDIX 2 Impact and Probability Risk Matrix – Other Activities

Other Activities		Movement of Risk			
		16/17	17/18	18/19	19/20
1	Annual Performance Report				
2	Performance Measures (Outcome Delivery Incentives)				
A	Developer Services		N/A	N/A	N/A
3	Segmental Reporting				
B	Business Retail Market		N/A	N/A	N/A
4	Charges Schemes				
5	Website Publications				
C	Price Review 2019 Business Plan	N/A		N/A	N/A
6	Bioresources Market Information	N/A			
7	Water Resources Management Plan and Marketing information	N/A			
8	Statutory Financial Reporting	N/A			
9	Natural Resources Wales Compliance Tables	N/A			
10	Payment Policies, Practices and Performance	N/A			
11	Customer Engagement	N/A			
D	Non Household Customer Contacts & Complaints	N/A		N/A	N/A
12	Our Priority Services for Vulnerable Customers	N/A			
13	CCWater Reporting	N/A	N/A		
14	Corporate Resilience	N/A	N/A		
15	Financial Resilience	N/A	N/A		
16	GDPR	N/A	N/A		
17	Gender Pay Gap	N/A	N/A		
18	Board Leadership, Transparency and Governance Principles	N/A	N/A		
19	Annual Report and Accounts	N/A	N/A	N/A	
20	Methodology Statements	N/A	N/A	N/A	
21	Operator Self-Monitoring	N/A	N/A	N/A	
22	Customer Satisfaction	N/A	N/A	N/A	
23	Cyber Security	N/A	N/A	N/A	



APPENDIX 3 Impact and Probability Risk Matrix – Performance Measures

		Movement of Risk			
Performance Measure		2015/16	2016/17	2017/18	2018/19
A1a	Safe drinking water				
A1b	Mean zonal compliance				
A2	Customer Acceptability				
A3	Reliability of supply				
B1	Abstraction of water for use				
B2	Treating wastewater				
B3a	Preventing pollution incidents (Cat 1,2 & 3)				
B3b	Preventing pollution incidents (Cat 3 only)				
C1	Responding to climate change				
C2	Carbon footprint				
D1	Service incentive mechanism				
D2	At risk customer service				
D3	Properties flooded in the year				
D4a	Non-household customer satisfaction %				
D4b	Non-household customer satisfaction score				
D5	Earning the trust of customers				
E1	Affordable bills				
E2	Help for disadvantaged customers				
F1	Asset serviceability				
F2	Leakage				
F3a	Asset resilience (water)				
F3b	Asset resilience (waste)				
G1	H & S RIDDOR incidents				
G2	Competency for role				
H2	Financing efficiency – Credit rating				
SC1	Bad debt				
SC2	Net promoter score				
SC3	Complaints				

④

A1a-A1b-B2-D1

③

A2-A3-B1-B3a-B3b-E1-E2-H2-SC3

②

D2-SC1

①

SC2-G2

F1-F3a-G1

D3-F2-F3b

C1-C2-D4a-D4b-D5

①

②

③

④

Probability Score