

# 2017/18 Data Assurance Summary



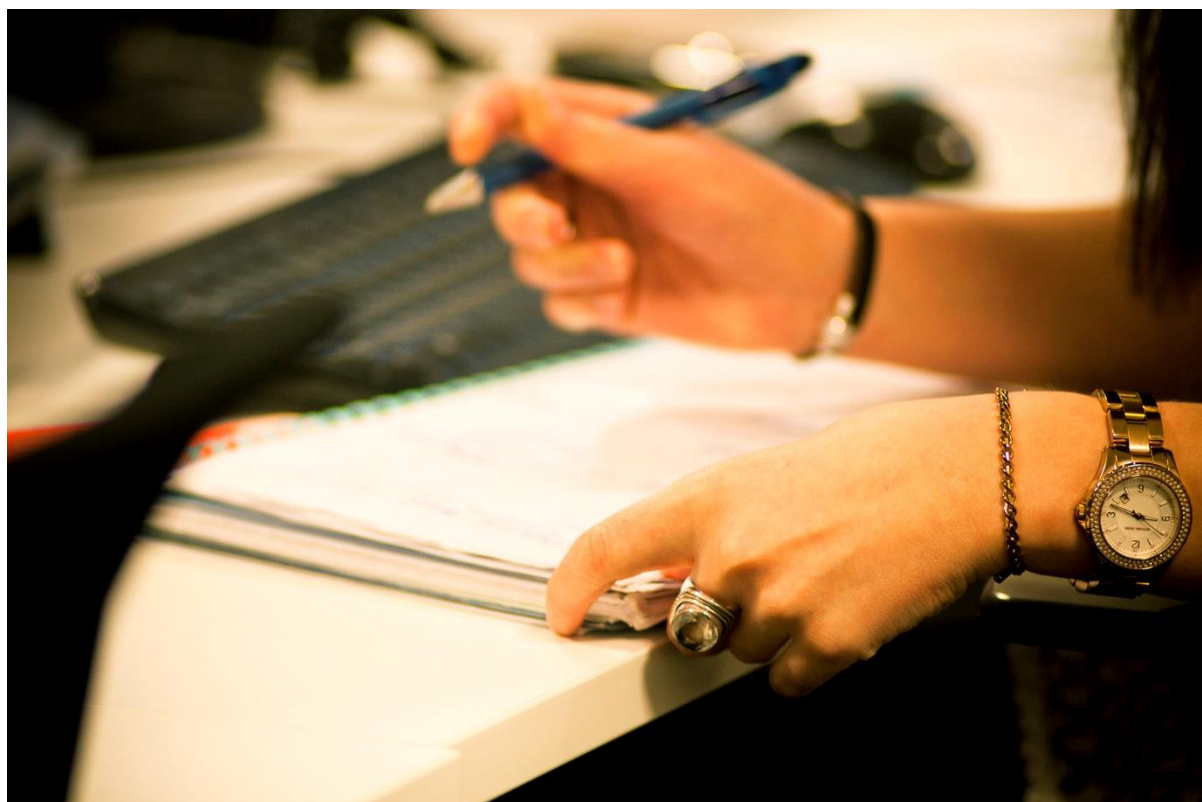
## About this document

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

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

In March 2018, following consultation with key stakeholders, we published our Final Assurance Plan for 2017/18 ([Final Assurance Plan 2017/18](#)). Having firstly assessed the risks, strengths and weaknesses associated with meeting our obligations and commitments, we outlined the measures we intend putting in place to assure all relevant data. This Data Assurance Summary, published alongside our Annual Performance Report (APR), summarises the outcomes of this assurance.

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



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## Summary of our Assurance Approach

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

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

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

Table 1 – Our Assurance Framework

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

The data assurance framework is underpinned by five key cornerstones:

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

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

Table 2 - Three lines of assurance model

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

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

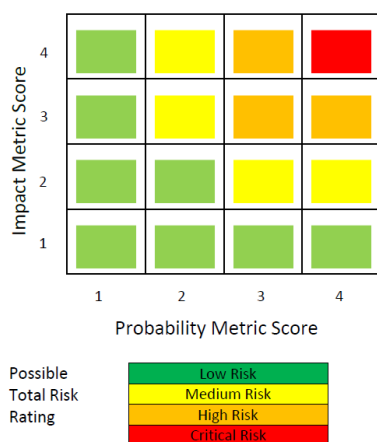
In the last 12 months we have implemented the following assurance programme (Table 3).

Table 3 – Annual Assurance Programme

2017	November	<b>Risks, Strengths and Weaknesses</b>  <b>AND</b> <b>Draft Assurance Plan</b>	A review of the risks, strengths and weaknesses of the data contained in the APR and other key publications. An impact and likelihood scoring methodology was applied and this assessed the likelihood of inaccurate or incomplete data being reported, by considering the reliability and accuracy of our source data, the robustness of our reporting processes and the strength of our governance and control arrangements. Stakeholders were engaged in this process. The Draft Assurance Plan consultation document (also containing Statement of the Risks, Strengths and Weaknesses) set out details of the levels of assurance we were proposing.
	November to January 2018.	<b>Consultation</b>	A number of written responses were received to our consultation and these and comments received in meetings and conversations held with stakeholders, were taken into account when preparing our Final Assurance Plan.
2018	March	<b>Final Assurance Plan</b>	Publication of Final Assurance Plan.
	April to June	<b>Implementation of Final Assurance Plan</b>	<ul style="list-style-type: none"> <li>• Performance data is subject to an internal assurance review and sign-off procedure by the individuals responsible for its collection, collation and management.</li> <li>• An external engineering/technical auditor (the Reporter) provides assurance to the Board on the accuracy and completeness of the information and the non-financial data published in our APR.</li> <li>• The financial reporting and accounts process is subject to a well-established and rigorous external financial audit process. The external auditors focus particular attention on those areas in the financial statements which have the highest level of management judgement applied to them or are considered to be the most inherently risky.</li> <li>• The APR is prepared consistently and in line with Ofwat's overall regulatory reporting framework. Each year, the external auditors provide a written opinion on the Company's compliance with the Regulatory Accounting Guidelines, accounting policies and all relevant Licence obligations.</li> </ul>
	July	<b>Annual Performance Report (APR)</b>	<p>Publication of APR</p> <p>The APR was published on our website along with all of the above documents and can be found on 'Our Assurance Framework' webpage.</p> <p><a href="#">Our Assurance Framework</a></p>

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

Table 4 – Impact and Probability Risk Matrix



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

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

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

In Appendix 2 we comment on “other” data which is either produced and/or published routinely throughout the year (e.g. information on our website) or is published in separate reports, such as the documents associated with the 2019 Price Review or details of our Charges Scheme.

## Next Steps

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

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

We have already identified a number of areas which will be risk assessed as we prepare for the 2018/19 assurance review and amongst these are:

- Common performance measures reporting;
- Financial flow reporting; and
- Price Review 2019 performance measures.

We will be discussing this further with customers and stakeholders in the coming months.

We will also have regard to feedback from Ofwat as part of its Common Framework Assessment. Subject to specific timing requirements from Ofwat, we will in October 2018 publish our Statement of Risks, Strengths and Weaknesses and our 2018/19 Draft Assurance Plan.

## Appendix - Part 1

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

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

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

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

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

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

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

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

Controls, mitigating actions & Improvements	Assurance Finding response	
Data providers, their managers and business unit directors produce and approve data, commentaries and methodologies and audit trails to support the reported performance and demonstrate the control checks that have been applied.	The data assurance programme was implemented as planned. There were no material issues identified and the governance stages, e.g. sign off of data at different levels operated as planned.	✓
Finance and/or Regulation team review the information and audit trails	The Finance and Regulation team undertook their own reviews and this included a rigorous process of internal due diligence to challenge information, judgements and assumptions associated with both financial and non-financial data and to ensure compliance with the relevant guidance. Whilst there were no material issues identified during this exercise, it provided a good opportunity to highlight to management areas where judgements were required or assumptions needed to be tested.	✓
Financial Auditors' audit and provide an opinion on Regulatory financial reporting (APR Parts 1 and 2)	KPMG (our Financial Auditors) carried out their audit and reported their findings to our Audit Committee. They were also present when the Board approved the publication of the APR at its meeting on the 5th of July 2018. KPMG produced an unqualified audit opinion which can be found in the Annual Report and Financial Statements.	✓



Controls, mitigating actions & Improvements	Assurance Finding response	
<p>Technical Auditors review data and commentaries on non-financial Performance) (essentially the operational performance of the business against the performance commitments set out in the PR14 Final Determination) highlighting any financial incentives accrued in the year i.e. APR Part 3) and report their opinion to Board</p>	<p>Jacobs (our Technical Auditor) undertook a full process and data review in accordance with an agreed Audit Plan. This involved:</p> <ul style="list-style-type: none"> <li>(a) a review of documentation and included a desktop analysis of the Methodology Statements in place for individual data items;</li> <li>(b) A process review which involved face to face discussion with the data owner; and</li> <li>(c) A year-end audit involving document review and face to face discussions with data owners covering: <ul style="list-style-type: none"> <li>- adherence to internal processes;</li> <li>- tracing to source data;</li> <li>- sample checks;</li> <li>- confidence grade reviews;</li> <li>- calculation of rewards/penalties (where appropriate); and</li> <li>- commentaries.</li> </ul> </li> </ul> <p>There were no material issues found and Jacobs' reports are included in the APR.</p>	✓
<p>Technical Auditors or Financial Auditors review relevant tables contained within APR Part 4 (i.e. additional regulatory tables, financial and non-financial, including wholesale totex performance against both the PR14 Final Determination assumptions and intercompany unit cost metrics, retails operating cost analysis and financial metrics.). Table are reviewed to agreed procedures</p>	<p>Jacobs and KPMG undertook their reviews of data and methodologies in accordance with the agreed procedures and found no material issues. Both produced letters summarising their findings and these are included in the APR.</p>	✓
<p>Review of internal scorecards – these highlight performance against the Measures on a monthly basis across the business and up to Board level</p>	<p>Internal scorecards and all Measures of Success are reviewed monthly by the Dŵr Cymru Executive and a report is sent to the Board each month.</p>	✓
<p>Review process with our Customer Challenge Group (CCG) who have a role to play in challenging our reporting.</p>	<p>In the course of the year we had meetings with the Chair of the CCG on two occasions. We shared with him our proposals on the assurance activities planned and received a positive and constructive response to the Draft Assurance Plan consultation. In our meeting on the 24 May 2018 we were able to discuss with him the structure of the APR and provide a progress report on our findings at that time.</p>	✓
<p>Information Packs and training sessions arranged by the Regulation Team for all data owners. In addition, the Technical Auditor is involved in the training.</p>	<p>Information packs containing all relevant information were provided to all data owners.</p> <p>In March/April 2018 all data owners received training. The training was 100% complete and there were no issues of concern.</p>	✓
<p>Detailed internal Methodology Statements have been developed which include a step-by-step guide on how the data is obtained, the checks and balances in place, any assumptions made and any exclusions applied.</p>	<p>Comprehensive Methodology statements are in place for all measures. They have been updated to reflect comments received from the Regulation Team and the Technical Auditor and changes in process which may have occurred in the year.</p>	✓
<p>Methodology Statements reviewed and scored by the Technical Auditor.</p>	<p>Methodology Statements have been formally reviewed by Jacobs and were scored using their bespoke risk based Scoring Framework. Where</p>	✓

Controls, mitigating actions & Improvements	Assurance Finding response	
	<p>appropriate, data owners were required to review and update the relevant Methodology Statement, having regard to comments and recommendations received. The application of the Methodology Statements when producing 2017/18 data was an important element of both the internal due diligence checks and the audits conducted by Jacobs' at year end.</p>	
<p>Data sign off by the data owner, business manager (where appropriate) and the relevant Director.</p>	<p>100% complete. All data has been signed off by the data owner, his/her manager and the appropriate director.</p>	<p>✓</p>
<p>Adopting a risk based approach the Regulation Team hold due diligence meetings with data owners to review data, methodology, performance and supporting audit trails.</p>	<p>During May and prior to the Jacobs' audits, due diligence meetings took place with all data owners. Amongst the matters reviewed were:</p> <ul style="list-style-type: none"> <li>• The application of the appropriate; Methodology Statements and reporting requirements;</li> <li>• Assumptions and judgements; and</li> <li>• Data Commentaries explaining performance by reference to targets and historical data.</li> </ul> <p>Verification checks by reference to previously reported data were also carried out.</p>	<p>✓</p>
<p>Third party detailed audit of the data collection and reporting process by our Technical Auditor, to provide assurance that the data can be reported reliably and accurately and in accordance with any relevant reporting requirements. This includes sample checks to test process, assumptions, methodology, implementation, governance and results.</p>	<p>Jacobs' audits took place between the 8 May 2018 and the 29 May 2018. Reports were prepared for each audit and the risks were scored. Jacobs also produced a letter to the Board summarising their findings and attended both the Audit Committee meeting on the 6 June 2018 and the Board meeting on the 5 July 2018 to report their conclusions and to answer any questions. There were no material issues identified.</p>	<p>✓</p>
<p>High level audit of the reporting framework carried out by the internal Business Assurance Team.</p>	<p>In May 2018 the internal Business Assurance team undertook a high level audit and evaluation of the assurance Their report concluded that there is a robust and effective system of risk management, control and governance in place and assigned an overall rating of "Full Assurance".</p>	<p>✓</p>
<p>Review by DCE and updates are provided to the Audit Committee.</p>	<p>The DCE review of all data reported in the APR (financial and non-financial), took place on the 29 May 2018. This was also attended by Jacobs, KPMG and the Business Assurance team. Members of the Regulation team and selected data owners (and/or their managers) were also present. For each measure, a summary containing current year's performance, historical performance and data owners' and reporter issues was produced and formed the basis of discussions. Key judgements and material assumptions were reviewed.</p> <p>Ahead of the discussions at the full Board meeting on the 5 of July 2018, the Audit Committee (on the 6 June 2018) received a progress update. Both the Audit Committee and the Board reviewed the overall process, the operation of the systems of internal and external controls and reviewed the key judgements required in compiling the APR.</p>	<p>✓</p>

Controls, mitigating actions & Improvements	Assurance Finding response	
A Board Assurance Statement for performance data contained in the APR.	The Board Assurance Statement can be found in the APR Overview.	✓
In providing comparative performance, we will show how we have performed against water-only companies and not just the water and sewerage companies. We will also include links to the “Discover Water” website.	<p>In previous years, we have shown historical performance against water and sewerage companies only. One of our stakeholders suggested that showing performance against all companies (including water-only companies) would give customers a better perspective of how we are performing overall. We think that this is a good suggestion and we have therefore amended the appropriate graph on each of the pages showing how we performed on the particular measure to reflect this change.</p> <p>Links to the “<a href="#">Discover Water</a>” website are now on our website.</p>	✓



## Cost Assessment Data

In 2017 the data which informs Ofwat's cost assessment within future markets and price setting data was the subject of a separate submission. This year it is reported in Part 4 of the APR.

We have adopted the same approach to governance and assurance as was taken with the remainder of the APR and the cost assessment data has been subjected to the structured "three lines of assurance" process.

We used the Impact and Probability Risk Matrix to assess each table containing this data. We found that four of the tables resided within the "low-medium" risk zone and the remaining twenty two were all in the "low" risk zone. There were none in the "high-medium" or "high" risk zones. Consequently, we did not consider that it was necessary to target any of these data sets as the high level of assurance obtained from the Technical Auditor and the external Financial Auditor along with our own internal controls are sufficiently robust.

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

Controls, mitigating actions & Improvements	Assurance Finding response	
<ul style="list-style-type: none"> <li>Information Packs and training arranged by the Regulation Team for all data owners with one to one sessions where appropriate. Our Technical Auditor is also involved in the training.</li> </ul>	<p>Information packs containing all relevant information were provided to all data owners.</p> <p>In March/April 2018 all data owners received training. The training was 100% complete and there were no issues of concern.</p>	✓
<ul style="list-style-type: none"> <li>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.</li> </ul>	<p>We now have Methodology Statements for all of the cost assessment data sets. They have been updated to reflect comments received from the Regulation Team and the Technical Auditor and changes in process which may have occurred in the year.</p>	✓
<ul style="list-style-type: none"> <li>Methodology Statements are reviewed and scored by the Technical Auditor.</li> </ul>	<p>Methodology Statements have been formally reviewed by Jacobs and were scored using their bespoke risk based Scoring Framework. Where appropriate, data owners were required to review and update the relevant Methodology Statement, having regard to comments and recommendations received. The application of the Methodology Statements when producing 2017/18 data was an important element of both the internal due diligence checks and the audits conducted by Jacobs' at year end.</p>	✓
<ul style="list-style-type: none"> <li>Data sign off by the data owner, business manager (where appropriate) and the relevant Director.</li> </ul>	<p>100% complete. All data has been signed off by the data owner, his/her manager and the appropriate director.</p>	✓
<ul style="list-style-type: none"> <li>Regulation Team will undertake due diligence to review data, methodology, performance and supporting audit trails.</li> </ul>	<p>In the 2016/17 publication of cost assessment data, timing and resource constraints meant that the Regulation team were only able to undertake desk top due diligence on the data sets. This year we carried out the same level of due diligence as was applied to the APR Measures of Success.</p> <p>During May and prior to the Jacobs' audits, due diligence meetings took place with all data owners. Amongst the matters reviewed were:</p> <ul style="list-style-type: none"> <li>The application of the appropriate; Methodology Statements and reporting requirements;</li> </ul>	✓

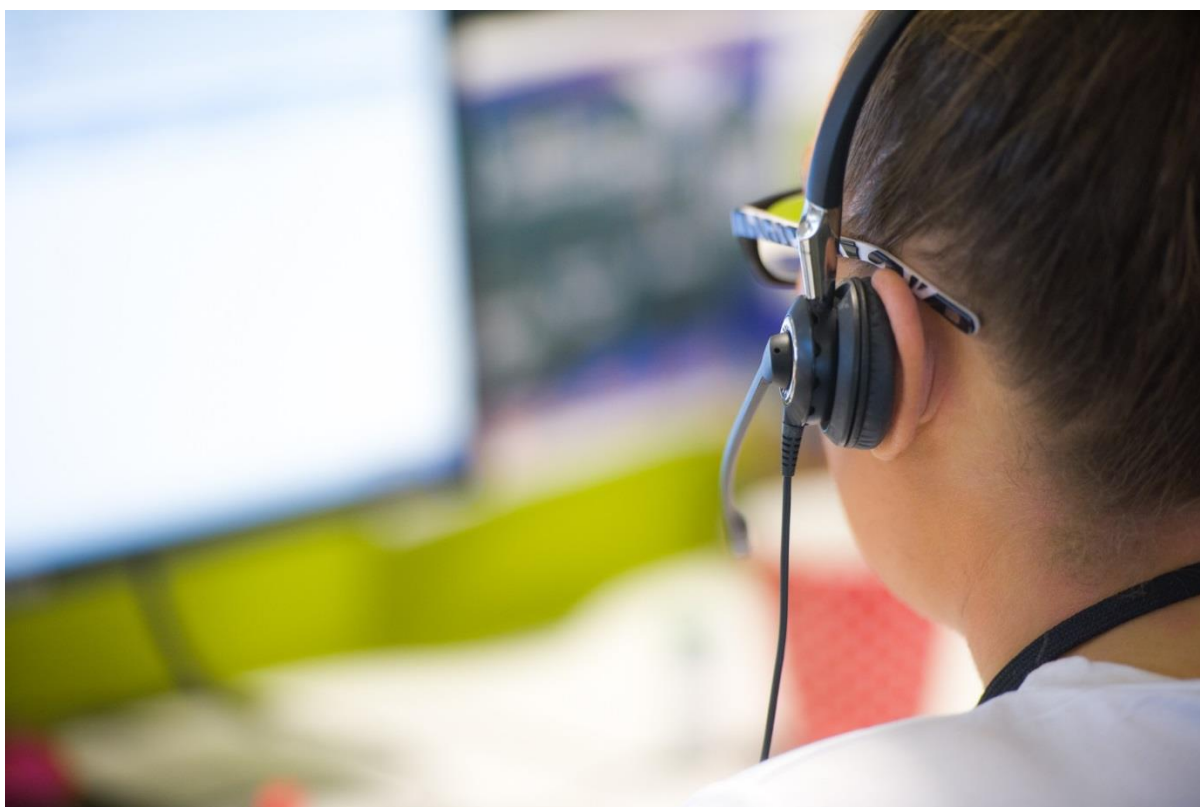
## DCWW Data Assurance Summary 2017/18

Controls, mitigating actions & Improvements	Assurance Finding response	
	<ul style="list-style-type: none"> <li>• Assumptions and judgements; and</li> <li>• Data Commentaries explaining performance by reference to targets and historical data.</li> </ul> <p>Verification checks by reference to previously reported data were also carried out.</p>	
<ul style="list-style-type: none"> <li>• Third party detailed audit of the 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, implementation of methodologies, governance and results.</li> </ul>	<p>Jacobs' audits took place between the 8 May 2018 and the 14 June 2018. Reports were prepared for each audit and the risks were scored. Jacobs also produced a letter to the Board summarising their findings and attended both the Audit Committee meeting on the 6 June 2018 and the Board meeting on the 5 July 2018 to report their conclusions and to answer any questions. There were no material issues identified.</p>	✓
<ul style="list-style-type: none"> <li>• High level audit of the reporting framework carried out by the internal Business Assurance team.</li> </ul>	<p>In May 2018, the internal Business Assurance team undertook a high level audit and evaluation of the assurance. Their report concluded that there is a robust and effective system of risk management, control and governance in place and assigned an overall rating of "Full Assurance".</p>	✓
<ul style="list-style-type: none"> <li>• Review by the Dŵr Cymru Executive and updates to the Audit Committee.</li> </ul>	<p>The DCE review of all data reported in the APR (financial and non-financial), took place on the 29 May 2018. This was also attended by Jacobs, KPMG and the Business Assurance team. Members of the Regulation team and selected data owners (and/or their managers) were also present. A further review of cost assessment data took place at DCE on the 26 June.</p> <p>For each measure, a summary containing current year's performance, historical performance and data owners' and reporter issues was produced and formed the basis of discussions. Key judgements and material assumptions were reviewed.</p> <p>Ahead of the discussions at the full Board meeting on the 5 July 2018, the Audit Committee (on the 6 June 2018) received a progress update. Both the Audit Committee and the Board reviewed the overall process, the operation of the systems of internal and external controls and reviewed the key judgements required in compiling the APR.</p>	✓
<ul style="list-style-type: none"> <li>• A Board Assurance Statement for performance data contained in the APR.</li> </ul>	<p>The Board Assurance Statement can be found in the APR Overview.</p>	✓
<ul style="list-style-type: none"> <li>• Cost assessment data will all be subject to the same structured "three lines of assurance" process.</li> </ul>	<p>The "three lines of assurance" approach has been applied to all cost assessment data.</p>	✓

## Appendix - Part 2 – Other Publications

In 2016/17 we broadened the scope of the Data Assurance Plan by applying our Assurance framework to all key data reported (and not just data reported within the APR). When reviewing the Statement of Risks, Strengths and Weaknesses in the autumn of 2017, we identified a number of new activities which we thought merited inclusion and these were added to our Final Assurance Plan.

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



## Segmental Reporting

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

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

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

Controls, mitigating actions & Improvements	Assurance Finding response	
<ul style="list-style-type: none"> <li>Monthly reviews by budget holders to explain variances and identify potential allocation errors.</li> </ul>	The Commercial Finance team have continued to attend key budget holders' team meetings to present and challenge individual areas' financial results. Their ongoing dialogue with the business has ensured that all variances are understood and that transactions are allocated appropriately.	✓
<ul style="list-style-type: none"> <li>Monthly management accounts reviewed by senior managers and the DCE.</li> </ul>	The Commercial Finance team attend individual DCE members' team meetings, as noted above. The Finance Director prepares a monthly financial summary using data from the Commercial Finance and the Corporate Finance teams. This covers the financial performance of the Water, Wastewater, Retail and Commercial businesses and is tabled for separate discussion at DCE meetings.	✓
<ul style="list-style-type: none"> <li>Ofwat Regulatory Accounting Guideline checklist completed and reviewed by the Group Financial Controller.</li> </ul>	The Financial and Regulatory Accountant has updated the checklist for changes to the 2017/18 reporting year guidelines, and a copy was provided to all data and action owners prior to the commencement of the reporting process. The Financial Controller will review the checklist for completeness and sign off prior to publication of the APR.	✓
<ul style="list-style-type: none"> <li>Price control and segmental reporting in Section 2 of the APR is subject to Financial Auditor's audit and opinion according to Ofwat audit requirements.</li> </ul>	During May and June 2018 the Auditors performed their audit procedures on Section 2 of the APR. In addition, they performed certain agreed-upon procedures in respect of Section 4, which are focused on ensuring that the data was prepared appropriately from underlying records and that the reporting guidance had been followed in completing that section of the APR.	✓
<ul style="list-style-type: none"> <li>Price control and segmental financial reporting in the additional regulatory tables in Section 4 of the APR is subject to Financial Auditor's review of agreed procedures.</li> </ul>		✓
<ul style="list-style-type: none"> <li>An extra level of review and additional capacity to deal with new reporting requirements.</li> </ul>	For the 2017/18 reporting year, a temporary resource (qualified accountant) was brought in to provide greater capacity during the peak months and enabling a "second tier" level of review prior to publishing all documents.	✓
<ul style="list-style-type: none"> <li>We will continue to review this area in light of new or amended legal and regulatory requirements.</li> </ul>	In January 2018 we performed a comprehensive review of changes to the regulatory and statutory financial reporting frameworks under which we prepare our external reporting documents. A paper summarising the work performed and the impact of changes was presented to the Audit Committee in February 2018, prior to the year-end.	✓

## Charges Section

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

Our assurance processes will continue to develop within the framework and guidelines issued by the Welsh Government.

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

Controls, mitigating actions & Improvements	Assurance Finding response	
<ul style="list-style-type: none"> <li>The Charges Schemes are subject to a series of reviews by members of the company's Legal Team for compliance with the relevant legislation.</li> </ul>	Charging assurance is overseen by the Charges Policy Steering Group (CPSG). The Competition Lawyer is a standing member of this group. Packs are distributed monthly and reviewed accordingly. No issues have been raised.	✓
<ul style="list-style-type: none"> <li>On completion, each section of the charges is reviewed and approved by the Charges Policy Steering Group.</li> </ul>	Charges for 2018/19 were developed in accordance with a "Charges Compliance Manual". As sections of the charges were drafted, they were presented to the relevant CPSG meetings (between September 2017 and January 2018) for review and sign-off.	✓
<ul style="list-style-type: none"> <li>Final charges are approved by the Board.</li> </ul>	Final charges were approved at the January 2018 Board meeting.	✓
<ul style="list-style-type: none"> <li>Independent external assurance of charges models and appropriate application of charging rules and principles.</li> </ul>	The charging models were peer reviewed by an external consultant and then audited and assured by Jacobs and KPMG.	✓
<ul style="list-style-type: none"> <li>Independent external assurance of data inputs.</li> </ul>	Data inputs were assured by Jacobs.	✓
<ul style="list-style-type: none"> <li>Compliance with legal obligations relating to the charges set out in the Charges Scheme.</li> </ul>	An assessment of compliance with Ofwat's charging rules and our compliance with legal obligations was reviewed by an external consultant and Jacobs as part of an assurance plan.	✓
<ul style="list-style-type: none"> <li>The effect of the new charges on customers' bills has been assessed for a range of different customer types.</li> </ul>	The effect of the new charges was analysed and reviewed by CCWater and the Board.	✓
<ul style="list-style-type: none"> <li>Appropriate systems and processes are in place to make sure that the data and information contained in the Charges Scheme and additional information are accurate.</li> </ul>	The appropriate systems and processes have been put in place and operated as planned. Jacobs have reviewed our process and confirm that there were no issues.	✓
<ul style="list-style-type: none"> <li>The company has consulted with CCWater in a timely and effective manner on its Charges Scheme.</li> </ul>	CCWater meetings, focusing on charges, took place monthly between August and December 2017.	✓



## Website Publications

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

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

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

## Price Review 2019 Business Plan and Associated Submissions

The forthcoming price review sets the price, investment and service package that customers will receive in the 2020-25 period. In September 2018 companies are required to publish a Business Plan for the 2020-25 period, and we have in place a programme of assurance focusing on its development. This programme will extend into 2018/19.

Companies must also make a number of associated submissions and these will also be subject appropriate assurance.

As the Price Review and the production of an associated business plan is such a large and complex exercise, this activity was placed in the “low-medium” risk zone and this is reflected in the controls and mitigating measures we have in place. In the table below we summarise the outcome of our assurance activities.

Controls, mitigating actions & Improvements	Assurance Finding response	
<ul style="list-style-type: none"> <li>The overall PR19 Business Plan (which includes all supporting data and information) has an assigned publication manager, who is responsible for ensuring that the company has followed all assurance processes and that the Business Plan document published in September 2018 will be accurate, accessible and easy to understand.</li> </ul>	<p>The assigned Publication Manager is currently preparing the Business Plan documents, pending final Board decisions on the inputs to the Business Plan itself.</p> <p>Progress to date, includes:</p> <ul style="list-style-type: none"> <li>The Board approved a PR19 Assurance Framework which set out a systematic approach to ensuring that elements of the plan were subjected to appropriate assurance based on their impact on the plan;</li> <li>The ‘high risk’ elements have been subjected to external assurance from expert and independent third parties; and</li> <li>Lower risk items have been subjected to appropriate internal assurance processes.</li> </ul> <p>Our assurance processes will continue up to publication of the Business Plan submission in September 2018.</p>	✓
<ul style="list-style-type: none"> <li>A PR19 project team has been created which oversees the PR19 programme and meets monthly. The development of the plan is managed by water, wastewater and retail ‘Totex’ Management Groups, chaired by the Directors of Water, Wastewater and Retail respectively, all of which are members of the DCE.</li> </ul>	<p>The PR19 Project Team is tracking the progress of the PR19 Programme, including how each element of the plan is progressing through the various governance levels, and the progress of the Assurance Plan.</p>	✓
<ul style="list-style-type: none"> <li>There is a Regulatory Steering Group which reviews the relevant regulatory requirements for PR19 and makes sure that they are being met.</li> </ul>	<p>The Regulatory Steering Group is in the process of scrutinising the data in the PR19 Business Plan data tables.</p>	✓
<ul style="list-style-type: none"> <li>Named data providers (who provide the data) and data managers (who also sign off the data) have been assigned for all sections of the Business Plan and they have responsibility for providing accurate information in line with any guidance provided.</li> </ul>	<p>The majority of the data tables have been populated by the data providers, and the data itself is now entering the assurance and scrutiny process.</p>	✓
<ul style="list-style-type: none"> <li>Senior managers and Directors will review and approve the information contained within the publication.</li> </ul>	<p>The timeline for review by senior managers and Directors has been finalised.</p>	✓
<ul style="list-style-type: none"> <li>External independent assurance is provided by the Technical Auditor who confirm that the data is accurate and, where relevant, that the submission has been developed in line with the guidance provided. The Financial Auditor will also</li> </ul>	<p>The scope of the assurance to be provided by external independent assurance has been confirmed and approved by the Board.</p>	✓




## DCWW Data Assurance Summary 2017/18

Controls, mitigating actions & Improvements	Assurance Finding response	
provide an opinion on the relevant financial aspects of the Business Plan.		
<ul style="list-style-type: none"> <li>A Board Assurance Statement will be provided to confirm that all assurance requirements for the Business Plan submission have been met.</li> </ul>	The Board has discussed and approved the scope and timing of the Board Assurance Statement, and the evidence required to support it.	✓
<ul style="list-style-type: none"> <li>We will have in place an Assurance Plan for the PR19 submission as a whole that will also cover any PR19 information that we submit to Ofwat ahead of the September 2018 submission. This will support the Board Assurance statements that will be submitted to Ofwat, to demonstrate that the Board is confident the submission meets Ofwat requirements.</li> </ul>	The PR19 Assurance Framework has been challenged and approved by the Board and Audit Committee. Early submissions to Ofwat have been through the appropriate assurance. The evidence is now being gathered to support the final Board Assurance statement.	✓

## Bio-resources Market Information

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

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




Controls, mitigating actions & Improvements	Assurance Finding response	
<ul style="list-style-type: none"> <li>Named data providers and data managers are responsible for providing accurate information in line with the guidance provided. A submission manager has been appointed to ensure that all data providers and data managers are identified and that the submission is completed to the relevant timescales and in line with requirements and guidance.</li> </ul>	<p>The data assurance programme was implemented as planned. There were no material issues identified and the governance stages, e.g. sign off of data at different levels operated as planned. Detailed internal Methodology Statements have been developed which include a step-by-step guide on how the data is obtained, the checks and balances in place, any assumptions made and any exclusions applied.</p>	
<ul style="list-style-type: none"> <li>Named senior managers review and approve the information contained within the published document. A peer review of the information and the submission is carried out.</li> </ul>	<p>The Head of Service and the Biosolids Manager both undertook a full review of the data and methodologies and verified them against historic information and applied operational experience. All data has been signed off by the data owner, his manager and the appropriate director.</p>	
<ul style="list-style-type: none"> <li>External independent assurance will be provided by the Technical Auditor to confirm that the 2017/18 data is accurate and in line with the published guidance.</li> </ul>	<p>Jacobs (our Technical Auditor) undertook a process and data review in accordance with an agreed Audit Plan. Jacobs' concluded that the data is accurate and in line with published guidance.</p>	

## Water Resources Management Plan and Market Information

On 16 March 2018 we published our draft 2019 Water Resource Management Plan (dWRMP). Subject to final approval by Welsh Ministers, we will be publishing our final WRMP in February 2019. The draft WRMP sets out how in the longer term we intend maintaining the balance between water supply and demand.

In addition, in March 2018 we published market information designed to promote markets in water resources.

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

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

Controls, mitigating actions & Improvements	Assurance Finding response	
<ul style="list-style-type: none"> <li>- Do the processes employed incorporate appropriate levels of quality assurance?</li> </ul>		
<ul style="list-style-type: none"> <li>• Collation systems for demand forecast and supply demand balances have been developed by external consultants with expert peer review undertaken internally. This reporting system takes audited data and automatically generates the data tables required by regulators. This includes the reporting of WRMP and the market information data. We have peer reviewed this reporting system.</li> </ul>	<p>One of our consultants (Wood), who are the experts in their particular field, were employed to undertake various technical assessments required to enable completion of the dWRMP. This involved producing a spreadsheet collation tool that automatically populated the required dWRMP Natural Resources Wales/Environment Agency planning tables and the dWRMP Ofwat Market information Tables.</p> <p>The reporting tables produced were critically reviewed by the Water Resources Team and were verified against the data tables we produce internally.</p>	✓
<ul style="list-style-type: none"> <li>• The Plan will be published for full public consultation in early 2018 and by September 2018 we will produce a revised draft WRMP that takes account of the feedback received.</li> </ul>	<p>We published the draft WRMP for full public consultation on the 16<sup>th</sup> March 2018. The consultation ran for 12 weeks until the 8<sup>th</sup> June 2018. By the 14<sup>th</sup> September 2018 we will have submitted to Welsh Government a Revised draft WRMP and a Statement of Response to all consultation feedback received.</p> <p>NRW will check the tables for consistency and will provide comments for inclusion within the final WRMP.</p>	✓

## Statutory Financial Reporting

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

Controls, mitigating actions & Improvements	Assurance Finding response	
<ul style="list-style-type: none"> <li>Our accountants perform the day to day accounting activities which include maintenance of accounting systems and month end reconciliations.</li> </ul>	The Internal Audit function performs an annual review of the adequacy of general ledger controls and their operation. The last report, dated January 2018, was graded Full Assurance.	✓
<ul style="list-style-type: none"> <li>Data owners and managers are responsible for providing accurate information in line with the latest regulatory and statutory accounting guidance.</li> </ul>	The Regulatory and Financial Accountant has circulated the latest guidance to all responsible individuals, and has held a number of informal training sessions with data and table owners whose responsibilities have changed and/or where there have been significant changes to the reporting requirements.	✓
<ul style="list-style-type: none"> <li>Management oversight of the accountants' activities includes regular reviews of information and final approval ahead of publication.</li> </ul>	All financial reports published externally are subject to a comprehensive suite of reviews, initiated within Corporate Finance and requiring sign-off from the Financial Controller and Finance Director prior to being circulated to the DCE, Audit Committee and Board. Reports are only published following Board approval.	✓
<ul style="list-style-type: none"> <li>Financial Auditors, working in line with International Standards on Auditing, review information presented within our statutory accounts and provide their independent audit opinion as to whether that information is true and fair based on its compliance with International Financial Reporting Standards and the Companies Act 2006.</li> </ul>	Similarly to previous reporting periods, the independent external auditors performed interim controls testing work in January 2018 and have been onsite throughout April and June 2018 to complete their audit procedures prior to providing their formal audit opinion in June 2018.	✓
<ul style="list-style-type: none"> <li>Review by the DCE and updates are provided to the Audit Committee.</li> </ul>	The DCE review took place in May 2018, prior to the Audit Committee review and Board sign-off.	✓
<ul style="list-style-type: none"> <li>A Board sign off before publishing.</li> </ul>	The APR and statutory accounts were reviewed by the Audit Committee on 6 June 2018 and approved by the Board on 7 June 2018, prior to a preliminary announcement on 8 June 2018 and formal adoption of the statutory accounts at the Members' Annual General Meeting in July 2018.	✓

## Natural Resources Wales (NRW) – Compliance Tables (MD109)

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

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

Controls, mitigating actions & Improvements	Assurance Finding response	
<ul style="list-style-type: none"> <li>Details of NRW and EA numerical permit limits are entered into DCWW’s Quality Database (QDB).</li> </ul>	<p>These limits are stored within the master system QDB. The limits can change within AMP periods in line with agreement with our regulators but the changes to numbers are not significant. There is a process in place to update these limits as they take effect. Historically, this process has been audited by our Business Assurance team and recommendations for improvement implemented. There is an ongoing plan for further improvements by the inclusion of the process into the IMS system, so that it is formally audited and is subject to an extra level of governance.</p>	✓
<ul style="list-style-type: none"> <li>The Operating Self-Monitoring (OSM) sampling programme is not visible to operational staff responsible for discharge performance.</li> </ul>	<p>The QDB system has firewalls in place to ensure that operational staff do not have access to any of this information.</p> <p>Staff training and awareness sessions make it clear that informal sharing of information by staff is not permitted.</p>	✓
<ul style="list-style-type: none"> <li>Suite of documentation and guidance available for staff in the DCWW Integrated Management System (IMS).</li> </ul>	<p>There is a complete and thorough set of documentation that covers all aspects of the OSM sampling role. This is audited frequently by our Business Assurance team and UKAS as part of our UKAS certification.</p>	✓
<ul style="list-style-type: none"> <li>Personnel directly involved in the OSM process are free from any possible conflict of interest by reporting to different Heads of Business.</li> </ul>	<p>The OSM team report to the Head of Science but operational staff report to the Head of Treatment.</p>	✓
<ul style="list-style-type: none"> <li>Sampling results analysed by independent and United Kingdom Accreditation Services (UKAS) accredited laboratories.</li> </ul>	<p>All analysis is sent to UKAS certified laboratories.</p>	✓
<ul style="list-style-type: none"> <li>Sampling failures automatically reported from QDB.</li> </ul>	<p>All sampling failures are reported automatically through our QDB system and there are suitable processes in place. Reports of failures are generated automatically and circulated to the relevant staff. This has also been built into our new Sampling Analysis Management System (SAMs) which is replacing QDB.</p>	✓
<ul style="list-style-type: none"> <li>Regular manual and automatic reconciliation checks are carried out by the company to ensure the NRW, EA and DCWW data sets remain in step.</li> </ul>	<p>This is an essential process that takes place at least annually between NRW, Environmental Agency and ourselves. Once agreed, the data is signed off by senior managers in all organisations. This data then forms part of our compliance report to Ofwat.</p>	✓
<ul style="list-style-type: none"> <li>Regular liaison meetings between NRW/EA and DCWW.</li> </ul>	<p>There is a Liaison Framework in place between ourselves, Environment Agency and NRW. Operational staff from the respective organisations meet locally and strategic staff meet centrally to work on issues such as NEP, scheme progress, audits and data integrity. Outstanding issues can be escalated upwards through the framework to director level meetings.</p>	✓






## DCWW Data Assurance Summary 2017/18

Controls, mitigating actions & Improvements	Assurance Finding response	
<ul style="list-style-type: none"> <li>Senior Manager approves the end of year data with NRW.</li> </ul>	Once the end of year compliance position has been agreed, the year-end data is signed off by Senior managers in both NRW and DCWW.	✓
<ul style="list-style-type: none"> <li>Annual independent audit of DCWW processes carried out by UKAS.</li> </ul>	This is part of a mandatory requirement to maintain DCWW UKAS certification and takes place annually, with all recommendations implemented promptly.	✓
<ul style="list-style-type: none"> <li>Annual audit of OSM management system carried out by NRW and EA.</li> </ul>	The Operator Monitoring Assessment (OMA) audit was performed by NRW in 2017 with excellent feedback. All recommendations were implemented promptly. The 2018 OMA audit is due shortly.	✓
<ul style="list-style-type: none"> <li>Annual audit of sampling technicians and the Management System by Business Assurance.</li> </ul>	This is a mandatory requirement of our UKAS certification, and the whole team of sampling technicians consistently achieve substantial assurance.	✓
<ul style="list-style-type: none"> <li>Pollution incidents entered into DCWW SAP system.</li> </ul>	All pollution incidents are entered into our corporate SAP system. This is undertaken by following an Information Management System (IMS) Pollution Incident/Reporting procedure.	✓
<ul style="list-style-type: none"> <li>Regular reconciliation between SAP system and NRW National Incident Recording System (NIRS).</li> </ul>	Information is exchanged on a monthly basis. This data is reconciled with our internal records held on SAP and variances are recorded. Any differences between NRW, EA and ourselves are reconciled and agreed by year end.	✓
<ul style="list-style-type: none"> <li>Regular formal and informal liaison communications with NRW provides assurances on the accuracy and classification of pollution data.</li> </ul>	There are open channels of communication throughout the year between NRW, EA and ourselves on both formal and informal matters.	✓
<ul style="list-style-type: none"> <li>Assurance further provided with the development of staff guidelines regarding the classification and definition of pollution incidents all defined within IMS procedures.</li> </ul>	We follow our IMS procedures and NRW and EA guidance documents. We have also taken part in joint training workshops with NRW.	✓
<ul style="list-style-type: none"> <li>Procedures developed for reporting and recording of pollution incidents with process mapping required and implemented through IMS.</li> </ul>	There is a complete and thorough set of documentation that covers all aspects of pollution incident recording and reporting. This is audited by our Business Assurance team and by the UK's National Accreditation Body (UKAS) as part of our UKAS accreditation.	✓
<ul style="list-style-type: none"> <li>Year-end check of NIRS in line with the NRW timetable.</li> </ul>	This is an essential process that takes place between NRW and ourselves.	✓
<ul style="list-style-type: none"> <li>Draft return to NRW approved by Head of Wastewater Assets.</li> </ul>	Data is signed off by senior managers including the Head of Wastewater Assets. This data is then included in our pollution performance report to Ofwat.	✓
<ul style="list-style-type: none"> <li>A new system is being introduced to replace QDB in May 2018.</li> </ul>	The new SAMs system is now live and underwent extensive user acceptance prior to implementation.	✓

## Payment Policies, Practices and Performance

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

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

Controls, mitigating actions & Improvements	Assurance Finding response	
<ul style="list-style-type: none"> <li>Financial systems and procedures are configured to ensure that we can pay all approved invoices within our agreed payment terms.</li> </ul>	<p>As part of a drive to speed up the invoice payment process, the system's payment parameters have been revised and the day of the weekly payment run has been brought forward.</p> <p>A "Faster Payments" process has also been put in place to ensure that the Accounts Payable team can respond quickly to urgent payment requests.</p>	
<ul style="list-style-type: none"> <li>Lists of outstanding invoices are circulated to procurers and line management to ensure visibility.</li> </ul>	<p>A report detailing blocked and parked invoices is circulated to all procurers and line management on a monthly basis. The volume and value of invoices on this report is monitored and used as a KPI to track payment performance.</p>	
<ul style="list-style-type: none"> <li>We are implementing systems enhancements to make it easier for procurers to confirm receipt of goods/services and to improve timely visibility of delayed items to line managers.</li> </ul>	<p>Systems enhancements were deployed in April which send automated emails to the procurer when an invoice is received, with reminders and escalation to line management if the confirmation is not made within set timescale.</p> <p>We are investigating further improvements, including the introduction of a KPI dashboard and a mobile app for confirming receipt of goods and services.</p>	

## Customer Engagement

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

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

Controls, mitigating actions & Improvements	Assurance Finding response	
<ul style="list-style-type: none"> <li>All customer research is undertaken by a reputable research company with a strong track record in the field of customer research. We use three research companies under a framework contract which was competitively tendered. All of the companies are members of the Market Research Society and are therefore bound by their code of conduct on how such research should be conducted.</li> </ul>	During 2017-18 we used all three research companies under our framework contract. For example they have undertaken customer research in relation to PR19 Measures of Success and customers' willingness to pay. All of the research undertaken is in line with the Market Research Society (MRS) best practice.	✓
<ul style="list-style-type: none"> <li>Generally, data used in the research is sourced from our published documents such as our APR or the Annual Reports and Accounts which themselves have been subject to the appropriate level of assurance.</li> </ul>	Where possible, we have ensured the use of already published data in our research, for example, when highlighting company performance, data has been taken from 2016/17 APR.	✓
<ul style="list-style-type: none"> <li>Where data is obtained from documents published by reputable external bodies, e.g. NRW we assume that the data has been subjected to the appropriate assurance.</li> </ul>	We continue to make this assumption. The UKCSI survey is undertaken on behalf of the Institute of Customer Service which benchmarks customers' satisfaction for companies across the UK. The research partner used is a member of the MRS, and data used from this companies surveys are assumed to be subject to the appropriate assurance.	✓
<ul style="list-style-type: none"> <li>Data owners within the business are responsible for processing the data and satisfying themselves that it is reliable and accurate.</li> </ul>	For all MOSs and KPIs there are Methodology Statements that state the process for sourcing and validating internal data, including any checks which need to take place.	✓
<ul style="list-style-type: none"> <li>Generally customer engagement undertaken for PR19 is shared with the CCG and they have the opportunity to challenge &amp; scrutinise the approach and materials provided. Our research briefs and questionnaires are shared with the CCG as are all final reports on the results.</li> </ul>	Any relevant research is shared with the Customer Challenge Group for their independent advice and challenge.	✓
<ul style="list-style-type: none"> <li>Following completion of the PR19 research we will undertake a lessons learnt exercise with the CCG, which will include a review of how the controls and mitigations listed above were followed.</li> </ul>	This is in progress and will take place at the appropriate time after our Business Plan submission to Ofwat in September 2018.	✓

## Non-household Customer Contacts and Complaints

From 1 April 2017 only large non-household customers in Wales have been able to change their water retailer. To gauge customer satisfaction, 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 summarise our findings in the APR and report the details to CCWater.

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

Controls, mitigating actions & Improvements	Assurance Finding response	
<ul style="list-style-type: none"> <li>Data provided annually is derived from published documents such as our APR or the Annual Reports and Accounts, which themselves have been subject to the appropriate level of assurance.</li> </ul>	Senior Business Managers sign off the data for their area. Our Technical auditors, Jacobs, complete an annual review. We are transparent on the volume of written complaints we receive and this information is published in our Annual Report and APR. In addition, a detailed review of complaints was undertaken by our business assurance team in 2017/18.	✓
<ul style="list-style-type: none"> <li>Quarterly and six monthly data is sourced from key internal documents, particularly the "Monthly Management Report" which is reviewed by both the DCE and the Board. Sense checking is undertaken by the Regulation team to ensure that it is broadly in line with expectations and previous performance reported.</li> </ul>	Complaints are included in our Monthly Management Report and our company scorecard. These documents are reviewed by DCE and the Board.	✓
<ul style="list-style-type: none"> <li>Quarterly performance reports are provided to CCWater. These include information on the number of contacts and written complaints from our non-household customers.</li> </ul>	Quarterly reports have been provided to CCWater detailing our performance on a number of key measures. This includes the number of unwanted telephone contacts and written complaints. A separate quarterly report is provided for non-household written complaints and includes the top 5 reasons for written complaints and unwanted telephone calls.	✓
<ul style="list-style-type: none"> <li>Senior Managers and Directors attend the quarterly CCWater meetings to discuss performance, including performance relating to non-household customers.</li> </ul>	Senior Managers and Directors attend the quarterly CCWater meeting. This is normally attended by the Household Customer Services Managing Director, Head of Customer Service, Customer Experience Manager and the Director of Business Customer Services. In addition, other Directors and Senior Managers attend as necessary.	✓
<ul style="list-style-type: none"> <li>CCWater publish a number of annual reports on water companies' performance so that customers and key stakeholders are able to draw comparisons on how well companies have performed.</li> </ul>	CCWater publish an annual report setting out water companies' complaints performance. This was last published in September 2017.	✓
<ul style="list-style-type: none"> <li>The reporting mechanisms will be kept under review.</li> </ul>	The reporting of written complains is continually reviewed. Business Areas are responsible for ensuring accurate classification of written complaints and will seek guidance on any areas of uncertainty. We regularly attend quarterly meetings with other companies "Customer Service Network" when the handling of written complaints are discussed. In addition, we attend industry meetings with CCWater and were part of the Working Group chaired by CCWater to draft guidance for complaints reporting from 2020 onwards.	✓

## Our Priority Services for Vulnerable Customers

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

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

Controls, mitigating actions & Improvements	Assurance Finding response	
<ul style="list-style-type: none"> <li>The company maintains our register for our priority services, which includes over 26,000 customers.</li> </ul>	We have dedicated resource to manage and maintain the Priority Services Register (PSR). We provide CCWater with a quarterly report. PSR data will also be reported within our PR19 submission to Ofwat in September 2018.	✓
<ul style="list-style-type: none"> <li>Customers’ information and needs are registered onto relevant business systems, where reports can be produced.</li> </ul>	We have a dedicated Priority Services field in two of our primary company systems to identify any customers on our PSR and the additional services they require.	✓
<ul style="list-style-type: none"> <li>Access to the register is restricted so we comply with Welsh water’s policy on sensitive information.</li> </ul>	Five employees currently have access to the PSR. These access requirements are reviewed as people join/leave the team.	✓
<ul style="list-style-type: none"> <li>Data sharing agreements with other utility providers to receive details of customers signed up to their priority services schemes.</li> </ul>	We currently receive customer share data from Wales & West and Western Power Distribution. All information shared is sent electronically to our Priority Services inbox and password protected.	✓
<ul style="list-style-type: none"> <li>The register is maintained in various ways, such as application form received from the customer, information received from Renal Dialysis Units regarding additional service customers and information received during a telephone conversation with a customer if for example they are unable to complete an application form.</li> </ul>	Direct customer applications are scanned and sent to our Priority Services inbox for processing. Where customers contact us by telephone, their information is passed to the Priority Services team to contact the customer directly and when needed, assistance is given when customers request assistance in completing our Priority Services application. Information from Renal Dialysis Units are received monthly and are sent to the Priority Services team to update records and make contact with the customer if necessary.	✓
<ul style="list-style-type: none"> <li>We will review and ensure our processes are sufficiently robust to ensure the details contained within the register are kept up to date.</li> </ul>	In 2017/18 reviews were undertaken annually but 2018/19 onwards, the reviews will be quarterly.	✓
<ul style="list-style-type: none"> <li>Expand network of partner organisations to promote awareness of our Priority Services Register.</li> </ul>	We are committed to promoting awareness of the PSR and are taking steps to expand the network of partner organisations to help in this respect.	✓