

Appendix

Assurance Activities 2020-21



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About this document

Since 2015, we have published our Statement of Risks, Strengths and Weaknesses and Draft Assurance Plan along with our Final Assurance Plan in line with the Company Monitoring Framework as set by Ofwat.

We will continue to target specific areas for assurance.

Included within this Appendix are the areas where we are not specifically targeting assurance activities, as we feel that each has their own embedded robust assurance framework. We will review and add to this Appendix going forward and use it as an aide memoire to ensure that these important areas do not lose focus or transparency over the next five years.

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

When publishing this document, we are conscious 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 Appendix 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.

Charges Schemes

We are required to publish a number of charges schemes each year in compliance with Licence Condition D and Ofwat's Charges Scheme 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 Scheme Rules.
- Engagement with stakeholders is highlighted in the accompanying information published alongside the Charges Schemes.
- Monitor changes in the Developer Services Charges Rules for New Connection Services in England.

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 Customer Challenge Group CCG to review the list of publications to ensure its relevance. The publications that we have included in our review are shown below.

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.

Publication	Description	Mitigation Actions
Annual Performance Report (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 Company Secretarial Team. • Legal and Compliance Director and Company Secretary acts as the editor to ensure consistency. • Reviews by members of the Dwr Cymru Executive (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. • CCW 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. • CCW consultation. • Director approval. • Codes submitted to Ofwat as appropriate.

Publication	Description	Mitigation Actions
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. • CCW consultation. • Approval by the Annual Billing Steering Group.
Consumer Council for Water (CCW) – quarterly and annual reports	Information provided to the CCW 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.

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.
- Further improvements to a consolidation module in the SAP accounting system will provide a more resilient consolidation process to compile both Company and Group financial reports and will reduce the volume of offline journal entries.
- Further improvements to an accounting system module which gives a consolidated overview and greater control over all month-end closing activities.
- Development of automated reports to reduce the need for manual cost allocation and increasing resources available to provide internal assurance.

Natural Resources Wales – Compliance Tables

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 the Legal and Compliance Director.
- 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.
- We have set up with NRW more regular reviews of the data within the reporting year.

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.

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.
- 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.
- Systems enhancements to improve suppliers' experience.
- Six monthly reports published on the Government Prompt Payment website detailing:
 - the average time it takes us to pay our suppliers: and
 - the proportion of payments (for example, invoice payments) that we don't pay on time.

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 is processed correctly. We undertake “business as usual” customer research, including surveys to establish customer trust levels and awareness of our “not for shareholder” status. We also develop bespoke projects based on the needs of the business. 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 several 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.

CCW Reporting

The Consumer Council for Water (CCW) 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 CCW 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 CCW monthly.

During the year CCW 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 CCW 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.

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

The accuracy and completeness of the information we provide to CCW 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 reviews 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 CCW who challenge our performance where relevant. At least one Director attends these meetings.
- CCW arrange Public meetings and customers can attend and question the Company.
- In consultation with CCW, the reporting mechanisms are kept under review.

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 comply with 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.

We apply the principles set out in the UK Corporate Governance Code and Ofwat’s Leadership, Transparency and Governance Principles as required by our Licence. We explain how we comply with the Code and the Principles in the Corporate Governance section of our Annual Report and Accounts.

Controls and mitigating actions

- We are governed by an effective Board which is collectively responsible for the long-term success of the Company.

Corporate Resilience

- 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.
- There is a majority of Non-Executive Directors on the Board and a clear division of responsibilities between the running of the Board and the executive responsibility for the running of the Company's business.
- Regular attendance from our external auditors at meetings of the Audit Committee means that Directors are kept up to date on current developments in governance, including any changes to the 2018 UK Corporate Governance Code.
- Directors receive accurate, timely and clear information with the support of the Legal and Compliance Director who also ensures that the Board has the resources it needs to function effectively and efficiently.
- Directors receive a tailored programme of induction on joining and ongoing educative and informative programmes on topics relevant to the operation and governance of the business.
- A lessons learnt review of the findings contained in the FRC's Annual Review of the Corporate Governance Code published in January 2020 and Ofwat's Board leadership, transparency and governance – Report on companies' preparations for meeting the 2019 principles was undertaken.

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 were subject to a satisfactory internal audit in 2019/20.
- 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.

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 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.
- We insist on gender-balanced shortlists from our recruitment partners.
- 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.
- 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 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

Gender Pay Gap

and Women in Science and Engineering (WISE) and pledging to support initiatives such as the Equality and Human Rights Commission's Working Forward campaign.

- 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.

Annual Report and Accounts

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

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

Controls and mitigating actions

- Data owners and managers are responsible for providing accurate information in line with the latest Methodology Statements which are subject to independent external scrutiny.
- 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.
- Legal and Compliance Director 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 members of the DCE team and a transparent published verification process involving the Company's Financial Auditor.
- Final draft critically reviewed by Audit Committee prior to review and approval by the Board, and submission to Members as part of the Annual Report and Accounts.
- Board approval before publication.
- Annual report and Accounts available on the Company website.

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 the Legal and Compliance 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.

Operator Self-Monitoring (OSM)

- 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.
- 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.

Customer Satisfaction

Our aim is to give the best possible service to all our customers. Ofwat introduced new measures of experience for both Customers and Developers and we have a PR19 performance commitment for Business customer satisfaction.

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.

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)

An appointed market research company will undertake a survey on a random sample of 250 business customers per quarter (1,000 in total per year). The survey will select a sample from all customers, not just those who have contacted us.

All three of the above measures are PR19 performance commitments and will be reported on within our Annual Performance Report.

Please see section 9.2 within the Statement of Risks, Strengths and Weaknesses and Draft Assurance Plan, for further detail on our controls and mitigating actions for these customer satisfaction measures along with all 56 of our performance commitments.

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.
- We are continually improving our security controls using a risk-based approach both in our daily operations and via several improvement projects.
- 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.
- 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).