



Our Assurance Activities 2022-2023



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 2019 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 integral to the work that we do and, as we continue to engage with our key stakeholders, we will use their feedback to tailor our assurance activities to match their expectations.

We will use this document to demonstrate the robust and transparent processes we have in place for our key reports published in 2022/23 and other areas that we feel are important to our stakeholders.

We welcome feedback from our customers and stakeholders at any point and this can be sent to: EconomicRegulationWSH@dwrcymru.com.

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2022-2023 Assurance Activities

We have produced this document on our assurance plan based upon the tried and tested audit and assurance framework followed in previous years. We welcomed the publication of Ofwat’s Company Monitoring Framework in July 2015 which required all companies to:

- publish information that was consistently accurate and reliable;
- review what information our customers and stakeholders want and need; and
- be transparent about the data assurance that they put in place.

In Ofwat’s final assessment in January 2019, we were delighted to be promoted in to the ‘self-assurance category, which is defined by Ofwat as “self-assurance, a company uses its own discretion to provide assurance beyond the common assurance requirements”. We continue to work with this framework in mind to ensure that any information we publish is accurate and that we are transparent in everything that we do.

Our Approach to Data Assurance

Within the business we have well-established governance and accountability processes. Our assurance activities for 2022-2023, continues to build on the solid foundation established over recent years.

Our data assurance framework is underpinned by four key components:

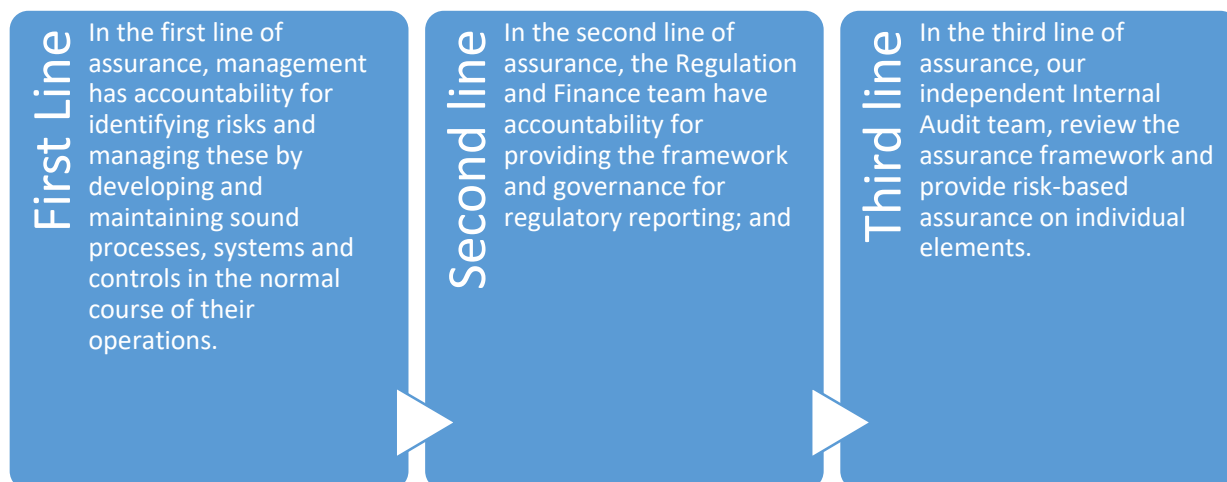
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1. **Robust assurance principles** – we operate a ‘three lines of assurance model,’ targeted at areas of greatest risk;
 2. **Clear ownership and accountability** – we have clear lines of ownership and accountability for both the delivery of performance and the accuracy and reliability of the data provided;
 3. **Effective governance** – we are subject to scrutiny by our Board, Audit Committee, Quality and Safety Committee and the Dŵr Cymru Executive (DCE) with additional challenge provided by the Independent Challenge Group (ICG);
 4. **Transparency and accountability** – we publicly report on our performance and hold ourselves to account where we do not meet our commitments.
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The purpose of this framework is to ensure that our data is accurate and to ensure that we have appropriate systems and processes to reduce errors. There are several areas of focus for our assurance plans:

- The Annual Performance Report
- Annual Reports and Accounts
- Bioresources Market Information
- PR24 data and business plan submissions
- Our published charges

Robust, assurance principles

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



Clear ownership and accountability

Strong personal and collective ownership is critical for ensuring the accuracy of the information we produce, driving improvements and means that we are able to hold ourselves to account. We have regular internal performance reporting to the Dŵr Cymru Executive (DCE) and Board (at every meeting), and updates on performance to the Customer Challenge Group (CCG) and CCW. This reinforces this culture of ownership and accountability. Every year, we refresh our compliance framework to ensure that individual accountabilities are linked to our regulatory and statutory obligations. We also operate a rigorous process of sign-off for regulatory data contained within the Annual Performance Report (APR), including sign-off by the data owner, the responsible senior manager (where appropriate) and the accountable director. This is in addition to our Board governance arrangements.

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

Effective governance

We continue to review our governance arrangements to ensure that we remain compliant with our Licence Obligations and the UK Corporate Governance Code. In particular, we ensure that these arrangements reflect our performance reporting principles and delivers:

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

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

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

Transparency and accountability

Our Vision is to earn the trust of our customers every day and we are committed to being open and honest in all our communications and performance reporting. All communications are based on transparency, integrity, accessibility and timeliness. Our information and reports go through many levels of checks before they are included in our core publications, and this includes peer reviews, senior manager approval and review by the DCE or the Board as required. We will continue to hold ourselves to account with the publication of our 2022-23 APR which will incorporate Ofwat's reporting requirements.

Our approach to managing risk

Underpinning our assurance framework is our approach to managing risk. We have a well embedded risk management process that identifies, assesses and manages our risks. This helps us to prioritise our assurance on the areas of greatest risk and adopt control processes to reduce the likelihood of the risks materialising.

All colleagues play a part in risk management. Individual teams within the business take responsibility for managing risks within their areas of responsibility. The Business Area Risk Registers are reviewed quarterly by the DCE. The DCE update on strategic risks affecting the business is reviewed at every Board meeting.

We also have robust financial control monitoring processes to provide assurance that our key financial controls are operating effectively and that we can trust the financial information produced by our accounting system.

Finally, our Integrated Management System, which has certification to various ISO Standards, has been established to reinforce the management of risks and opportunities associated with many areas of our business and compliance with regulatory and legislative obligations.

Our company culture

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

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

We are committed to ensuring that we give our colleagues the tools to do their job, which is why we invest in many internal development schemes.

We work in an environment where open communication is encouraged and expected from colleagues at all levels across the organisation. We are committed to identifying new ways of working through our smarter ways of working program which will help encourage an open flow of communication.

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

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

Corporate governance is the system of rules, practices and processes we put in place to run our business effectively, ensuring that we meet our legal and regulatory obligations and effectively manage our risks. Good governance is fundamental to all of our activities; it helps to build the trust of our customers and other stakeholders and aids effective decision making.

Culture is much more about people than it is about rules. We see our Code of Conduct as a baseline; a culture is created by what we do rather than what we say. Our Corporate Behaviours Framework and Code of Conduct actively encourages colleagues to ‘have the confidence to raise any concerns’ and ‘speak up’ about inaccurate information or suggest improvements to existing processes that will improve data quality. The options available to colleagues wishing to raise any concerns are detailed in our ‘Whistle Blowing’ procedure.