



Consultation on Portsmouth Water's draft Assurance Plan – the Company Monitoring Framework

1 March 2019

Consultation on Portsmouth Water's draft Assurance Plan – the Monitoring Framework

About this document

The purpose of this consultation is to invite views on our Draft Assurance Plan over regulatory information which we will publish as part of our Annual Performance Review (APR) in particular.

The first stage of the exercise was to consult on a Statement of Risks, Strengths and Weaknesses (the "Statement") and invite comments from customers and other stakeholders on:

- the overall approach to the risk assessment undertaken;
- whether or not they agreed with our assessment of the Risks, Strengths and Weaknesses highlighted in the Statement; and
- which particular Performance Measure was of greatest importance to them.

The consultation closed formally on the 20 December 2018. The outputs of this exercise have been used to inform the proposed assurance activities.

Having discussed our process and the Statement with a number of key stakeholders and having regard to written comments received from Ofwat in particular, we have prepared this draft Assurance Plan (the "Draft Plan") and are now seeking further feedback.

This draft Plan explains what we are doing to provide assurance that the information we will publish in our 2018/19 Annual Performance Report, is reliable and complete. In this document we consider the assurance in terms of two categories of data; 'financial' and 'non-financial'. Non-financial data in the APR primarily consists of the Performance Measures which are the service level commitments we have made to our customers, whilst financial data is reported on through the audit of the APR Financial tables by the financial auditors.

This data referred to in this assurance plan has been used as part of our Business Plan we submitted to Ofwat in September 2018. It is has therefore been important that the performance data underpinning our future plans is well founded and has had appropriate third party assurance so that stakeholders can have trust and confidence in our Business Plan.

The APR is a document required by Ofwat and published annually. It contains both financial and non-financial information and is prepared in line with Regulatory Accounting Guidelines (RAGs) and other guidance published by Ofwat. The financial components of the APR are subject to financial audit by our auditors KPMG in line with UK auditing standards and the RAGs.

Who we are

We have been supplying water to Portsmouth and the surrounding area since 1857. The area supplied by the Company extends through South East Hampshire and West Sussex from the River Meon in the west to the River Arun in the east, encompassing 868 sq. km.

Our vision

To supply high quality drinking water whilst providing excellent levels of service for our customers at the lowest price in the country.

Our values

Our values underpin how we behave in delivering all aspects of our work. These are Excellence, Respect & Integrity.

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Responding to this consultation

We welcome your response to this consultation by close of business on 23 March 2019. You can email your responses to s.morley@portsmouthwater.co.uk or post them to:

Monitoring Plan Consultation
Portsmouth Water
PO Box 8
Havant
Hampshire
PO9 1LG

Information provided in response to this consultation, including personal information may be published or disclosed in accordance with access to information legislation – primarily the Data Protection Act 1988 and the Environmental Information Regulations 2004.

If you would like the information you provide to be treated as confidential, please explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that we can maintain confidentiality in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on us.

Overview and Consultation Questions

In this document we set out the background to this Draft Assurance Plan and explain how we will ensure we publish information is of appropriate quality and meets the needs of our customers and other stakeholders.

We also explain:

- The outcomes of the risk, strengths and weaknesses assessment including feedback from stakeholders, and how this has informed this Draft Assurance Plan; we include a selection of these in this document.
- The feedback from Ofwat published 31 January 2019 entitled the Company Monitoring Framework
- The activities associated with data quality assurance for each of our Performance Measures. We have focused on those Performance Measures contained within the 2014 Final Determination as well as additional pieces of data identified by our CCG;
- The activities associated with data quality and accuracy for our financial performance in the year.
- The next steps of this process

Consultation questions

Q1 Do you have any comments on the content or layout of this Draft Assurance Plan?

Q2 Are the processes outlined in this consultation document sufficient to provide you with appropriate assurance that reported data is accurate and reliable?

Q3 Is there any further information that you feel could be provided that would help build stakeholder and customer confidence and trust in the company?

Q4 Any other comments

We welcome your responses to this consultation by close of business on 23 March 2019.

We will use your responses to our consultation questions to inform the Final Assurance Plan, which we intend publishing in early April 2019.

Background

1.1. We published our “Annual Performance Report” (APR) for the first time, reporting on the year 2015/16. It enabled stakeholders to assess how we performed against those measures of success that are regarded by our customers as being the most important factors (the “Performance Measures”). The targets for the Performance Measures were the commitment the Company made to its customers following extensive customer engagement exercise carried out when we were preparing our business plans for the 2015-2020 period. Further, it provided stakeholders with an understanding of our Financial Performance in the year and allowed stakeholders to compare against the assumptions made at the 2014 Price Review.

1.2. The Company recognise the importance of providing information to customers and other stakeholders that is; customer-led, relevant, reliable, complete, accurate and timely. Our ongoing objective is to make information available that is easy to understand and which enables stakeholders to see how we are performing; this helps build trust and confidence in the business.

1.3. In June 2015 Ofwat published guidance, “The Company Monitoring Framework” which formalised the process through which they will oversee that stakeholders can have confidence in companies’ published Performance Measures and Financial Performance.

1.4. Ofwat has acknowledged that Companies and their Boards are best placed to identify the risks, strengths and weaknesses associated with providing such information. To allow us to develop a “targeted” assurance plan, in November 2018 we again undertook a risk assessment for all relevant non-financial data that will be contained in the APR. This was an important exercise and was the basis of a Statement of Risks, Strengths and Weaknesses upon which we consulted. The consultation closed on the 20 December 2018. This statement is available on our website at

www.portsmouthwater.co.uk/news/publications/company-monitoring-plans/

1.5. Having regard to discussions and comments received, we have prepared this Draft Assurance Plan. This plan sets out the processes we propose to follow in the case of each individual Performance Measure, to demonstrate that the data we will report in the 2018/19 Performance Report is of appropriate quality. It also provides an overview of the financial performance measures we will publish.

1.6. In Sections 2 and 3 we provide details of the overarching Assurance Framework and the assurance processes currently in place, as well as the additional steps we propose to introduce for 2018/19 where we (and stakeholders) think it necessary. Further illustration is given in Appendix 3.

1.7. The next steps are set out in Section 5.

Assurance Framework

2.1 The information that we publish on our performance will be assured by the Board to maintain and build a high level of trust and confidence from our customers and stakeholders. For this to be effective, performance needs to be reported in a clear way and assured to an appropriate level. We adopt a risk-based approach to assurance, using internal and external review, to provide robust challenge and scrutiny of our published performance.

2.2 Supporting this process is an audit framework designed to allow monitoring and evaluation of the various aspects of our performance, to ensure that standards of data quality are being met.

This involves:-

- having appropriate governance arrangements
- close involvement by our Board in the assurance process
- the right level of independence in the process to provide third party review and challenge

This gives assurance to our Board, stakeholders and customers to supports legitimacy as to the level of performance and service that we are providing and reporting.

2.3 We consider that we already have in place robust processes and systems of control that provide the necessary internal assurance in respect of the reliability and completeness of the information published. For each of the Performance Measures, we will continue to apply these. However, in making this assessment we have undertaken robust challenges and sought feedback, as described in Section 1. The following summarises the processes and systems of control in place.

Governance Structure

2.4 Within the business we have well-established governance and accountability processes. This is shown in Figure 1.

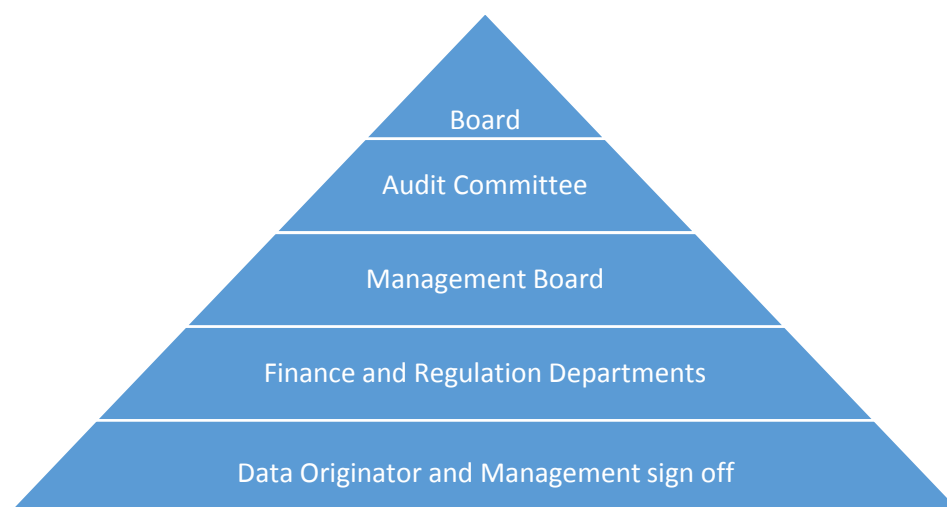


Figure 1 Governance structure

Board

2.5 The Board seeks assurance that risk management systems and processes are identified and risks are managed through the following:

- Monthly performance reports to the Board outlining achievement against Performance Measures
- Compliance with standards and guidance
- Assurance from the Audit Committee that the company's data reporting is accurate, complete, reliable, relevant and timely
- Annual review of the Data Assurance Plan
- Board Assurance Framework
- Company's progress against its strategic and corporate objectives.

This allows the Board to sign off the Annual Performance Report

Audit Committee

2.6 The Audit Committee has responsibility for the review and approval of reporting information including the annual statutory accounts and the APR. Following review the Audit committee makes recommendation for approval to the Board. As part of this responsibility the Committee monitors the effectiveness of internal control processes across the business.

The Committee also has an oversight and approval role with respect to the provision of third party assurance. This primarily relates to the provision of financial assurance by our Financial Auditors (KPMG and Frontier Economics) and non-financial (technical) assurance by the Reporter (WS Atkins) but also includes other third party assurance generally of a specific technical nature (together the "Assurance Provider").

The Committee reviews the scope, quality, results, cost effectiveness, independence and objectivity of any Assurance Provider.

The responsibility of the Committee is:

- To assess the qualification, expertise and independence of the assurance provider
- To review the nature and scope of the assurance
- To review, with management, the fee and letter of engagement/terms of reference
- To consider the results, findings and recommendations of the Assurance Provider and to make such reports and/or recommendations to the Board as considered necessary
- In the case of recurring appointments to consider the ongoing independence and effectiveness of the Assurance Provider and to make appropriate recommendations to the Board regarding the continuance or re-selection process if considered necessary.

Management Board

2.7 Financial and Performance Measures are reported to the Management Board monthly. The Finance department prepare the Financial Performance and signs off the report.

The Regulation department prepares the Performance Measures Report. Part of this monthly process includes reviewing the data from each department. The report is reviewed by the Regulation Manager who signs it off monthly before discussion at Management Board. Discussions are held with data owners on any issues found with the data prior to sign off.

Finance Department

2.8 The finance department prepares the data submitted in our Annual Performance Report working closely with both the Regulation department and individuals in the wider business. The Finance department is also responsible for preparing the accounting separation methodology statement, which is reviewed and approved by the Finance & Regulation Director

Regulation Department

2.9 The Regulation department coordinates the technical data submitted in our Annual Performance Report which contains our key performance indicators. Similarly, the Finance Department have responsibility for all financial information. The Regulation department coordinate the collection of data from all areas of the company which have a key data provider. These data providers are experts in the data from their department and for the majority of the Performance Measures have experience in preparation an annual submission of data. In order to provide robust information into our data reports, we have developed Methodology Statements for most measures which outline the processes and procedures for collecting data and reporting our Performance Measures.

Data Originator and Management sign off

2.10 Data from each department is signed off by the data owner and the senior manager from the department. The Regulation department review the data, compare the data to previous years, ensure compliance with definitions and guidance and enquire on the methodology followed and any assumptions made.

Other relevant information

2.11 A table setting out each Performance Measure and the sources of assurance is shown in Appendix 2.

2.12 The final detail of the targeted enhanced assurance activities for each relevant Performance Measure will be finalised and documented when we publish our Final Assurance Plan. However, we have included in Appendix 3 some indicative actions which may apply to, and form part of, the Reporter's Targeted Audit Plan for "High" risk Performance Measures.

Technical Assurance

2.13 Our technical auditor, Atkins, is a professional engineer and certifier of regulated activities. Atkins has a good understanding of the water industry and has conducted audits of data for Portsmouth Water since 2013. The Reporter carries out a formal audit of the key performance indicators that will be included in the Annual Performance Report.

2.14 The Regulation department coordinate the Reporter's audit timetable and ensure key data experts from each department meet with the Reporter. The Reporter examines the source of data, checks calculations and assesses the accuracy and compliance to the data requirements of the reported data. The Reporter then produces a report on each audit carried out. This includes key findings from the audit and a list of any issues found.

2.15 The Lead Auditor attends the Audit Committee before we publish our Annual Performance Report and answers questions raised on the audits and data contained within the Annual Performance Report. He provides assurance on the data contained in the report.

Financial assurance

2.16 Financial assurance over the APR is performed by our financial auditors KPMG. Our financial auditors, are a firm of registered auditors with a good understanding of regulated activities for the Water Industry. The assurance activities that they undertake largely leverage the statutory audit process. The assurance provided is in the form of two types of assurance processes;

- **An independent audit report.** This is a publicly available report in a standard format agreed between Ofwat and our external auditors KPMG. The areas covered are set out in the table below, see 4.2.

On an annual basis the financial auditors undertake audit planning and report on the audit approach to the Audit committee based upon UK auditing standards together with the requirements of the Regulatory Accounting Guidelines issued by Ofwat (this is a subset of the annual planning process for Statutory Accounts). They also report by exception on going concern and upon the related licence condition F.

- **Agreed upon procedures over other specified financial information.** This is a report to the Company setting out the results of certain specified procedures covering other tables within the APR. The financial auditors do not form a professional opinion on this work but report their findings leaving management and the Audit Committee to form their own opinion.

To the extent that matters arise in respect of these procedures they would be considered and generally reflected in revisions to the relevant tables. The plan for agreed upon procedures are reviewed by the Finance Director and Audit Committee annually and are revised, to reflect any changes in reporting requirements, new tables, Ofwat feedback from previous years and overall risk assessment.

2.17 The Finance Department coordinate the financial audit timetable and ensure relevant staff members are available to support any audit enquiries. Key findings from the audit and a list of any issues found are discussed with the Finance Director and are reported to the Audit committee. The audit partner attends the Audit Committee before we publish our Annual Performance Report and answers questions raised on the audits and data contained within the Annual Performance Report.

Oversight of financial reporting

2.18 To the extent that information leverages the underlying financial results this is subject to review at the Management Board and through Monthly Board reporting.

Systems and controls

2.19 A significant portion of the financial data reported in the APR is derived from our financial systems. This includes accounting separation analysis. These financial systems are subject to a wide range of systems and controls supporting the accuracy of underlying data. These include but are not limited to;

- Monthly management reporting to management Board and main Board
- Budget setting and review process
- Transactional controls including embedded authorisations and approvals
- Controls in relation to accuracy of coding and allocation of costs to cost centres
- Reconciliations and control account processes
- Analytical review processes

Assurance Activities

2.18 In January 2019, Ofwat published its assessment of the 2018 Company Monitoring Framework. The performance is assessed across thirteen areas covering both financial and Non-financial assurance activities. Whilst it focused on publications relating to the year 2017/18 it also covered the draft Water Resources Management plan, published in March 2018 and Ofwats initial assessment of our Business plan (September 2018).

2.19 In the table below we outline assurance activities undertaken specific to each of the measures reviewed by Ofwat; further discussion on the assessment is given in section 3.4 in particular.

	Area	Key submission	Assurer(s)	Publication Date
1	Financial monitoring framework	Annual Performance Review	KPMG	July 2018
2	Charges engagement	Publication of Charges Schemes	Atkins, Frontier	January 2018
3	Outcomes	Annual Performance Review	Atkins	July 2018
4	Water resources management plan and market information	Draft Water Resources Management Plan	Atkins	March 2018
5	Long-term Viability Statement	Annual Performance Review	KPMG	July 2018
6	Financial Flows	Annual Performance Review	KPMG	July 2018
7	Risk & compliance statement	Annual Performance Review	KPMG	July 2018
8	Assurance plan	Assurance Plan	-	April 2018
9	Cost assessment	Company Business Plan	Atkins	
10	Casework*		NA	NA
11	PR19 Initial assessment of business plans – data consistency	Company Business Plan	Atkins, KPMG	September 2018
12	PR19 Initial assessment of business plans – data quality	Company Business Plan	Atkins, KPMG	September 2018
13	Wider assurance and information	DWI EA Natural England	No explicit third party assurance	Ongoing

Third Party Assurers

2.20 Our Third party assurers have been chosen given their knowledge of the regulatory framework of the Water Industry.

- Atkins have been the reporter since 2013 and in April 2019 we will retender for this appointment.
- KPMG became the company's financial auditor in 2017 as a result of a thorough review process.
- Frontier Economics have provided external third party assurance on our Charges during this AMP period.

Feedback from stakeholders

3.1 This section provides details of our engagement thus far with key stakeholders this year on our Risks, Strengths and Weaknesses report.

3.2 We primarily engage with our stakeholders via our Customer Challenge Group (CCG). The Portsmouth Water CCG was established in 2012 and the group comprises regulators, customer representatives, local government elected members and key stakeholders. We invited all members of the CCG to respond to our Risks, Strengths and Weaknesses consultation, we additionally published the consultation on our website open to the wider public.

3.3 We received a response from one stakeholder, the West Sussex County Council.

3.4 In addition to the Risks, Strengths and Weaknesses consultation, on 31 January 2019 Ofwat published its assessment of the 2018 Company Monitoring Framework. Companies are assessed by Ofwat into one of categories as follows:-

- Self-assurance – a company uses its own discretion to provide assurance beyond the common assurance requirements
- Targeted assurance – a company loses discretion on some areas of assurance beyond the common assurance requirements; and
- Prescribed assurance – a company loses discretion on many areas of assurance beyond the common assurance requirements.

In January 2019 we were assessed as “Targeted.” The categorisation has remained the same since 2015. The table shows the classification of the 13 assessment areas made in the year by Ofwat.

	Area	Assessment
1	Financial monitoring framework	Meets expectations
2	Charges engagement	Meets expectations
3	Outcomes	Meets expectations
4	Water resources management plan and market information	Minor concerns
5	Long-term Viability Statement	Meets expectations
6	Financial Flows	Meets expectations
7	Risk & compliance statement	Meets expectations
8	Assurance plan	Minor concerns
9	Cost assessment	Meets expectations
10	Casework*	Not applicable
11	PR19 Initial assessment of business plans – data Consistency	Meets expectations
12	PR19 Initial assessment of business plans – data quality	Meets expectations
13	Wider assurance and information	Meets expectations

*We are not assessed on case work activities, as we have no case work issues with customers for Ofwat to adjudicate upon.

3.5 The Company met most of Ofwat's expectations on assurance practices as shown above, but Ofwat noted some shortcomings relating to the 'Water resources management plan (WRMP) and market information' document and our 'Assurance Plan'.

3.6 Regarding the 'Water resources management plan (WRMP) and market information', this is the first time that it has been included within the company monitoring framework. The primary concern from Ofwat is the lack of evidence of Board Assurance presented in the Draft WRMP document (March 2018). There is now a 'Board Assurance Statement' section in our Draft Final WRMP (September 2018) which we will publish in 2019 when we receive approval from Defra. Ofwat also has some concerns surrounding the description of 'zonal constraints' and, the values presented in some of the market information tables. We will take the appropriate steps to resolve these issues for the publication of our Final WRMP, and market information.

3.7 Ofwat also raised minor concerns over aspects of the Assurance plan. Most of the concerns relate to the presentation of information and a request to expand some sections of this document. Furthermore, there was a concern that the scope of the audit report did not fully include financial reporting. For our Draft Assurance Plan this year, 2018/19, we have developed the report to cover the concerns raised by Ofwat.

Risks, Strengths and Weaknesses Consultation

3.8 We received one response to our Risks, Strengths and Weaknesses Consultation, from the West Sussex County Council. Our response to questions posed by West Sussex County Council is shown below, with our observations in **red**.

Q1 Do you have any comments on our overall approach to this Risk Assessment?

***We received a detailed response from the Corporate Risk Manager at West Sussex County Council. The concerns primarily relate to the technical calculation of the probability metric and presentation of the results. We have addressed these points in our response to the West Sussex County Council.**

Q2 Do you agree with our assessment of the “Risks, Strengths and Weaknesses” summarised in this Statement?

‘This refers to the summary in section 3.9. The risk of being reliant on key individuals to compile data applies to any size organisation and is a risk that can be addressed through the use of robust systems. It is reassuring that this is identified as a strength, through the use of the new ERP system.’

Thank you for your comment, we continue to improve our resilience as our ERP system is now well established within the organisation, furthermore we continue to utilise the additional data we are collecting from the system.

‘Please state what the SIM is (the acronym is not understood) and expand on the external data assurance activity. Will these risks and weaknesses be fully addressed in next plan?’

We will change the wording of the document to include a definition of the Service Incentive Mechanism (SIM)

‘Section 3.6 refers to publishing the Annual Assurance Plan in January 2019, while section 4.4 suggests it will be published in March 2019. Some consistency would be helpful.’

Thank you for drawing attention to this error, we will ensure consistency between dates in the next Risks, Strengths and Weaknesses document.

Q3 Which particular performance measure is of greatest importance to you?

‘Given the focus in our Corporate Plan on supporting vulnerable residents, and on enabling residents to reduce energy consumption and spend, performance measures around this will continue to be of importance to us. These include WB1: Leakage, RB1: Per Capita Consumption and O2: optional meters installed.’

With our continued corporate focus on adapting to a changing climate, the following performance measures are important to us: WA5: Temporary usage bans, O7: Greenhouse Gas Emissions and WD3: carbon commitment to renewables.

Specifically, on WB1: Leakage: During any single year we deal with a number of water supply leakages from the water supply companies within West Sussex. If the leak is on the private section of the pipe the water companies are often unable to help as it is deemed a ‘private service’ and therefore someone else’s problem. Therefore the leak often goes unresolved and water continues to be lost from the system, at cost.’

Thank you for sharing your important measures, many of these metrics are core to our resilience and service to our customers and we continue to treat them with the utmost importance.

Regarding your statement to WB1: Leakage, we note that Portsmouth Water offers a free, non-emergency, repair service for straightforward leaks on domestic supply pipes subject to certain conditions. Further information is available from the following link: <https://www.portsmouthwater.co.uk/wp-content/uploads/2015/02/repairing-leaks-to-your-supply-pipe.pdf>

Q4 Is there any data not included in this assessment which you do rely upon and would like us to consider including in our reporting?

'The complexity of water supplies across the region is sometimes confusing for our residents of West Sussex, many of whom receive water and wastewater services from different companies. The ability to be able to easily compare datasets is helpful. Therefore ensuring data is supplied in a consistent and comparable format is important.'

Thank you for your comment. We would like to draw your attention to an industry platform that allows customers to compare the performance of their local water company against that of the industry for many key metrics: <https://discoverwater.co.uk/>

Being able to break data down by Local Authority area (for example, Chichester District Council) would be helpful.

We appreciate that this information could be useful for councils and interesting for some customers, however, for many of our performance measures we are considered to operate as a single zone and do not report or necessarily collect data at a sub-regional level.

Targeted Audit Plan

4.1 Our Audit Plan, which will be the subject of a third document in April 2019 will develop a Targeted Audit Plan.

4.2 We have prioritised areas for our Targeted Audit Plan based on feedback from Ofwat, the 'Risks, Strengths and Weaknesses' Consultation and from the results of various audits throughout the year. The table below outlines the areas we intend to target with the justification and proposed actions;

Item(s)	Category	Justification	Actions
<p>Common performance commitments:</p> <ol style="list-style-type: none"> 1. Compliance Risk Index 2. Leakage 3. Supply interruptions 4. Mains bursts 5. Unplanned outage 6. Per capita consumption (PCC) 7. Risk of severe restrictions in a drought 	Non-financial	<p>Common performance commitment as outlined by Ofwat subject to methodology review</p> <p>&</p> <p>Atkins 2017-18 Annual Performance Report audit</p>	<ul style="list-style-type: none"> • Review the Company Methodology Statement for appropriateness and completeness • Compare with the convergence project methodology for this measure. • Confirm the accuracy of the figure to be reported. • Confirm the magnitude of the change in as a result of the new methodology. • A full review by our technical auditor as part of the Annual Performance Report process.
Water resources management plan and market information'	Non-financial	Raised as minor issue by Ofwat in the Company Monitoring Framework	<ul style="list-style-type: none"> • Re-publish the tables when Final Water Resource Management Plan is published. • Ensure alignment between tables by conducting internal audit. • Expand zonal constraints section of the tables to include greater detail.
Risks, Strengths and Weaknesses 2019 publication	Non-financial	Suggestions provided by the West Sussex County Council as part of the Risks, Strengths and Weaknesses 2018 consultation	<p>To act upon the advice suggested by the West Sussex County Council, where appropriate. This includes:</p> <ul style="list-style-type: none"> • Expand clarifying the risk calculation methodology • Improving the results presentation • Internal audit of the risk calculations
Primary regulatory financial reporting statements, segmental reporting tables & related notes and Condition F	Financial	Regulatory requirement	<p>Audit planning meeting to cover change in systems, risks and audit approach. Review KPMG APR planning document and obtain approval from the Audit committee on planned approach. Review form of agreed Ofwat reporting.</p>
Other financial reporting tables, 1F, Section 4 tables & Financial Funds Flow table	Financial	Audit Committee requirement based on assurance need	<p>Audit planning meeting to cover change in systems, risks and audit approach. Review proposed agreed upon procedures and obtain approval from the Audit committee on planned approach.</p>

Next Steps

It is important that we get stakeholder views as we move towards the finalisation of the Assurance Plan. We would therefore welcome comments. In the meantime, we continue to engage with key stakeholders during this consultation phase and are available to meet to discuss any aspect of this consultation.

We are not restricting consultation to those key stakeholders identified and welcome responses from customers and any other stakeholders.

We welcome your responses to this consultation by close of business on 23 March 2019 and we repeat the questions below.

We will have regard to comments received and intend publishing our Final Assurance Plan in early April 2019.

Q1 Do you have any comments on the content or layout of this Draft Assurance Plan?

Q2 Are the processes outlined in this consultation document sufficient to provide you with appropriate assurance that reported data is accurate and reliable?

Q3 Is there any further information that you feel could be provided that would help build stakeholder and customer confidence and trust in the company?

Q4 Any other comments

Appendix 1 - Outcome of Risk Assessment

In November 2018 the Company published the outcome of its risk assessment of the data it places in the public domain. This was the subject of the Risk Strengths and Weaknesses consultation.

The grid below shows the ranking we have determined for each of our 25 data items. The degree of audit / assurance we would expect to provide is guided by this assessment. Thus the degree of assurance we expect to provide for say leakage is that might greater than for meter optants.

Our results from our consultation supported our assessment of risk and our Audit Plan, the subject of a third document, will be produced accordingly.

PR14 - Impact and Probability Risk Matrix

Impact Score	4	MZC Developer Survey WQ contacts SIM	Leakage		
	3	TUB Bursts Interruptions Written complaints WaterSure Abstraction Compliance Meter optants Social Tariff	GSS LOS - New development	Per Capita Consumption	
	2	WFD Pumping Head Biodiversity Carbon RoSPA AIM	Communication pipes Greenhouses gases Meters renewed		
	1				
		1	2	3	4
		Probability Score			

Appendix 2 - Sources of Assurance

We have four levels of review. Our high level performance measures are reviewed at our monthly Board meeting, which the Non-Executive Directors attend, with other performance measures reviewed at the Monthly Management Board Meeting. Internally there is a weekly Operations meeting where certain KPIs are also reviewed.

All of our performance measures are subject to external review. This includes audits undertaken by our technical Reporter. We report performance measures to several bodies including CCWater, Drinking Water Inspectorate, Environment Agency, Health and Safety Executive, Natural England, Ofwat and Water UK.

We also report these to our Customer Challenge Group every six months with updates on specific issues such as leakage as required.

Further, we include data requested by stakeholders in the past. This includes abstraction compliance, levels of service to developers, green-house gases and a number of customer service metrics.

In light of the recent Ofwat data collection exercise we will also report against pumping head as well.

Ref	Performance Measure	Board	Management Board	Other review	External review
RA1	Service Incentive Mechanism	Monthly review	Monthly review		Reported to CCWater on quarterly basis. Audited by Atkins at the end of reporting year. Reported in Annual Performance Report (APR).
RC1	Developer Survey	Yearly review	Yearly review		Reported in APR.
RB1	Per capita consumption	Yearly review	Yearly review		Reported to CCWater. Audited by Atkins at the end of the reporting year. Reported in APR and in the Annual Return to the Environment Agency.
WA1	Number of bursts	Monthly review	Monthly review	Reported at weekly Operations meeting	Audited by Atkins at the end of reporting year. Reported in APR.
WA3	Mean Zonal Compliance	Monthly review	Monthly review	Reported at weekly Operations meeting	Reported in Chief Inspectors Annual Report. Reported in APR.
WA4	Number of water quality contacts	Monthly review	Monthly review	Reported at weekly Operations meeting	Reported in Chief Inspectors Annual Report. Reported in APR.
WA5	Temporary usage bans				Reported in APR and in the Annual Return to the Environment Agency.
WB1	Leakage	Monthly review	Monthly review	Reported at weekly Operations meeting	Reported to CCWater on a 6 monthly basis. Audited by Atkins at the end of the reporting year. Reported in APR and Annual Return to the Environment Agency.

Ref	Performance Measure	Board	Management Board	Other review	External review
WC1	Interruptions to supply	Monthly review	Monthly review	Reported at weekly Operations meeting	Reported quarterly to CCWater. Audited by Atkins at the end of the reporting year. Reported in APR.
WD1	Biodiversity	Yearly review	Six monthly		Reported in APR. Progress discussed with CCG and Natural England every six months
WD2	Water Framework Directive	Yearly review	Six monthly		Reported in APR. Progress discussed with CCG and Natural England every six months
WD3	Carbon commitment to renewables	Yearly review	Electricity consumption reviewed.		Audited by Atkins at the end of the reporting year. Reported in APR.
WG1	RoSPA	Accidents reported monthly	Accidents reported monthly		Reported to the Health and Safety Executive. Reported in APR.
O1	Abstraction Incentive Mechanism	Yearly review			Reported in APR.
O2	Optional meters installed	Monthly review	Monthly review	Reported at weekly Operations meeting	Reported annually to the Environment Agency. Audited by Atkins at the end of the reporting year.
O3	Abstraction - compliance with licence conditions	Yearly review		Reported at weekly Operations meeting	Reported annually to the Environment Agency.
O4	Guaranteed Standards of Service	Monthly review	Monthly review	Reported at weekly Operations meeting	Audited by Atkins at the end of the reporting year.
O5	Watersure	Yearly review	Monthly review	Reported at weekly Operations meeting	Reported quarterly to CCWater. Audited by Atkins at the end of the reporting year.
O6	Social tariff	Yearly review	Monthly review	Reported at weekly Operations meeting	Reported quarterly to CCWater. Audited by Atkins at the end of the reporting year.
O7	New development – levels of service	Yearly review	Monthly review		Reported quarterly to Water UK. Audited by Atkins at the end of the reporting year.
O8	Green House Gas Emissions	Yearly review	Yearly review		Audited by Atkins at the end of the reporting year.
O9	Written Complaints by class and cause	Monthly review	Monthly review	Reported at weekly Operations meeting	Reported to CCWater on a quarterly basis. Audited by Atkins at the end of the reporting year. Will be reported in APR
O10	Communication pipes	Yearly review	Yearly review		Audited by Atkins at the end of the reporting year.
O11	Meters renewed	Yearly review	Yearly review		Audited by Atkins at the end of the reporting year.
O12	Pumping Head	Yearly review	Yearly review		Audited by Atkins at the end of the reporting year.