Appendix
YKY61_PR24 Assurance

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YorkshireWater

Navigating this document

This Appendices document is separate to and supports the main business plan document.

Links outside of this report

Read more links
This icon can be clicked on to link to any further documents or resources outside of this report

Read more about this at **https://www.yorkshirewater.com/media/1lbd4puc/regulatory-reporting-assurance-plan.pdf**

Business plan links
This icon can be clicked on to go to the main Yorkshire Water Business Plan document where more information can be found.

More detail on this subject can be found in **Chapter 10: Board Assurance**
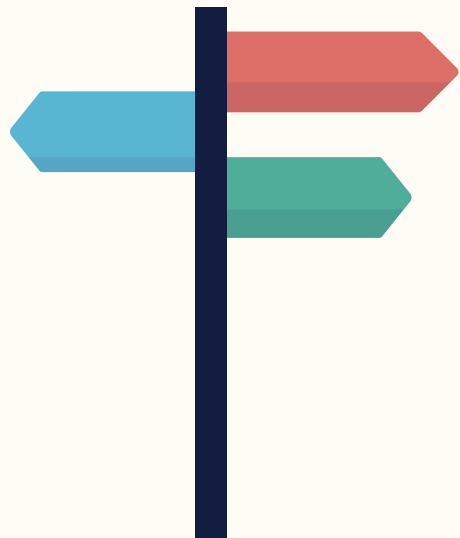
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1. Introduction

It is important to us at Yorkshire Water (YW) that the information we publish can be trusted.

Assurance is the process of ensuring the work we do, and the information we provide, is correct and trustworthy. We use it to identify any potential errors, make improvements and monitor the ways we work. It's important to us that our customers can trust the quality of the information we publish. Assurance supports the provision of accurate and complete information that meets the needs of the methodology.

Assurance on the PR24 plan has utilised the well embedded annual reporting assurance processes. It is risk-based and follows the three levels of assurance approach.

2. Risk-based

When we talk about risk, we talk about the possibility of something happening and what it means if it does happen.
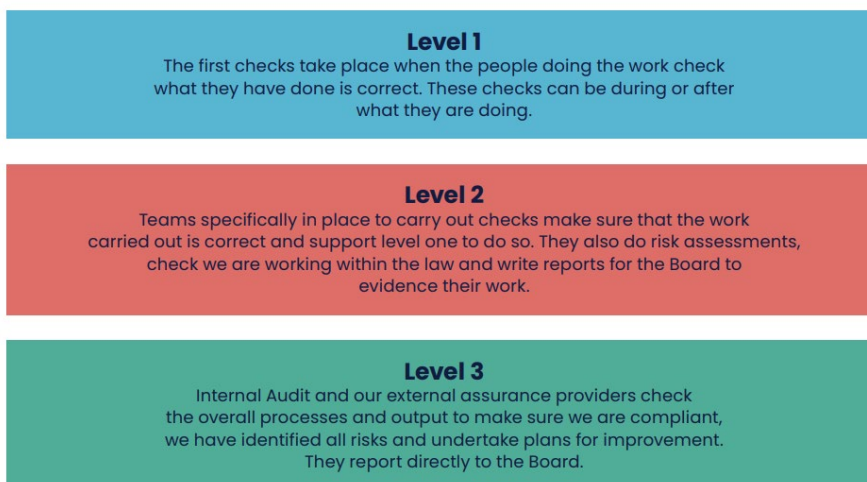
We complete a risk assessment and define the level of assurance that will be carried out over the data. During the first stage of our risk assessment, we considered all the components of the plan to consider where the greatest opportunity for error could occur. We revisit the risk assessment throughout the delivery of the programme. Risk is fluid and at any time something could change which can impact the level of risk in any area. This process makes sure that the assurance we plan is adequate, timely and appropriate. It helps is create a risk-based assurance plan.

A 'risk-based assurance plan' is a plan that adds more assurance and attention to higher risk activities. Although we complete a risk assessment, we complete assurance over all data and activities to make sure the information we provide is accurate. The risk assessment process helps us highlight areas where we will complete additional focussed assurance.

3. Three levels of assurance

We use a way of working called the three levels of assurance. We call this our methodology. It's a process for checking activities and information. We apply this across all work. This methodology gives us consistency in our assurance as some of our activities happen across several areas and our data can be from several sources.

By putting our assurance activities into three levels, we make sure that we apply the right amount of assurance, at the right time. Below is a simplified overview of our three levels of assurance, more information can be found in our published assurance plan for regulatory reporting: https://www.yorkshirewater.com/media/1lbd4puc/regulatory-reporting-assurance-plan.pdf

Level 1
The first checks take place when the people doing the work check what they have done is correct. These checks can be during or after what they are doing.

Level 2
Teams specifically in place to carry out checks make sure that the work carried out is correct and support level one to do so. They also do risk assessments, check we are working within the law and write reports for the Board to evidence their work.

Level 3
Internal Audit and our external assurance providers check the overall processes and output to make sure we are compliant, we have identified all risks and undertake plans for improvement. They report directly to the Board.

The diagram below explains in more detail the roles that each of our three levels take when carrying out data assurance within the PR24 plan.

Level 1

Data providers and data managers
Data providers are assigned to each piece of data and are responsible making sure it's accurate. Our data providers record the process followed to gather, analyse and report their data. They then make sure it matches the regulations and guidelines and produce the data. Each piece of data also has a data manager and they monitor the Level 1 process. This gives them accountability for the data produced. They check that the process is compliant, it has been followed and the resulting data is accurate.

Level 2

Senior management review
A senior manager will review and approve the information they are provided. They will check it against set criteria. They challenge where they believe the information is not consistent to make sure information is not misleading.

Oversight teams
Our Regulatory Reporting, Assurance and Compliance Team review the overall process and provide challenge where needed. They review the processes used to collect the data, making sure they are compliant and have been followed correctly. Sometimes one piece of data is reliant on another being correct. They identify these dependencies in data and make sure that the data aligns.

Level 3

Independent audit
The information within our reports is subject to an audit from our external auditors when the risk assessment identifies that this level of assurance is required. They check the information and the process to gather this information. They check we have met all relevant regulations. They make sure that the explanations that accompany the data are reflective of our performance.

Audit and Risk Committee
As the Committee approve our overall assurance process, they provide assurance that the process has been carried out in line with their expectations. They carefully review the management controls that are in place throughout the process. They discuss each level of assurance, review the external assurance findings and, when satisfied, report to the Board that the assurance process has been followed.
This helps the Board in the approval of the information.

The Board
The Board is accountable for the quality of our information and have a responsibility to make sure it meets your needs. The Board owns and approves the publication. Final approval is given by the Board after all assurance steps have been carried out.

4. PR24 assurance plan

The table on the next page provides detail on the completed assurance against various components of the PR24 plan.

4.1   Table detailing assurance completed within the PR24 plan

Area	Completed Assurance
Long-Term Delivery Strategy and Statutory Submissions	**Level 1:** • A subject matter expert (SME) has been given responsibility for the publication of the long-term delivery strategy (LTDS) and has liaised with colleagues across the business to factor the various statutory requirements into the plan. • PA Consulting supported the delivery of this and to provide an independent challenge over the link from YW's strategy to the submission whilst working with the SME to complete the activities required. **Level 2:** • Oversight that the statement meets Ofwat's requirements has been provided by the Regulatory Compliance and Assurance team, senior management and the PR24 Steering Group. • The Commercial Finance and Regulatory Finance teams have maintained oversight of the completeness and accuracy of the inputs and the alignment of the outputs with the long-term affordability and financial sustainability models. **Level 3:** • Atkins assured Water Industry National Environment Programme (WINEP). • Atkins assured the Drinking Water Inspectorate (DWI) submissions covering: Drinking Water Quality; Security and Emergency Measures Directive (SEMD); and Network and Information Systems (NIS) Regulations. • Turner & Townsend (T&T) assured the draft Water Resource Management Plan (WRMP). • Atkins assured the Drainage and wastewater management plan (DWMP). • KPMG reviewed the LTDS.
Affordability	**Level 1:** • A named individual has been given responsibility for leading billing and affordability elements of the PR24 plan, liaising with colleagues across the business to ensure customers and affordability are considered in the plan. **Level 2:** • The Commercial Finance and Regulatory Finance teams have maintained oversight of the completeness and accuracy of the inputs and the alignment of the outputs with the long-term affordability and financial sustainability models. • Oversight has been provided by senior leadership through a series of workshops and deep dive sessions as well as the PR24 Steering Group **Level 3:** • KPMG reviewed affordability and vulnerability. • KPMG reviewed efficiency and performance commitment levels.

Area	Completed Assurance
Costs and outcomes	**Level 1:** • Strategic investment team has an individual looking at overall trajectories and aligning with investment plans. • All performance commitments have an identified lead. • Experienced costing engineers within the asset management team build the costs for the required solutions. • Regulatory economists have provided understanding of econometric models, utilising expertise from Oxera for support. • SMEs have been identified across the business and have responsibility for developing the enhancement business cases, supported by Baringa. • SMEs in programme and project management, supply chain management and commercial assurance have reviewed our expenditure proposals and developed a delivery model supported by a workforce plan and procurement approach to ensure plans can be delivered. • An experienced procurement team and a named individual have developed the list of schemes, supported by other colleagues across the business. **Level 2:** • The ambition and funding of the performance commitments, the efficiency of the plan and the deliverability of the plan has been challenged by senior leadership across the business in a series of workshops and deep dive sessions. • The Commercial Assurance team has reviewed the proposals in line with Ofwat's expectations. • The Regulatory Compliance and Assurance teams has reviewed the information supporting the Board Statement. • The Commercial Finance and Regulatory Finance teams have maintained oversight of the completeness and accuracy of the inputs and the robustness of the outputs. • Regulatory economists reviewed an element of the enhancement case. • Oversight has been provided by PR24 Steering Group. **Level 3:** • T&T completed assurance on asset modelling and over the data tables covering performance commitments. • KPMG assessed the business modelling approach, the interventions to achieve the targets and improvements to service. • Stantec completed an independent deliverability review. • Arup were engaged to carry out assurance of Yorkshire Water's initial view of opportunities for Direct Procurement for Customers (DPC).
Risk & Return	**Level 1:** • Experienced accountants complete the financeability assessments in line with well embedded methodology and in line with Ofwat requirements. **Level 2:** • The Commercial Finance and Regulatory Finance teams have assured the methodology and reviewed its output against the key financial sustainability indicators. • Oversight has been provided by senior leadership and the PR24 Steering Group. **Level 3:** • KPMG has reviewed YW's approach to assessing financeability.

Area	Completed Assurance
Customer Engagement	**Level 1:** • YW has an experienced insights team, which has led on PR24 customer engagement. • Independent agencies, which abide by Market Research Society code of conduct and have ISO quality accreditations, e.g. ISO27001, for procedures that govern the research process and the quality of outputs provided have been used. • All interviews and data, and almost all analysis, is provided by external agencies who are experts in market research. **Level 2:** • Approach, methodologies and findings of research have been shared internally with the Customer Task and Finish group, providing an opportunity for business stakeholders to challenge research plans. • Oversight has been provided by the PR24 Steering Group. **Level 3:** • Vast majority of our research specifically for PR24 has been shared with our independent challenge group, the Yorkshire Forum for Water Customers for challenge, input, feedback and improvements.
Data Tables (Turner & Townsend)	**Level 1:** • An SME provides the information requested within the data tables in line with regulatory guidance and the PR24 Final Methodology. **Level 2:** • Oversight that the information provided meets the regulatory requirements and is as would be expected has been provided by senior managers. • Quality assurance checks for consistency, alignment of information between regulatory submissions and between data tables has been completed by the Regulatory Compliance and Assurance team. **Level 3:** • T&T provided external assurance over the following data tables: OUT1; OUT2; OUT3; OUT4; OUT5; CW4; CW5; CW6; CW7; CW8; CW15; CW16; CW18; CW19; CW20; CW21; CWW4; CWW5; CWW6; CWW7a; CWW7b; CWW7c; CWW8; CWW15; CWW18; CWW20; CWW21; CWW22; RES1; BIO1; BIO3a; BIO3b; BIO4; BIO5; DS1e; DS2e; DS3; DS4; DS5; DS6; SUP1A; SUP1B; SUP14; SUP15. • T&T completed risk and sample based data table audits focused on: the consistency of the data in the business plan tables with key datasets; teams' understanding of data table line definition(s) and the alignment of their data with the definitions; understanding teams' forecasting rationale and assumptions. T&T also sought to understand whether internal checks and controls, including in relation to checking consistency with other tables/submissions, had been applied and the progress with approvals/sign off. • KPMG provided external assurance over the following data tables: BIO2, BIO3a, BIO3b, BIO6, CW1, CW1a, CW2, CW3, CW9, CW10, CW11, CW12, CW13, CWW1, CWW1a, CWW2, CWW3, CWW9, CWW10, CWW11, CWW12, CWW13, CWW17, CWW19, LS1, LS2, LS3, LS3a, LS4, LS5, LS6, LS7, OUT7, PD1, PD4, PD5, PD6, PD8, PD9, PD10, PD11, PD12, RET1, RET1a, RET2, RR1, RR2, RR3, RR4, RR5, RR6, RR7, RR9, RR10, RR11, RR12, RR13, RR14, RR15, RR16, RR17, RR18, RR19, RR20, RR23, RR24, RR25, RR26, RR27, RR27a, RR28, RR29, RR30, SUM4, SUP11 and SUP12. • KPMG completed deep dive reviews on long term delivery strategy, affordability, financeability and real price effects.
PR19 Reconciliation Models	**Level 1:** • An SME provides the information requested within the reconciliation models in line with appropriate regulatory guidance. **Level 2:** • Oversight that the model has been completed in line with guidance and provides the output as would be expected has been provided by senior managers. • Quality assurance checks and reviews completed by the Regulatory Compliance and Assurance team. **Level 3:** • KPMG provided external assurance over the reconciliation models.