

29/05/2019

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[REDACTED]

Draft audit guidelines – public water utilities 2019

[REDACTED],

Thank you for the opportunity to make a submission on the Draft audit guidelines – public water utilities 2019. Atom Consulting has a team of experienced auditors and has led a number of public water utility audits. We have tabulated our comments on the draft audit guidelines in below.

Guideline heading or page	Comment
Stakeholder consultation	For WaterNSW it would have been helpful to have clarity on whether the auditor can contact WaterNSW customers directly to determine if obligations are being met (especially the councils 'Supplied' with water). Commentary on this could be included in the final paragraph of Stakeholder consultation.
Overlap with other audits	The scope of the management system, or the certification audit conducted, may not align with the licence requirement. A certified system may not meet the licence obligation (e.g. WaterNSW's AMS audit last year). Consider if this section include advice that where there is a certificated management system, the focus of the auditor should be to confirm that the management system and the certification audit demonstrate compliance with the licence obligation and advice for when this is found not to be the case.
Application of auditing standards	The guidelines state "However, records of audits must be securely and confidentially maintained for a reasonable period (and no less than seven years), given the sensitivity of the material." In a previous audit a PWU was very concerned about the download and storage of documents. This sets up a conflict between the IPART requirements and the utility requirements. We can keep our audit notes for 7 years but these are supported by annotations on the information provided by the utility. This issue needs to be resolved between IPART and the utility.

Guideline heading or page	Comment
<p>Step 2: Appointment of the auditor</p> <p>If an auditor has previously provided services to a PWU, the audit proposal must include a table summarising the history of paid work between the parties and a conflict of interest assessment and declaration. (p15)</p>	<p>Does this apply to the individual team members (e.g. an auditor that makes up a team) or the organisation that the auditor belongs to?</p> <p>Larger consultancies undertake a range of services to the PWU that the individual auditor may have no involvement in. Would the audit proposal have to list all the work undertaken by the consultancy or just the proposed auditor? Large organisations may not have a single point of truth from which to source this information.</p> <p>This requirement would be better included in the Conflict of Interest section (p7) as, in the current section, there is a risk that auditors do not note the requirement.</p>
Step 4: Audit Interviews	<p>We would suggest this section is explicit about which organisation is responsible for collating the evidence requests from the auditor during the audit interview. Traditionally this has been undertaken by the PWU. We experienced an audit with a new regulatory team at the PWU where this was not clear at the outset of the audit interviews. The auditors can develop this list but a resource would need to be included in the audit proposal to do this.</p> <p>We would also suggest this section is states the PWU should be able demonstrate the implementation of their systems including the appropriate personnel, computers and large-scale display equipment.</p> <p>We would also suggest including that the auditor may request a brief (5-15 minute) presentation from the utility about its understanding of the clause.</p>
P16, The running of interview streams in parallel	It would inform the RFQ process if IPART could establish with the PWU whether the auditor can, in principle run, separate interviews in parallel as this affects the length of the site interviews and pricing.
P17 "Both IPART staff and the auditor should be present at all interviews."	Consider rephrasing this to "Both IPART staff and relevant members of the audit team should be present at all interviews."
P17 "Before the field verification site visit(s), the auditor should schedule a short session during the interviews to:"	Should this be the PWU rather than the auditor? I can see how the auditor may explain how they see the site visit would link to the licence but I would expect the PWU would introduce and familiarise the participants with the site(s).
PWUs and auditors should avoid multiple streams for site visits as far as possible.	We have found multiple site visit streams provide a strong evidence base for assessing compliance and have the potential to provide value to the audit process and the utility by allowing the auditors to focus on sites that align with their expertise. We agree the number of sites visited in a single day should be limited.
Statements of fact	The guidelines introduce the requirement for "statements of fact" as to be documented in the evidence sighted section of the detailed audit findings. Further clarity should be provided as to what IPART is seeking by including this requirement and whether this information needs to be documented under the evidenced sighted or in the discussion and notes.

Kind Regards,


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