



# Building trust and confidence in our reporting

**Data Assurance Summary  
2018/19**

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# 1. About this document



We are committed to providing accurate and transparent information. It is critical to us that you, our customers and other stakeholders, have trust and confidence in the information we publish.

Our economic regulator, Ofwat, has set out in their Company Monitoring Framework (“CMF”)<sup>1</sup> their requirements for how we will demonstrate to you that you can have trust and confidence in the information we publish.

In the 2017/18 CMF assessment, published in January 2019, Ofwat promoted us from the “prescribed” category to the “targeted” category<sup>2</sup>. This upgrade was a reflection of the structured and increased levels of assurance we have been undertaking to rebuild trust and confidence.

We determine and report on our levels of information assurance, and how we meet Ofwat’s CMF requirements, by publishing the following three documents each year:

- Statement of risks, strengths and weaknesses;
- Assurance plans; and
- Data assurance summary.

In addition, in support of our 5-year business plan submission to Ofwat in September 2018, we published two specific documents<sup>3</sup> on:

- Our 2020-25 business plan – reporting risk and assurance; and
- Our 2020-25 business plan – assurance summary.

For the 5-year business plan resubmission to Ofwat in April 2019, we used the same assurance framework implemented in September and reported on this within our resubmission documents as prescribed by Ofwat.

Further information on our assurance approach, incorporating our upgraded CMF category, is included in section 2.

## Statement of risks, strengths and weaknesses (“Statement”)

The Statement assesses all our external regulatory reporting and highlights areas of reporting risk that have an impact on our customers and stakeholders. The aim of the statement is to build on knowledge from the previous year, evaluate reporting risks, focus on ways to improve and underpin development of our assurance plans.

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<sup>1</sup> <https://www.ofwat.gov.uk/regulated-companies/company-obligations/information-and-assurance/>

<sup>2</sup> <https://www.ofwat.gov.uk/wp-content/uploads/2019/01/Individual-company-report-TMS.pdf>

<sup>3</sup> [www.thameswater.co.uk/annualresults](http://www.thameswater.co.uk/annualresults)

Furthermore, we have ongoing engagement with our customers, both directly and through our Customer Challenge Group<sup>4</sup> (“CCG”) which has informed us about:

- what matters most to you;
- where we need to improve; and
- where there are concerns over the information we publish.

This information is used to develop our annual Statement in which we detail areas of risk, strength and weakness around our reporting. The Statement also includes our Draft Assurance Plans, which summarise the assurance activities that we propose undertaking on each of the identified areas of risk.

We used this insight to develop our Final Assurance Plans for the information we publish.

We published our Statement for 2018/19 on our website in November 2018 ([www.thameswater.co.uk/annualresults](http://www.thameswater.co.uk/annualresults)).

### Assurance plans

Our Assurance Plans are developed to focus on the areas that matter most to you by using the insight outlined in our Statement. Furthermore, customers were invited to comment on our Draft Assurance Plans, included in our Statement, which we use to inform our Final Assurance Plans.

The purpose of our Assurance Plan is to provide evidence to our customers and stakeholders that we have processes and procedures in place to minimise the risk of inaccurate or unreliable external reporting; and to address any targeted risks identified in our statement.

We published our Final Assurance Plans for 2018/19 in March 2019 ([www.thameswater.co.uk/annualresults](http://www.thameswater.co.uk/annualresults)).

### Data assurance summary (this document)

The Data Assurance Summary contains a summary of the assurance activities undertaken in respect of all our publications/submissions relating to the 2018/19 reporting year, as well as those targeted risk areas, and outcomes of those activities.

This Data Assurance Summary was published in June 2019, following completion of the assurance activities for 2018/19.

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<sup>4</sup> <https://corporate.thameswater.co.uk/About-us/Customer-Challenge-Group>



## 2. Our assurance approach

### What is assurance?

Assurance consists of all the checks and balances used to ensure our submissions are reliable, accurate, complete and on time.

### Why is assurance important?

Assurance activities are undertaken to ensure the information we publish is reliable, accurate, complete and timely. This is why we consider it to be a key element in building trust and giving customers and other stakeholders confidence in the information that we publish and provide.

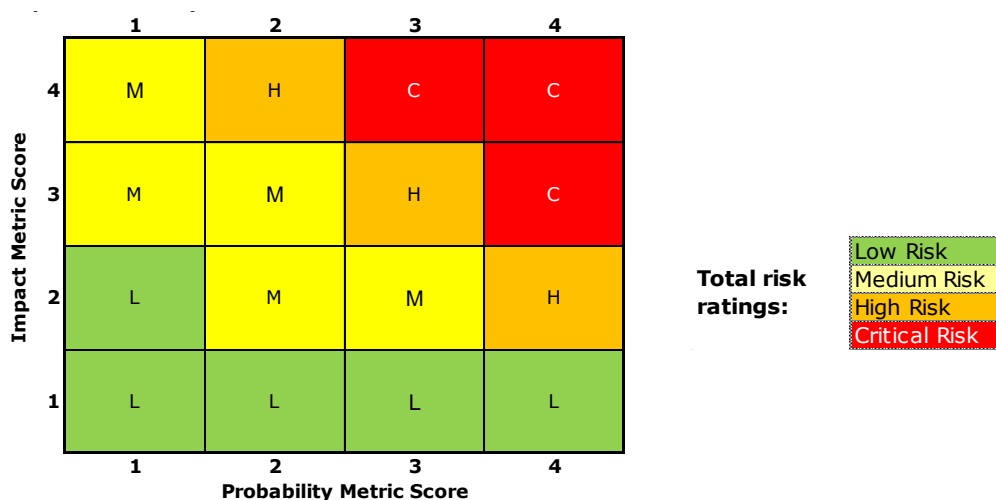
It also enables Ofwat to effectively carry out its role as our regulator. To achieve this we report on our performance and explain to customers what is being delivered in return for the revenue that we are allowed to earn from our customer bills. It is imperative that we take full responsibility for the integrity of the data we collect, analyse, publish and submit.

Ofwat provide guidance on their assurance expectations/requirements for certain submissions and rely on us making our own judgement for others. To guide our assurance approach we have designed our assurance plans to align with Ofwat expectations and the strategic direction of our Board for high quality submissions.

### Risk assessment

Each publication/submission that we produce and share externally is subject to risk assessment. The risk assessment considers aspects such as customer impact, financial impact, complexity and historical errors. The level of assurance undertaken is guided by the results of this risk assessment. Higher risk submissions will have more checks and balances to ensure they are reliable, accurate, complete and timely.

**Figure 2.1:** Thames Water external information risk assessment matrix



Source: Thames Water

## Our assurance framework

Our approach to assurance (below) includes three lines of defence<sup>5</sup> which provide continuous and reliable assurance on the information we report and allows us to effectively manage reporting risks.

**Figure 2.2:** Thames Water (external reporting) assurance framework



Source: Adapted from the Chartered Institute of Internal Auditors Position Paper: The three lines of defence in effective risk management and control and Thames Water Annual Report and Annual Performance Report 2018/19

<sup>5</sup> The “three lines of defence” is a best practice model used to ensure clarity of roles and responsibilities in effective enterprise risk management

## Assurance processes

Our assurance checks and balances achieve three principal objectives:

1. ensure data (information) accuracy, reliability and completeness;
2. ensure that our checks and balances have been undertaken properly; and
3. challenge and evaluate our information against guidance, industry best practice, as well as for transparency and accessibility.

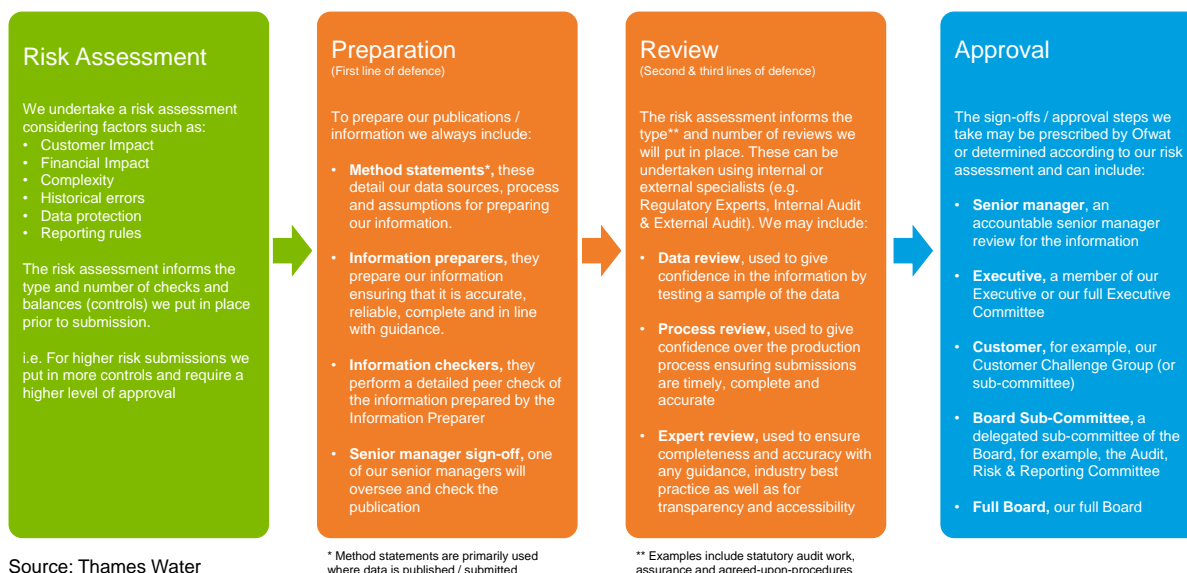
In the context of the CMF, Ofwat look for evidence that we are meeting the high standards of assurance that customers and stakeholders expect. Their assessment of our 2017/18 reporting in January 2019 recognised that we acted on their feedback and made significant improvements from the previous year. We exceeded expectations in two areas (financial flows and charges engagement), had two areas with minor concerns (annual risk & compliance statement and long-term viability statement) and met expectations in the remaining six areas. Actions are underway to ensure we remain in the 'targeted' category with the aim of becoming promoted further and achieving 'self-assured' status.

We remain committed to the continuous improvement of our external publications to ensure customers and other stakeholders have trust and confidence in the information we publish.

To explain our approach we represent our three lines of defence as the checks and balances taken to prepare, review and approve information before submission/publication.

Our risk and assurance process is summarised below:

**Figure 2.3:** Thames Water external reporting risk and assurance process



### 3. Our assurance activities

The following pages summarise the assurance activities we have undertaken on both publications and submissions reported in our Final Assurance Plans. In the next section, we have summarised the outcomes of these activities and highlighted the areas where we may make changes in our controls and processes for 2019/20.

The table below provides an overview of the core assurance activities over our 2018/19 publications and submissions and where to find further details on the associated assurance activities and outcomes in this document.

The ✓'s in the table show the areas we considered as having the greatest underlying risks and therefore where we put the most checks and balances in place.

**Table 3.1:** Thames Water regulatory submissions and core assurance activities

Submission / publication		Core assurance activities						Where to find further detail in this document
		Method statements	Information preparation, check and sign-off	Internal data or process review	Internal expert or peer review	Customer and stakeholder	External independent assurance	
1	Interim financial statements	✓	✓		✓	✓	✓	Page 10
2	Annual financial statements	✓	✓		✓	✓	✓	Page 12
3	Annual Performance Report sections 1 & 2	✓	✓		✓	✓	✓	Page 14
4	Annual Performance Report sections 3 & 4	✓	✓	✓	✓	✓	✓	Page 16
5	Sufficiency of resources certificate		✓		✓	✓	✓	Page 19
6	Risk & compliance statement		✓		✓	✓	✓	Page 21
7	Cost assessment tables	✓	✓	✓	✓		✓	Page 23
8	Statement of risks, strengths & weaknesses		✓		✓	✓		Page 25
9	Assurance plans (Final)		✓		✓	✓		Page 27



Submission / publication		Core assurance activities						Where to find further detail in this document
		Method statements	Information preparation, check and sign-off	Internal data or process review	Internal expert or peer review	Customer and stakeholder	External independent assurance	
10	Data assurance summary		✓		✓	✓		Page 28
11	Accounting methodology statement		✓		✓		✓	Page 29
12	Debt prospectus	✓	✓	✓	✓		✓	Page 31
13	2020-25 Business Plan (re-submission)	✓	✓	✓	✓	✓	✓	Page 33
14	Bioresources market information	✓	✓	✓	✓	✓	✓	Page 35
15	Water resources market information	✓	✓	✓	✓	✓	Internal <sup>(6)</sup>	Page 37
16	Shadow reporting	✓	✓	✓	✓		✓	Page 39
17	Water resources management plan	✓	✓	✓	✓	✓	✓	Page 41
18	Charges scheme	✓	✓	✓	✓	✓	Internal <sup>(6)</sup>	Page 43
19	Freeze thaw incident management plan	✓	✓	✓	✓	✓	✓	Page 45
20	Leakage reporting (section 19 undertaking)	✓	✓	✓	✓	✓	✓	Page 47

Source: Thames Water

<sup>6</sup> We have obtain Internal Independent Assurance and not External Independent Assurance

## 4. Our assurance activities and outcomes

The following tables set out our assurance activities to reduce or eliminate reporting risks identified earlier and the outcomes of those activities. An explanation of what the core assurance activities contain is included in Appendix 1.







● Delivered
 ● Improvements recommended
 ● Unresolved reporting risk identified
 ○ Substitution made

**Table 4.1:** Risk, assurance and outcomes table – Interim financial statements

### 1) Interim financial statements

Risk category	Core assurance activities												
	First line of defence				Second line of defence <sup>7</sup>				Third line of defence			Approval	
	Submission plans	Method statements	Check on quality of information	Senior manager review	Data review	Process review	Expert review	Oversight functions/peer review	Customer and stakeholder involvement	Internal independent assurance	External independent assurance	Executive approval	Board approval
Customer led				✓					✓			✓	✓
Accessibility	✓								✓				
Timeliness	✓								✓			✓	✓
Accuracy		✓	✓	✓				✓			✓		
Reliability		✓	✓	✓				✓			✓		
Completeness	✓	✓	✓	✓				✓			✓		
Transparency				✓				✓	✓		✓	✓	✓
Website publication accessibility	✓								✓				
Timely communication of errors	✓			✓									
Automated calculations		✓	✓	✓				✓			✓		
Consistency of information				✓				✓			✓	✓	✓

<sup>7</sup> For our interim financial statements, the operation of the second line of defence is limited to oversight functions/peer review in light of the comprehensive external assurance and audit work undertaken

Core assurance activities	What we said we would do (Final Assurance Plan 2018/19)	Progress	What we did (outcomes)
Check on quality of information	Benchmarking against interim financial statements published by other companies both in the water industry and other industries will be undertaken to ensure our reporting is best in class. Technical guidance will be sought to ensure information is complete, reliable and accurate		We have been embedding information integrity declarations from information preparers, information checkers and senior managers. These declarations include positive confirmation of compliance with guidance and accuracy of data.
Internal review	Internal reviews will be performed to determine whether information included in the interim financial statements is consistent, accurate and complete		Central finance teams completed quality reviews of information to ensure accuracy, completeness and consistency of information.
Oversight functions	There will be a number of peer reviews that will consider whether minimum disclosure requirements are being met and where disclosure improvements can be made		Technical accounting specialists reviewed disclosure requirements supporting improvements in transparency.
Customer and stakeholder involvement	We will continue to use feedback from our customers and stakeholders ensuring that we are reporting on areas that are important to our customers in a clear and transparent way		We regularly report to and attend CCG with results and observations about our reporting. We have received and addressed comments from Ofwat on our reporting.
External assurance	Our external auditor, PWC, will perform interim review procedures over our interim financial statements and provide a review opinion		PwC identified findings and observations which we addressed. Overall, their testing supported accurate and reliable statements and consistency with Ofwat requirements.
Approval	Our Executive Team, Audit, Risk & Reporting Committee ("ARRC") and our Board will review and approve the interim financial statements prior to publication, acknowledging feedback from the external assurance process		We obtained approval from our Executive, ARRC and Board for our interim financial statements.







Source: Thames Water

**Table 4.2:** Risk, assurance and outcomes table – Annual financial statements

## 2) Annual financial statements

Risk category	Core assurance activities												
	First line of defence				Second line of defence <sup>8</sup>				Third line of defence			Approval	
	Submission plans	Method statements	Check on quality of information	Senior manager review	Data review	Process review	Expert review	Oversight functions/peer review	Customer and stakeholder involvement	Internal independent assurance	External independent assurance	Executive approval	Board approval
Customer led				✓					✓			✓	✓
Accessibility	✓								✓				
Timeliness	✓								✓			✓	✓
Accuracy		✓	✓	✓				✓			✓		
Reliability		✓	✓	✓				✓			✓		
Completeness	✓	✓	✓	✓				✓			✓		
Transparency				✓				✓	✓		✓	✓	✓
Website publication accessibility	✓								✓				
Timely communication of errors	✓			✓									
Automated calculations		✓	✓	✓				✓			✓		
Consistency of information				✓				✓			✓	✓	✓

<sup>8</sup> For our annual financial statements, the operation of the second line of defence is limited to oversight functions/peer review in light of the comprehensive external assurance and audit work undertaken

Core assurance activities	What we said we would do (Final Assurance Plan 2018/19)	Progress	What we did (outcomes)
Check on quality of information	Benchmarking against interim financial statements published by other companies both in the water industry and other industries will be undertaken to ensure our reporting is best in class. Technical guidance will be sought to ensure information is complete, reliable and accurate e.g. FRC thematic reviews		We have been embedding information integrity declarations from information preparers, information checkers and senior managers. These declarations include positive confirmation of compliance with guidance and accuracy of data.
Internal review	Internal reviews will be performed to determine whether information included in the interim financial statements is consistent, accurate and complete		Central finance teams completed quality reviews of information to ensure accuracy, completeness and consistency of information.
Oversight functions	There will be a number of peer reviews that will consider whether minimum disclosure requirements are being met and where disclosure improvements can be made		Technical accounting specialists reviewed disclosure requirements supporting improvements in transparency.
Customer and stakeholder involvement	We will continue to use feedback from our customers and stakeholders ensuring that we are reporting on areas that are important to our customers in a clear and transparent way		We regularly report to and attend CCG with results and observations about our reporting. We have received and addressed comments from Ofwat on our reporting.
External assurance	Our external auditor, PwC, will perform an audit over our annual financial statements and provide an audit opinion		PwC identified findings and observations which we addressed. Overall, their testing supported accurate and reliable statements and consistency with Ofwat requirements.
Approval	Our Executive Team, Audit, Risk & Reporting Committee ("ARRC") and our Board will review and approve the annual financial statements prior to publication, acknowledging feedback from the external audit process.		We obtained approval from our Executive, ARRC and Board for our annual financial statements.

Source: Thames Water



**Table 4.3:** Risk, assurance and outcomes table – Annual performance report – Sections 1 and 2

### 3) Annual Performance Report – Sections 1 and 2

Risk category	Core assurance activities												
	First line of defence				Second line of defence				Third line of defence			Approval	
	Submission plans	Method statements	Check on quality of information	Senior manager review	Data review	Process review	Expert review	Oversight functions/peer review	Customer and stakeholder involvement	Internal independent assurance	External independent assurance	Executive approval	Board approval
Customer led				✓					✓			✓	✓
Accessibility	✓								✓				
Timeliness	✓								✓			✓	✓
Accuracy		✓	✓	✓				✓			✓		
Reliability		✓	✓	✓				✓			✓		
Completeness	✓	✓	✓	✓				✓			✓		
Transparency				✓				✓	✓		✓	✓	✓
Cost allocation risk		✓	✓	✓				✓			✓		
Website publication accessibility	✓								✓				
Timely communication of errors	✓			✓									
Automated calculations		✓	✓	✓				✓			✓		
Consistency of information								✓			✓	✓	✓
Clarity of financial flows commentary			✓	✓				✓			✓	✓	✓
Clarity of major incident reporting			✓	✓				✓	✓		✓	✓	✓






Core assurance activities	What we said we would do (Final Assurance Plan 2018/19)	Progress	What we did (outcomes)
Check on quality of information	Benchmarking of sections 1 and 2 of the APR against other water and waste companies will be completed to ensure that the data we publish is accurate, reliable and complete. Ofwat queries on sections 1 and 2 will be considered and where appropriate the outcome of the queries embedded in the APR.	●	We have been embedded information integrity declarations from information preparers, information checkers and senior managers. These declarations include positive confirmation of compliance with guidance and accuracy of data as well as inclusion/response to Ofwat queries.
Method statements	Method statements will be prepared by responsible business owners which summarise how the regulatory numbers have been determined and how they satisfy Ofwat requirements. Where judgements have been made, they will be clearly documented. These will be reviewed by a minimum of two reviewers: a manager and a senior accountable manager or director	●	Standard template method statements are being embedded and strengthened to ensure consistency and documentation of how regulatory numbers are prepared for reporting. These form a fundamental part of the integrity declaration form sign-off process. We are continually reviewing and improving our method statements and applying lessons learnt and experience across different reporting areas.
Internal review	Internal reviews will be performed to determine whether numbers have been prepared in line with Ofwat guidance. Each line item will be reviewed by a minimum of two reviewers: a manager and a senior accountable manager or director	●	Finance teams completed quality reviews of information to ensure accuracy, completeness and consistency of information. This works in combination with our checks on quality of information embedded in our information integrity declaration process.
Oversight functions	Peer reviews will be performed to ensure numbers presented are in line with expectations. These will be performed by operational teams, group finance, operational finance teams and the strategy and regulation team	●	Technical accounting specialists reviewed disclosure requirements supporting improvements in transparency.
External assurance	Our external auditor, PwC, will perform an audit over sections 1 and 2 of our Annual Performance Report, in line with Ofwat guidance	●	PwC identified findings and observations which we addressed. Overall, their testing supported accurate and reliable statements and consistency with Ofwat requirements.
Approval	Our Executive Team, Audit, Risk & Reporting Committee ("ARRC") and our Board will review and approve the Annual Performance Report prior to publication	●	We obtained approval from our Executive, ARRC and Board for our Annual Performance Report.

Source: Thames Water


**Table 4.4:** Risk, assurance and outcomes table – Annual Performance Report – Sections 3 and 4

## 4) Annual Performance Report – Sections 3 and 4

Risk category	Core assurance activities												
	First line of defence				Second line of defence				Third line of defence			Approval	
	Submission plans	Method statements	Check on quality of information	Senior manager review	Data review	Process review	Expert review	Oversight functions/peer review	Customer and stakeholder involvement	Internal independent assurance	External independent assurance	Executive approval	Board approval
Customer led				✓					✓			✓	✓
Accessibility	✓								✓				
Timeliness	✓								✓			✓	✓
Accuracy		✓	✓	✓	✓	✓		✓			✓		
Reliability		✓	✓	✓	✓	✓		✓			✓		
Completeness	✓	✓	✓	✓	✓	✓		✓			✓		
Transparency				✓				✓	✓		✓	✓	✓
Cost allocation risk		✓	✓	✓				✓			✓		
Forecasting risks		✓	✓	✓	✓			✓	✓		✓	✓	✓
Website publication accessibility	✓								✓				
Timely communication of errors	✓												
Automated calculations		✓	✓	✓				✓			✓		
Consistency of information								✓			✓	✓	✓
Clarity of major incident reporting			✓	✓				✓	✓		✓	✓	✓

Core assurance activities	What we said we would do (Final Assurance Plan 2018/19)	Progress	What we did (outcomes)
Check on quality of information	Benchmarking of sections 3 and 4 of the APR against other water and waste companies will be completed to ensure that the data we publish is accurate, reliable and complete. Ofwat queries on sections 3 and 4 will be considered and where appropriate the outcome of the queries embedded in the APR		We have been embedded information integrity declarations from information preparers, information checkers and senior managers. These declarations include positive confirmation of compliance with guidance and accuracy of data as well as inclusion/response to Ofwat queries.
Method statements	Method statements will be prepared by responsible business owners which summarise how the regulatory numbers have been determined and how they satisfy Ofwat requirements. They cover data sources, calculations, and any judgements made ensuring the process can be followed, replicated and independently reviewed		Standard template method statements are embedded and strengthened to ensure consistency and documentation of how regulatory numbers are prepared for reporting. External assurance identified improvement areas on some method statements to clearly record judgements and rationales behind methodology options. We continue to make ongoing improvements to ensure consistency and clarity of our reporting.
Internal review	Internal reviews will be performed to determine whether numbers have been prepared in line with Ofwat guidance and whether commentary is transparent, focussing on the areas that customers are interested in and provide sufficient narrative around performance. Each line item will be reviewed by a minimum of two reviewers: a manager and a senior accountable manager or director		Regulatory assurance and reporting teams completed quality reviews of information to ensure accuracy, completeness and consistency of information. This works in combination with our checks on quality of information embedded in our information integrity declaration process. Due to the technical nature of section 3 & 4 of the annual performance report, technical specialists supported on narrative around performance.
Oversight functions	Peer reviews will be performed to ensure numbers presented and associated commentaries are in line with expectations. These will be performed by operational teams, group finance, operational finance teams and the strategy and regulation team		Regulatory assurance and non-financial reporting specialists reviewed numbers and associated commentaries to ensure accuracy and transparency.
External assurance	Our external auditor, PwC, will provide a ISAE 3000 opinion over section 3 and perform agreed upon procedures over section 4 of our Annual Performance report		PwC completed limited assurance procedures over section 3 in line with ISAE 3000. We addressed their findings and observations enabling them to give an opinion that our reporting was compliant with Ofwat requirements and contained no material errors or omissions. External assurance procedures over section 4 followed ISRS 4400 on agreed upon procedures. We addressed the

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			findings and observations from PwC, enabling us to satisfy ourselves that we were compliant with Ofwat requirements and were providing accurate and reliable information.
Approval	Our Executive Team, Audit, Risk & Reporting Committee ("ARRC") and our Board will review and the 2018/19 Annual Report and Annual Performance Report prior to publication, acknowledging the feedback from the external assurance process		We obtained approval from our Executive, ARRC and Board for our Annual Performance Report.

Source: Thames Water



**Table 4.5:** Risk, assurance and outcomes table – Sufficiency of resources certificate

### 5) Sufficiency of resources certificate\*

Risk category	Core assurance activities												
	First line of defence				Second line of defence				Third line of defence			Approval	
	Submission plans	Method statements	Check on quality of information	Senior manager review	Data review	Process review	Expert review	Oversight functions/peer review	Customer and stakeholder involvement	Internal independent assurance	External independent assurance	Executive approval	Board approval
Customer led				✓					✓			✓	✓
Accessibility	✓								✓				
Timeliness	✓								✓			✓	✓
Accuracy			✓	✓				✓		✓	✓	✓	✓
Reliability			✓	✓				✓		✓	✓	✓	✓
Completeness	✓		✓	✓				✓		✓	✓	✓	✓
Transparency				✓				✓	✓		✓	✓	✓
Website publication accessibility	✓								✓				
Consistency of information				✓				✓		✓	✓	✓	✓

\*In January 2019 the water licence of the company was updated and the conditions as presented previously in condition F are now effectively covered by condition P. Therefore, the assurances in the Sufficiency of Resources certificate given by our Directors have a slightly different form in this year's AR/APR.

Core assurance activities	What we said we would do (Final Assurance Plan 2018/19)	Progress	What we did (outcomes)
Internal review	Internal reviews will be performed to review the statements made in the Sufficiency of resources certificate and consider accuracy, reliability, completeness, transparency and consistency	●	We have been embedded information integrity declarations from information preparers, information checkers and senior managers. These declarations include positive confirmation of compliance with guidance and accuracy of data as well as inclusion/response to Ofwat queries.
Internal independent assurance	Our internal audit and assurance team will consider evidence obtained to support each of the statements made in the Sufficiency of resources certificate	●	Ove the course of the year, quarterly assessments of the 2017/18 F6A certificate were collated by the internal audit and external reporting assurance teams with findings presented to ARRC and Board for consideration.
External assurance	Our external auditor, PwC, will perform assurance procedures over our Sufficiency of resources certificate, in line with the Section 19 undertakings, following Ofwat's investigation into our leakage performance. Their review will include consideration of the appropriateness of policies and the output of their work will be in the form of a 'review and recommend' report	●	PwC completed a 'review and recommend' report identifying aspects to improve transparency in the certificate declarations, if the factors considered were fair representatives of obligations under our Instrument of Appointment and Regulatory Accounting Guidance. All findings and observations were fully considered and informed the final composition of the Sufficiency of Resources certificate. In addition, as part of their Statutory and Regulatory Auditor role they noted in their report that their work did not identify any non-compliance or inaccuracy in the Sufficiency of Resources Certificate.
Approval	Our Executive Team, Audit, Risk & Reporting Committee ("ARRC") and our Board will review and approve the Sufficiency of resources certificate to be included in our 2018/19 Annual Report and Annual Performance Report, having regard to feedback from the external assurance process. In June 2018, our ARRC committed to revisiting compliance with condition P on a quarterly basis. The quarterly reviews began in September 2018 and will continue to take place quarterly going forward	●	The Executive Team, ARRC and Board reviewed the process for developing the Sufficiency of Resources certificate, providing feedback and guidance on content and final form. In addition, the areas for inclusion in the certificate were mapped against the Thames Water Principal Risk which facilitated wider considered than just the outcomes from the quarterly reviews.

Source: Thames Water

**Table 4.6:** Risk, assurance and outcomes table – Risk and compliance statement

## 6) Risk and compliance statement

Risk category	Core assurance activities												
	First line of defence				Second line of defence				Third line of defence			Approval	
	Submission plans	Method statements	Check on quality of information	Senior manager review	Data review	Process review	Expert review	Oversight functions/peer review	Customer and stakeholder involvement	Internal independent assurance	External independent assurance	Executive approval	Board approval
Customer led				✓					✓			✓	✓
Accessibility	✓								✓		✓		
Timeliness	✓								✓			✓	✓
Accuracy			✓	✓				✓			✓	✓	✓
Reliability			✓	✓				✓			✓	✓	✓
Completeness	✓		✓	✓				✓			✓	✓	✓
Transparency				✓				✓	✓		✓	✓	✓
Website publication accessibility	✓								✓				
Consistency of information								✓			✓	✓	✓
Core assurance activities		What we said we would do (Final Assurance Plan 2018/19)					Progress		What we did (outcomes)				
Check on quality of information		Our Risk and Compliance Statement will be benchmarked against the industry to ensure the information presented is accurate, reliable and complete. Feedback from the 2017/2018 CMF assessment will be reviewed and incorporated into the information published					●		We compared and contrasted our statement against those of other water companies, recognising the structural and content differences and taking these into account. Furthermore, we fully considered the feedback from Ofwat particularly where they commented that our presentation of our leakage position could be clearer. In re-				

			sponse, we have reviewed how we present material limitations to our compliance and performance and mitigations actions.
Internal review	Internal reviews will be performed to validate the individual statements include within the Risk and Compliance Statement	●	The Risk and Compliance statement was consulted on with internal specialists before upwards review through management to validate the statements and content.
Oversight functions	Additional reviews will be undertaken to ensure information included within the Risk and Compliance Statement is consistent with the rest of the Annual Report and Annual Performance Report and other published documents (e.g. 2020-25 Business Plan)	●	Complimentary to the internal reviews, the Risk and Compliance statement was reviewed alongside the rest of the Annual Report and Annual Performance Report for consistency and completeness.
External assurance	Our external auditor, PwC, will review our Risk and Compliance Statement as part of their overall review of our 2018/19 Annual Report and Annual Performance Report	●	PwC completed their review. Findings and observations were fully considered and supported the development of the final structure and content of the Risk & Compliance Certificate.
Approval	Our Audit, Risk & Reporting Committee ("ARRC") and our Board will review and approve the Risk and Compliance Statement to be included in our 2018/19 Annual Report and Annual Performance Report	●	The Risk and Compliance Statement was reviewed and recommended by ARRC and approved for inclusion in the 2018/19 Annual Report and Annual Performance Report by the Board.

Source: Thames Water

**Table 4.7:** Risk, assurance and outcomes table – Cost assessment tables

7) Cost assessment tables													
Risk category	Core assurance activities												
	First line of defence				Second line of defence				Third line of defence			Approval	
	Submission plans	Method statements	Check on quality of information	Senior manager review	Data review	Process review	Expert review	Oversight functions/peer review	Customer and stakeholder involvement	Internal independent assurance	External independent assurance	Executive approval	Board approval
Customer led				✓								✓	✓
Accessibility	✓												
Timeliness	✓											✓	✓
Accuracy		✓	✓	✓	✓	✓		✓			✓		
Reliability		✓	✓	✓	✓	✓		✓			✓		
Completeness	✓	✓	✓	✓	✓	✓		✓			✓		
Transparency				✓				✓			✓	✓	✓
Cost allocation risk		✓	✓	✓				✓			✓		
Website publication accessibility	✓												
Timely communication of errors	✓												
Automated calculations		✓	✓	✓				✓			✓		
Consistency of information								✓			✓	✓	✓
Core assurance activities		What we said we would do (Final Assurance Plan 2018/19)					Progress		What we did (outcomes)				
Check on quality of information		Ofwat queries on the costs assessment will be considered and where appropriate the outcome of the query embedded in the data and information published					●		We have embedded information integrity declarations from information preparers, information checkers and senior managers. These declarations include positive confirmation of compliance with guidance and accuracy of				



			data as well as inclusion/response to Ofwat queries. Specifically, Ofwat challenged us to included more supporting commentary against our tables. Rather than simply increasing the volume of text we have thought carefully if our commentary is providing useful insight which may not result in more, but hopefully more valuable, commentary.
Method statements	Method statements will be prepared by responsible business owners which summarise how the regulatory numbers have been determined and how they satisfy Ofwat requirements. Where judgements have been made, they will be clearly documented	●	Standard template method statements are embedded and strengthened to ensure consistency and documentation of how regulatory numbers are prepared for reporting.
Internal review	Internal reviews will be performed to determine whether numbers have been prepared in line with Ofwat guidance and whether commentary is transparent, focussing on the areas that customers are interested in and provide sufficient narrative around performance	●	Regulatory assurance and reporting teams completed quality reviews of information to ensure accuracy, completeness and consistency of information.
Oversight functions	Peer reviews will be performed to ensure numbers presented and associated commentaries are consistent and in line with expectations	●	Central finance and regulatory assurance teams reviewed numbers and associated commentaries to ensure accuracy and consistency.
External assurance	Our external auditor, PwC, will perform assurance procedures the higher risk cost assessment lines	●	PwC followed ISRS 4400 on agreed upon procedures. We addressed the findings and observations from PwC, enabling us to satisfy ourselves that we were compliant with Ofwat requirements and were providing accurate and reliable information.
Approval	Our Executive Team, Audit, Risk & Reporting Committee ("ARRC") and our Board will review and the 2018/19 Annual Report and Annual Performance Report (which includes Cost Assessment Tables) prior to publication, acknowledging the feedback from the external assurance process	●	We obtained approval from our Executive, ARRC and Board for our Annual Performance Report and associated submissions.




Source: Thames Water

**Table 4.8:** Risk, assurance and outcomes table – Statement of risks, strengths and weaknesses

## 8) Statement of risks, strengths and weaknesses

Risk category	Core assurance activities												
	First line of defence				Second line of defence				Third line of defence			Approval	
	Submission plans	Method statements	Check on quality of information	Senior manager review	Data review	Process review	Expert review	Oversight functions/peer review	Customer and stakeholder involvement	Internal independent assurance	External independent assurance	Executive approval	Board approval
Customer led				✓					✓			✓	✓
Accessibility	✓								✓				
Timeliness	✓								✓			✓	✓
Accuracy			✓	✓				✓					
Reliability			✓	✓				✓					
Completeness	✓		✓	✓				✓					
Transparency				✓				✓	✓			✓	✓
Website publication accessibility	✓								✓				
Consistency of information								✓				✓	✓
Core assurance activities		What we said we would do (Final Assurance Plan 2018/19)					Progress		What we did (outcomes)				
Check on quality of information		Benchmarking against other companies in the industry will be undertaken					●		We have been embedded information integrity declarations from information preparers, information checkers and senior managers. These declarations include positive confirmation of compliance with guidance. Furthermore, we are continuing to review what other water companies produce to help the continual improvement of our statement.				
Internal review		Internal reviews will be performed to determine whether guidance has been followed and if numbers are accurate, reliable and complete					●		Internal regulatory experts reviewed the structure and content of the Statement (including consideration of the Data Assurance Summary from 2017/18), as well as guidance and accuracy of information.				

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Oversight functions	Peer reviews will be undertaken to promote continuous improvement, and have regard to transparency of information		Completion of the information integrity declarations and internal review provided confidence in the submission, resulting in a limited amount of involvement from oversight functions.
Customer and stakeholder engagement	This was not specifically mentioned in our Final Assurance Plans.		We shared our draft statement of risks, strengths and weaknesses with our Customer Challenge Group. Their comments and observations were addressed prior to finalisation and publication.
Approval	Our Audit, Risk & Reporting Committee ("ARRC") and our Board will review and approve the Statement of Risks, Strengths & Weaknesses and Draft Assurance Plans		We obtained approval from our Executive and ARRC.

Source: Thames Water

**Table 4.9:** Risk, assurance and outcomes table – Assurance plans (final)

9) Assurance plans (final)													
Risk category	Core assurance activities												
	First line of defence				Second line of defence				Third line of defence			Approval	
	Submission plans	Method statements	Check on quality of information	Senior manager review	Data review	Process review	Expert review	Oversight functions/peer review	Customer and stakeholder involvement	Internal independent assurance	External independent assurance	Executive approval	Board approval
Customer led				✓					✓			✓	✓
Accessibility	✓								✓				
Timeliness	✓								✓			✓	✓
Accuracy			✓	✓				✓					
Reliability			✓	✓				✓					
Completeness	✓		✓	✓				✓					
Transparency				✓				✓	✓			✓	✓
Website publication accessibility	✓								✓				
Consistency of information								✓				✓	✓
Core assurance activities		What we said we would do (Final Assurance Plan 2018/19)				Progress		What we did (outcomes)					
Check on quality of information		Benchmarking against other companies in the industry will be undertaken				●		We have been embedded information integrity declarations from information preparers, information checkers and senior managers. These declarations include positive confirmation of compliance with guidance.					
Internal review		Internal reviews will be performed to determine whether guidance has been followed and if numbers are accurate, reliable and complete				●		Internal regulatory experts reviewed the structure and content of the Statement (including consideration of the Statement of risks, strengths and weaknesses (in regulatory reporting) for 2018/19.					
Approval		This was not specifically mentioned in our Final Assurance Plans.				●		We obtained approval from our Executive and ARRC.					

Source: Thames Water

**Table 4.10:** Risk, assurance and outcomes table – Data assurance summary

10) Data assurance summary													
Risk category	Core assurance activities												
	First line of defence				Second line of defence				Third line of defence			Approval	
	Submission plans	Method statements	Check on quality of information	Senior manager review	Data review	Process review	Expert review	Oversight functions/peer review	Customer and stakeholder involvement	Internal independent assurance	External independent assurance	Executive approval	Board approval
Customer led				✓					✓			✓	✓
Accessibility	✓								✓				
Timeliness	✓								✓			✓	✓
Accuracy			✓	✓				✓					
Reliability			✓	✓				✓					
Completeness	✓		✓	✓				✓					
Transparency				✓				✓	✓			✓	✓
Website publication accessibility	✓								✓				
Consistency of information								✓				✓	✓
Core assurance activities		What we said we would do (Final Assurance Plan 2018/19)				Progress		What we did (outcomes)					
Check on quality of information		Benchmarking against other companies in the industry will be undertaken				●		We have been embedded information integrity declarations from information preparers, information checkers and senior managers. These declarations include positive confirmation of compliance with guidance.					
Internal review		Internal reviews will be performed to determine whether guidance has been followed and if numbers are accurate, reliable and complete				●		Internal regulatory experts reviewed the structure and content of the Statement (including consideration of the Final Assurance Plans for 2018/19).					
Approval		This was not specifically mentioned in our Final Assurance Plans.				●		We obtained approval from our Executive and ARRC.					

Source: Thames Water



**Table 4.11:** Risk, assurance and outcomes table – Accounting methodology statement

## 11) Accounting methodology statement


Risk category	Core assurance activities												
	First line of defence				Second line of defence				Third line of defence			Approval	
	Submission plans	Method statements	Check on quality of information	Senior manager review	Data review	Process review	Expert review	Oversight functions/peer review	Customer and stakeholder involvement	Internal independent assurance	External independent assurance	Executive approval	Board approval
Customer led				✓								✓	✓
Accessibility	✓												
Timeliness	✓											✓	✓
Accuracy			✓	✓				✓			✓		
Reliability			✓	✓				✓			✓		
Completeness	✓		✓	✓				✓			✓		
Transparency				✓				✓			✓	✓	✓
Cost allocation risk			✓	✓				✓			✓		
Website publication accessibility	✓												
Timely communication of errors	✓												
Automated calculations			✓	✓				✓			✓		
Consistency of information								✓			✓	✓	✓
Core assurance activities		What we said we would do (Final Assurance Plan 2018/19)					Progress		What we did (outcomes)				
Check on quality of information		Benchmarking against other companies in the industry will be undertaken using the feedback from Ofwat in the company monitoring framework as a guide. This will identify any omitted information in our accounting methodology statement					●		We have been embedding information integrity declarations from information preparers, information checkers and senior managers. These declarations include positive confirmation of compliance with guidance and accuracy of data.				

	and ensure the information we are publishing is in line with the remainder of the industry		In addition, we benchmarked against other companies and have developed our own Accounting Methodology Statement to improve it. Ofwat's review of our 2017/18 Accounting Methodology Statement was positive.
Internal review	Internal reviews will be performed to determine whether Ofwat guidance has been followed and consider appropriateness of judgements, where applicable. Each section will be reviewed by a minimum of two reviewers: a manager and a senior accountable manager or director	●	Central finance teams completed quality reviews of information to ensure accuracy, completeness and consistency of information.
Oversight functions	Peer reviews will consider consistency of information, transparency and adherence to Ofwat guidelines	●	Technical accounting specialists reviewed disclosure requirements supporting improvements in transparency.
External assurance	Our external auditor, PwC, will review our Accounting Methodology Statement to ensure that the information included is not inconsistent with other information included within our 2018/19 Annual Report and Annual Performance Report	●	PwC identified findings and observations which we addressed. Overall, their testing concluded that there no information which was not inconsistent within our 2018/19 Annual Report and Annual Performance Report.

Source: Thames Water

**Table 4.12:** Risk, assurance and outcomes table – Debt prospectus

12) Debt prospectus													
Risk category	Core assurance activities												
	First line of defence				Second line of defence				Third line of defence			Approval	
	Submission plans	Method statements	Check on quality of information	Senior manager review	Data review	Process review	Expert review	Oversight functions/peer review	Customer and stakeholder involvement	Internal independent assurance	External independent assurance	Executive approval	Board approval
Customer led				✓								✓	✓
Accessibility	✓												
Timeliness	✓											✓	✓
Accuracy		✓	✓	✓	✓	✓		✓			✓		
Reliability		✓	✓	✓	✓	✓		✓			✓		
Completeness	✓	✓	✓	✓	✓	✓		✓			✓		
Transparency				✓				✓			✓	✓	✓
Consistency of information								✓			✓	✓	✓
Core assurance activities		What we said we would do (Final Assurance Plan 2018/19)					Progress		What we did (outcomes)				
Internal review		Internal reviews will be performed to consider completeness and accuracy and ensure consistency of information					●		Internal reviews were completed within our Treasury Team during the preparation of the Debt Prospectus to ensure completeness, accuracy and consistency.				
Oversight functions		Peer reviews will be performed to ensure consistency of information					●		The Debt Prospectus was reviewed by our Operational, Finance and Strategy & Regulation Teams to ensure consistency of information and to review data accuracy.				
External assurance		Our external auditor, PwC, will perform assurance procedures over our debt prospectus, ensuring that information incorporated in the debt prospectus is consistent with other information previously published, e.g. latest financial results. Addi-					●		PwC completed their review without evidence of non-compliance or inconsistency being identified.				

	tionally, they will gain an understanding of performance between that latest published information and a later 'cut-off' date, closer to the publication of the prospectus		
Approval	Our Executive Team and Board will review and approve the debt prospectus prior to publication		The debt prospectus was approved by our Executive Team and a panel of the Board made up of the Chairman, CFO, Non-Exec and Independent Directors.

Source: Thames Water

**Table 4.13:** Risk, assurance and outcomes table – 2020-25 Business Plan (re-submission)

### 13) 2020-25 Business Plan (re-submission)

Risk category	Core assurance activities												
	First line of defence				Second line of defence				Third line of defence			Approval	
	Submission plans	Method statements	Check on quality of information	Senior manager review	Data review	Process review	Expert review	Oversight functions/peer review	Customer and stakeholder involvement	Internal independent assurance	External independent assurance	Executive approval	Board approval
Customer led	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Accessibility	✓								✓				
Timeliness	✓								✓			✓	✓
Accuracy		✓	✓	✓	✓	✓		✓		✓	✓		
Reliability		✓	✓	✓	✓	✓		✓		✓	✓		
Completeness	✓	✓	✓	✓	✓	✓		✓		✓	✓		
Transparency				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Cost allocation risk		✓	✓	✓				✓		✓	✓		
Website publication accessibility	✓								✓				
Forecasting accuracy risk		✓	✓	✓				✓		✓	✓	✓	✓
Automated calculations		✓	✓	✓				✓		✓	✓		
Consistency of information								✓		✓	✓	✓	✓
Clarity of major incident reporting			✓	✓				✓		✓	✓	✓	✓
Core assurance activities		What we said we would do (Final Assurance Plan 2018/19)					Progress		What we did (outcomes)				
Method statements		Method statements have been prepared by responsible business owners which summarise how the regulatory numbers					●		Standard template method statements were embedded and strengthened to ensure consistency and documentation of how regulatory numbers are prepared for reporting.				

	have been determined and how they satisfy Ofwat requirements. Where judgements have been made, they are clearly documented		
Internal review	Internal reviews will be performed following the 2020-2025 assurance framework which consists of information checkers, senior accountable manager review followed by Executive and Board approval	●	Our external reporting assurance team reviewed the preparation processes as evidence through the information integrity declarations processes.
Oversight functions	Specialist departments across Thames Water review and challenge both the accuracy and technical content to ensure our 2020-2025 business plan continues to be customer led, high quality and ambitious	●	Numerous specialists were involved in reviewing and challenging content within the 2020-25 Business Plan. This included areas such as customer and stakeholder engagement experts, operations and asset management expertise, finance and support functions.
Customer and stakeholder involvement	Our business plan has been informed by significant customer and stakeholder involvement, including direct interaction with almost 1 million of our customers and extensive interaction with our Customer Challenge Group	●	We met with, updated and responded to challenge and advice from our Customer Challenge Group at all stages through our 2020-25 Business plan activities. In addition, we our direct interaction with our customers provided us with rich insight into our customers preferences which were consolidated into 43 customer wants which were used in the development and proposals contained within our 2020-25 Business Plan.
External assurance	A number of external assurance providers were engaged to perform independent assurance over our Business Plan submission. These included KPMG and PWC, as well as technical experts, such as Mott McDonald	●	We used a combination of 8 different independent assurance partners to build trust and confidence in our 2020-25 Business Plan. They covered topics such as data tables, outcome delivery incentives, financeability and meeting our statutory and regulatory obligations.
Approval	Our Executive Team, Regulatory Strategy Committee and the full Board approved the Business Plan submission prior to publication. The submission included a Board assurance statement	●	Our 2020-25 Business Plan was reviewed and recommended by our Executive Team and Regulatory Strategy Committee before approval by our full Board. We included a Board Assurance Statement confirming that, in the opinion of our Board, that our plan was customer led, ambitious and deliverable.

Source: Thames Water

**Table 4.14:** Risk, assurance and outcomes table – Bioresources market information

14) Bioresources market information													
Risk category	Core assurance activities												
	First line of defence				Second line of defence				Third line of defence			Approval	
	Submission plans	Method statements	Check on quality of information	Senior manager review	Data review	Process review	Expert review	Oversight functions/peer review	Customer and stakeholder involvement	Internal independent assurance	External independent assurance	Executive approval	Board approval
Customer led				✓					✓			✓	✓
Accessibility	✓								✓				
Timeliness	✓								✓			✓	✓
Accuracy		✓	✓	✓	✓	✓		✓			✓		
Reliability		✓	✓	✓	✓	✓		✓			✓		
Completeness	✓	✓	✓	✓	✓	✓		✓			✓		
Transparency			✓	✓			✓	✓	✓		✓	✓	✓
Website publication accessibility	✓								✓				
Timely communication of errors			✓	✓				✓				✓	
Consistency of information								✓			✓	✓	✓
Core assurance activities		What we said we would do (Final Assurance Plan 2018/19)					Progress		What we did (outcomes)				
Method statements		Our operational finance teams will create methodologies explaining how they have determined their figures, any assumptions made and any manual adjustments made.					●		Standard template method statements are embedded and strengthened to ensure consistency and documentation of how regulatory numbers are prepared for reporting.				
Senior manager review		Regular training updates to management should ensure that allocation assumptions are consistent and in line with Ofwat guidance. Management assumptions will then be formally					●		The submission was signed off by Senior Management prior to publication following checks for compliance with guidance, accuracy and consistency with other published				

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	recorded when they submit allocation information to the central finance team.		reports. This is evidenced using our information integrity declarations which also record any assumptions or qualifications made.
External assurance	Our external auditor, PWC, will review our method statements and perform assurance procedures over the information included within our bioresources market information submission.	●	Our external assurance review includes reviewing methodology for compliance with Ofwat requirements as well as accuracy of information.
Approval	Our Audit, Risk & Reporting Committee ("ARRC") and our Board will review and approve the submission, acknowledging the feedback from the external assurance activities.	●	We obtained approval from our Executive, ARRC and Board.

Source: Thames Water



**Table 4.15:** Risk, assurance and outcomes table – Water resources market information

## 15) Water resources market information




Risk category	Core assurance activities												
	First line of defence				Second line of defence				Third line of defence			Approval	
	Submission plans	Method statements	Check on quality of information	Senior manager review	Data review	Process review	Expert review	Oversight functions/peer review	Customer and stakeholder involvement	Internal independent assurance	External independent assurance	Executive approval	Board approval
Customer led				✓					✓			✓	✓
Accessibility	✓								✓				
Timeliness	✓								✓			✓	✓
Accuracy		✓	✓	✓	✓	✓		✓					
Reliability		✓	✓	✓	✓	✓		✓					
Completeness	✓	✓	✓	✓	✓	✓		✓					
Transparency				✓			✓	✓	✓			✓	✓
Website publication accessibility	✓								✓				
Consistency of information								✓				✓	✓
Core assurance activities		What we said we would do (Final Assurance Plan 2018/19)					Progress		What we did (outcomes)				
Method statements		Our operational finance teams will create methodologies explaining how they have determined their figures, any assumptions made and any manual adjustments made					●		Standard template method statements are embedded and strengthened to ensure consistency and documentation of how regulatory numbers are prepared for reporting.				
Senior manager review		Regular training updates to management should ensure that allocation assumptions are consistent and in line with Ofwat guidance. Management assumptions will then be formally recorded when they submit allocation information to the central finance team					●		The submission was signed off by Senior Management prior to publication following checks for compliance with guidance, accuracy and consistency with other published reports. This is evidenced using our information integrity				

			declarations which also record any assumptions or qualifications made.
External assurance	Our external auditor, PWC, will review our method statements and perform assurance procedures over the information included within our water resources market information submission	○	There were limited changes to the most recent update of our Water Resources Market Information. As such this was reviewed by the External Reporting Assurance Team instead of using our external independent assurance provider.
Internal review	< Substituted for External Assurance >	●	The External Reporting Assurance Team completed a review of the WRMI for compliance with guidance and data accuracy.
Approval	Our Audit, Risk & Reporting Committee ("ARRC") and our Board will review and approve the submission, acknowledging the feedback from the external assurance activities	○	We obtained approval from our Executive. The lower level of risk associated with the latest update, due to the minimal number and materiality of changes, supported approval from Executive only.

Source: Thames Water

**Table 4.16:** Risk, assurance and outcomes table – Shadow reporting

16) Shadow reporting													
Risk category	Core assurance activities												
	First line of defence				Second line of defence				Third line of defence			Approval	
	Submission plans	Method statements	Check on quality of information	Senior manager review	Data review	Process review	Expert review	Oversight functions/peer review	Customer and stakeholder involvement	Internal independent assurance	External independent assurance	Executive approval	Board approval
Timeliness	✓											✓	✓
Accuracy		✓	✓	✓	✓	✓		✓			✓		
Reliability		✓	✓	✓	✓	✓		✓			✓		
Completeness	✓	✓	✓	✓	✓	✓		✓			✓		
Transparency				✓			✓	✓			✓	✓	✓
Consistency of information								✓			✓	✓	✓
Core assurance activities		What we said we would do (Final Assurance Plan 2018/19)					Progress		What we did (outcomes)				
Method statements		Our operational finance teams will create methodologies explaining how they have determined their figures, any assumptions made and any manual adjustments made					●		<p>Standard template method statements are being embedded and strengthened to ensure consistency and documentation of how regulatory numbers are prepared for reporting.</p> <p>These form a fundamental part of the integrity declaration form sign-off process. We continue to review and improve our method statements, applying lessons learnt and experience across different reporting areas.</p> <p>We are still forming the systems and processes required to fully meet some elements of the Shadow Reporting requirements and are maintaining a dialogue with Ofwat to keep them apprised of progress.</p>				


Internal review	Training has been undertaken to understand the key differences between the current methodologies (2015-2020) and the methodologies that will be relevant in the next regulatory period 2020-25		Regulatory assurance and reporting teams completed quality reviews of information to ensure accuracy, completeness and consistency of information. This works in combination with our checks on quality of information embedded in our information integrity declaration process and completeness of method statements alongside our systems and processes which underpin these figures.
External assurance	Our external auditor, PwC, will review our method statements and perform assurance procedures over the information included within our shadow reporting submission		PwC followed ISRS 4400 on agreed upon procedures. We addressed the findings and observations from PwC, recognising those areas where full compliance with Ofwat requirements was continuing through the Shadow reporting period.
Approval	Our Audit, Risk & Reporting Committee ("ARRC") and our Board will review and approve the submission, acknowledging the feedback from the external assurance activities		We obtained approval from our Executive, ARRC and Board for our Annual Performance Report.

Source: Thames Water

**Table 4.17:** Risk, assurance and outcomes table – Water resources management plan

## 17) Water resources management plan

Risk category	Core assurance activities												
	First line of defence				Second line of defence				Third line of defence			Approval	
	Submission plans	Method statements	Check on quality of information	Senior manager review	Data review	Process review	Expert review	Oversight functions/peer review	Customer and stakeholder involvement	Internal independent assurance	External independent assurance	Executive approval	Board approval
Customer led									✓			✓	✓
Accessibility	✓								✓				
Timeliness	✓								✓			✓	✓
Accuracy		✓	✓	✓				✓			✓		
Reliability		✓	✓	✓				✓			✓		
Completeness	✓	✓	✓	✓							✓		
Transparency			✓	✓			✓	✓	✓		✓	✓	✓
Website publication accessibility	✓								✓				
Consistency of information								✓			✓	✓	✓
Core assurance activities		What we said we would do (Final Assurance Plan 2018/19)					Progress		What we did (outcomes)				
Method statements		Method statements are prepared by the relevant business owner to describe sources of data, calculations, assumptions and outputs to ensure accuracy, reliability and completeness of the information					●		Standard template method statements are embedded and strengthened to ensure consistency and documentation of how regulatory numbers are prepared for reporting.				
Internal review		Internal reviews will be performed by technical departments across Thames Water to challenge the appropriateness and basis of solutions.					●		Regulatory assurance and reporting teams completed quality reviews of information to ensure accuracy, completeness and consistency of information.				

Customer and stakeholder involvement	We will continue to use feedback from our customers and stakeholders, in particular the CCG and Defra, to understand their views on water resources and our proposed plans	 We carefully considered the feedback from customers and stakeholders through both direct feedback on the WRMP, as well as actions from the initial assessment of our 2020-25 Business Plan and queries following updates to our plan. Feedback from stakeholders identified that there were some inaccuracies in the submitted information requiring us to further improve on our process in this area. Consultation and final solutions are ongoing, including responding to stakeholders.
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Source: Thames Water

**Table 4.18:** Risk, assurance and outcomes table – Charges scheme

18) Charges scheme													
Risk category	Core assurance activities												
	First line of defence				Second line of defence				Third line of defence			Approval	
	Submission plans	Method statements	Check on quality of information	Senior manager review	Data review	Process review	Expert review	Oversight functions/peer review	Customer and stakeholder involvement	Internal independent assurance	External independent assurance	Executive approval	Board approval
Customer led									✓			✓	✓
Accessibility	✓								✓				
Timeliness	✓								✓			✓	✓
Accuracy		✓	✓	✓	✓			✓		✓			
Reliability		✓	✓	✓	✓			✓		✓			
Completeness	✓	✓	✓	✓	✓					✓			
Transparency			✓	✓				✓	✓	✓		✓	✓
Website publication accessibility	✓								✓				
Timely communication of errors			✓	✓				✓				✓	
Core assurance activities		What we said we would do (Final Assurance Plan 2018/19)					Progress		What we did (outcomes)				
Check on quality of information		Benchmarking against other water and waste companies will be completed to ensure that the data we publish is accurate, reliable and complete. The CMF assessment will be reviewed and any comments incorporated into the charges scheme					●		The most recent CMF assessment rated their confidence of our charges scheme as exceeding expectations. We have therefore maintained our approach regarding it as already effective.				
Method statements		Method statements are prepared by the relevant business owner to ensure they are in line with guidance					●		Standard template method statements are embedded and strengthened to ensure consistency and documentation of how regulatory numbers are prepared for reporting.				

Internal review

Internal reviews will be performed by the strategy and regulation team to confirm compliance with guidance and accuracy of calculations



Our Internal Audit team undertook a review of our charges to ensure that that preparation activities were fully completed.

*Source: Thames Water*



**Table 4.19:** Risk, assurance and outcomes table – Freeze thaw incident management plan

## 19) Freeze thaw incident management plan

Risk category	Core assurance activities												
	First line of defence				Second line of defence				Third line of defence			Approval	
	Submission plans	Method statements	Check on quality of information	Senior manager review	Data review	Process review	Expert review	Oversight functions/peer review	Customer and stakeholder involvement	Internal independent assurance	External independent assurance	Executive approval	Board approval
Customer led									✓			✓	✓
Accessibility	✓								✓				
Timeliness	✓								✓			✓	✓
Accuracy		✓	✓	✓		✓		✓			✓		
Reliability		✓	✓	✓		✓		✓			✓		
Completeness	✓	✓	✓	✓		✓		✓			✓		
Transparency				✓			✓	✓	✓		✓	✓	✓
Website publication accessibility	✓								✓				
Consistency of information								✓			✓	✓	✓
Clarity of major incident reporting			✓	✓				✓	✓		✓	✓	✓
Core assurance activities		What we said we would do (Final Assurance Plan 2018/19)					Progress		What we did (outcomes)				
Oversight functions		A team to monitor implementation and/or progress against key actions/points raised in the published report has been mobilised					●		We established an internal team to monitor implement and progress actions we committed to in our Freeze/thaw action plan.				
Customer and stakeholder involvement		Our response took into account the feedback received from both customers and Ofwat through their freeze/thaw review report published in June 2018					●		This was achieved through the development and finalisation of our Freeze Thaw action plan.				

External assurance	In line with Ofwat requirements, we engaged with an external assurer with over 30-years' experience in the utility sector, including 24-years' experience of crisis management planning and operation within the energy sector	●	We commission Jacobs as an independent external assurance to review our progress against the action plan. Overall, they were satisfied that we had responded appropriately to Ofwat's requirement for an action plan and, indeed, goes much further in some areas.
Approval	The Executive Team and Board approved the report prior to submission and will be kept updated on progress against actions highlighted in the published report	●	The Executive Team and Board approved the Freeze Thaw action plan.

Source: Thames Water

**Table 4.20:** Risk, assurance and outcomes table – Leakage reporting (Water Industry Act section 19 undertaking)

20) Leakage reporting (Water Industry Act section 19 undertaking)													
Risk category	Core assurance activities												
	First line of defence				Second line of defence				Third line of defence			Approval	
	Submission plans	Method statements	Check on quality of information	Senior manager review	Data review	Process review	Expert review	Oversight functions/peer review	Customer and stakeholder involvement	Internal independent assurance	External independent assurance	Executive approval	Board approval
Customer led							✓		✓			✓	✓
Accessibility	✓			✓			✓		✓				
Timeliness	✓								✓			✓	✓
Accuracy		✓	✓	✓	✓		✓	✓			✓		
Reliability		✓	✓	✓	✓		✓	✓			✓		
Completeness	✓	✓	✓	✓	✓		✓	✓			✓		
Transparency				✓			✓	✓	✓		✓	✓	✓
Website publication accessibility	✓						✓		✓				
Timely communication of errors	✓								✓				
Consistency of information				✓	✓			✓			✓	✓	✓
Core assurance activities		What we said we would do (Final Assurance Plan 2018/19)					Progress		What we did (outcomes)				
Check on quality of information		Information will be reviewed and signed off by an appropriate reviewer using an Information Integrity Declaration form					●		There are two regular outputs from the undertaking. These are a six-monthly compliance report and monthly performance reporting. Therefore, we embedded information integrity declarations from information preparers, information checkers and senior managers. These declarations include positive confirmation of compliance with guidance and accuracy of data.				

Oversight functions	A team to monitor implementation and/or progress against key actions/points raised in the published report has been mobilised	●	We have put in place a team led by our Undertakings Compliance Officer to monitor implementation of actions and commitment to maintain compliance with our undertaking.
Customer and stakeholder involvement	Our required reporting from the undertaking response took into account the feedback received from both customers, CCG and stakeholders, for example, we will continue to make CCG aware of our monthly leakage reporting as it is published on our website	●	CCG and Ofwat are kept up to date with our reporting and they provide feedback which we have fully considered and are taking actions to further develop our processes and activities in response.
External assurance	In line with the requirements of the undertaken, we engaged an independent monitor to certify our monthly leakage reports and an independent external assurance provider to undertake a six monthly review of compliance with the undertaking. In addition, the independent monitor has been provided with access to technical assurance support for the calculation of leakage performance	●	<p>We have an Independent Monitor in place who – with technical support from PwC – certifies our monthly leakage reporting figures.</p> <p>In addition, we commissioned KPMG to independently review our compliance with the Section 19 Undertaking and report back to our Board and Ofwat on their conclusions.</p> <p>To date, they have confirmed that in many areas there is evidence of compliance and that there is no evidence of non-compliance.</p>
Approval	The Executive Team and Board approved the six monthly report prior to submission. The monthly leakage reporting on our website will continue to be approved by an Executive (or Senior Leadership Team member) prior to publication	●	<p>The Executive Team and Board approved our six-monthly reports prior to submission.</p> <p>Our monthly reports have been approved by a Executive member prior to publication on our website and sharing with stakeholders.</p>

Source: Thames Water

## 5. Appendix 1 – Assurance activity descriptions

The following table is provided to give clarity on the terms and references used in the assurance activity descriptions:

**Table 5.1:** Assurance activity descriptions

	Assurance term or reference	Description
Preparation (1st line of defence)	Submission plans	This details the plan to complete the submission, including details of timetable, responsibilities, sign-off and governance meetings as relevant.
	Method statements	This explains the process to produce the submission and includes details of: systems, responsibilities, timings, additional methodologies to complete any calculations required etc.
	Check on quality of information	The Information Preparer (or responsible person) of a submission confirms the quality of the submission that it meets requirements, is prepared following the method statement and is supported by auditable evidence. An Information Checker then completes a detailed check confirming the quality of the preparation, adherence to methodology and consistency with other reporting.
	Senior manager review/sign-off	The senior (accountable) manager review/sign-off ensures that the Information Preparer and Information Checker have fully completed their responsibilities over the quality of information. They have a further responsibility to also consider and ensure consistency with other reporting.
Review (2nd & 3rd lines of defence)	Data review	An internal or external assurance provider who reviews evidence and verifies data within a submission. This is usually through a sampling approach, but can be more substantive, and gives a level of confidence on the accuracy and reliability of the overall submission.
	Process review	An internal or external assurance provider who reviews the adequacy and effectiveness of the internal control systems to ensure submissions are (should be) timely, complete and accurate. They are not responsible for ensuring submissions are complete and accurate but challenge the process to prepare the submission. This is most commonly checking that all the Preparation activities are scheduled and completed properly but will also cover other 2 <sup>nd</sup> and 3 <sup>rd</sup> line activities.
	Expert review	An internal or external expert in a subject which provides technical challenge to the proposals put forward. This could take the form of expert consultancy support where the responsibility for actual preparation remains with someone else or expert challenge of a recommendation or rationale.
	Oversight functions/peer review	A member of the Thames Water team who is separate from the person who completed the submission but has an understanding of the requirements. They check the submission in detail and any associated commentary to confirm adherence to and adequacy of the method statement. They confirm accuracy

		through checking inputs, including any management assumptions and reviewing evidence to support entries/statements.
	Customer and stakeholder involvement	External guidance, challenge and/or review of our submission from customers or customer groups (e.g. Customer Challenge Group).
	Internal independent assurance	A person or team within Thames Water team who may be a regulatory specialist to conduct an expert review, or an independent assurance provider (such as Internal Audit) to conduct a data or process audit. The scope of work can include ensuring that submissions are complete, accurate, in accordance with regulatory guidance, accurate and reliable through verification of data and/or that there are adequate and effective controls ensuring timely, complete and accurate submissions.
	External independent assurance	A person or business independent of Thames Water team who may be a regulatory specialist to conduct an expert review, or an independent assurance provider (such as a Professional Services Firm) to conduct a data or process audit. They ensure that submissions are complete, accurate, in accordance with regulatory guidance, accurate and reliable through verification of data and/or that there are adequate and effective controls ensuring timely, complete and accurate submissions.
Approval	Executive approval	Approval by a member of the Executive Team or Executive Committee as a whole.
	Board approval	Approval by the full Board or sub-committee of the Board with delegated authority.

Source: Ofgem Data Assurance Guidance version 1.3 and Thames Water

## 6. Appendix 2 – Glossary

The following glossary provides descriptions of some of the key terms used throughout this document:

**Table 6.1:** Glossary

Term	Description
Agreed upon procedures	Specific procedures carried out by an assurance provider, which have been agreed with the company.
Annual Report	A comprehensive report on the company's financial and non-financial activities throughout the preceding year. The Annual Report 2018/19 will include our Statutory and Regulatory accounts.
Appointed business	The appointed business comprises the regulated activities of the Company which are activities necessary in order for the Company to fulfil the function and duties of a water and sewerage undertaker under the Water Industry Act 1991.
Assurance	Provides confidence and a level of certainty about whether that piece of information or data is correct.
Assurance Plans	A plan of the activities we will carry out to provide assurance on the data/information that we publish.
Committed Performance Level ("CPL")	In order to measure our progress against our performance commitments, we agreed committed performance levels with Ofwat for each year of the five year regulatory period. Our committed performance levels are published in our Final Determination.
Company Monitoring Framework ("CMF")	Ofwat's framework that sets out the way in which companies must provide and assure performance information to their customers and stakeholders.
Cost allocation	Cost allocation is the means by which all costs are allocated to appointed and non-appointed businesses, price control units, or specific supplies, works and services, ensuring a fair share of overheads, even where costs cannot be directly attributed to specific activities and associated services.
Cost driver	A cost driver is the factor or factors which cause cost to occur. This can be further divided between the driver that causes an activity to occur, and a driver that determines how often it occurs. Costs may vary in relation to the cost driver over the short or longer term, depending on the nature of cost concerned.

Term	Description
Customer Challenge Group ("CCG")	Independent group of domestic customer, business customer and environmental representatives to ensure that we continue to be held to account for delivering our commitments and meeting the promises we made to our customers.
External assurance provider	An independent third party that we procure to provide assurance over certain data/information.
External audit	An external audit of information is carried out by an independent third party, who will express an opinion as to whether the information they have audited is a true and fair reflection of the state of the company's affairs and whether it is in line with relevant statutory and accounting guidelines.
Final determination ("FD")	The conclusion of discussions on the scale and content of the asset management plan for the forthcoming five-year regulatory period. It is accompanied by a determination of the allowable adjustment to wholesale price limits for the forthcoming regulatory period. Our <a href="#">Final determination</a> can be accessed online.
Sufficiency of resources certificate	A statement to confirm that for at least the next 12 months: <ul style="list-style-type: none"> <li>- the company will have available to it: <ul style="list-style-type: none"> <li>o sufficient financial resources and facilities to enable it to carry out the Regulated Activities; and</li> <li>o management resources and systems of planning and internal control which are sufficient to enable it to carry out those functions</li> </ul> </li> </ul> all contracts entered into with any associated company include all necessary provisions and requirements concerning the standard of service to be supplied to the Appointee, to ensure that it is able to meet all its obligations as a water and a sewerage undertaker.
Internal audit	An internal audit of information is carried out by a team who is independent from those who compiled the information, however they are not independent of the company. Internal audit consists of specific procedures that assess the accuracy of information being reported and whether the methodology used is appropriate.
Methodology	A system of processes and procedures for collecting data and calculating our performance commitment measures. Formal methodologies make sure our approach to reporting performance is consistent. They also determine how we calculate the performance commitment, where and how we apply judgement, and where we rely on systems.



Term	Description
Non appointed business	The non-appointed business activities of the Company are activities that are not necessary in order for the Company to fulfil the function and duties of a water and sewerage undertaker under the Water Industry Act 1991.
Performance Commitment ("PC")	<p>Outcome performance commitments agreed with Ofwat that reflect customers' views and priorities of service.</p> <p>We are committed to delivering outcomes that reflect our customers' views and provide services that are safe and reliable, and bills that are affordable. These outcomes are supported by 55 associated performance commitments (PCs) that identify our committed level of performance under each outcome. Financial incentives apply to 27 of these PCs, and we will be penalised if our performance doesn't meet the level we have committed to. On 10 PCs, we demonstrated that our customers were willing to pay for improved performance and supported us being able to earn a reward for our performance. The remaining performance commitments have an impact on our reputation if the performance level we have committed to is not met.</p>
Price control	At the 2014 price review Ofwat introduced separate binding price controls. These include wholesale water, wholesale wastewater, retail household, retail non-household and Thames Tideway Tunnel ("TTT"). For the 2019 price review, Ofwat will create two additional price controls – water resources and bioresources (sludge).
Retail	This term refers to any water company activities that take place once water has passed to the customer's side of a property boundary. These include billing, payment handling, debt management, meter reading and handling billing related calls.
Stakeholders	A person, group or organisation that has an interest or a concern in our Company.
Statement of risks, strengths and weaknesses and draft assurance plans	This is an annual document produced following consultation with our customers and stakeholders. It provides information on what we consider to be our key reporting risks and plans for how we will reduce these risks. Following publication of the Statement of risks strengths and weaknesses and draft assurance plans, further consultation is sought from customers and stakeholder before publication of the Final assurance plans.
Thames Tideway Tunnel	The Thames Tideway Tunnel is a landmark construction project which will protect the River Thames from pollution. London's sewer system is regularly overwhelmed and spills millions of tonnes of sewage into the tidal section of the river every year. The tunnel will tackle the problem of overflows from the capital's Victorian sewers for at least the next 100 years, and enable the UK to meet European environmental standards. The Company is responsible for planning, enabling and interface works for the project. The revenue and costs associated with this part of the project are shown in the "TTT" price control unit in the regulatory accounting tables. <b>Bazalgette Tunnel Limited</b> ('BTL') is an independent company un-related to Thames Water Utilities Limited that was appointed in 2015 to construct the Thames Tideway Tunnel.

Term	Description
Thames Water online community	An online network of our customers who we engage with on a regular basis to obtain feedback on certain publications.
Wholesale	This term covers all water company activities that take place before water passes the customer's property boundary – resources management, abstraction, treatment, distribution (water and sewer networks), sewage collection, transportation, sewage treatment, sludge disposal and energy from waste.

Source: Thames Water