

# Generic

## Intent of GPWARs

General Purpose Water Accounting Reports (GPWARs) are not compliance reports against NOWs legislation and management. The responsibility for compliance exists in other areas within NSW government, and programs are already in place for this. GPWARs are an annual collation of data presented in a standardised format to provide an informative view of the management and resources of the entity. All of the information presented is already available, either online or by request to NOW.

## Assurance of GPWARs

NOW is concerned that the focus of assurance documented in the EDAWAS2 diverges away from the actual GPWAR itself and into assurance of processes and procedures where data is collected and published. An example of this “A85 (b) Review of whether rating curves or capacity tables have been in accordance with best practice’. Procedures for this are already in place within NOW. It is not the role of a GPWAR to initialise a review of procedures operating in other areas of NSW government. Assurance needs to focus on assuring that the information has been presented fairly and inline with the requirements of the GPWAR structure.

The EDAWAS2 also seems heavily weighted towards compliance, and identifying fraud and breaches of compliance against legislation. Once again, this appears to be outside the scope of a GPWAR. (e.g. 51. The assurance practitioner shall respond appropriately to fraud or suspected fraud and non-compliance or suspected non-compliance.....etc). The jurisdictional reference group on water accounting was in agreement and strong in supporting the fact that GPWARs were not compliance reports. The accountability statement was changed on these grounds. The current EDAWAS2 is at odds with this action.

## Risks

The EDAWAS2 appears to be more closely aligned to financial accounting than what would be required and useful in water accounting. Firstly, the risks associated in financial accounting are different to those of water accounting. Significant and direct decisions will result from financial reports. Decisions linked to a GPWAR are not comparable to this, however the EDAWAS2 dictates similar assurance levels. Further to this generally with financial accounting the reports are the only source of information, and point of truth. As previously stated all the information in a GPWAR is already freely available to the public. The fact a GPWAR collates this should not therefore demand significant levels of assurance as a result.

An example of perspective, “A76 Incentives for intentional misstatement of GPWAR.....”. The risk for this is extremely low, hard and NOW cannot see any incentive now or in the future to do so. It’s totally different to financial accounting

where the incentives different. Modelling the assurance around the financial world does not appear to work well.

## **The assurance practitioner**

NOW believes there should two parts to assurance in the scope of this.

- 1) The review of GPWAR in terms of accordance with AWAS1
- 2) Assurance of the methodologies adopted as part of data preparation for GPWAR. (Note this is separate from the raw data being gathered from other sources). This would only be effective with a peer review process as opposed to engaging expertise in assurance. The peer review approval would be effective until any significant changes to methodologies occurred (i.e not peer reviewed for every publication).

Re questions in the Explanatory memorandum :-

References to previous response relate to the previous feedback to the consultation paper questions.

Q1 – as advised previously – yes, adequate information provided

Q2 – format is helpful and fairly comprehensive

Q3 – seems clear enough

Q4 – The proposed assurance standard in the area of governance creates confusion in its definitions. the standard basically state 2 levels of governess firstly the overall responsibility for management, oversee and strategic direction of an entity, secondly the responsibility for the preparation and presentation of GPWAR and overseeing the water accounting and reporting process. It states that for this standard the second definition will apply. The points we have with this are:

- Why confuse governance by providing 2 separate definitions in the same definition (clause 15(ff)) given that the definition in the first half of the clause is redefined in the second half of the clause and hence the first definition is not even applicable to this standard?
- Also the person responsible for preparing the GPWAR may not have the responsibility for water accounting and reporting process (clause 15(ff)). In NOW case State Water have responsibility for regulated water accounting and reporting while NOW prepares GPWAR.

Q5 – Yes

Q6 – See previous response

Q7 - See previous response

Q8 – See previous response. NOW is still offering an opportunity for a trial assurance engagement on one of our published GPWARs to provide clarity on some of our observations and concerns

Q9 – (a) Requirements and guidance appear comprehensive, but may be excessive from NOW's experience in peer reviews using the same type of expertise.

(b) See previous response to Q7 of consultation paper

(c) Again comprehensive, but potentially not cost effective in terms of the nature of the information under review

(d) Again comprehensive, however, the likelihood that 'independent' comparative information cannot be developed should contribute to a negative conclusion

Q10 – see previous response to Q9 – NOW re-iterates our view on this issue, which we regard as professional in approach.

Q11 – Our specific comments at the front of this document, as well as the collective comments above should cover any other matters. We are still prepared to participate in an evaluation of this standard as applied to any of our published GPWARs.