



## Department of Sustainability and Environment

PO Box 500  
East Melbourne Victoria 8002  
Telephone: (03) 9637 8000  
Facsimile: (03) 9637 8100  
ABN 90 719 052 204

Water Accounting Standards Board  
Bureau of Meteorology  
GPO Box 1289  
**MELBOURNE 3001**

Dear Sir/Madam

### **PROPOSED STANDARD ON ASSURANCE ENGAGEMENTS**

Thank you for the opportunity to comment on the on the draft standard on assurance engagements for general purpose water accounting reports. I am responding on behalf of the Victorian water industry, given water corporations as well as this Department support the State drawing together information into water accounts covering the whole State.

Instead of responding to the individual technical questions in the explanatory memorandum, I have provided our fundamental concerns on adopting a detailed and prescriptive standard for assurance engagements at this time.

I would like to emphasise that Victoria recognises the need for independent assurance of water registers and water accounting reports. Recently, this Department engaged a detailed internal audit of Victoria's retail water register to better understand the key risks and how business processes could be improved. Also, the Victorian Minister for Water signs off on the State Water Report (catchment scale wholesale water accounting) to provide a high degree of assurance for users of the report.

However, Victoria is concerned that a detailed prescriptive standard on assurance engagements is premature and would make it difficult and expensive to engage assurance practitioners.

Firstly, the water accounting standard on the preparation and presentation of general purpose water accounting reports (AWAS1) is in its infancy. We note that the draft standard is based on compliance with AWAS1. However, AWAS1 is voluntary and to-date there has only been a very limited and partial up-take. We believe it would be prudent to develop an assurance standard in light of more experience in implementing AWAS1, and a better understanding of the extent the respective general purpose water accounting reports are relied on.

Secondly, the draft standard is detailed and prescriptive, and would be arduous to comply with (it includes 101 specific requirements and 191 'application' requirements). It is unlikely that engagement practitioners with the skills, knowledge, and experience outlined in paragraph 19 of the draft standard are readily available. We are also concerned that the requirements outlined in the draft standard would make the engagement expensive. It is

#### **Privacy Statement**

*Any personal information about you or a third party in your correspondence will be protected under the provisions of the Information Privacy Act 2000. It will only be used or disclosed to appropriate Ministerial, Statutory Authority, or departmental staff in regard to the purpose for which it was provided, unless required or authorised by law. Enquiries about access to information about you held by the Department should be directed to the Manager Privacy, Department of Sustainability & Environment, PO Box 500, East Melbourne, 3002.*

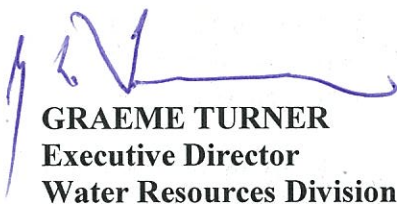


difficult to justify an expensive and regular assurance program when the extent that general water accounting reports are relied on is unclear.

Instead, Victoria recommends a staged approach to implementing an assurance engagement standard. Victoria proposes that in the first instance assurance engagement guidelines based on the principles outlined in the draft standard be developed and implemented. The guidelines should be relevant for general purpose water accounting reports that are compliant or partially compliant with AWAS1. The guidelines would then be developed into a standard once there is a better understanding on the needs of users of the reports and there is more experience in undertaking the independent assurance.

If you have any queries on these comments please contact Stuart Critchell on 9637-8230 or Bree Luciani on 9637-9658.

Yours sincerely

 15/3/13  
**GRAEME TURNER**  
**Executive Director**  
**Water Resources Division**