

Audit Strategies



DWI Enforcement Team



Why? What? When? Who? How?

| Minded To Enforce | Legal instrument | Audit Strategy |
|---|---|---|
| WHY the enforcement is required. | WHAT the company must do. WHEN it must do it by. | WHO is responsible for milestones, ownership and governance. HOW will the actions be carried out, audited, validated and deemed a success. |

Function of an audit strategy

- The audit strategy is a fundamental part of any legal instrument.
- An audit strategy must outline how the company will ensure measures within a legal instrument are delivered effectively and how the success of these measures will be demonstrated.
- The purpose of the audit strategy is to continuously evaluate the effectiveness of the mitigation being delivered.
- An audit strategy must cover all sections of a legal instrument, including ongoing section (a) measures and section (d) where applicable.



1. Governance

- Good governance throughout the company structure is key to delivering a successful legal instrument.
- The audit strategy must set out how this is to be achieved. Covering board level governance of legal instrument deliverables, through to water quality managers and operational level staff to ensure legal instrument requirements are delivered as planned.
- Governance also includes accountability, such as board level sign-off of deliverables.

Governance general examples:

- Defined governance structure in place
- Board level visibility of legal instruments
- Contingency plans in place to prevent foreseeable delays
- Internal governance process records
- Monitoring and signing off of third party delivered work (including evidence – certificates/photos/payment records)
- Includes timely allocation of funds and procurement aspects

2. Ownership

- Assign ownership of measure within a legal instrument to personnel (specific or to job roles/areas) to ensure clarity and delivery.
- Assign ownership of audit actions to personnel to ensure clarity and delivery.

Basic example:

| Requirement | Responsible for Auditing | Details of Audit |
|---|-------------------------------------|---|
| Operate treatment works in accordance with Company's procedures and processes | Treatment & Process Science Manager | Monthly/Weekly checks and report on treatment works performance |

3. Monitoring

- Monitoring of certain parameters or criteria will help evidence the overall success of a legal instrument, as well as provide surveillance data throughout the lifetime of a legal instrument.
- All monitoring should be considered and included. This can include, enhanced parameter sampling, operational monitoring, regulatory monitoring, online sampling, consumer calls, etc.
- Monitoring is not just for section (b) measures, but also to show that section (a) measures (i.e. those to mitigate a risk in the short term until a more appropriate long-term solution is delivered), are effective at mitigating the immediate risk.

Enhanced sampling:

- Enhanced monitoring is any sampling above regulatory compliance level sampling, including routine operational monitoring.
- Strategy must clearly stipulate what 'enhanced monitoring' entails? - what parameters, where are they sampled and at what frequency?
- What the company's action triggers are for these parameters and what the trigger-based responses are.
- How will the company check the correct number of samples have been taken?

4. Measures of success

- The audit strategy must review the effectiveness of the measures within the legal instrument to see whether they are and have been successful at mitigating the risk.
- These success indicators will always be specific to each legal instrument.

Measures of success; examples

| legal instrument theme | Example |
|---|--|
| Discolouration notice | <p>The audit strategy would specify the company's target for discolouration consumer contacts. The audit strategy would monitor the number of contacts and set appropriate defined actions based on numbers of calls within the target range.</p> <p>A successful discolouration measure would result in the reduction of consumer contacts.</p> |
| Tanks inspection notice (a) measure: operate SRs in accordance with company procedures and industry good practise | <p>the audit strategy will answer the question how will the Company show this measure is delivered successfully?</p> |
| UV notice | <p>Defined UV specific indicators that will measure the success of the installation of UV. The review frequency of these indicators will be specified, alongside defined company action response triggers.</p> |

| legal instrument theme | Example |
|---|---|
| Consumer acceptability notice | e.g. pre and post measure acceptability surveys/ questionnaires/ consultations |
| Nitrate treatment | Review of enhanced nitrate monitoring at a defined frequency to review success of nitrate treatment installed. Action defined through the course of this enhanced monitoring to respond to any issues in a timely manner. |
| Works refurbishment | Clear project plan set-out to defined dates. The audit strategy set-up to track project dates are successfully met. |
| Section (d) – WTW to remain out of supply unless certain conditions are met | Audit of measures in place to ensure site is kept out of supply unless the certain conditions are met and maintained. E.g. WTW programming to ensure WTW is not run unless UV treatment is online. |
| any | Audit strategy in place to ensure compliance with regulation 31 |

5. Continuous review

- The audit strategy must remain a living document subject to continuous review, throughout the full lifetime of the legal instrument.
- As the measures in section (b) are delivered the strategy may naturally have to change e.g. solution of UV is determined, the strategy now will require UV specific elements e.g. monitoring of UVT etc. Updates of the audit strategy are required to be submitted to the Inspectorate.
- Good practise would include a regular set frequency for a review of the audit strategy, as well as the ad-hoc reviews in response to delivered measures.
- Continuous review is also essential so that measures can be optimised as soon as possible and not left until it's too late, such as the end of the calendar year or the end of the demonstration of benefit period.
- Real time response to audit strategy triggers.

Tanks Notice audit strategies

Unspecific audit strategy for Reservoir Notice example:

| Non-specific | Improvements that can be made |
|---|---|
| <i>Enhanced monitoring to be completed</i> | Not specified what parameters this will be, where from or the frequency |
| <i>Regular review of site maintenance records</i> | ‘Regular’ is not defined. No ownership is given of this measure – is it the responsibility of Production or Water Quality teams? |
| <i>Review of reservoir inspection reports when complete</i> | No detail of ownership of action. What will be the criteria for the review of the reports? |
| <i>No further details</i> | Success criteria absent –this may be all remedial works complete, return to supply procedure fully complied with, samples taken, return to supply approved and signed off by company’s governance structure (as defined). No details on how the company will ensure the notice actions are delivered, inc. ensuring enhanced sampling is taken. Nothing on audit strategy review frequency (living document). |



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