

Appendix B Audit framework

Auditing is intended to provide enhanced confidence in the accuracy, completeness and reliability of reported information. Auditing promotes transparency and consistency in the process of collecting and reporting data, across all urban water utilities, in order to report performance results that are relevant and useful, and enable meaningful comparisons between utilities over time.

The National Water Commission, the Water Services Association of Australia, and representative National Water Initiative (NWI) parties established the National Framework for Reporting on Performance of Urban Water Utilities Deed, which sets out how the parties will report on the performance of urban water utilities in accordance with the NWI. The deed requires parties to use all reasonable endeavours to ensure that a comprehensive audit of the data collected by each urban water utility under the National Performance Framework is undertaken at least once every 3 years.

The National Performance Framework 2013–14 auditing requirements and audit report template provide further detail about the requirements that a water utility must meet in order to report its results in the 2021 Urban NPR.

- Audits are to be conducted at a minimum of 3-year intervals.
- Indicators that have failed an audit will not be published (they need to be re-audited before they are published).
- Audits must be carried out by suitably qualified and independent auditors.
- The level of assurance to be provided is generally ‘reasonable’ assurance (although there are some instances in which ‘limited’ assurance is appropriate).
- Audits must be conducted under Australian Standard ASAE 3000: Assurance Engagements Other than Audits or Reviews of Historical Financial Information.
- Auditable indicators are those with the indicator codes W7, W8, W11, W11.3, W12, W14, W18, W18.5, W19, W26, W27, A2, A3, A5, A6, A8 to A11, A14, A15, E1 to E3, E8, E12, E12.1, C2, C4, C8, C13, C14, C15, C17 to C19, H3, H4, F1 to F8, F11 to F16, F20 to F30, P7, and P8.

B1 2019–20 Indicator audit status summary

Table B1 Status of indicator audits undertaken within each jurisdiction

Jurisdiction	Audit activities
Australian Capital Territory	In July 2021, the Inspector General of Compliance assessed ACT's water metering frameworks, strategies, policies, procedures and measurement of operational performance. This assessment related to urban water reporting and the Environment, Planning and Sustainable Development Directorate reported that all requirements were met and no further audits have been confirmed.
New South Wales	In the New South Wales metropolitan area, the most recent audit conducted on the NPR data was in late 2021. That audit covered a subset (one-third) of the indicators; this approach ensures that each indicator is audited once every 3 years as required. The next audit will be conducted in late 2022. In the New South Wales country area, the most recent audit conducted on the NPR data was in 2018–19. All the water utilities in regional NSW reporting to NPR will be requested to conduct an audit of the 2021–22 reporting year's data.
Northern Territory	The Department of Treasury and Finance has not required the utilities providers, Power and Water – Alice Springs and Power and Water – Darwin, to audit their National Performance Reporting data. Some NPR indicators are audited at an aggregate level.
Queensland	The Department of Regional Development, Manufacturing and Water has not required service providers to audit their National Performance Reporting data.

Jurisdiction	Audit activities
South Australia	The most recent audit conducted on the NPR data was in October 2021 for 2020–21 data as it was an auditing year. Auditing is usually conducted every 3 years on the full set of indicators. The next audit will depend on auditing requirements following the NPR review.
Tasmania	TasWater’s performance indicators are audited in 3 tranches over a 3-year period. In 2020–21, selected TasWater performance indicators were audited (year 2 of 3). An audit of selected performance indicators concluded in September 2021. The next round of audits will be conducted in September 2022.
Victoria	Victoria’s annual audit program was deferred in 2019–20 as part of a commitment to reducing the burden on water businesses and their staff during that year in response to COVID. Prior to this the last audit was conducted in 2018–19. The Essential Service Commission’s (ESC’s) regular audit scope resumed in 2021, covering data for both the 2020–21 and 2019–20 reporting years. Most of the audit work was conducted remotely to comply with Victoria’s COVID restrictions at the time. All ESC-reported data is now considered up to date from an audit perspective.
Western Australia	No Urban NPR data audits were undertaken in 2020–21 in Western Australia as it was not an auditing year. Auditing is conducted every 3 years. The last audit was conducted in 2018–19. The next round of audits is scheduled for 2022 on the 2021–22 reporting year data.