

General Purpose Water Accounting Report  
Independent Assurance Cost Estimate

Bureau of Meteorology

12 June 2012

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12 June 2012

*Private and confidential*

## General Purpose Water Accounting Report Independent Assurance Cost Assessment

Dear Andrew

Ernst & Young has completed its assessment of the estimate costs for independent assurance over General Purpose Water Accounting Reports (GPWAR) and presents its findings. Our report uses the insights gained through completing walkthroughs of the data collection and collation processes for the development of the National Water Account (NWA) 2010 as well as assessing example GPWAR provided by you to determine the level of effort required to perform certain assurance procedures.

Our report is not to be used for any other purpose or distributed to any other party without our prior written consent.

We would like to thank you for the opportunity to work with you on this engagement. Please contact me on (03) 9288 8914 if you have any question regarding this project.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Matt Honey'.

Matt Honey  
Partner

Attachment

Copy to: Sean Hanley, Water Accounting Standards Development Manager

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# 1. Introduction

## 1.1 Background

The Exposure Draft of Australian Water Accounting Standard 1 *Preparation and Presentation of General Purpose Water Accounting Reports* (ED AWAS 1) proposes General Purpose Water Accounting Report (GPWAR) to be subject to an independent assurance process.

There is uncertainty around the costs of obtaining independent assurance over GPWAR. In order to examine the potential costs, the Bureau of Meteorology (the Bureau) requested Ernst & Young to analyse different types of GPWAR which have varying levels of complexity to provide more detailed information on potential costs for assurance.

In 2011, Ernst & Young was engaged by the Bureau to investigate the applicability of assurance concepts for the National Water Account (NWA) as well as aspects to be considered in the development of a broader water account report assurance framework. As part of the procedures, Ernst & Young completed walkthroughs of the data collection and reporting process for part of two accounts of the NWA; Sydney and the Murray Darling Basin. The knowledge gained of water data capture processes, water data management systems and reporting processes assisted to develop the cost estimates identified in this report. As part of the engagement, Ernst & Young provided the report *Development of a National Water Account Assurance Framework, 29 September 2011* (the 2011 Report) which outlined key aspects of an assurance framework such as:

- ▶ Subject matter
- ▶ Criteria
- ▶ Sufficient assurance evidence
- ▶ Level of assurance

The 2011 Report also describes how these matters relate to water accounting and provided recommendations and considerations in the development of a specific water account assurance framework. This report should be read with consideration for the findings and recommendations in the 2011 Report.

## 1.2 Water accounting maturity

When completing our walkthrough for the 2011 Report, it was identified that the maturity of the data collection and reporting process as well as the fact that the data often had not been subject to any previous independent assurance resulted in either potentially different audit procedures being required to be conducted or the potential for qualifications for limitations in scope. The key findings from the 2011 Report were taken into consideration when assessing the costs of independent assurance and included:

Finding	Impact on assurance
There was limited internal controls and procedure documentation	In the absence of internal controls or adequate documentation of the internal controls, an assurance provider places greater reliance on the use of substantive procedures in order to gain sufficient, appropriate audit evidence. This would involve tracing back transactions, events, volumes to source documentation and may result in considerable time and effort being incurred by both the assurance practitioner and report preparers.

Finding	Impact on assurance
There was a high degree of manual manipulation of data and limited procedural documentation	The limited procedural documentation makes it difficult for an assurance practitioner to consider the appropriateness of the data manipulation without undertaking detailed assurance procedures. Therefore, the assurance practitioner would be required to perform procedures of the data manipulation to ensure that the data is appropriately presented in accordance with ED AWAS 1.
There were varying quantification techniques and no formal standards	The varying quantification techniques included metering, modelling and estimation and have been developed for specific circumstances. ED AWAS 1 does not prescribe quantification requirements. As a result there is no detailed quantification criteria for assurance practitioners to measure the adequacy of the technique employed. The absence of quantification criteria may require assurance practitioners to undertake extensive procedures to gain comfort the technique used and the inputs used are appropriate.
There was variation in definition and classification of items	There was often a lack of understanding of the definitions and their application which was primarily due to the familiarity of the definitions and potential difference with existing use of the term by the report preparer. The incorrect classification of items may result in a qualification.
There were large unaccounted for differences	There was often a large unaccounted for difference which was due to not all transactions being reported in the GPWAR (due to reasons such as not being able to be calculated or estimated with a degree of reliability) and can comprise a number of items. The inability to provide adequate disclosure regarding the unaccounted for difference may result in a qualification in the assurance report.

### 1.3 Costs of independent assurance

The costs of independent assurance will be determined based on both the scope and level of assurance as well as the size and complexity of the GPWAR being audited. In order to analyse the costs for assurance, we identified some of the key factors which would impact the cost of assurance. These included the following factors relating to audit:

Factor	Assurance effort implication
Scope of audit data	<ul style="list-style-type: none"> <li>▶ As described in the 2011 Report, determining the scope or subject matter for an assurance engagement is up to the body requesting the assurance.</li> <li>▶ The scope of the assurance will impact on the procedures completed and the level of detail required to be completed. Assurance can be obtained over the entire GPWAR, over just the accounts or over just the significant line items in the accounts. The broader the scope, the greater the assurance effort.</li> <li>▶ In our NWA walkthrough, we identified that the length and depth of information in the contextual statement is significant and therefore, considerable effort is required should it be included in the scope of the assurance and therefore it is recommended that only the accounting statements and note disclosures or even just some significant line items be subject to assurance initially until the process becomes more mature.</li> </ul>
Level of assurance	<ul style="list-style-type: none"> <li>▶ There are two levels of assurance which can be provided; reasonable and limited assurance.</li> <li>▶ For a description of the two types of assurance levels and an understanding of differences between them, refer to Section 2.2.4 of the 2011 Report.</li> <li>▶ The level of assurance will affect the nature and detail of the procedures required to be completed. Reasonable assurance includes detailed substantive testing back to source documents and critiquing the construction of models and inputs/assumptions. Limited assurance will also involve substantive procedures however, tests are not as detailed and will rely on inquiry and analytical procedures (where possible). Therefore, greater assurance effort is required to obtain reasonable assurance. For a description of the types of procedures required to be completed for an assurance refer to Section 2.3.5 of the 2011 Report.</li> </ul>

During our engagement examining the NWA, it was identified that there is some information contained in the GPWAR for which the provision of assurance could be problematic. For example, future prospects disclosure is difficult to substantiate. We identified that this could be overcome to the extent that AWAS 1 prescribe detailed criteria for the development of the future prospects disclosure. Therefore, with the immaturity in GPWAR, it may be difficult to obtain assurance over the entire GPWAR without either additional procedures being completed or a qualification or scope limitation. It would be up to the body requesting the assurance to assess its appetite for either additional procedures being completed or a qualification or limitation in scope.

From our work examining the NWA as well checking a sample of GPWAR, we identified that there are many aspects of a GPWAR which would impact on the level of effort required to obtain assurance. The key aspects which would impact on level of assurance effort include:

Factor	Assurance effort implication
Size of GPWAR	<ul style="list-style-type: none"> <li>▶ The size of the GPWAR will impact on the level of effort required to provide assurance. For example, the larger the GPWAR, the greater the level of effort is required to provide assurance. The factors which impact on the level of effort for assurance include the length and detail of the contextual statement as well as the number and detail of the line items in the accounts and note disclosures.</li> <li>▶ The contextual statement is used to provide the reader with an understanding of the water system and significant events or areas of interest throughout the year. The data in the contextual statement can vary in its significance to the readers and how important it is. Therefore, the type of data reported and how important it is (and the risk of it being incorrect) will impact on the level of assurance effort required.  From discussions with the Bureau, we understand that the Bureau is intending to exclude the contextual statement from the scope of the independent assurance. Therefore, as part of the assessment we have excluded the costs of assurance over the contextual statement from this report.</li> <li>▶ The number of line items in the accounts also impacts on the assurance effort. For example, for some reporting entities, not all the line items are applicable. This is the case where some GPWAR do not report all three water accounting statements as they may not all be relevant. For example, the Statement of Physical Water Flows is not reported for a water entity that does not have physical flows. Therefore, the number of line items within the water accounts will impact on the quantity of information required to be assured and the fewer line items in the accounts results in less assurance effort.</li> </ul>
Complexity of GPWAR	<ul style="list-style-type: none"> <li>▶ The complexity of the GPWAR also impacts on the costs. Complexity of a report is based on the complexity of the water system, the number of sources of information the data is obtained from as well as the process of data capture and manipulation of the data. The complexity of the water system can be estimated using the number and type of line items reported in the accounts of the GPWAR as well as the description of the water report entity from the Contextual Statement.</li> <li>▶ Complexity can also be assessed by identifying the number of data providers for the GPWAR as often the data is obtained from multiple sources. During our NWA walkthrough it was identified that the number of data providers varies considerably and the larger and more complex the system, generally the more data providers will be providing data. The number of the different reporting processes used by data providers will also impact on the number of walkthroughs of data systems and testing required to be completed and therefore, the level of assurance effort required.</li> <li>▶ The methodology of data capture and reporting is also an input into the complexity of the report. Whether the data is metered, estimated or modelled will affect the types of assurance procedures completed. For example, an assurance practitioner is able to gain sufficient audit evidence from a meter reading more easily than from estimated data. If estimations are used, the assurance practitioner would be required to gain an understanding of the basis for the estimation and assess whether the assumptions are reasonable.</li> <li>▶ The sensitivity and materiality of the data in the report will also affect the assurance procedures completed. If the data reported is of high significance to readers and to be heavily scrutinised, then an assurance practitioner will design the audit procedures based on the level of risk and will gain sufficient assurance evidence to bring the risk of material misstatement to an acceptable level.</li> </ul>
Disclosure of methodology in GPWAR	<ul style="list-style-type: none"> <li>▶ The levels of disclosure of calculation methodologies and assumptions affects the assurance effort and assists the assurance provider identify the key risks to focus assurance procedures. From viewing the sample of GPWAR, some report preparers disclose their methodologies and assumptions to a greater level of detail than others. Disclosure of the calculations and assumptions assists the assurance provider for two reasons: <ul style="list-style-type: none"> <li>▶ It assists when completing planning to identify areas of risk and where assurance procedures need to be focused. This would otherwise require the assurance practitioner to interview the report preparers to understand the data methodology and assumptions in order to identify where data is coming from, how it is calculated and what the audit risks may include.</li> <li>▶ It assists with checking the data is calculated correctly and results in efficiencies for the assurance practitioner. This is because if the methodology and assumptions are publicly available, then the assurance practitioner will have a methodology to assess the data against. During the NWA walkthroughs, we identified a number of calculations and data manipulation which occurred and were not documented. Therefore, for each</li> </ul> </li> </ul>

Factor	Assurance effort implication
	<p>data point, the assurance practitioner would require the report preparer to step through the data calculation/manipulation process to understand it and then to confirm it was occurring correctly. Therefore, considerable more assurance effort is required when limited information is available and disclosed on the methodology and assumptions.</p> <ul style="list-style-type: none"> <li>▶ In the 2011 Report, we discuss the option of reporting entities providing greater disclosure of their calculation methodologies. During this work it was identified that the EDAWAS 1 does not provide sufficient detail to assess the suitability of data calculation methodologies. Therefore, it was suggested that potentially entities would be required to submit a publicly available report or a 'basis of preparation' which describes the methodology of calculating each line item. This will provide readers of the GPWAR with an understanding of the methodology used to calculate the data and will also create efficiencies for the assurance practitioner as they will not be required to assess the reasonableness of the calculation methodology. This will also potentially reduce the reliance on using experts as the criteria used to assess the data are publicly available.</li> <li>▶ The maturity of the report preparers and the internal procedures and existing controls also affects the level of assurance effort. However, this is something that is not able to be assessed from solely looking at the GPWAR. From completing the NWA walkthrough it was identified that due to the immaturity of water accounting reporting, water accounting procedure documentation is very limited and there are limited controls compared to what is normally expected in financial accounting. Therefore, the type of procedures will vary depending on the report preparers reporting procedures and internal control environment. As this is not able to be determined without discussions with the report preparers, this factor is not included in our assessment of assurance costs. We have assumed a basic level of internal controls and formal procedures for water accounting data collection.</li> </ul>

## 1.4 Assessment criteria

In order to analyse the level of effort required to conduct assurance of GPWAR, we identified the following qualitative and quantitative criteria:

Size	<ul style="list-style-type: none"> <li>▶ Number of pages in the Contextual Statement</li> <li>▶ Types of disclosures in the Contextual Statement</li> <li>▶ Number of line items in the Accounts</li> <li>▶ Types of line items in the Accounts</li> </ul>
Complexity	<ul style="list-style-type: none"> <li>▶ Number of reporting parties</li> <li>▶ Accuracy/data collection method (E.g. estimated/metered/modelled)</li> <li>▶ Complexity of water system</li> </ul>
Disclosure	<ul style="list-style-type: none"> <li>▶ Level of disclosure of calculation methodologies/Basis of preparation</li> </ul>

The scope and level of the assurance has been excluded from these criteria as the criteria is used to assess the assurance effort required for each GPWAR. We incorporate the scope and level of assurance during the cost analysis below. The criteria above were used to assess the level of effort required to complete assurance over each GPWAR and has been categorised as either very high, high, medium or low.

The Contextual Statement was used in our assessment of the level of assurance effort required as it provided an understanding of the water system, the complexity and overall size of the report. The Bureau has advised that the Contextual Statement will not be required to be assured and therefore, when determining the costs of assurance, the Contextual Statement was excluded from the scope of the assurance.

## 1.5 Water reporting entities

The Bureau has identified the primary report preparers of GPWAR to include State and Territory government agencies, urban and rural water utilities, major water users as well as environmental water rights holders. Therefore, in order to gain a full picture of the costs, the Bureau asked Ernst & Young to prepare cost estimates for each type of report preparers. We obtained example GPWAR from the Bureau as well as those that are publicly available which included the different user types and have assessed these to determine the level of assurance effort required for each. The following example reports were used for our analysis:

Report Preparer Type	Organisation
State and Territory Government agencies	<ul style="list-style-type: none"> <li>▶ Queensland Government Water Resource Accounts 2010-11</li> <li>▶ NSW Government, Office of Water - General Purpose Water Accounting Reports</li> <li>▶ Other example reports such as the Wallaroo Water System - Model Report</li> </ul>
Urban and rural water utilities	<ul style="list-style-type: none"> <li>▶ Example irrigation and utility systems such as Terra Firma Water Supply System - Model Report</li> </ul>
Major water users	<ul style="list-style-type: none"> <li>▶ Example large water users including hydro power systems such as Entergetico Hydro Corporation - Model Report</li> </ul>
Environmental rights holders	<ul style="list-style-type: none"> <li>▶ Example environmental water rights holders such as Minton Environmental Water Holder - Model Report</li> </ul>

## 2. Assessment of GPWAR

### 2.1 Assessment of specific reports

The following specific reports were assessed against the criteria above:

GPWAR	No Reporting Parties	Contextual Statement		Water Account/Note Disclosure		Method Disclosure	Assurance Effort
		No pages	Description	No line items	Description		
State Government Agency	2-4	10-15	<ul style="list-style-type: none"> <li>▶ Disclosure on system background</li> <li>▶ Changes to management and reporting over the year</li> </ul>	20-25	<ul style="list-style-type: none"> <li>▶ No groundwater reported</li> <li>▶ No statement of changes reported</li> <li>▶ Stock and domestic abstraction are not able to be estimated and not reported</li> </ul>	<ul style="list-style-type: none"> <li>▶ Disclose data approach and accuracy</li> <li>▶ Describe calculations used</li> </ul>	Low
State Government Agency	8-10	20-25	<ul style="list-style-type: none"> <li>▶ Water licence type and allocation information</li> <li>▶ Environmental water (water held and used for environmental purposes)</li> </ul>	195-200	<ul style="list-style-type: none"> <li>▶ High level of detail in accounts (e.g. water for domestic and stock, general security, high security (aboriginal culture), high security, high security (research) etc.)</li> <li>▶ Report groundwater (high level of uncertainty)</li> </ul>	<ul style="list-style-type: none"> <li>▶ Disclose data approach and accuracy</li> <li>▶ Describe calculations used</li> <li>▶ Have disclosed groundwater calculation methodology</li> </ul>	Very High
State Government Agency	Not reported	6-8	<ul style="list-style-type: none"> <li>▶ System overview</li> <li>▶ Water storages and water infrastructure</li> </ul>	55-60	<ul style="list-style-type: none"> <li>▶ Some groundwater assets have been excluded from the report</li> </ul>	<ul style="list-style-type: none"> <li>▶ Disclose data approach and accuracy</li> <li>▶ Does not specifically identify where the data is obtained from</li> <li>▶ Does not identify which reporting entity is responsible for providing data</li> </ul>	Medium
Major Water User	Not reported	12-15	<ul style="list-style-type: none"> <li>▶ Description of water reporting entity</li> <li>▶ Climatic conditions</li> <li>▶ Hydro power scheme</li> <li>▶ Water management plan</li> </ul>	30-35*	<ul style="list-style-type: none"> <li>▶ *Line items are reported by 3 connecting areas totalling approximately 100 line items. We expect that many line items may be from the same source data (e.g. inflow to one is</li> </ul>	<ul style="list-style-type: none"> <li>▶ Discloses quantification approaches</li> <li>▶ Limited description of how items are sourced</li> </ul>	Medium

GPWAR	No Reporting Parties	Contextual Statement		Water Account/Note Disclosure		Method Disclosure	Assurance Effort
		No pages	Description	No line items	Description		
					<ul style="list-style-type: none"> <li>outflow of another)</li> <li>▶ Water allocation carry over and liabilities not included as not relevant</li> </ul>		
Urban and Rural Water Utilities	Not reported	8-10	<ul style="list-style-type: none"> <li>▶ Description of water system</li> <li>▶ Water infrastructure</li> <li>▶ Water use and management</li> </ul>	30-35*	<ul style="list-style-type: none"> <li>▶ * Line items are reported by 3 different areas totalling to approximately 100 line items. We expect that many line items may be from the same source data</li> <li>▶ No water liabilities recorded as there are no obligations carried forward</li> </ul>	<ul style="list-style-type: none"> <li>▶ Disclose data approach and accuracy</li> <li>▶ Large proportion of data is metered</li> </ul>	Low/Medium
State Government Agency	Not reported	15-18	<ul style="list-style-type: none"> <li>▶ Description of physical information</li> <li>▶ Description of each aquifer and urban water supply</li> <li>▶ Environmental water management</li> </ul>	85-90	<ul style="list-style-type: none"> <li>▶ No major rivers/streams in system and therefore no surface water assets are recognised</li> <li>▶ No common water year for area for issuing licences</li> <li>▶ Large majority of data relates to groundwater systems, wetlands and urban water supply and sewage</li> </ul>	<ul style="list-style-type: none"> <li>▶ Disclose data approach and accuracy</li> <li>▶ Due to primarily groundwater system, majority of data is modelled and estimated and therefore lower accuracy</li> </ul>	High (Due to large number of modelled data)
Environmental Rights Holder (Note: Not in GPWAR format)	Not reported	40	<ul style="list-style-type: none"> <li>▶ Note: 40 pages is the entire report as there are no separate accounts</li> </ul>	28-30	<ul style="list-style-type: none"> <li>▶ Report discloses volumes of 28-30 regions which are based on bulk entitlements</li> <li>▶ No large quantitative data, primarily qualitative data on system information and watering aims</li> </ul>	<ul style="list-style-type: none"> <li>▶ No indication of accuracy</li> </ul>	Low
Wallaroo Water System, - Model Report	2	9	<ul style="list-style-type: none"> <li>▶ Description of water entity</li> <li>▶ Water entitlements</li> <li>▶ Climatic overview</li> </ul>	126	<ul style="list-style-type: none"> <li>▶ System has two groundwater aquifers includes intervalley trade claimed and water rights, allocation carryovers and intervalley trades</li> </ul>	<ul style="list-style-type: none"> <li>▶ Disclose data approach and accuracy</li> <li>▶ Large proportion of data from metered sources</li> <li>▶ Groundwater and seepage based on models and some is estimated</li> </ul>	High

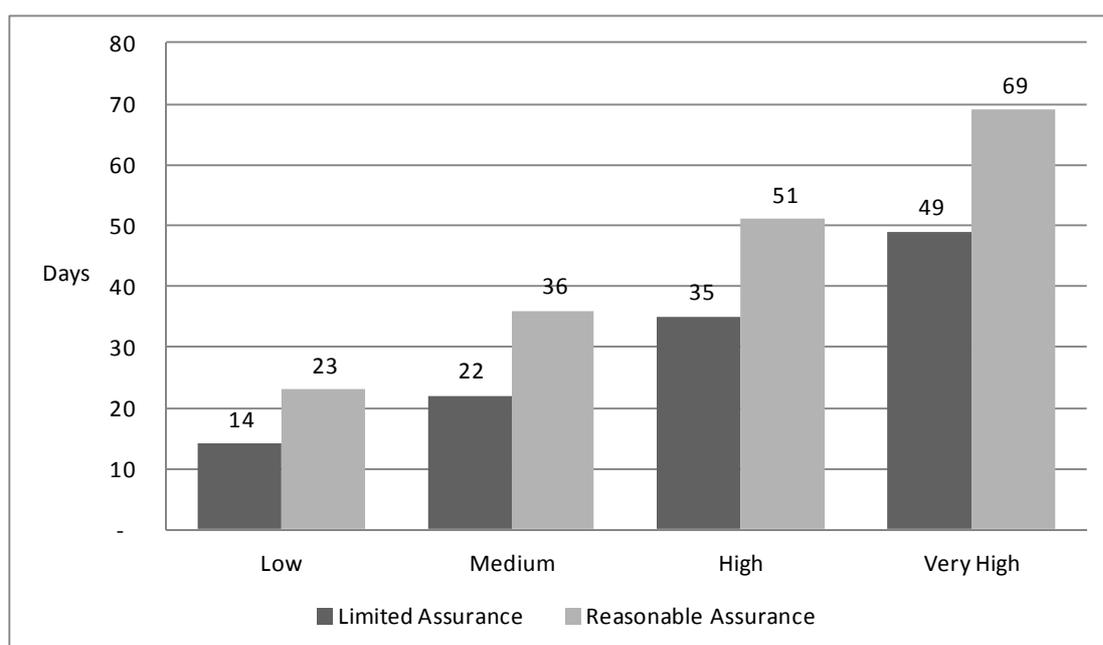
GPWAR	No Reporting Parties	Contextual Statement		Water Account/Note Disclosure		Method Disclosure	Assurance Effort
		No pages	Description	No line items	Description		
Entergetico Hydro Corporation - Model Report	2	7	<ul style="list-style-type: none"> <li>▶ Description of the hydro operating plan and licence and corporate structure</li> <li>▶ Climatic conditions</li> <li>▶ Energy supply and demand from grid</li> </ul>	52	<ul style="list-style-type: none"> <li>▶ Surface water assets for each lake and reservoir</li> <li>▶ Environmental carry over</li> <li>▶ Note: Appendix has separate accounts for each of the nine lakes. This has not been included in our estimate.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Disclose data approach and accuracy</li> <li>▶ Large proportion of data from metered sources</li> <li>▶ Some methods not clear and described as "Energetic's best practice"</li> <li>▶ No model outputs or estimates used</li> </ul>	Low/Medium
Terra Firma Water Supply System - Model Report	Not reported	7	<ul style="list-style-type: none"> <li>▶ Water resources overview</li> <li>▶ Water management bodies</li> <li>▶ Climatic conditions</li> <li>▶ Allocations and restrictions</li> </ul>	92	<ul style="list-style-type: none"> <li>▶ Surface water assets, water storages, desalination plant, wastewater/recycling</li> </ul>	<ul style="list-style-type: none"> <li>▶ Primarily metered data which includes, surface water assets, inflow from storages, inflows to plants, outflows from plants. Modelled data includes precipitation, runoff, evaporation and outflow to river. Licence data from regulator body.</li> <li>▶ Also report future prospects.</li> </ul>	Medium
Minton Environmental Water Holder (MEWH) - Model Report	Not reported	8	<ul style="list-style-type: none"> <li>▶ Description of water entity</li> <li>▶ Administrative information, environmental watering objectives and environmental water entitlements and allocations</li> <li>▶ Overview of reporting period</li> </ul>	23	<ul style="list-style-type: none"> <li>▶ MEWH only has rights and claims to water as it does not hold or have management responsibilities for physical water assets. It is responsible for deciding the application of environmental water.</li> <li>▶ No statement of physical water flows reported as no physical inflows or outflows are held by MEWH</li> </ul>	<ul style="list-style-type: none"> <li>▶ Approach and accuracy not reported</li> <li>▶ Primarily looks to be allocation and entitlement data</li> </ul>	Low

## 2.2 Assurance estimates

From examining the selected GPWAR to estimate assurance effort, we estimate the following ranges of assurance effort would be required:

Report Preparer Type	Assurance Effort
State and Territory Government agencies	► Low to very high
Urban and rural water utilities	► Low to medium
Major water users	► Low to medium
Environmental rights holders	► Low

Based on examining the selected GPWAR, we developed an estimate of the number of days required to complete assurance for each level of assurance effort. For comparison, we identified the difference in effort between limited and reasonable assurance. The following estimates of number of days are based on providing assurance over the Water Accounting Statements and the Note Disclosures of the GPWAR and are based on the number of days required to complete the assurance.



The number of assurance days is based on a blend of all the assurance team's time. An assurance team consists of the following personnel:

- Partner
- Independent Partner
- Manager
- Senior Consultant/Senior Accountant
- Consultant/Accountant
- Technical experts (e.g. modelling/hydrogeology etc)

The decision of whether to use technical experts such as modelling or hydrogeological experts will be dependent on the complexity of the GPWAR and is up to the lead assurance practitioner. The breakdown of the hours spent for each level of the assurance team is dependent on the complexity of the assurance. The more complex the audit, the more time

is required by senior personnel such as partners, independent partners, managers and technical experts. Therefore, the daily rate will increase with the increasing complexity of the GPWAR. The cost of assurance will also be dependent on the fee structure of the specific assurance firm.

We have estimated the following assurance fees:

Assurance Effort	Estimated Fees (\$)	
	Limited	Reasonable
Low	▶ 19,600 - 25,200	▶ 32,200 - 41,400
Medium	▶ 30,800 - 39,600	▶ 50,400 - 64,800
High	▶ 49,000 - 63,000	▶ 71,400 - 91,800
Very High	▶ 68,600 - 88,200	▶ 96,600 - 124,200

The fee estimates above are based on the sample of GPWAR selected by the Bureau and using 2012 fee estimates. There may be GPWAR that have greater or lesser complexity which fall outside these fee estimate ranges, for example, the National Water Account. The fee estimates are also based on providing assurance over the Water Accounting Statements and Note Disclosures only. There may be some efficiencies realised for entities that produce more than one GPWAR, where source data systems are consistent.

### 2.3 Assumptions of estimate

The assumptions made when completing the estimate include:

- ▶ The audits are completed in isolation and are not part of a broader assurance program. We note that if the audit was completed in conjunction with a financial or other regulatory audit there would be limited efficiencies gained as the systems used for water data capture and collection are separate to those used for financial accounting.
- ▶ Fees do not include expenses such as travel costs
- ▶ Assurance is conducted in accordance with ASAE 3000 *Assurance Engagements Other than Audit or Reviews of Historical Financial Information*

## Important notice

To the reader of this Report

Ernst & Young was engaged on the instructions of the Bureau of Meteorology to provide general advice and assistance in relation to the development of Water Accounting Standards in accordance with an agreement dated 24 March 2011.

The results of Ernst & Young's work are set out in Ernst & Young's this report dated 12 June 2012 ("**Report**"). You should read the Report in its entirety including the applicable scope of the work and any limitations. A reference to the Report includes any part of the Report. No further work has been undertaken by Ernst & Young since the date of the Report to update it.

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