

## WHAT

IPART has updated its Audit Guidelines for private water utilities licensed under the WIC Act.<sup>1</sup> The guideline sets out our expectations for auditors and licensees regarding the conduct of various types of audits.

IPART audits its licensees annually or biennially to check they comply with their licence conditions.

We apply a risk-based regulatory model which allows us to focus on allocating resources to areas of higher risk.



## WHY

We updated the audit guidelines to:

- ▼ reflect recent changes to WIC Act licences
- ▼ address changes to our internal processes, including merging the separate ‘brownfield’ and ‘greenfield’ guidelines
- ▼ incorporate learnings from previous audits, and
- ▼ address recent stakeholder feedback.

We also amended the audit grade definitions, to be more consistent with other compliance functions undertaken by IPART.



## WHO

- ▼ The guideline will apply to all WIC Act licensees.
- ▼ Auditors are required to use the audit guidelines when undertaking audits, as well as the relevant auditing standards.



## HOW

We made the draft audit guideline available on our website for stakeholder and public submissions. The submissions we received are available on our website.

We have analysed and addressed the submissions, where appropriate, and the final audit guideline is consistent with IPART’s *Compliance and Enforcement Policy, December 2017*.



## WHAT NEXT

We have published the final PWU audit guideline on IPART’s website.

If you wish to discuss any matters in the guideline, please contact:

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<sup>1</sup> *Water Industry Competition Act 2006.*

## 1 What changes have we made to the audit guideline?

We have made the following changes to the existing audit guideline:

- ▼ Amended the audit grades definitions to align with IPART’s audit grades in the *Compliance and Enforcement Policy*, December 2017 and the recently amended *Public Water Utility Audit Guideline* – June 2018. We have retained the number of audit grades as we consider the current system is working well.
- ▼ Combined the existing ‘Greenfields’ and ‘Brownfields’ audit guidelines into one document.
- ▼ Included an ‘Audit Fundamentals’ section to clarify administrative issues for auditors and licensees.
- ▼ Clarified the process for water quality compliance with the *Australian Guidelines for Water Recycling*. If the auditor assigns an element-by-element compliance grade, the auditor should assign an overall grade which, in the auditor’s opinion, weighs the relative significance of the individual element grades.
- ▼ Removed the Statement of Compliance template from Appendix A of the current documents. We note that this template is now in the Reporting Manual.
- ▼ Removed the ‘Auditor Selection’ section – relevant information is available on the IPART website.
- ▼ Provided a simplified Audit Report Template in the appendices, to allow auditors to report in accordance with the audit standards.
- ▼ Amended the general commentary around audit requirements to more closely align with the definitions and terms used in the audit standard ISO 19011.
- ▼ Removed repetition and references to out-of-date standards.
- ▼ General editing.

We have also removed reporting templates to make it simpler to issue reports, and we provided guidance on follow-up audits, and how to achieve a reduced frequency of auditing.