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Assurance of SES Water annual performance report, 2020-21

15 July 2021

Dear Paul,

My team undertook your APR21 audits this May/June, due to the Covid-19 pandemic all audits were conducted over Microsoft Teams. We reviewed technical aspects of your annual performance report data, processes, and conclusions. This letter sets out the scope of my audit, my findings, and my concluding assurance statement.

Scope and approach

Our scope was to check that you had good business processes, data, and calculations, and that the results were reported appropriately and subject to good corporate governance. We agreed tests in advance and had free access to your staff and data to carry out our audits.

We reviewed each of the performance commitments against which you are reporting this year. We reviewed the calculation of outcome delivery incentive payments or penalties, where applicable. We checked that good processes were in place for the collation and reporting of annual results.

Findings and key recommendations

Where we identified discrepancies between data, calculations, and the FD19 performance commitment definitions, you corrected them at the time of audit or shortly afterwards. We agreed with your final reported values for performance in 2020-21.

We noticed that Covid-19 has changed some aspects of business, for example increasing the number of non-domestic void properties and increasing domestic water consumption during the year. We recommended that you explain Covid-19 clearly, with supporting evidence, in your summary of performance that was being drafted at the time of audit.

We also recommended minor improvements to method statements, calculations, and the sign-off process, in the light of lessons learned at APR21 and to simplify future reporting.

Assurance statement

I refer to my review of technical aspects of SES Water's annual performance report, which have been audited under my direction. We were given free access to people and information as necessary to complete our work.

In my professional opinion, based on and to the extent disclosed by sampling carried out and as described in my report to SES Water dated 1 June 2021:

1. The Table group 3 performance commitment data have been completed appropriately.
2. The technical data in tables 4A, 4R, 5A, 6A, 6B, 6C, and 6D has been compiled appropriately.
3. Errors and omissions were corrected as a result of our audits.
4. We made recommendations for continuing improvement on aspects of data flow, calculations and sign-off.

Dr Andrew Heather

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Document record

| Issue | Date | Author | Checker | Approver | Purpose |
|-------|--------------|------------|-----------|-----------|--------------|
| 1 | 1 July 2021 | A Lawrence | A Heather | A Heather | First issue |
| 2 | 15 July 2021 | A Lawrence | A Heather | A Heather | Second issue |

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