

# Assurance Letters: FAQ for phase two

## How do I know if I need to submit a letter of assurance? Do I need to submit a letter at this stage of the assurance process?

Whether you need to provide a letter of assurance depends on the participant's legal status and how it will operate in the new market:

1. If you operate under an **Instrument of Appointment**, you are expected to submit a letter of assurance at **all three phases** of assurance.

You have a choice about whether to submit separate letters from your wholesale and retail arms or a joint letter. It would be appreciated if you could let us know your intentions so we know roughly how many letters to expect.

2. If you will be operating in the new market under a **new Water Supply and Sewerage Licence** (i.e. you are a new entrant retailer or an 'associate licensee'), you are only required to submit **the final assurance letter** (see Phase 3 below).

## Which parts of the letter do I need to fill in?

Regardless of what supporting material you attach to your letter, you are required to fill in all sections of the letter, including the table in section 3. You should cite any supporting documentation in the tables provided (see below: 'What supporting material do I need to attach?').

## How do I use the pro-forma?

For this phase we are asking market participants to use an editable pdf [pro-forma](#) letter. This should make completing the letter a simpler process. The pro-forma can be completed electronically, saved to your device and printed for signature. **If you are having problems saving the pdf file, updating to the latest version of Adobe should resolve things.**

The pro-forma allows you to paste in a company logo at the top-left should you wish, and complete the company name and address details. Alternatively you can delete the address fields and print the completed letter on your own company headed paper. Completing your company name at the top of the letter will automatically populate all the other fields where your company name is required.

If you have any problems using the pro-forma, or require any further guidance, please contact [Jess Keedy](#).

**What supporting material do I need to attach?**

Phase one asked for a programme plan and summary of milestones. These are then used to track progress through phases two and three, and can be reattached at phases two and three. It is not necessary to attach more detailed plans, risk registers, etc. To record progress against your milestones, or any changes to your milestones since your phase 1 letter, you may wish to use a simple table format such as the following:

Component / Activity	Milestone Date	Comments / progress

**Can I insert the table above into the pro-forma?**

Any supporting material should be attached to your letter when you submit it, but it is not possible to insert it into the pro-forma itself.

**What if a milestone has changed, moved, or been missed?**

When reviewing your progress against the milestones submitted at phase one, simply record any changes in your letter and include a brief commentary on why the milestone has changed or been missed – for example using the third column in the example table above. If the change is linked to a particular risk you identify in section 4, make sure you specify this. For missed milestones please also specify the remedial action taken and how you will still meet your overall timeline.

**In table 3, do I need to list one milestone per row?**

Not necessarily. You may want to group milestones according to, for example, the sorts of assurance used, or take a view on the granularity of the milestones you include in the table.

**Am I obliged to seek external assurance?**

No. It is for your Board to decide what form of assurance is proportionate in each case. The Assurance Framework identifies 6 appropriate forms of assurance:

- External, independent assurance or expert analysis
- Internal expert or peer review

- Internal process or internal data audit
- Management review
- In-team peer review
- Self assessment

Section 3 of the letter asks you to specify what form of assurance you have used. If you have used external assurance, we ask you to specify what sort of external assurance it is, from whom, date received etc. *e.g. 'Assurance Report on progress to plans, Ernst & Young, 01.09.16.'*

### **Do I need to include mitigation / recovery plans in section 4?**

Section 4 of the letter is split into two parts – the first dealing with participants' own work programmes and achievement of company readiness. If you have identified any risks, issues and slippages that you expect to have a significant impact on your company's readiness for retail market opening, you should select the second of the two statements. In selecting the second statement you are required to set out appropriate action plans for mitigation/recovery alongside the risks.

The second part of section 4 gives you the opportunity to highlight any other matters which you expect to have a significant impact on the implementation of the retail market as set out in the overall programme.

### **Is section 4 inconsistent with the statements in sections 1 and 2 of the letter?**

No. The purpose of section 4 of the letter is precisely to capture any issues that companies feel might affect either their own readiness or the overall readiness of the programme. We will not see as inconsistent any issues companies choose to include in section 4 with the statements in earlier sections of the letter.

### **Will I find out how the programme partners rated my readiness?**

No, but as with phase one we will publish an anonymised summary progress report as per the published Assurance Framework, and provide updates through the Workplan Review Group following each phase.

### **What if I have further questions?**

If you have any questions about this process, please feel free to contact your MOSL portfolio manager, drop us a line at [AssuranceLetters@ofwat.gsi.gov.uk](mailto:AssuranceLetters@ofwat.gsi.gov.uk) or get in touch with one of the project team.

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Details of the main contacts per partner organisation are included below:

MOSL: Steve Lyon <a href="mailto:steve.lyon@mosl.co.uk">steve.lyon@mosl.co.uk</a> 07734 450907	Ofwat: Amanda Rooney <a href="mailto:Amanda.Rooney@ofwat.gsi.gov.uk">Amanda.Rooney@ofwat.gsi.gov.uk</a> 0121 644 7724	Defra: Jess Keedy <a href="mailto:Jess.Keedy@defra.gsi.gov.uk">Jess.Keedy@defra.gsi.gov.uk</a> 020 802 63350
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Please note information sent to [AssuranceLetters@ofwat.gsi.gov.uk](mailto:AssuranceLetters@ofwat.gsi.gov.uk) will be shared across the three programme partners unless participants expressly state otherwise, together with a clear statement about which parts might not be shared and the reasons why this should be the case.