



NIAUR

ANNUAL INFORMATION RETURN REPORTING REQUIREMENTS 2011

ADDENDUM TO AUDITORS' GUIDANCE

AUDITOR REQUIREMENTS IN RELATION TO PPP REPORTING

INTRODUCTION

This guidance is intended as to act as an addendum to the Auditors' reporting requirements for AIR11. It provides additional guidance for Auditors specifically in relation to Public- Private Partnership reporting requirements following the introduction of PPP reporting requirements within the Annual Information Return 2010.

General- Tables 42 and 43

- The auditors should ensure that amounts recorded in tables 42 and 43 of the AIR11, as appropriate, are calculated in accordance with the terms of the relevant PPP contract and with Generally Accepted Accounting Practice (GAAP). This should also include a review of the audit trail for payment to PPP contractors and the checking of underlying evidence in support of these payments.
- The auditors should highlight any major internal control weaknesses identified in undertaking this PPP review.
- The auditors should confirm that the values included in tables 42 and 43 are consistent with those in the statutory accounts and highlight any relevant deviations.
- In its supporting commentary to table 42, NI Water is required to provide a "statement ...of the total accrual of PPP unitary charge carried in the company accounts at financial year end and provide a breakdown of this total between accruals relating to penalty payments and other accruals." The auditors should comment on the consistency of the elements of this statement with the underlying accounting records and the applicability of any assumptions made.

Table 42

Particular audit attention should be focused on the following lines of table 42:

Line 9: Opex deductions

- Auditors should ensure that the amounts recorded in line 9 have been calculated and charged appropriately, promptly and accurately and are additionally consistent with the terms of the PPP contract between NI Water and the Concessionaire Company.

- The auditors should ensure that any disputed amounts between NI Water and the Concessionaire Company have been treated and recorded appropriately in accordance with GAAP and the Regulatory Accounting Guidelines.

Line 11: Efficiency Gains

- The auditors should check that any relevant efficiency gains have been calculated accurately and applied consistently in accordance with the terms of the relevant PPP contracts.
- The auditors should check the status of all efficiency audits and/reports on PPP operations and report on their implementation, where appropriate. Should implementation be outstanding, auditors should report on the explanations provided by NI Water of any failure or delay in implementing such audits/reports.

Lines 10 and 16: Atypical Expenditure/ Atypical Payments Capitalised

- The auditors should ensure that the amounts recorded in lines 10 and 16 for atypical expenditure and payments capitalised have been appropriately authorised and supported by information which supports the payments made.
- The auditors should confirm that all such payments reviewed have been made in accordance with the terms of the relevant PPP contract or if such payments have been made outside the terms of the contract, that they have been appropriately authorised.
- The auditors should confirm that all payments reviewed have been appropriately recorded and follow GAAP.

Consistency with Tables 21 and 22

- The auditors should check and report on the consistency of the total amount recorded in Table 42 line 20 and Table 43 line 4 with the respective totals recorded in line 21a of Table 21 and line 20a of Table 22.
- The auditors should also check and report on the consistency of the total amount recorded in Table 43 line 5 with the total in line 22a of Table 21 and line 21a of Table 22.

CHANGE CONTROL SHEET

Auditors' guidance

2010/1.0	First issue of chapter for the SBP period.
2011/1.0	First issue of chapter for the PC10 period. <ul style="list-style-type: none">• Minor line number revisions.