

RMSS CASE STUDY

State Water Corporation

RMSS provides State Water Corporation with a robust framework to meet its risk and compliance obligations as a State Owned Corporation.



Organisation

State Water Corporation
www.statewater.com.au

Location

New South Wales, Australia

Business

One of Australia's largest rural bulk water distributors

Employees

300+

Asset Portfolio

- Asset portfolio AUD\$3.5 Billion
- Delivers 4,600 GL of water to rural NSW
- Delivers 9,000 GL of water for the Environment
- Injecting AUD\$250 Million for 7 dam upgrades over next 5 years

Achievements

In recognition of risk and compliance best practice achievements, John de Groot, Risk and Compliance Manager, State Water Corporation, was awarded "highly commended" in the Risk Individual Pathfinder category at the 2010 Risk Sentinel Awards.



About State Water Corporation

Established in July 2004, under the State Owned Corporations Act (1989), State Water is New South Wales' (NSW) rural bulk water distribution corporation, annually delivering more than 4,600GL of water to regional NSW on average, along 7,000km of rivers. In accordance with water sharing plans, State Water also delivers about 9,000GL of water for the environment.

At a State level the organisation manages and operates 20 dams and more than 280 weirs and regulators to distribute water for town water supplies, industry, irrigation, stock and domestic use, riparian and environmental flows.

With 300 employees, State Water's teams operate from regional centres throughout NSW and work closely with water users and Customer Service Committees to set asset management priorities and distribute water efficiently in regulated river valleys.

As one of Australia's largest rural bulk water distributors, State Water manages an asset portfolio of AUD\$3.5 billion and is in the process of upgrading seven dams across the State, injecting more than AUD\$250 million into regional communities over the next five years.

Business Challenges

Meeting risk and compliance obligations to secure Operating Licence

As a State Owned Corporation, in a very highly regulated industry, State Water is required to comply with a range of standards in order to maintain its Operating Licence as a rural bulk water distributor corporation.

As part of an annual process, State Water is required to submit a report to the Independent Pricing and Regulatory Tribunal (IPART). This report was manually created based on input via spreadsheets from the business heads across State Water's 6 core business units: Finance, Strategic Assets, Customer Operations, Strategy and Governance, Water Delivery, Maintenance and Services. As a largely decentralised approach, this proved to be very time consuming and ultimately the required data for reporting lacked consistency and completeness.

Importantly, the report from the business units had to identify State Water's compliance against each key condition of the Operating Licence and also document any events or incidents that had occurred and the corrective actions taken.

Producing this report and substantiating that various processes and procedures were in place to ensure compliance, was difficult. Ultimately there was a real risk of non compliance with standards relating to the Operating licence. There was also a lack of internal assurance to Management and the Board that it was meeting its regulatory and compliance obligations.

As John de Groot, Risk and Compliance Manager, State Water explains, "one of the challenges we faced across the entire organisation was the ability to substantiate the claims that were made in our compliance performance report to IPART. We were also at any point in time unable to have clear visibility as to whether the organisation was meeting its risk and compliance obligations which was a real concern to both Management and the Board."

Ensuring accountability and ownership of risk and compliance obligations across the organisation

On completion of the annual Operating Licence audit by IPART, recommendations are made that then have to be implemented across the relevant State Water business units. Actions resulting from the recommendations are allocated and tracked manually using spreadsheets. This was very time consuming process and in many instances action owners had to identify their relevant actions through a spreadsheet that could contain over 400 entries.

"The use of spreadsheets and manual processes to allocate actions based on IPART recommendations and other internal needs was cumbersome and time consuming." John de Groot explained. "Accountability and ownership of the actions was lacking and the ability to provide progress reports to both Management and the Board was poor."

Developing an effective enterprise-wide risk management framework

The Board and Management recognised the need to move beyond spreadsheets and develop a robust risk, event and compliance management framework. Risk management was considered to be at an embryonic stage, for example there were no operational risk registers across any of the business units and subsequently the Board and Management had no visibility as to what the key risks were or what events and incidents were occurring across the organisation.

Given the lack of systems, simply logging an event was a major task involving faxes, emails and inconsistencies in the amount and type of data recorded. The Board wanted assurance that State Water was meeting its risk and compliance obligations.

John de Groot clarified, "before implementing RMSS' solution, we did not have any operational risk registers across our six business units. Utilising spreadsheets, our ability to capture and report on every risk across the business was very poor. Subsequently the organisation's approach to risk management was at a very basic level which was a concern."



The Solution and Benefits

State Water sought a robust enterprise wide risk, event and compliance management solution to replace its existing manual paper-based approach to meeting its regulatory obligations.

State Water also wanted to implement an enterprise risk management framework to gain a higher level of maturity and sophistication to risk management. They needed the flexibility to be integrated across State Water enabling each Business Unit to be able to capture and report on the relevant risk, event and compliance related data.

This would provide the Board with the information and assurance it needed that State Water was meeting the relevant risk and compliance related obligations and could identify the key risks across the business.

After a thorough tender and selection process, RMSS was chosen as State Water's preferred solution provider.

The RMSS solution consisted of three key components:

- RMSS Suite, which provides best practice risk, event and compliance management via 3 core modules: **riskmanager**, **eventmanager** and **compliancemanager**
- Implementation services and
- Training, both provided by RMSS Professional Services organisation.

Given the high level of configurability and flexibility of the RMSS Suite, the implementation process was tailored to meet the needs of each Business Unit as well as senior management and the Board. For example the manual processes for capturing events, allocating and tracking actions and creating operational risk registers.

According to John de Groot, "RMSS has given us the capacity to automate and integrate all of the manual processes that are required for monitoring risk indicators, and managing action plans to mitigate operational risk. This will dramatically reduced the amount of people hours that were previously required to undertake such tasks.

"Before implementing RMSS' solution there were no operational risk registers across our six business units. In the near future we will be in a position to be able to identify at any point in time the key risks at both an enterprise and Business Unit level."

The RMSS Suite also provides powerful reporting capabilities that can also be tailored for the needs of both a Business Unit and at a Board Level.

"The RMSS solution provides us with the capability and capacity to capture and report on every risk across all parts of State Water, a capability which was near impossible with our previous paper-based approach," explained John de Groot.

With a robust framework now in place, the Board and Senior Management will get the information it needs to ensure State Water is meeting its risk and compliance obligations as a State Owned Corporation.

John de Groot comments, "the RMSS solution provides State Water with a robust risk and compliance framework that will help to ensure we meet our regulatory and compliance obligations such as the annual Audit on our compliance with our Operating licence."

For More Information

To find out more about RMSS' software solutions please contact us:

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