



*TRANSFORMING THE WATER AND
SEWERAGE CORPORATION IN
PREPARATION FOR EXTERNAL
REGULATION*

3RD ANNUAL OOCUR CONFERENCE

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WATER AND SEWERAGE CORPORATION

INTRODUCTION

- ❑ WSC was established via an Act of Parliament in 1976.
- ❑ WSC is a fully owned Government Corporation that presently operates as both a Service Provider and Self-Regulator with limited external oversight.
- ❑ A new General Manager was appointed in May 2004 to lead WSC.
- ❑ A key strategic initiative in his New Road Map for WSC was – *To transform the organization into a measurement-managed organization that provides quality service and enjoys a reputation for consistently high performance.*



INTRODUCTION

- ❑ In preparation for eventual external regulation and to achieve the objective of transforming WSC into a measurement-managed organization, the Internal Control and Compliance (IC&C) Division was created in May 2004.
- ❑ The Service/Technical Compliance Department was created within the IC&C Division.
- ❑ The Service/Technical Compliance Department is responsible for assessing the performance of each Department within WSC by auditing the department's performance based on an agreed set of Performance Standards/Targets and determining the level of compliance.



EXISTING REGULATORY ENVIRONMENT

❑ GOVERNMENTAL REGULATORY POLICY

The Cabinet – All reviews and appeals are ultimately decided by Cabinet.

❑ ECONOMIC AND CONSUMER PROTECTION REGULATION

The Public Utilities Commission (PUC) is responsible but have not commenced regulation within the Water and Sewerage Sector as yet.

❑ HEALTH AND ENVIRONMENTAL REGULATIONS

- ✓ WSC.
- ✓ The Department of Environmental Health Services.
- ✓ The Bahamas Environment, Science and Technology Commission.
- ✓ The Ministry of Public Works and Utilities.
- ✓ The Attorney General's Office.



DEVELOPMENT OF INTERNAL PERFORMANCE MONITORING AND REPORTING SYSTEM

- ❑ **COMPLIANCE AUDITING FRAMEWORK** (Semi-Annual Audits of each Department)
- ❑ **AGREED COMPLIANCE AUDIT KITS**
 - ✓ 10-Functions
 - ✓ Measurable Performance Standard/Target
 - ✓ Evidence (Agreed data source)
 - ✓ Sample Size
- ❑ **COMPLIANCE AUDIT SCHEDULING**
 - ✓ Audit Notification
 - ✓ Pre-Audit Briefing Session
 - ✓ Audit Data/Information Request Form



DEVELOPMENT OF INTERNAL PERFORMANCE MONITORING AND REPORTING SYSTEM

❑ DETERMINATION OF THE AVERAGE COMPLIANCE SCORE

- ✓ Compliant Samples
- ✓ Non-Compliant Samples

❑ REPORTING METHODOLOGY

All Reports issued to Key Stakeholders - Chairman of Board Audit Committee, General Manager, Division Head and Department Head.

- ✓ Auditor's Findings
- ✓ Response to the Auditor's Findings
- ✓ Compliance Scorecard
- ✓ Action Plan



COMPLIANCE SCORECARD



SCORE RANGE	INTERPRETATION OF PERFORMANCE STANDARD/TARGET ACHIEVEMENT
0% – 20%	Poor
21% - 50%	Unmet
51% – 80%	Partially Met
81% - 99%	Almost Met
100%	Fully Met



ONGOING AND SUBSTANTIALLY COMPLETED KEY PROCESSES

- ❑ PROGRAM BUY-IN (Unionized Organization)
- ❑ IDENTIFICATION OF CORE FUNCTIONS/OUTPUTS
- ❑ DEVELOPMENT OF PERFORMANCE STANDARDS/TARGETS
 - ✓ Established Standards
 - ✓ No Readily Available Standards
- ❑ IDENTIFICATION OF DATA SOURCES (EVIDENCE)
 - *“You get what you measure”*
- ❑ DATA SOURCE SAMPLING METHODOLOGY





PLANNED SYSTEM REFINEMENTS

- ❑ **VALIDATION OF DATA INTEGRITY/RELIABILITY**
- ❑ **LINKING THE COMPLIANCE AUDIT RESULTS TO A CORPORATE BENCHMARKING SYSTEM**
- ❑ **PERFORMANCE STANDARDS/TARGETS RESEARCH**
 - ✓ Identification of Best Practices
- ❑ **PENALTIES/CONSEQUENCES FOR CONTINUOUS COMPLIANCE FAILURES (Long-Term Issue)**



RESULTS

<i>AUDIT INDICATORS</i>	<i>1ST ROUND</i>	<i>2ND ROUND</i>
Number of Planned Audits	33	32
Number of Audits Completed	31	25
Number of Audits with an ACS	14	23
Percentage of Audits Completed with an ACS	45%	92%



2ND ROUND RESULTS



SCORE RANGE	NUMBER OF AUDITS IN EACH CATEGORY	INTERPRETATION OF PERFORMANCE STANDARD/TARGET ACHIEVEMENT
0% – 20%	0	Poor
21% - 50%	3	Unmet
51% – 80%	17	Partially Met
81% - 99%	3	Almost Met
100%	0	Fully Met



CONCLUSIONS/EXPECTATIONS

1. Increased functional output as Division Heads and Department Heads focus on achieving their Performance Standards/Targets
 - *“If you can measure it, you can manage it”*
 - *“You achieve what you focus on”*
2. The introduction of a Management-Culture that is receptive to External Review and Public Reporting of Performance Results.
3. The introduction of a management tool to identify corporate strengths and weaknesses (Business Intelligence).
4. The introduction of performance results as an important tool in corporate budgeting and strategic planning activities.

