

Audit Report

S2 Surveillance Audit for

Veolia Water Canada Inc.

1640399-02

Audited Address: 130 Wallace St, Walkerton, Ontario, CAN, N0G
2V0

Start Date: Jan 22, 2020 End Date: Jan 22, 2020

Type of audit - Surveillance System Audit

Issue Date: January 27, 2020

Revision Level: *Final*

Audit Report

BACKGROUND INFORMATION

SAI Global conducted an audit of Veolia Water Canada Inc. beginning on Jan 22, 2020 and ending on Jan 22, 2020 to DRINKING WATER QUALITY MANAGEMENT STANDARD VERSION 2 - 2017.

The purpose of this audit report is to summarise the degree of compliance with relevant criteria, as defined on the cover page of this report, based on the evidence obtained during the audit of your organization. This audit report considers your organization's policies, objectives, and continual improvement processes. Comments may include how suitable the objectives selected by your organization appear to be in regard to maintaining customer satisfaction levels and providing other benefits with respect to policy and other external and internal needs. We may also comment regarding the measurable progress you have made in reaching these targets for improvement.

SAI Global audits are carried out within the requirements of SAI Global procedures that also reflect the requirements and guidance provided in the international standards relating to audit practice such as ISO/IEC 17021-1, ISO 19011 and other normative criteria. SAI Global Auditors are assigned to audits according to industry, standard or technical competencies appropriate to the organization being audited. Details of such experience and competency are maintained in our records.

In addition to the information contained in this audit report, SAI Global maintains files for each client. These files contain details of organization size and personnel as well as evidence collected during preliminary and subsequent audit activities (Documentation Review and Scope) relevant to the application for initial and continuing certification of your organization.

Please take care to advise us of any change that may affect the application/certification or may assist us to keep your contact information up to date, as required by SAI Global Terms and Conditions.

This report has been prepared by SAI Global Limited (SAI Global) in respect of a Client's application for assessment by SAI Global. The purpose of the report is to comment upon evidence of the Client's compliance with the standards or other criteria specified. The content of this report applies only to matters, which were evident to SAI Global at the time of the audit, based on sampling of evidence provided and within the audit scope. SAI Global does not warrant or otherwise comment upon the suitability of the contents of the report or the certificate for any particular purpose or use. SAI Global accepts no liability whatsoever for consequences to, or actions taken by, third parties as a result of or in reliance upon information contained in this report or certificate.

Please note that this report is subject to independent review and approval. Should changes to the outcomes of this report be necessary as a result of the review, a revised report will be issued and will supersede this report.

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| Standard: | DRINKING WATER QUALITY MANAGEMENT STANDARD VERSION 2 - 2017 |
| Scope of Certification: | Drinking water system - treatment and distribution |
| Drinking Water System Owner: | Municipality of Brockton |
| Operating Authority: | Veolia Water Canada |
| Owner: | Municipality of Brockton |
| Population Services: | 5085 |
| Activities: | Treatment & Distribution |
| Drinking Water Systems | Chepstow Drinking Water System – License # 081-101 |
| | Walkerton Drinking Water System – License # 081-102 |
| | Lake Rosalind Drinking Water System – License # 081-203 |

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| Total audit duration: | Person(s): 1 | Day(s): 0.75 |
| Audit Team Member(s): | Team Leader | Scott Freiburger |

Audit Report

Definitions and action required with respect to audit findings

Major Non-conformance:

Based on objective evidence, the absence of, or a significant failure to implement and/or maintain conformance to requirements of the applicable standard. Such issues may raise significant doubt as to the capability of the management system to achieve its intended outputs (i.e. the absence of or failure to implement a complete Management System clause of the standard); or

A situation which would on the basis of available objective evidence, raise significant doubt as to the capability of the Management System to achieve the stated policy and objectives of the customer.

NOTE: The "applicable Standard" is the Standard which SAI Global are issuing certification against, and may be a Product Standard, a management system Standard, a food safety Standard or another set of documented criteria.

Action required: This category of findings requires SAI Global to issue a formal NCR; to receive and approve client's proposed correction and corrective action plans; and formally verify the effective implementation of planned activities. Correction and corrective action plan should be submitted to SAI Global prior to commencement of follow-up activities as required. Follow-up action by SAI Global must 'close out' the NCR or reduce it to a lesser category **within 90 days for initial certification and within 60 days for surveillance or re-certification audits, from the last day of the audit.**

If significant risk issues (e.g. safety, environmental, food safety, product legality/quality, etc.) are detected during an audit these shall be reported immediately to the Client and more immediate or instant correction shall be requested. If this is not agreed and cannot be resolved to the satisfaction of SAI Global, immediate suspension shall be recommended.

In the case of initial certification, failure to close out NCR within the time limits means that the Certification Audit may be repeated.

If significant risk issues (e.g. safety, environmental, food safety, product legality/quality, etc.) are detected during an audit these shall be reported immediately to the Client and more immediate or instant correction shall be requested. If this is not agreed and cannot be resolved to the satisfaction of SAI Global, immediate suspension shall be recommended.

In the case of an already certified client, failure to close out NCR within the time limits means that suspension proceedings may be instituted by SAI Global.

Follow-up activities incur additional charges.

Minor Non-conformance:

Represents either a management system weakness or minor issue that could lead to a major nonconformance if not addressed. Each minor NC should be considered for potential improvement and to further investigate any system weaknesses for possible inclusion in the corrective action program

Action required: This category of findings requires SAI Global to issue a formal NCR; to receive and approve client's proposed correction and corrective action plans; and formally verify the effective implementation of planned activities at the next scheduled audit.

Opportunity for Improvement:

A documented statement, which may identify areas for improvement however shall not make specific recommendation(s).

Action required: Client may develop and implement solutions in order to add value to operations and management systems. SAI Global is not required to follow-up on this category of audit finding.

Audit Type and Purpose

Surveillance Audit:

A systems desktop audit in accordance with the systems audit procedure as it applies to Full Scope accreditation. The audit also included consideration of the results of the most recent audit undertaken in accordance with this Accreditation Protocol and any of the following that have occurred subsequent to that audit including but limited to;

- (a) the results of any audits undertaken in accordance with element 19 of the DWQMS V2;
- (b) historical responses taken to address corrective action requests made by an Accreditation Body;
- (c) the results of any management reviews undertaken in accordance with element 20 of the DWQMS V2; and,
- (d) any changes to the documentation and implementation of the QMS.

Audit Objectives

The objective of the audit was to determine whether the drinking water Quality Management System (QMS) of the subject system conforms to the requirements of the Ontario Ministry of the Environment & Climate Change (MOECC) Drinking Water Quality Management Standard (DWQMS V2).

The audit was also intended to gather the information necessary for SAI Global to assess whether accreditation can continue or be offered or to the operating authority.

Audit Scope

The facilities and processes associated with the operating authority's QMS were objectively evaluated to obtain audit evidence and to determine a) whether the quality management activities and related results conform with DWQMS V2 requirements, and b) if they have been effectively implemented and/or maintained.

Audit Criteria:

- The Drinking Water Quality Management Standard Version 2
- Current QMS manuals, procedures and records implemented by the Operating Authority
- SAI Global Accreditation Program Handbook

Confidentiality and Documentation Requirements

The SAI Global stores their records and reports to ensure their preservation and confidentiality. Unless required by law, the SAI Global will not disclose audit records to a third party without prior written consent of the applicant. The only exception will be that the SAI Global will provide audit and corrective action reports to the Ontario Ministry of the Environment. For more information, please refer to the SAI Global Accreditation Program Handbook.

As part of the SAI Global Terms, it is necessary for you to notify SAI Global of any changes to your Quality Management System that you believe are significant enough to risk non-conformity with DWQMS V2: For more information, please refer to the SAI Global Accreditation Program Handbook.

Review of any changes

Changes to the Operating Authority since last audit include: See Customer Information Sheet

EXECUTIVE OVERVIEW

Based on the results of this surveillance system audit the management system remains effectively implemented and meets the requirements of the standard relative to the scope of certification; therefore, a recommendation for continued certification will be submitted.

Recommendation

Based on the results of this audit it has been determined that the management system is effectively implemented and maintained and meets the requirements of the standard relative to the scope of certification identified in this report; therefore, a recommendation for (continued) certification will be submitted to SAI Global review team.

Opportunities for Improvement:

The following opportunities for improvement have been identified.

- Consider incorporating and documenting methods of monitoring the results of extreme hazardous events (e.g., frozen water mains) as well as the event in the risk assessment table

It is suggested that the opportunities for improvement be considered by management to further enhance the Operating Authority's Quality Management System and performance.

Management System Documentation

The management systems operational plan(s) was reviewed and found to be in conformance with the requirements of the standard.

Management Review

Records of the most recent management review meetings were verified and found to meet the requirements of the standard. All inputs were reflected in the records and appear suitably managed as reflected by resulting actions and decisions.

Internal Audits

Internal audits are being conducted at planned intervals to ensure conformance to planned arrangements, the requirements of the standard and the established management system.

Corrective, Preventive Action & Continual Improvement Processes

The Operating Authority is implementing an effective process for the continual improvement of the management system through the use of the quality policy, quality objectives, audit results, data analysis, the appropriate management of corrective and preventive actions and management review.

Summary of Findings

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| 1. Quality Management System | NANC |
| 2. Quality Management System Policy | NANC |
| 3. Commitment and Endorsement | Conforms |
| 4. Quality Management System Representative | Conforms |
| 5. Document and Records Control | Conforms |
| 6. Drinking-Water System | NANC |
| 7. Risk Assessment | Conforms |
| 8. Risk Assessment Outcomes | OFI |
| 9. Organizational Structure, Roles, Responsibilities and Authorities | Conforms |
| 10. Competencies | NANC |
| 11. Personnel Coverage | NANC |
| 12. Communications | NANC |
| 13. Essential Supplies and Services | NANC |
| 14. Review and Provision of Infrastructure | Conforms |
| 15. Infrastructure Maintenance, Rehabilitation & Renewal | Conforms |
| 16. Sampling, Testing and Monitoring | NANC |
| 17. Measurement & Recording Equipment Calibration and Maintenance | NANC |
| 18. Emergency Management | Conforms |
| 19. Internal Audits | Conforms |
| 20. Management Review | Conforms |
| 21. Continual Improvement | Conforms |
| Major NCR # | Major non-conformity. The auditor has determined one of the following: (a) a required element of the DWQMS has not been incorporated into a QMS; (b) a systemic problem with a QMS is evidenced by two or more minor non-conformities; or (c) a minor non-conformity identified with a corrective action request has not been remedied. |
| Minor NCR # | Minor non-conformity. In the opinion of the auditor, part of a required element of the DWQMS has not been incorporated satisfactorily into a QMS. |
| OFI | Opportunity for improvement. Conforms to requirement, but there is an opportunity for improvement. |
| Conforms | Conforms to requirement. |
| NANC | Not applicable/Not Covered during this audit. |
| **** | Additional comment added by auditor in the body of the report. |

PART D. Audit Observations, Findings and Comments

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| DWQMS Reference: | 3 Commitment and Endorsement |
| Client Reference: | 3.0 – Commitment and Endorsement, Rev. 5, 21-Nov-2019 |
| Details: Conforms to the requirements of the DWQMS | |

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| DWQMS Reference: | 4 Quality Management System Representative |
| Client Reference: | 4.0 – Quality Management System Representative, Rev. 2, 4-Jun-2019 |
| Details: Conforms to the requirements of the DWQMS | |

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| DWQMS Reference: | 5 Document and Record Control |
| Client Reference: | Appendix A1 – Document and Records Control Procedure, Rev. 4, 11-Nov-2019 Appendix A2 – Documents and Records Control Table, Rev. 5, 9-Jul-2019 |
| Details: Conforms to the requirements of the DWQMS | |

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| DWQMS Reference | 7 Risk Assessment |
| Client Reference: | 7.0 – Risk Assessment, Rev. 3, 12-Nov-2019 Appendix B1 – Risk Assessment Procedure, Rev. 2, 7-May-2018 Annual Risk Review Checklist, June 27, 2019 |
| Details: Conforms to the requirements of the DWQMS | |

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| DWQMS Reference: | 8 Risk Assessment Outcomes |
| Client Reference: | Appendix B2 – Risk Assessment Table, Rev. 2, 11-Nov-2019 Chepstow DWS Risk Assessment Annual Review, 27-Jun-2019 Lake Rosalind DWS Risk Assessment Annual Review, 27-Jun-2019 Walkerton DWS Risk Assessment Annual Review, 27-Jun-2019 |
| Details: OFI - Consider incorporating and documenting methods of monitoring the results of extreme hazardous events (e.g., frozen water mains) as well as the event in the risk assessment table. | |

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| DWQMS Reference: | 9 Organizational Structure, Roles, Responsibility and Authorities |
| Client Reference: | 9.0 – Roles, Responsibilities and Authorities, Rev. 3, 27-May-2019 Appendix E1 – Organizational Chart – Veolia, Rev. 6, 27-May-2019 Appendix E2 – Responsibilities Table – Veolia, Rev. 3, 27-May-2019 |
| Details: Conforms to the requirements of the DWQMS | |

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| DWQMS Reference: | 14 Review and Provision of Infrastructure |
| Client Reference: | 14.0 – Review and Revision of Infrastructure, Rev. 3, 12-Nov-2019 Appendix O1 – Infrastructure Review Procedure, April 16, 2018 |
| Details: Conforms to the requirements of the DWQMS | |

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| DWQMS Reference: | 15 Infrastructure Maintenance, Rehabilitation and Renewal |
| Client Reference: | 15.0 – Infrastructure Maintenance, Rehabilitation and Renewal, Rev. 4, 12-Nov-2019 |
| Details: Conforms to the requirements of the DWQMS | |

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| DWQMS Reference: | 18 Emergency Management |
| Client Reference: | 18.0 – Emergency Management, Rev. 3, 13-Nov-2019 Appendix K1 – Emergency Procedures, Rev. 1, 11-Jan-2018 |
| Details: Conforms to the requirements of the DWQMS | |

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| DWQMS Reference: | 19 Internal Audits |
| Client Reference: | 19.0 – Internal Audits, Rev. 2, 1-May-2018 Appendix L1 – Internal Audits Procedure and Schedule, Rev. 5, 1-May-2018 Appendix L2 – Internal Audit Checklist, Rev. 2, 1-May-2018 Internal Audit Report, October 29, 2019 |
| Details: Conforms to the requirements of the DWQMS | |

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| DWQMS Reference: | 20 Management Review |
| Client Reference: | 20.0 – Management Review, Rev. 4, 13-Nov-2019 Appendix M1 – Management Review Procedure, Rev. 2, 4-Jun-2019 Management Review Meeting Minutes, December 11, 2019 |
| Details: Conforms to the requirements of the DWQMS | |

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| DWQMS Reference: | 21 Continual Improvement |
| Client Reference: | 21.0 – Continual Improvement, Rev. 4, 4-May-2018 Appendix N1 – DWQMS Review and Revise, Rev. 2, 13-Nov-2019 CAR #B2019-01, 11-Nov-2019 CAR # B2019-03, 11-Nov-2019 |
| Details: Conforms to the requirements of the DWQMS | |

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Details regarding the personnel interviewed and objective evidence reviewed are maintained on file at SAI Global.

This report was prepared by:



Scott Freiburger
SAI Global Management Systems Auditor

The audit report is distributed as follows:

- SAI Global
- Operating Authority
- Owner
- MOECC

Notes

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