Building compliance confidence in an increasingly complex regulatory environment



Maintaining compliance confidence is becoming increasingly challenging as regulatory obligations, governance expectations and stakeholder scrutiny continue to grow for the newly formed water entities.

Building compliance confidence requires shifting from a reactive "checkbox" mindset to a proactive, risk-based strategy. As complexity increases, maintaining visibility across this landscape becomes more difficult, making it harder to understand where exposure exists and why.

Compliance complexity is increasing

Water service providers are operating in a rapidly evolving regulatory environment. Obligations now cover drinking water safety, wastewater and stormwater management, information disclosure, strategic planning, asset management, financial sustainability and ongoing reporting. Increasingly, these requirements are designed to work together as part of a broader operating model rather than a collection of standalone compliance activities.

The recent Moa Point review shows how quickly confidence erodes when accountability and oversight are unclear. For many organisations, this challenge is amplified by transformation. New entities are bringing together people, processes, systems and controls from different environments and levels of maturity. What appears aligned at a high level can often conceal differences in accountability, practice and supporting evidence, making it harder to maintain a clear line of sight across the compliance landscape.

Key drivers of compliance complexity include:

- Expanding regulatory obligations
- Increasing interdependencies across requirements
- Governance and reporting expectations
- Organisational transformation and integration
- Multiple systems, processes and control environments
- Growing public and stakeholder scrutiny

Connecting the dots: End to end compliance lineage

KPMG's Obligations-Policy-Risk-Controls (OPRC) framework provides full traceability across the compliance lifecycle. Every element connects. Gaps are visible at every link, giving boards and compliance teams a single answer to: "Where are we exposed, and how do we know?"

Governance & oversight

Establish clear ownership, oversight and reporting across the compliance lifecycle.

Accountability and visibility at every level

Obligations & policy alignment

Connect regulatory obligations to policies, standards and operational requirements.

Traceability and alignment across the organisation

Risk & prioritisation

Identify where compliance exposure exists and prioritise effort based on impact.

Focus on what matters most

Controls & evidence

Assess whether controls operate effectively and provide evidence of compliance.

Assurance that compliance works in practice



> "Understanding where exposure exists, how it is managed and how it is evidenced underpins public trust, organisational credibility and the social licence to deliver essential services."

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AI performs the heavy lifting. People provide the judgement.

One of the realities facing the sector is that manual methods alone are becoming increasingly difficult to scale. AI enabled analysis can help structure obligations, assess control quality, identify potential coverage gaps, detect duplication and explore relationships across complex compliance environments.

Four ways AI supports your team

AI does the heavy lifting. Humans validate and decide. These four capabilities operate across the OPRC framework, powered by specialised agent pipelines built on KPMG's compliance methodology and validated across thousands of real-world controls.

Extract

Parse regulatory documents into structured obligations and controls. Auto-classify, cross-reference sources and maintain full traceability.

Three weeks to under one hour

Score

Assess control quality against the 5W1H framework (What, Why, When, Where and How). Produce completeness scores, evaluate against leading practices and identify design gaps.

Consistent across 50 or 6,800 controls

Generate

Create test procedures and risk statements from obligations and controls. Draft improvement recommendations and policy redrafts.

First-pass content, human-validated

Connect

Link obligations to risks and controls. Identify coverage gaps with confidence scoring and detect overlaps across sources.

Reveals where exposure exists

Looking ahead

For organisations delivering essential public services, confidence matters. Confidence from regulators, confidence from governing bodies, and confidence from the communities they serve. As the sector continues to evolve, those that can demonstrate that confidence in a clear, practical and transparent way will be best placed to maintain trust and strengthen their social licence to operate.

Get in touch

KPMG works alongside water service providers to take a practical, structured approach to their risk and compliance programmes. We help Boards and Executives develop their risk appetite, assess current capability, prioritise investment, design fit for purpose operating models, and embed risk and governance in everyday activity.

Every organisation's journey is different. To explore what this means in your context and where to focus first, reach out to our team to continue the conversation.

Contact us



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