

Busselton Water Corporation  
Water Services Operating Licence

Operational Audit and Asset  
Management System Review

Report  
12 July 2016

**PAXON** GROUP

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# 1 Executive Summary

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## 1.1 Operational Audit

### Audit Objective

The operational audit (Audit) was conducted in order to assess Busselton Water Corporation's level of compliance with the conditions of its licence.

The Audit covered the period from the 1<sup>st</sup> April 2013 to the 31<sup>st</sup> March 2016 (Audit Period) inclusive.

### Licence, Business and Major Changes

Busselton Water Corporation (Busselton Water) provides water services under the provisions of a Water Services Operating Licence issued by the Economic Regulation Authority (Authority).

Busselton Water was granted a Water Services Operating Licence (WSOL) by the Authority. The WSOL commenced on the 1<sup>st</sup> October 1996 and authorises Busselton Water to provide potable water supply services.

The legislation that governs the licensing of water service providers is the Water Services Act 2012 (Act). On 18 November 2013, the Act repealed and replaced the licensing provisions in the Water Services Licensing Act 1995. An 'amendment by substitution' was made to the WSOL, dated 18 November 2013, to take account of the provisions of the Act.

No major change in the business of Busselton Water took place during the Audit Period.

### Busselton Water's Actions on Previous Audit Report Recommendations

The previous Audit was conducted by Cardno in 2013. The 2013 Audit Report, dated the 7<sup>th</sup> of August 2013, identified 7 issues and provided detailed recommendations to resolve the issues identified. It further included detail of 1 issue still outstanding from the 2011 Audit.

This Audit assessed the actions taken by Busselton Water in response to the recommendations included in the Audit Report dated the 7<sup>th</sup> of August 2013. This Audit determined that out of the 8 previous recommendations:

- 3 had been completed;
- 3 were not applicable any more due to changes in Busselton Waters' WSOL;
- 1 was not applicable to Busselton Water during the Audit Period; and
- Further action by Busselton Water is required in respect of the following recommendation which remain outstanding - Clause 5.1 of WSOL – Version 5.

Details of the issues and recommendations included in the previous Audit Report, its current status and any further action required is included in Table 6 entitled: "Previous Audit: Non-Compliances and Recommendations".

#### Summary of Issues and Recommendations Arising from the Current Audit

The Audit identified a number of instances of non-compliance with the conditions of Busselton Water's WSOL.

Detailed information as to the compliance issues and recommendations arising from the current Audit are contained in Table 13 entitled: "Current Audit: Non-Compliances and Recommendations" as in section 4 of this Report.

#### Control environment

The control environment operated by Busselton Water to help ensure compliance with its Licence conditions is assessed to be satisfactory.

Detailed information as to the control environment issues and recommendations arising from the current Audit are contained in Table 13 entitled: "Current Audit: Non-Compliances and Recommendations" as in section 4 of this Report.

#### Licence Compliance

In the auditor's professional view, apart from the issues (unresolved from the previous Audit) and instances (current Audit) referred to above, Busselton Water is complying with the conditions of its Licence, including its reporting obligations to the Authority.

A summary of Audit findings from an Audit priority perspective is disclosed in Table 1 on the next page entitled: "Summary of Audit Findings". Further information, for each individual compliance obligation, is available as follows:

- Summarised assessment per obligation is disclosed in Table 9 entitled: "Audit: Obligation Ratings (Summary) – Water Services Act 2012" and in Table 10 entitled: "Audit: Obligation Ratings (Summary) - Water Services Licensing Act 1995" as in section 4 of this Report; and
- Detailed findings, including observations and recommendations, per obligation are disclosed in Table 11 entitled: "Audit Observations and Recommendations - Water Services Act 2012" and in Table 12 entitled: "Audit Observations and Recommendations - Water Services Licensing Act 1995" as in section 4 of this Report.

Summary of Audit Findings											
Audit	Adequacy of Controls Rating					Compliance Rating					
	Adequate Controls	Generally Adequate Controls	Inadequate Controls	No Controls Evident	Not Performed	Compliant	Non-compliant – Minor Impact	Non-compliant – Moderate Impact	Non-compliant – Major Impact	Not Rated	Not Applicable
Audit Priority Applied	A	B	C	D	NP	1	2	3	4	NR	NA
<b>1 (Highest)</b>	51	7			1	40	6			11	2
<b>2</b>	89	18				40	5			56	6
<b>3</b>											
<b>4</b>		6			2	6				1	1
<b>5 (Lowest)</b>	21	2			1	11	1			10	2
<b>Not applicable</b>					8						8
<b>Total</b>	161	33			12	97	12			78	19

Table 1: Summary of Audit Findings

## 1.2 Asset Management System Review

### Review Objective

The Water Services Licensing Act 1995 and the Act each requires that Busselton Water provides for and maintains an asset management system. The system should set out the processes to be taken by Busselton Water to ensure the proper planning, operation, financing, maintenance, repair and renewal of its assets and for monitoring of its water services. The Act requires that Busselton Water provides the Authority with a report by an independent expert on the effectiveness of the system.

The town of Busselton is located some 230 Km south of Perth, in the south west coastal region of Western Australia. The town’s water supply, which serves a population of approximately 26,000, is sourced from the Leederville and Yarragadee aquifers via eight bores located at four of its six operating plants located in and around the town. The source water is treated by aeration and filtration and disinfected by chlorination (at Plants 1, 2 and 3) before being pumped to five steel storage tanks - with a total capacity of 21,00 Kl, located at Plants 1, 2, 3 and 4

The stored water is pumped to the supply area via more than 300 km of distribution and reticulation pipes.

This asset management system review (Review) will provide the Authority with an independent opinion on whether or not Busselton Water has in place the appropriate

systems for the planning, construction, operation and maintenance of its water services assets.

A detailed description of the scope of the Review and the methodology adopted is provided in Section 2 of this report.

The Review covered the period from the 1<sup>st</sup> April 2013 to the 31<sup>st</sup> March 2016 (Review Period) inclusive.

### Summary of conclusions

This review concludes that Busselton Water operates all areas of its underground water source, treatment, storage and potable reticulation system in a very professional and competent manner. Its computer based asset management system is broad ranging and practical.

Busselton Water's is consistently achieving or exceeding the standards required of its various licences and agreements related to groundwater extraction, management, treatment, storage and delivery of a safe potable water supply.

Busselton Water's personnel are a well-trained and focussed coherent group.

The highest "A1" rating was assigned to seven of the twelve key processes reviewed. An eighth process was assigned "A 2" The remaining four processes were assigned ratings of "B1" or "B2"

### Busselton Water's Actions on Previous Review Report Recommendations

The previous Review was conducted by Cardno in 2013. The 2013 Review Report, dated the 7<sup>th</sup> of August 2013, identified a number of issues and provided 19 detailed recommendations to resolve the issues identified.

This Review concluded that the recommendations of the 1<sup>st</sup> April 2011 to 31<sup>st</sup> March 2013 Review of Busselton Water's Asset Management System have been resolved. Details of actions taken by Busselton Water's in response to the recommendations, together with the Reviewer's assessment are provided in Table 7 entitled: "Previous Review: Deficiencies and Recommendations" as in section 3 of the accompanying report.

The recommendations of the above Review and subsequent status related to each recommendation are summarised as follows:

- **Asset Planning**
  - Resolved** - Asset Management Strategy and Operational Plans have been completed and implemented;
- **Asset Creation / Acquisition**
  - Resolved** – As for Item 1 – Asset Planning;

- **Environmental Analysis**

**Mainly Resolved** – A risk assessment of eighty four items has been undertaken and an asset register prepared. This review recommends a risk assessment of a serious pipe burst;

- **Asset Operations**

**Resolved** – Asset condition inspections have been undertaken and the results entered in “Confirm”;

- **Asset Maintenance**

**Resolved** – The maintenance schedule has been entered in “Confirm” and its requirements implemented;

- **Asset Management Information System**

**Resolved** – Confirm has been installed and implemented. Access rights previously recommended cannot be amended as they are prevented by the “Confirm” software protocol;

- **Risk Management**

**Mainly Resolved** – An assessment of eighty four risks has been undertaken and presented as a matrix. A formal procedure on risk assessment has been prepared including the requirement for review twice yearly. This review recommends one additional assessment related to pipeline bursts;

- **Contingency Planning**

**Partly Resolved** – Contingency plans have been reviewed and updated. This review recommends simplification of existing and inclusion of additional plans;

- **Capital Expenditure Planning**

**Resolved** - A written formal procedure is followed for capital expenditure – including assessment of a do nothing and other options; and

- **Review of AMS**

**Partly Resolved** – The main asset management plans have been prepared and implemented. The Asset Management Strategy Plans are reviewed and issued at three yearly intervals and Production Management Plans annually. Risk Management Plans are reviewed and re-issued twice yearly and Capital Expenditure, Procedure Manuals and Contingency Plans are reviewed annually. Operations and Maintenance plans including the Asset Register and Asset Condition are entered continuously in “Confirm” as related procedures are undertaken. Further recommendations related to recording the date of reviews are made in this report.

#### Licence Compliance

Tables 8 & 9 of the Authority’s: “Audit and Review Guidelines: Water Licences – July 2014” provided the basis for assessment of the effectiveness rating levels associated with “Asset Management Process and Policy Definition” and “Asset Management Performance” during the Review.

The Reviewer’s assessment (based on the above tables) of the effectiveness of BW’s Asset Management System is summarised in Table 2 entitled: “Summary of Review Findings”below:

Summary of Review Findings								
Asset Management System	Asset Management Process and Policy Definition Adequacy Rating				Asset Management Performance Rating			
Component	Adequately Defined	Requires Some Improvement	Requires Significant Improvement	Inadequate	Performing Effectively	Opportunity for Improvement	Corrective Action Required	Serious Action Required
	A	B	C	D	1	2	3	4
Asset Planning		✓			✓			
Asset Creation and Acquisition	✓				✓			
Asset Disposal	✓				✓			
Environmental Analysis	✓				✓			
Asset Operations	✓				✓			
Asset Maintenance	✓				✓			
Asset Management Information System	✓					✓		
Risk Management		✓			✓			
Contingency Planning		✓				✓		
Financial Planning	✓				✓			
Capital Expenditure Planning	✓				✓			
Review of Asset Management System		✓				✓		

Table 2: Summary of Review Findings – Prime Components



## 2 Scope of Work

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### 2.1 Objectives

#### 2.1.1 Operational Audit

The objective of the Audit was to assess the effectiveness of measures taken by Busselton Water to meet the conditions referred to in the WSOL including the legislative obligations called up by the WSOL.

This Audit Report identifies areas where improvement is required and recommends corrective action (see Table 13 entitled: “Current Audit: Non-Compliances and Recommendations” as in section 4 of this Report).

#### 2.1.2 Asset Management System Review

The Water Services Licensing Act 1995 and The Water Services Act 2012 (WA) each requires that Busselton Water provide for and maintain an asset management system. The system should set out the processes to be taken by Busselton Water to ensure the proper planning, operation, financing, maintenance, repair and renewal of its assets and for monitoring of its water services. The Act requires Busselton Water to provide the ERA with a report by an independent expert on the effectiveness of the system.

This review will provide the Authority with an independent opinion on whether or not Busselton Water has in place the appropriate systems for the planning, construction, operation and maintenance of its water services assets.

This Review Report identifies areas where improvement is required and recommends corrective action (see Table 18 entitled: “Current Review: Deficiencies and Recommendations” as in section 5 of this Report).

### 2.2 Scope

#### 2.2.1 Operational Audit

The Audit focused on the systems and effectiveness of processes used to ensure compliance with the standards, outputs and outcomes required by the WSOL. The scope of the Audit included the adequacy and effectiveness of performance against the requirements of the WSOL and considered:

- **Process compliance** – the effectiveness of systems and procedures in place throughout the Audit Period, including the adequacy of internal controls;
- **Outcome compliance** – the actual performance against standards prescribed in the WSOL throughout the Audit Period;
- **Output compliance** – the existence of output from systems and procedures throughout the Audit Period (that is, proper records exist to provide assurance that procedures are being consistently followed and controls are being maintained);

- **Integrity of reporting** – the completeness and accuracy of the compliance and performance reports provided to the Authority; and
- **Compliance with any individual licence conditions** – the requirements imposed on the specific licensee by the Authority or specific issues that are advised by the Authority.

Further references to the Audit scope is covered in detail in this section of the Report.

### **2.2.2 Asset Management System Review**

The Review focused on the asset management system, including asset management plans, which set out the measures that are to be taken by Busselton Water for the proper operation and maintenance of assets. The plans must convey Busselton Water's business strategies to ensure the effective management of assets over at least a five year period.

The scope of the Review included an assessment of the adequacy and effectiveness of the asset management system by evaluation of the 12 key asset management processes mandated, being:

- Asset planning;
- Asset creation/acquisition;
- Asset disposal;
- Environmental analysis;
- Asset operations;
- Asset maintenance;
- Asset management information system;
- Risk management;
- Contingency planning;
- Financial planning;
- Capital expenditure planning; and
- Asset management system.

Further references to the Review scope is covered in detail in this section of the Report.

## **2.3 Audit/Review Methodology**

### **2.3.1 Audit/Review Plan**

A risk-based approach was used to develop an Audit and Review Plan, to assess the appropriate risk factors in order to focus the Audit and Review on higher risk areas, with less intensive coverage of medium and lower risk areas.

### 2.3.2 Fieldwork

The Audit fieldwork consisted of the following steps:

- Conducted an initial meeting with relevant staff at Busselton Water and reviewed processes to obtain an understanding of procedures, systems and controls in place to ensure compliance with license conditions;
- Evaluated the adequacy of the controls to cover the identified risks and performed more extensive audit/review testing of higher risk areas to provide sufficient assurance and confirmed lower risk areas by discussion and observation;
- Assessed compliance with WSOL conditions over the Audit/Review Period as well as at the time of the Audit/Review;
- Followed up and confirmed action taken on any previous Audit/Review issues and recommendations;
- Researched the issues, weaknesses and potential improvements noted from our discussions and review of the existing processes; and
- Developed appropriate recommendations for improvement for discussion with management.

The Review fieldwork consisted of the following steps:

- In company with the General Manager – Operations inspected the water services facilities, including bore installation, treatment and chlorination processes, pumping and storage. Discussed general operation practises and strategies, process implications, production and quality monitoring. Facilities visited included Treatment Plants 2 and 3, Pumping and Storage Site 4 and the route of the water main recently completed to boost supply to the reticulation system;
- The adequacy or otherwise of the outputs of the system - including documentation of performance standards and statutory requirements, system opportunities and threats, preparation of operations manuals, maintenance schedules and action records, registers of the location, condition, age etc. of assets;
- The extent to which the risks associated with the system environment and/or unexpected system failures have been assessed, quantified, documented as contingency plans and reduced by specific practices - such as stocking selected spare parts or, equipment items subject to extended delivery or repair periods, additional storage etc.;
- The existence and effectiveness of systems implemented for the assessment, planning, financing and construction of new, replacement and major maintenance works and disposal of redundant assets;
- Whether or not the system has been subject to regular internal review; with systems in place to ensure that plans are regularly updated to current status, provide for prior identification of new or replacement assets, their implementation; and initiatives to improve the overall effectiveness of the asset management system; and
- BW's response to the recommendations made in previous reviews.

### 2.3.3 Audit/Review Reporting

The Audit/Review reporting consisted of the following steps:

- Discussed, prior to the conclusion of the Audit/Review visit, any observations and recommendations with the representative(s) of Busselton Water to confirm understanding of the issues and to agree upon the action to be taken;
- Provided a draft Audit and Review Report to the Authority for review. The Authority provided comments on the Draft Audit and Review Report to Paxon Group. Paxon Group considered the Authority’s comments and made amendments to the Draft Audit and Review Report, as appropriate; and
- Provided the final Audit and Review Report to the Authority.

The Authority forwarded the draft Audit and Review Report, with the Authority’s comments to Busselton Water for their comment. The Authority will procure the post-audit implementation plan from Busselton Water.

### 2.4 Time Interval Covered in Audit/Review

The Audit/Review covered the period from the 1<sup>st</sup> April 2013 to the 31<sup>st</sup> March 2016. The previous Audit/Review covered the period from the 1<sup>st</sup> April 2011 to the 31<sup>st</sup> March 2013.

### 2.5 Audit/Review Dates

The Audit/Review fieldwork was conducted at Busselton Water’s Administration Centre in Busselton during the period 13 to 15 April 2016 (also see section 2.3.2 above).

### 2.6 Busselton Water Representatives

Busselton Water employees who participated in the Audit are as follows:

Busselton Water Representatives - Audit	
Staff Member	Position
Chris Elliott	Chief Executive Officer
Diane Depiazz	Acting Manager: Finance and Administration
Robin Belford	General Manager: Operations
Brad DeCorsey	Technical Officer: Projects/Development
Keith Mungham	Technical Officer: Asset and Risk Management
Jason Rice	Water Tariff Officer
Carleen Stallard	Human Resources Officer
Jenny Mathies	Administration Officer: Asset Management

Table 3: Busselton Water Representatives - Audit

Busselton Water employees who participated in the Review are as follows:

<b>Busselton Water Representatives - Review</b>	
<b>Staff Member</b>	<b>Position</b>
<b>Chris Elliott</b>	Chief Executive Officer
<b>Diane Depiazz</b>	Acting Manager: Finance and Administration
<b>Robin Belford</b>	General Manager: Operations
<b>Brad DeCorsey</b>	Technical Officer: Projects/Development
<b>Keith Mungham</b>	Technical Officer: Asset and Risk Management
<b>Jason Rice</b>	Water Tariff Officer
<b>Carleen Stallard</b>	Human Resources Officer
<b>Jenny Mathies</b>	Administration Officer: Asset Management
<b>N Blight</b>	Operations Engineer
<b>K Griffin</b>	Water Treatment Plant Operator

**Table 4: Busselton Water Representatives - Review**

## **2.7 Key Documents and Other Information Sources**

### **2.7.1 Audit**

Details of key documents and other information sources examined during the course of the Audit are as follows:

- Water Services Act 2012;
- Water Services Code of Conduct (Customer Service Standards) 2013;
- Water Services Regulations 2013;
- Audit and Review Guidelines: Water Licences – July 2014;
- Water Compliance Reporting Manual – Water Services Act 2012 – April 2014;
- Water Compliance Reporting Manual – Water Services Licensing Act 1995 – July 2012;
- Water Services Operating Licence – Licence Number 3 – 21 August 2009 – Version OL5 (WSOL - Version 5);
- Water Services Operating Licence – Busselton Water Corporation (t/a Busselton Water) – WL3, Version 6, 18 November 2013 (WSOL – Version 6);
- Water Services Operating Licence – Busselton Water Corporation (t/a Busselton Water) – WL3, Version 7, 15 August 2014 (WSOL – Version 7);
- Busselton Water Corporation – Audit and Review Plan – Operational Audit and Asset Management System Effectiveness Review of the Water Services Operating Licence for 2013 - 2016;

- Asset Management Review and Operational Audit – Audit Report – 3603-81 – Prepared for Busselton Water – August 2013 - Cardno;
- Memorandum of Understanding between the Department of Health and Busselton Water for Drinking Water (27 January 2015);
- Busselton Water – Annual Report – 2012 -13;
- Busselton Water – Annual Report – 2013 -14;
- Busselton Water – Annual Report – 2015;
- Busselton Water – Policy Manual (as approved by the Board of Directors) - Updated 17/8/15;
- Busselton Water - Procedure Manual (As approved by the Senior Executive Group) (undated);
- Busselton Water – Production and Supply – Standard Operating Procedures (15 March 2016);
- Busselton Water - Water Service Information Sheet;
- Busselton Water - Water Efficiency Measures and Water Conservation;
- Busselton Water – Our Customer Commitments;
- Busselton Water – Ex Gratia Allowance Information Sheet;
- Busselton Water – Estimating Your Bill Information Sheet;
- Busselton Water – Direct Debit Request Application;
- Busselton Water – Customer Complaints Resolution Information Sheet;
- Busselton Water – Bill Review Information Sheet;
- Busselton Water – Financial Hardship – December 2013;
- Performance Reporting datasheets for 2012/13, 2013/14 and 2014/15;
- Busselton Water - Action Sheet - Water Compliance Reporting Manual;
- Busselton Water - Sample of Water Supply Tax Invoices;
- Busselton Water - Interrupted Water Supply Report;
- Busselton Water - New Service Report – 10 Business Days;
- Busselton Water – Property Billing Records;
- Numerous examples of communication between the Authority and Busselton Water;
- Busselton Water – Customer Service Complaint Report;
- Busselton Water – Compliance Reports for 2012/13, 2013/14 and 2014/15; and
- Busselton Water - Asset Management Strategy – January 2016.

### 2.7.2 Asset Management Information System

Details of key documents and other information sources examined during the course of the Review are as follows:

- Water Services Operating Licence – Licence Number 3 – 21 August 2009 – Version OL5 (WSOL - Version 5);
- Water Services Operating Licence – Busselton Water Corporation (t/a Busselton Water) – WL3, Version 6, 18 November 2013 (WSOL – Version 6);

- Water Services Operating Licence – Busselton Water Corporation (t/a Busselton Water) – WL3, Version 7, 15 August 2014 (WSOL – Version 7);
- Memorandum of Understanding between the Department of Health and Busselton Water for Drinking Water (27 January 2015);
- Department of Water –Groundwater Extraction Licence Nos. WL 11050 and 11051;
- Busselton Water - Annual Budgets for 2013/14, 2014/15 and 2015/16;
- Busselton Water – Annual Report – 2012 -13;
- Busselton Water – Annual Report – 2013 -14;
- Busselton Water – Annual Report – 2015;
- Busselton Water – Asset Management Strategy and Operational Strategy – 11 No. from 2012 to 2016;
- jClem Consultants - 30 Year Development Plan 2013;
- jClem Consultants – Capital Review Program 2015;
- Busselton Water - CFO Reports June 2013, 2014, 2015 and February 2016;
- Rockwater Consultants - Annual Groundwater Monitoring Reports for June 2013 and 2014;
- Rockwater Consultants – Triennial Aquifer Review 2012 to 2015;
- Busselton Water – Bore and Pump Maintenance Schedule - 2015/16 to 2034/35;
- Busselton Water – Ten Year Operational Works Program 2015/16 to 2025/26;
- Busselton Water – Emergency Response Plans – 15 No. (Note-14 No. replacement documents are awaiting Senior Executive Group approval);
- Busselton Water – Incident & Response Reports – 5 No.;
- Busselton Water – Policy Manual (as approved by the Board of Directors) - Updated 17/8/15;
- Busselton Water - Procedure Manual (As approved by the Senior Executive Group) (undated);
- Busselton Water – Production and Supply – Standard Operating Procedures (15 March 2016);
- Busselton Water – Quarterly & Annual Water Quality Reports – 15 No., 2013 to 2015;
- Busselton Water – Data Logger (Water Supply Pressure Reports – 31 No.);
- Busselton Water – Fixed Asset Request pro-forma for “Confirm”;
- Busselton Water – Asset Register in “Confirm” software;
- Busselton Water - Maintenance Schedules in “Confirm” software; and
- Busselton Water – Risk Assessment procedures and matrix.

## 2.8 Audit/Review Team Members and Hours Utilised

Audit/Review Team Members and Hours Utilised	
Audit/Review Team Member	Hours
Cameron Palassis - Director	10
Anton Prinsloo – Senior Audit Consultant	57
Barry Robbins – Barry Robbins Engineering & Project Management	57
<b>TOTAL</b>	<b>124</b>

Table 5: Audit/Review Team Members and Hours Utilised



### 3 Licensee’s Response to Previous Recommendations

#### 3.1 Previous Audit: Non-Compliances and Recommendations

Table 6: Previous Audit - Non-Compliances and Recommendations				
Previous Audit: Non-Compliances and Recommendations				
A. Resolved Before End of Previous Audit Period				
Reference (no./year)	Compliance Rating	Auditor’s Recommendation or Action Taken	Date Resolved	Further Action Required (Yes/No/Not Applicable)
	Legislative Obligation and			Details of Further Action Required (Including Current Recommendation Reference if Applicable)
	Details of the Issue			
There is no content in Part A.				

Table 6: Previous Audit - Non-Compliances and Recommendations				
B. Resolved During Current Audit Period				
Reference (no./year)	Compliance Rating (CR)	Auditor's Recommendation	Date Resolved	Further Action Required (Yes/No/Not Applicable)
	Legislative Obligation (LO) and			Details of Further Action Required (Including Current Recommendation Reference if Applicable)
	Details of the Issue			
2013 Operational Audit	<ul style="list-style-type: none"> <li>CR: 5;</li> <li>LO: Schedule 3, clause 2.4; and</li> <li>Details:               <ul style="list-style-type: none"> <li>There have been no amendments made to the Customer Service Charter since it was approved in 2008; and</li> <li>BW's Customer Service Charter is due for review in September 2014.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>BW to review its current Customer Service Charter by September 2014 and forward any amendments to the ERA for approval.</li> </ul>	Audit Period	<ul style="list-style-type: none"> <li>Further action required: no;</li> <li>Details of further action required: not applicable; and</li> <li>Comments:               <ul style="list-style-type: none"> <li>The compliance obligation included in Schedule 3, clause 2.4 of WSOL – Version 5 is not included in WSOL – Versions 6 and 7. As a result, no recommendation is made as no current compliance obligation exists in respect thereof.</li> </ul> </li> </ul>
2013 Operational Audit	<ul style="list-style-type: none"> <li>CR: 5;</li> <li>LO: Schedule 3, clause 2.5; and</li> <li>Details:               <ul style="list-style-type: none"> <li>A summary customer service charter has also been prepared and this is distributed every three years to customers. BW had been distributing the charter annually until this year. However, based on the ERA's advice that there was no requirement to review the charter last year due to the extension of the review period, BW has moved from the annual provision to a three-year period.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>BW to review its current Customer Service Charter by September 2014 and update its full and summary versions of the document as required; and</li> <li>The updated Charter should be sent to all customers at least once in the following three year period. Printed copies of the revised charter should be available at the customer service office and uploaded onto BW's internet site.</li> </ul>	Audit Period	<ul style="list-style-type: none"> <li>Further action required: no;</li> <li>Details of further action required: not applicable; and</li> <li>Comments:               <ul style="list-style-type: none"> <li>The compliance obligation included in Schedule 3, clause 2.5 of WSOL – Version 5 is not included in WSOL – Versions 6 and 7. As a result, no recommendation is made as no current compliance obligation exists in respect thereof.</li> </ul> </li> </ul>

**Table 6: Previous Audit - Non-Compliances and Recommendations**

B. Resolved During Current Audit Period				
Reference (no./year)	Compliance Rating (CR)	Auditor's Recommendation	Date Resolved	Further Action Required (Yes/No/Not Applicable)
	Legislative Obligation (LO) and			Details of Further Action Required (Including Current Recommendation Reference if Applicable)
	Details of the Issue			
2013 Operational Audit	<ul style="list-style-type: none"> <li>CR: 5;</li> <li>LO: Schedule 3, clause 2.6; and</li> <li>Details:                             <ul style="list-style-type: none"> <li>As noted above, the next review of the Customer Service Charter is due in September 2014.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>BW to review its current Customer Service Charter by September 2014.</li> </ul>	Audit Period	<ul style="list-style-type: none"> <li>Further action required: no;</li> <li>Details of further action required: not applicable; and</li> <li>Comments:                             <ul style="list-style-type: none"> <li>The compliance obligation included in Schedule 3, clause 2.6 of WSOL – Version 5 is not included in WSOL – Versions 6 and 7. As a result, no recommendation is made as no current compliance obligation exists in respect thereof.</li> </ul> </li> </ul>
2013 Operational Audit	<ul style="list-style-type: none"> <li>CR: 4;</li> <li>LO: Schedule 4, clause 2.2; and</li> <li>Details:                             <ul style="list-style-type: none"> <li>Since 18/06/2012, the work order details for network maintenance jobs have been recorded in Confirm, BW's new asset management system;</li> <li>When the work orders are input into Confirm the water off times are input via a drop down box that provides the options in 30 minute increments. As a result, any interruptions lasting between 45 minutes and 75 minutes are rounded up/down to 60 minutes.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>We recommend that BW revises the drop down list used to record the water off time to provide smaller intervals than the 30 minute options that it currently has available to select from;</li> <li>In the meantime, we recommend that BW rounds up any water off times between 60 minutes and 75 minutes to 90 minutes to ensure that it is reporting these incidents as exceeding the 1 hour service standard; and</li> <li>As part of the work that BW is undertaking to integrate the GIS with the asset register, we recommend that it</li> </ul>	Audit Period	<ul style="list-style-type: none"> <li>Further action required: no; and</li> <li>Details of further action required: not applicable.</li> </ul>

Table 6: Previous Audit - Non-Compliances and Recommendations				
B. Resolved During Current Audit Period				
Reference (no./year)	Compliance Rating (CR)	Auditor's Recommendation	Date Resolved	Further Action Required (Yes/No/Not Applicable)
	Legislative Obligation (LO) and			Details of Further Action Required (Including Current Recommendation Reference if Applicable)
	Details of the Issue			
	<p>This makes accurate reporting of the interruptions problematic against the service standard target;</p> <ul style="list-style-type: none"> <li>The times that the customer called in to report no flow (for main break events) and the times that the water was turned off and back on by field staff (for interruptions to supply to carry out repair work) are recorded on the hard copy work orders that the field crew complete in the field; and</li> <li>The field staff estimates the number of properties affected by an interruption to supply but this is not confirmed after the event and there is currently no integration between the water supply network and connected properties in the GIS to automatically determine affected properties by selecting the valves where the supply is turned off.</li> </ul>	<p>investigates being able to automatically report on the number of connected properties affected by any interruption to supply. Until this improvement can be implemented, we recommend that BW introduces a process and procedure for the number of properties affected by a supply interruption to be confirmed in BW's office rather than being solely based on a field estimate.</p>		
<b>2013 Operational Audit</b>	<ul style="list-style-type: none"> <li>CR: 4;</li> <li>LO: Schedule 4, clause 2.3; and</li> <li>Details: <ul style="list-style-type: none"> <li>Since the last operational licence audit,</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>BW should continue to undertake regular testing of its contingency and emergency response plans; and</li> <li>We recommend that in future mock testing of its emergency plans, BW</li> </ul>	Audit Period	<ul style="list-style-type: none"> <li>Further action required: no;</li> <li>Details of further action required: not applicable; and</li> </ul>

Table 6: Previous Audit - Non-Compliances and Recommendations				
B. Resolved During Current Audit Period				
Reference (no./year)	Compliance Rating (CR)	Auditor's Recommendation	Date Resolved	Further Action Required (Yes/No/Not Applicable)
	Legislative Obligation (LO) and			Details of Further Action Required (Including Current Recommendation Reference if Applicable)
	Details of the Issue			
	<p>BW has revised its Water Quality Incident Response Plan to include a Water Availability Plan; and</p> <ul style="list-style-type: none"> <li>Although BW has completed a number of mock tests of its emergency response plans, these have been for water quality issues rather than testing for drought response. The WQ emergency response plans include actions noting that "...the use of external resources may include potable water from other sources such as; bottled water suppliers, employing water tankers/freighters, Aqwest, Water Corporation".</li> </ul>	<p>ensures that the actions related to providing external water are included in order to test BW's associated procedures.</p>		<ul style="list-style-type: none"> <li>Comments:               <ul style="list-style-type: none"> <li>BW has stated that annual mock events in respect of water quality occur. Other emergency plans (for example: building evacuation) are also mocked on a regular basis.</li> </ul> </li> </ul>
<p><b>2013 Operational Audit</b></p>	<ul style="list-style-type: none"> <li>CR: 4;</li> <li>LO: Clause 5.1; and</li> <li>Details:               <ul style="list-style-type: none"> <li>At the last audit, BW listed legislation and regulations applicable to the operation of their organisation and provision of the services in the Total Asset Management System (TAMS) Volume 1. TAMS has been superseded and this information is now included in Section 3.3 of the Asset</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>It is recommended that BW completes its Asset Management Strategy and reviews and updates the list the applicable legislation by the end of the current financial year.</li> </ul>		<ul style="list-style-type: none"> <li>Further action required: no;</li> <li>Details of further action required: not applicable; and</li> <li>Comments:               <ul style="list-style-type: none"> <li>The Asset Management Strategy was first issued in January 2014 and has been updated in 2016. The document lists legislation, subsidiary legislation and code of practice in section 5.1.</li> </ul> </li> </ul>

Table 6: Previous Audit - Non-Compliances and Recommendations				
B. Resolved During Current Audit Period				
Reference (no./year)	Compliance Rating (CR)	Auditor's Recommendation	Date Resolved	Further Action Required (Yes/No/Not Applicable)
	Legislative Obligation (LO) and			Details of Further Action Required (Including Current Recommendation Reference if Applicable)
	Details of the Issue			
	Management Strategy. This document is currently at draft stage and due to be completed by the end of the current financial year.			
<b>2013 Operational Audit</b>	<ul style="list-style-type: none"> <li>• CR: NR;</li> <li>• LO: clause 9.6; and</li> <li>• Details:</li> <li>• Since the last audit in 2011, BW has entered into a Memorandum of Understanding (MOU) with the Department of Health; and</li> <li>• The MoU requires an audit at least once every three years and no audit to determine whether BW has complied with the specific MoU obligations has yet been undertaken.</li> </ul>	<ul style="list-style-type: none"> <li>• BW to publish the MoU Audit Report on its website within one month of the completion of the audit when applicable.</li> </ul>	<ul style="list-style-type: none"> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>• Further action required: no;</li> <li>• Details of further action required: not applicable; and</li> <li>• Comments: <ul style="list-style-type: none"> <li>• Paxon has noted that BW entered into a Memorandum of Understanding (MoU) with the Department of Health on 3 October 2011; and</li> <li>• BW has stated that no compliance audit was conducted by the Department of Health during the Audit Period. As a result, there was no MoU Audit Report to publish on BW's website during the Audit Period.</li> </ul> </li> </ul>

Table 6: Previous Audit - Non-Compliances and Recommendations			
C. Unresolved At End of Current Audit Period			
Reference (no./year)	Compliance Rating (CR)	Auditor's Recommendation	Further Action Required (Yes/No/Not Applicable)
	Legislative Obligation (LO) and		Details of Further Action Required
	Details of the Issue		
2011 Operational Audit	<ul style="list-style-type: none"> <li>• CR: 4;</li> <li>• LO: Clause 5.1; and</li> <li>• Details:               <ul style="list-style-type: none"> <li>• The Manager Production and Supply is the nominated BW staff member responsible for identifying applicable legislation and any revisions or exemptions and keeping staff informed of these changes;</li> <li>• BW receives weekly notifications from the State Law Publisher and these are reviewed, discussed between the Executive Team and actioned as necessary; and</li> <li>• BW currently has a draft SOP for the process.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• BW to finalise and approve the draft SOP for the process of identifying applicable legislation and any revisions or exemptions and keeping staff informed of these changes and incorporate it into the SOP Manual.</li> </ul>	<ul style="list-style-type: none"> <li>• Further action required: yes; and</li> <li>• Details of further action required:               <ul style="list-style-type: none"> <li>• A document entitled: "Production and Supply - Standard Operating Procedures" (SOP Manual) was issued on 27 November 2012. Paxon has noted that the Technical Officer, Asset and Risk Management is specifically tasked in procedure number 4.1.20 to keep up to date with the latest legislation passed by the Australian Government;</li> <li>• However, this procedure is silent about the implementation of any new legislation; and</li> <li>• The SOP manual should at least make reference to:                   <ul style="list-style-type: none"> <li>• Recording of amendments to or new legislation affecting BW;</li> <li>• Keeping staff informed of any changes; and</li> <li>• Incorporating those changes into the SOP Manual.</li> </ul> </li> </ul> </li> </ul>

3.2 Previous Review: Deficiencies and Recommendations

Table 7: Previous Review: Deficiencies and Recommendations				
Previous Review: Deficiencies and Recommendations				
A. Resolved Before End of Previous Review Period				
Reference (no./year)	Asset Management System Effectiveness Rating	Reviewer's Recommendation or Action Taken	Date Resolved	Further Action Required (Yes/No/Not Applicable)
	Asset Management System Component			Details of Further Action Required (Including Current Recommendation Reference if Applicable)
	Criteria/Details of Asset Management System Deficiency			
There is no content in Part A.				



**Table 7: Previous Review: Deficiencies and Recommendations**

Previous Review: Deficiencies and Recommendations				
B. Resolved During Current Review Period				
Reference (no./year)	Asset Management System Effectiveness Rating	Reviewer’s Recommendation	Date Resolved	Further Action Required (Yes/No/Not Applicable)
	Asset Management System Component			Details of Further Action Required (Including Current Recommendation Reference if Applicable)
	Criteria/Details of Asset Management System Deficiency			
2013 Review	<ul style="list-style-type: none"> <li>Rating: C 2;</li> <li>Component: Asset Planning; and</li> <li>Details:                             <ul style="list-style-type: none"> <li>BW has replaced TAMS with an Asset Strategy document and an Asset Management Plan. However, at the time of the audit, both of these documents were at draft and appeared to be some way from being finalised. BW’s intention is to have both of these key strategic documents finalised by the end of the current financial year; and</li> <li>Funding strategies are outlined in Section 6.3 of the draft Asset Strategy document but the section has yet to be finalised.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>It is recommended that BW finalise the draft Asset Strategy and Asset Management Plan documents as a priority;</li> <li>We would suggest that the structure of the Asset Management Strategy should be a short, very high level document that takes the following items into account:                             <ul style="list-style-type: none"> <li>Asset Management Outcomes and alignment with service delivery strategies;</li> <li>Assets;</li> <li>Asset Drivers;</li> <li>Asset Management Governance Framework;</li> <li>Asset Investment Strategy;</li> <li>Asset Management Development and Improvement Strategies; and</li> <li>Action Plan.</li> </ul> </li> <li>We would suggest that the structure of the Asset Management Plan should take the following items into account:</li> </ul>	Audit Period	<ul style="list-style-type: none"> <li>Further action required: no; and</li> <li>Details of further action required: not applicable.</li> </ul> <p>Comments:</p> <ul style="list-style-type: none"> <li>The draft Asset Management Strategy Plan was completed in 2013 and has been updated in 2014 and 2016. It is supported by the Five year Operational plan – both of which will be updated annually; and</li> <li>The Operational plan addresses the items identified in the previous recommendations.</li> </ul>

**Table 7: Previous Review: Deficiencies and Recommendations**

Previous Review: Deficiencies and Recommendations				
B. Resolved During Current Review Period				
Reference (no./year)	Asset Management System Effectiveness Rating	Reviewer's Recommendation	Date Resolved	Further Action Required (Yes/No/Not Applicable)
	Asset Management System Component			Details of Further Action Required (Including Current Recommendation Reference if Applicable)
	Criteria/Details of Asset Management System Deficiency			
		<ul style="list-style-type: none"> <li>• Asset Management Drivers;</li> <li>• Levels of Service;</li> <li>• Service Demand;</li> <li>• Overview of Assets Owned;</li> <li>• Asset Management Governance and Accountabilities;</li> <li>• Asset Management Systems Processes - Risk and Criticality Assessment;</li> <li>• Emergency Response and Contingency Plans;</li> <li>• Asset Management Resources and Capabilities;</li> <li>• Funding and Investment Strategies; and</li> <li>• Asset Management Improvement Plan.</li> <li>• Our suggestions related to the structure of BW's AMP and Asset Strategy documents are presented more as suggestions as how to best present them rather absolute recommendations. At the time of the audit, BW was drafting these documents. The PRIP includes a recommendation to finish</li> </ul>		

Table 7: Previous Review: Deficiencies and Recommendations				
Previous Review: Deficiencies and Recommendations				
B. Resolved During Current Review Period				
Reference (no./year)	Asset Management System Effectiveness Rating	Reviewer's Recommendation	Date Resolved	Further Action Required (Yes/No/Not Applicable)
	Asset Management System Component			Details of Further Action Required (Including Current Recommendation Reference if Applicable)
	Criteria/Details of Asset Management System Deficiency			
		and finalise these documents as a priority.		
2013 Review	<ul style="list-style-type: none"> <li>Rating: B 2;</li> <li>Component: Asset Creation ; and</li> <li>Details:               <ul style="list-style-type: none"> <li>An overview of Asset Acquisition, Renewal and Disposal is also provided in Section 4.1.3 of the draft Asset Management Strategy; and</li> <li>A review and update of BW's obligations was required with the introduction of chlorine. Legal, environmental and safety obligations are documented in Section 3 of the draft Asset Management Strategy, although this document needs to be finalised.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>It is recommended that BW completes its Asset Management Strategy document (currently at draft stage).</li> </ul>	Audit Period	<ul style="list-style-type: none"> <li>Further action required: no; and</li> <li>Details of further action required: not applicable.</li> </ul> Comments: <ul style="list-style-type: none"> <li>Resolved as for above item.</li> </ul>
2013 Review	<ul style="list-style-type: none"> <li>Rating: B 2;</li> <li>Component: Environmental Analysis; and</li> <li>Details:               <ul style="list-style-type: none"> <li>BW has been in contact with the WA Police Critical Infrastructure Unit to discuss security measures &amp; potential</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>It is recommended that BW completes its Asset Management Strategy and Asset Management Plan documents (both are currently at draft stage); and</li> <li>It is recommended that the risk register continues to be reviewed and updated.</li> </ul>	Audit Period	<ul style="list-style-type: none"> <li>Further action required: no; and</li> <li>Details of further action required: not applicable.</li> </ul> Comments: <ul style="list-style-type: none"> <li>The Risk Register identifies eighty five risk group risks and is reviewed twice</li> </ul>

**Table 7: Previous Review: Deficiencies and Recommendations**

Previous Review: Deficiencies and Recommendations				
B. Resolved During Current Review Period				
Reference (no./year)	Asset Management System Effectiveness Rating	Reviewer's Recommendation	Date Resolved	Further Action Required (Yes/No/Not Applicable)
	Asset Management System Component			Details of Further Action Required (Including Current Recommendation Reference if Applicable)
	Criteria/Details of Asset Management System Deficiency			
	<p>cyber threats and what BW has in place to mitigate the risks. In addition, BW's IT contractor provided information suggesting that BW comply with recommended contingencies;</p> <ul style="list-style-type: none"> <li>As far as system opportunities are concerned BW had an independent analysis of its IT systems conducted in early 2013. BW are preparing an action plan to implement the recommendations from this work; and</li> <li>Performance standards are documented in the customer charter and in the draft Asset Management Strategy document.</li> </ul>			<p>annually (see Item 8 below); and</p> <ul style="list-style-type: none"> <li>As stated in Item 1 above, both the Asset Management Strategy and Asset Management Plan have been completed and updated in 2016.</li> </ul>
<b>2013 Review</b>	<ul style="list-style-type: none"> <li>Rating: B 2;</li> <li>Component: Asset Operations; and</li> <li>Details: <ul style="list-style-type: none"> <li>BW's operations strategy and maintenance standards are outlined in the draft Asset Management Plan;</li> <li>Condition assessment data can be</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>It is recommended that BW finalise its Asset Management Strategy and Asset Management Plan as priorities;</li> <li>It is recommended that BW commences its network inspections in August, updates the condition assessment data in Confirm and uses this information to further develop its future works programs; and</li> </ul>	Audit Period	<ul style="list-style-type: none"> <li>Further action required: no; and</li> <li>Details of further action required: not applicable.</li> </ul> <p>Comments:</p> <ul style="list-style-type: none"> <li>Resolved : see Items 1 and 2 above;</li> <li>Network inspections are undertaken twice yearly and results entered in Confirm; and</li> </ul>

**Table 7: Previous Review: Deficiencies and Recommendations**

Previous Review: Deficiencies and Recommendations				
B. Resolved During Current Review Period				
Reference (no./year)	Asset Management System Effectiveness Rating	Reviewer's Recommendation	Date Resolved	Further Action Required (Yes/No/Not Applicable)
	Asset Management System Component			Details of Further Action Required (Including Current Recommendation Reference if Applicable)
	Criteria/Details of Asset Management System Deficiency			
	<p>recorded against an asset in Confirm. BW has commenced an annual inspection program for its treatment plant assets and a rolling three year program for its distribution assets;</p> <ul style="list-style-type: none"> <li>• Since the implementation of Confirm and the introduction of its asset ID convention, BW has completed one annual inspection of its treatment plant assets. The data has been entered into Confirm. The first year of the network assets is due to commence in August 2013; and</li> <li>• BW has purchased a licence to be able to use Confirm for tablet devices. However, the roll out of the tablets has not yet started and the integration with Confirm is still to be finalised before implementation.</li> </ul>	<ul style="list-style-type: none"> <li>• It is recommended that BW continues to progress its implementation of mobile field devices.</li> </ul>		<ul style="list-style-type: none"> <li>• Implementation of field devices software has been completed. Hardware is awaited to allow implementation.</li> </ul>
<b>2013 Review</b>	<ul style="list-style-type: none"> <li>• Rating: B 2;</li> <li>• Component: Asset Maintenance; and</li> <li>• Details: <ul style="list-style-type: none"> <li>• Although Confirm is able to be used to report on asset failure analysis, at the</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• It is recommended that BW continues to progress the additional Confirm reports it has identified as requiring: <ul style="list-style-type: none"> <li>• Complaint by Area;</li> </ul> </li> </ul>	Audit Period	<ul style="list-style-type: none"> <li>• Further action required: no; and</li> <li>• Details of further action required: not applicable.</li> </ul> <p>Comments:</p>

Table 7: Previous Review: Deficiencies and Recommendations				
Previous Review: Deficiencies and Recommendations				
B. Resolved During Current Review Period				
Reference (no./year)	Asset Management System Effectiveness Rating	Reviewer's Recommendation	Date Resolved	Further Action Required (Yes/No/Not Applicable)
	Asset Management System Component			Details of Further Action Required (Including Current Recommendation Reference if Applicable)
	Criteria/Details of Asset Management System Deficiency			
	<p>present time this has not been implemented. BW is engaging a consultant to develop an approach for recording and reporting multiple failures on an asset; and</p> <ul style="list-style-type: none"> <li>• BW maintains a list of Confirm Reports Required to be Produced. Reports that are planned to be developed include: <ul style="list-style-type: none"> <li>• Complaint by Area;</li> <li>• Job by Area;</li> <li>• Feature by Number of Failures (Emergency/Reactive Maintenance);</li> <li>• List of Regimes against site with next due dates; and</li> <li>• Number of jobs against job types.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Job by Area;</li> <li>• Feature by Number of Failures (Emergency/Reactive Maintenance);</li> <li>• List of Regimes against site with next due dates; and</li> <li>• Number of jobs against job types.</li> </ul>		<ul style="list-style-type: none"> <li>• The recommended reports have been included in Confirm. Copy of the schedule was provided to Reviewer following a demonstration of operation.</li> </ul>
<b>2013 Review</b>	<ul style="list-style-type: none"> <li>• Rating: B 2;</li> <li>• Component: Asset Management Information System; and</li> <li>• Details: <ul style="list-style-type: none"> <li>• Busselton Water utilises the following</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• It is recommended that BW complete the work related to the reports from Confirm that have been identified but which are yet to be developed;</li> <li>• It is recommended that BW complete the changes to Confirm that have been</li> </ul>	Audit Period	<ul style="list-style-type: none"> <li>• Further action required: no; and</li> <li>• Details of further action required: not applicable.</li> </ul> <p>Comments:</p> <ul style="list-style-type: none"> <li>• A specialist consultant on Confirm</li> </ul>

Table 7: Previous Review: Deficiencies and Recommendations				
Previous Review: Deficiencies and Recommendations				
B. Resolved During Current Review Period				
Reference (no./year)	Asset Management System Effectiveness Rating	Reviewer's Recommendation	Date Resolved	Further Action Required (Yes/No/Not Applicable)
	Asset Management System Component			Details of Further Action Required (Including Current Recommendation Reference if Applicable)
	Criteria/Details of Asset Management System Deficiency			
	<p>asset information systems, amongst others:</p> <ul style="list-style-type: none"> <li>• Confirm - utilised as a job scheduling tool for operations and maintenance activities, asset register (including condition rating), and monthly reporting. Confirm replaced Mainpac on 18/06/2012. Confirm is also used for recording customer correspondence. Prior to its implementation, BW used an Access database to record complaints and enquiries; and</li> <li>• MapInfo – GIS being used for the integration with Confirm and which will be used when BW implements mobile field tablets.</li> </ul>	<p>identified during the first year of implementation (e.g. access rights to be able to make changes to work order records in Confirm once the record has been archived); and</p> <ul style="list-style-type: none"> <li>• It is recommended that BW continue to progress the planned integration of Confirm with the GIS.</li> </ul>		<p>developed the reports identified by BW;</p> <ul style="list-style-type: none"> <li>• Access rights to Confirm cannot be amended. Accepted by BW and Reviewer; and</li> <li>• Integration of Confirm with GIS was demonstrated and is considered appropriate to requirements.</li> </ul>
<b>2013 Review</b>	<ul style="list-style-type: none"> <li>• Rating: B 2;</li> <li>• Component: Risk Management; and</li> <li>• Details: <ul style="list-style-type: none"> <li>• Since the last operational licence audit, BW has implemented a new risk management system, Synergy Risk Asset Management. Risks have been</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• It is recommended that BW continues to update the risks included in Synergy;</li> <li>• It is recommended that BW formalise a procedural Risk Management Process document;</li> <li>• It is recommended that BW should determine what the organisation's "Risk</li> </ul>	Audit Period	<ul style="list-style-type: none"> <li>• Further action required: no; and</li> <li>• Details of further action required: not applicable.</li> </ul> <p>Comments:</p> <ul style="list-style-type: none"> <li>• A assessment of 85 risks was made and is reviewed twice annually;</li> <li>• A formal procedure for Risk Management</li> </ul>

**Table 7: Previous Review: Deficiencies and Recommendations**

Previous Review: Deficiencies and Recommendations				
B. Resolved During Current Review Period				
Reference (no./year)	Asset Management System Effectiveness Rating	Reviewer’s Recommendation	Date Resolved	Further Action Required (Yes/No/Not Applicable)
	Asset Management System Component			Details of Further Action Required (Including Current Recommendation Reference if Applicable)
	Criteria/Details of Asset Management System Deficiency			
	<p>added to Synergy on an ongoing basis. Risks were taken from the previous TAMS as the starting point, with high and medium risks prioritised for entry into Synergy. Currently BW’s risk register has 48 risks assessed and input into the system;</p> <ul style="list-style-type: none"> <li>• Relevant BW staff completed training for working with the Synergy Risk Management module. There is no specific SOP related to using the software, with review dates and action event reminders automated in the system; and</li> <li>• The risk assessment takes budget implications into account if expenditure is assigned to the actions associated with mitigating the identified risk. The system is not integrated with the Finance system but allows the risk-related expenditure to be reported and taken into account when developing the budget.</li> </ul>	<p>Appetite” is;</p> <ul style="list-style-type: none"> <li>• It is recommended that BW aligns its risk management processes to its overall corporate Areas, Priorities, Values, Objectives and Actions; and</li> <li>• It is recommended that BW uses its risk management processes in its program/project prioritisation during the development of its annual budget. At present the prioritisation of projects in the capital works budgeting process is fairly informal.</li> </ul>		<p>is provided in Section P3 of BW’s Procedure Manual; and</p> <ul style="list-style-type: none"> <li>• Risk and its management is a feature of all corporate areas including planning, asset creation, maintenance, tender evaluation, operations identification and prioritisation of capital works.</li> </ul>



Table 7: Previous Review: Deficiencies and Recommendations				
Previous Review: Deficiencies and Recommendations				
B. Resolved During Current Review Period				
Reference (no./year)	Asset Management System Effectiveness Rating	Reviewer's Recommendation	Date Resolved	Further Action Required (Yes/No/Not Applicable)
	Asset Management System Component			Details of Further Action Required (Including Current Recommendation Reference if Applicable)
	Criteria/Details of Asset Management System Deficiency			
2013 Review	<ul style="list-style-type: none"> <li>Rating: C 3;</li> <li>Component: Capital Expenditure Planning; and</li> <li>Details: <ul style="list-style-type: none"> <li>However, as we noted in the 2011 review report, we believe that the existing capital expenditure planning process can be improved by formalising the processes currently undertaken, or creating new processes where required. In particular, processes or policies for project prioritisation and based on risk management and BW's strategic objectives should be created; and</li> <li>Busselton prepares business cases using the one page Capital Works Proposal template. The template includes justification for the project to be provided and considers alternative options as well as non-asset solutions. The timeframe for the project, lifecycle costs, including acquisition and operations, and risks are also</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>We recommend that BW further develops its tools for preparing business cases in order to exert a more formal approach with improved consistency to the business planning process;</li> <li>We recommend that the Capital Works Proposal Form be expanded to allow a formal risk assessment to be undertaken for any proposed project to allow it to be prioritised in the budgeting process;</li> <li>We recommend that every proposed business case should include a mandatory option of "Do Nothing", and the risks of taking this option assessed to derive a baseline risk score; and</li> <li>We recommend that BW refines the Capital Works Proposal Form and procedure so that there is better alignment with the organisation's overall corporate Areas, Priorities, Values, Objectives and Actions.</li> </ul>	Audit Period	<ul style="list-style-type: none"> <li>Further action required: no; and</li> <li>Details of further action required: not applicable.</li> </ul> <p>Comments:</p> <ul style="list-style-type: none"> <li>A formal process exists to identify capital works and do a presentation (via a Capital Works proposal form) of the need for a project in terms of cost, timing, BW business, operations, safety, environmental performance and risk; and</li> <li>A "do nothing" assessment is included in the assessment – as is an assessment of the cumulative risk which allows competing proposals to be prioritised for inclusion or exclusion in a given budget.</li> </ul>

Table 7: Previous Review: Deficiencies and Recommendations				
Previous Review: Deficiencies and Recommendations				
B. Resolved During Current Review Period				
Reference (no./year)	Asset Management System Effectiveness Rating	Reviewer's Recommendation	Date Resolved	Further Action Required (Yes/No/Not Applicable)
	Asset Management System Component			Details of Further Action Required (Including Current Recommendation Reference if Applicable)
	Criteria/Details of Asset Management System Deficiency			
	identified on the template.			
	<ul style="list-style-type: none"> <li>Rating: B 2;</li> <li>Component: Asset Management System Review; and</li> <li>Details:                             <ul style="list-style-type: none"> <li>Asset management system review was last carried out by Opus in 2012 to ensure that BW implemented best practice asset management. This review resulted in the development of BW's asset ID convention and the structure of the asset management and asset strategy plans. BW provided the review report which contained the findings and recommendations. BW is currently implementing Opus's recommendations; and</li> <li>BW also identified audit and reporting areas that it needs to improve with assistance from Pitney Bowes, the Confirm system vendor. A list of items to be reviewed has been prepared for future progression. BW's AMP and Asset Management Strategy</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>BW to include review and update processes in the AMP and Asset Management Strategy before the documents are finalised.</li> </ul>	<ul style="list-style-type: none"> <li>Further action required: no; and</li> <li>Details of further action required: not applicable.</li> </ul> <p>Comments:</p> <ul style="list-style-type: none"> <li>The overarching Asset Management Strategy document which was issued in 2014 included a policy of review at three yearly intervals. The current Strategy document was issued in January 2016; and</li> <li>The strategy documents are supported by annual Asset Management Plans. Management Plans issued in 2014 and 2015 were five year plans which will be updated annually.</li> </ul>	

Table 7: Previous Review: Deficiencies and Recommendations				
Previous Review: Deficiencies and Recommendations				
B. Resolved During Current Review Period				
Reference (no./year)	Asset Management System Effectiveness Rating	Reviewer's Recommendation	Date Resolved	Further Action Required (Yes/No/Not Applicable)
	Asset Management System Component			Details of Further Action Required (Including Current Recommendation Reference if Applicable)
	Criteria/Details of Asset Management System Deficiency			
	documents are currently in draft and expected to be finalised by the end of the Financial Year.			

Table 7: Previous Review: Deficiencies and Recommendations			
Previous Review: Deficiencies and Recommendations			
C. Unresolved At End of Current Review Period			
Reference (no./year)	Asset Management System Effectiveness Rating	Auditor's Recommendation	Further Action Required (Yes/No/Not Applicable)
	Asset Management System Component		Details of Further Action Required
	Criteria/Details of Asset Management System Deficiency		
2013 Review	<ul style="list-style-type: none"> <li>Rating: B 2;</li> <li>Component: Contingency Planning; and</li> <li>Details:               <ul style="list-style-type: none"> <li>Although BW has completed a number of mock tests of its emergency response plans, these have been for water quality issues rather than testing for drought response. The WQ emergency response plans include actions noting that "...the use of external resources may include potable water from other sources such as; bottled water suppliers, employing water tankers/freighters, Aqwest, Water Corporation".</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>We recommend that in future mock testing of its emergency plans, BW ensures that the actions related to providing external water are included in order to test BW's associated procedures.</li> </ul>	<ul style="list-style-type: none"> <li>Further action required: yes; and</li> <li>Details of further action required:               <ul style="list-style-type: none"> <li>The contingency plans for Plants 1, 2, and Administration are some five years old and are currently being reviewed and updated by a consultant. Reviewer has been advised that these have now been updated since the review. All other plans are current except the Records Management Recovery Plan; and</li> <li>There is no contingency plan for reticulation system bursts (although these are covered in a general sense in Standard Operating Procedures).</li> </ul> </li> </ul>

## 4 Operational Audit: Comprehensive Report

### 4.1 Audit Compliance and Controls Rating Scales

The compliance and controls ratings allocated to each Licence condition are set out in the following table - taken from the Authority's document entitled: "Audit and Review Guidelines: Water Licences – July 2014" (Authority's Guidelines).

#### Audit Compliance and Controls Rating Scales

##### Authority's Guidelines: Table No. 6 (as amended)

Audit Compliance and Controls Rating Scales			
Adequacy of Controls Rating		Compliance Rating	
Rating	Description	Rating	Description
A	Adequate controls – no improvement needed	1	Compliant
B	Generally adequate controls – improvement needed	2	Non-compliant – minor impact on customers or third parties
C	Inadequate controls – significant improvement required	3	Non-compliant – moderate impact on customers or third parties
D	No controls evident	4	Non-compliant – major impact on customers or third parties
NP	Not performed	NR	Obligation was not rated as no activity took place to exercise the obligation during the Audit Period
		NA	Obligations identified as not applicable during the Audit Period.

**Table 8: Audit Compliance and Controls Rating Scales**

The Audit Compliance and Controls Rating Scales, as contained in the Authority's Guidelines: Table number 6 was amended to include the following ratings:

- Adequacy of controls rating: NP;
- Adequacy of control ratings: NA; and
- Compliance rating: NR.

## 4.2 Audit: Obligation Ratings (Summary) – Water Services Act 2012

No. <sup>1</sup>	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Adequacy of Controls Rating (Refer to the 4 point rating scale in Table 8 for details)					Compliance Rating (Refer to the 4 point rating scale in Table 8 for details)					
	Water Services Act 2012	Water Services Operating Licence			A	B	C	D	NP	1	2	3	4	NR	NA
	Section Number	Clause Number													
1	21(1)(a)	27.1	Duty to provide services and do works	2		✓					✓				
2	21(1)(b)	27.1		2	✓					✓					
3	21(1)(c)	27.1		2	✓					✓					
4	22	28.1	Provision of water services outside operating areas	2	✓									✓	
5	23	29.1	Works holding arrangements	2	✓					✓					
6	24(1)(a) & (2)	20.1	Asset management system	2	✓					✓					
7	24(1)(b)	20.2		2	✓									✓	
8	24(1)(c)	20.3		2	✓					✓					
9	25	14.1	Operational audit	2	✓					✓					
10	26(3)	5.2	Compliance with codes of practice made by Minister	2	✓									✓	
11	27	5.3	Compliance with code of conduct made by Authority	2	✓						✓				
12	29	26.1	Licensee must comply with duties under Act	2	✓					✓					
13	36	5.1	Provision of a water service ceasing – duty to leave system in safe condition	2	✓									✓	

<sup>1</sup> The ‘No.’ refers to the compliance obligation reference number, as per the Authority’s document entitled: “Water Compliance Reporting Manual – Water Services Act 2012 – April 2014”

**Table 9: Audit: Obligation Ratings (Summary) – Water Services Act 2012**

No. <sup>1</sup>	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Adequacy of Controls Rating (Refer to the 4 point rating scale in Table 8 for details)					Compliance Rating (Refer to the 4 point rating scale in Table 8 for details)					
	Water Services Act 2012	Water Services Operating Licence			A	B	C	D	NP	1	2	3	4	NR	NA
	Section Number	Clause Number													
14	60	25.1	Duty to perform functions of supplier of last resort	2	✓									✓	
15	66	21.1	Water Services Ombudsman Scheme	2	✓									✓	
16	77(3)	5.1	Interruption of water services generally	2	✓					✓					
17	82(4) & (5)	5.1	Notification of and requirements as to building work	2	✓										✓
18	84(2)	5.1	Ensuring water service works are done	2	✓										✓
19	87(2)	5.1	Review of certain decisions under or relating to this division	2	✓										✓
20	90(7)	5.1	Construction over or in vicinity of water service works of licensee	2	✓									✓	
21	95(3)	5.1	Disconnection or reduction in rate of flow	2	✓									✓	
22	96(1)	5.1	Fire hydrants	2	✓					✓					
23	96(5)	5.1		2	✓					✓					
24	98(3)	5.1	Minister may require connection to sewerage works	n/a					✓						✓
25	106(2)	5.1	Compliance notices (discharge or wastewater inlet)	n/a					✓						✓
26	110(3)	5.1	Minister may require connection to drainage works	n/a					✓						✓
27	112(5)	5.1	Requirement to maintain or modify drainage assets	n/a					✓						✓
28	119(2)	5.1	Compliance notices (non-compliance with specific sections of Act)	2	✓									✓	

No. <sup>1</sup>	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Adequacy of Controls Rating (Refer to the 4 point rating scale in Table 8 for details)					Compliance Rating (Refer to the 4 point rating scale in Table 8 for details)					
	Water Services Act 2012	Water Services Operating Licence			A	B	C	D	NP	1	2	3	4	NR	NA
	Section Number	Clause Number													
29	122(2)	5.1	Review of decisions relating to giving compliance notices	2	✓									✓	
30	125(2)	5.1	Supplying groups of dwellings	2	✓									✓	
31	128(4)	5.1	Prohibition on dealings in land	2	✓									✓	
32	129(5)	5.1	Reading meters, routine inspection and maintenance	2	✓					✓					
33	139(3)	5.1	Ancillary works powers	2	✓									✓	
34	141(1)	5.1	Special provisions applicable to road works	2	✓					✓					
35	142	5.1	Prerequisites to provision of major works	2	✓									✓	
36	143 (2)	5.1	Licensee to prepare plans and publish and give notice of major works	2	✓									✓	
37	143 (3)	5.1		2	✓									✓	
38	144(3)	5.1	Objections and submissions	2	✓									✓	
39	145(2)	5.1	Licensee may amend proposal	2	✓									✓	
40	147(3)	5.1	Powers of Minister in respect of proposal	2	✓									✓	
41	147(4)	5.1		2	✓									✓	
42	151(1)	5.1	Licensee to prepare plans and give notice of general works	2	✓					✓					
43	151(2)	5.1		2	✓					✓					
44	152(3)	5.1	Objections and submissions	2	✓									✓	
45	153(3)	5.1	Licensee may amend proposal	2	✓									✓	



No. <sup>1</sup>	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Adequacy of Controls Rating (Refer to the 4 point rating scale in Table 8 for details)					Compliance Rating (Refer to the 4 point rating scale in Table 8 for details)					
	Water Services Act 2012	Water Services Operating Licence			A	B	C	D	NP	1	2	3	4	NR	NA
	Section Number	Clause Number													
46	166(5)	5.1	Taking an interest in land for purposes of licensee	2	✓									✓	
47	166(6)	5.1		2	✓									✓	
48	170	5.1	Sale of land	2	✓									✓	
49	173(4)	5.1	Entry with consent or under notice or warrant	2	✓										✓
50	174(1)	5.1	Notice of entry	2	✓										✓
51	174(3)	5.1		2	✓					✓					
52	175(2)	5.1	Rights of occupier of dwelling	2	✓					✓					
53	175(5)	5.1		2	✓									✓	
54	176(1)	5.1	When authorised person must leave	2	✓									✓	
55	176(3)	5.1		2	✓									✓	
56	176(4)	5.1		2	✓									✓	
57	181	5.1	Actions of authorised persons and others	2	✓									✓	
58	186	5.1	Contents of application (warrant to enter)	2	✓									✓	
59	187(1) – (3)	5.1	How application to be made (warrant to enter)	2	✓									✓	
60	190(4)	5.1	Execution of warrant	2	✓									✓	
61	190(5)	5.1		2	✓									✓	

Table 9: Audit: Obligation Ratings (Summary) – Water Services Act 2012															
No. <sup>1</sup>	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Adequacy of Controls Rating					Compliance Rating					
	Water Services Act 2012	Water Services Operating Licence			(Refer to the 4 point rating scale in Table 8 for details)					(Refer to the 4 point rating scale in Table 8 for details)					
	Section Number	Clause Number			A	B	C	D	NP	1	2	3	4	NR	NA
62	210(5)	5.1	Designation of inspectors and compliance officers	2	✓								✓		
63	218(2)	5.1	Liability of certain persons for damage caused in exercise of powers	2	✓					✓					
64	218(3)	5.1		2	✓					✓					

No. <sup>1</sup>	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Adequacy of Controls Rating					Compliance Rating						
	Water Services Regulations 2013	Water Services Operating Licence			(Refer to the 4 point rating scale in Table 8 for details)					(Refer to the 4 point rating scale in Table 8 for details)						
	Regulation Number	Clause Number			A	B	C	D	NP	1	2	3	4	NR	NA	
65	23(2)	5.1	Installation of certain meters	2	✓						✓					
66	24(4)	5.1	Access to meters	2	✓									✓		
67	26(3)	5.1	Testing water meters	2	✓						✓					
68	26(5)	5.1		2	✓									✓		
69	29(2)	5.1	Subdivision: deferring infrastructure contributions	2	✓									✓		
70	42(2)	5.1	Backflow prevention devices: installation	2		✓					✓					
71	43(3)	5.1	Backflow prevention devices: testing and maintenance	2	✓									✓		
72	43(6)	5.1		2	✓						✓					
73	53(3)	5.1	Diagrams of drainage plumbing	2	✓									✓		
74	60(2)	5.1	Altering position of service infrastructure in roads	2	✓									✓		
75	63	5.1	Roads broken up to be reinstated	2	✓						✓					
76	65(1)	5.1	Records	2		✓					✓					
77	65(2)	5.1		2		✓					✓					
78	65(4)	5.1		2		✓					✓					
79	67	5.1	Records to be basis for water service charges	2		✓					✓					
80	68(5)	5.1	Objections to entries in records	2		✓								✓		
81	68(6)	5.1		2		✓								✓		

Table 9: Audit: Obligation Ratings (Summary) – Water Services Act 2012															
No. <sup>1</sup>	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Adequacy of Controls Rating (Refer to the 4 point rating scale in Table 8 for details)					Compliance Rating (Refer to the 4 point rating scale in Table 8 for details)					
	Water Services Regulations 2013	Water Services Operating Licence			A	B	C	D	NP	1	2	3	4	NR	NA
	Regulation Number	Clause Number													
82	68(7)	5.1	Objections to entries in records	2		✓								✓	
83	68(8)	5.1		2		✓								✓	
84	69(3)	5.1	State Administrative Tribunal review of licensee’s decision on objection	2		✓								✓	
85	70(2)	5.1	SAT review: licensee’s decision not to extend time for objection/review	2		✓								✓	
86	74(1)	5.1	Amending records after objection or review	2		✓								✓	
87	74(2)	5.1		2		✓								✓	
88	75(1)	5.1	Certain information to be available to tenants and others	2	✓						✓				
89	85	5.1	Compliance notices	2	✓									✓	
90	86(6)	5.1	Clause only applies to licensees which are Water Corporations	2	✓									✓	
91	86(9)	5.1	Clause only applies to licensees which are Water Corporations	2	✓									✓	

Table 9: Audit: Obligation Ratings (Summary) – Water Services Act 2012															
No. <sup>1</sup>	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Adequacy of Controls Rating					Compliance Rating					
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Operating Licence			(Refer to the 4 point rating scale in Table 8 for details)					(Refer to the 4 point rating scale in Table 8 for details)					
	Clause Number	Clause Number			A	B	C	D	NP	1	2	3	4	NR	NA
92	7	5.3	Information about connections	1	✓						✓				
93	8	5.3	Minimum performance standards: standard water supply connections	1	✓						✓				
94	9	5.3	Bills other than for quantities supplied, discharged	1	✓						✓				
95	10(2)	5.3	Bills for quantities supplied, discharged	1	✓						✓				
96	10(3)	5.3		1	✓						✓				
97	10(4)	5.3		1	✓						✓				
98	10(5)	5.3		1	✓						✓				
99	11	5.3	Sending bills	1	✓						✓				
100	12(1)	5.3	Information on bills	1	✓							✓			
101	12(2)	5.3		1	✓						✓				
102	12(3)	5.3		1	✓							✓			
103	13(1)	5.3	Estimates: Licensees’ obligations	1	✓						✓				
104	13(2)	5.3		1	✓									✓	
105	14(1)	5.3	Requested meter readings, revised bills: Licensee’s obligations	1	✓									✓	

Table 9: Audit: Obligation Ratings (Summary) – Water Services Act 2012															
No. <sup>1</sup>	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Adequacy of Controls Rating (Refer to the 4 point rating scale in Table 8 for details)					Compliance Rating (Refer to the 4 point rating scale in Table 8 for details)					
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Operating Licence			A	B	C	D	NP	1	2	3	4	NR	NA
	Clause Number	Clause Number													
106	15	5.3	Leaks	1	✓						✓				
107	16(2)	5.3	Undercharging in bills	1		✓								✓	
108	16(3)	5.3		1	✓									✓	
109	16(4)	5.3		1		✓								✓	
110	16(5)	5.3		1		✓								✓	
111	17(1)	5.3	Overcharging in bills	1	✓									✓	
112	17(2)	5.3		1		✓								✓	
113	18(1)	5.3	Review of bills	1	✓									✓	
114	18(2)	5.3		1	✓									✓	
115	18(3) & (6)	5.3		1	✓					✓					
116	18(4)	5.3		1	✓						✓				
117	18(5)	5.3		1	✓									✓	
118	20	5.3	When payment due if not set under regulations	1	✓					✓					
119	21(1)	5.3	Payment methods	1	✓					✓					
120	21(2)	5.3		1	✓					✓					

Table 9: Audit: Obligation Ratings (Summary) – Water Services Act 2012															
No. <sup>1</sup>	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Adequacy of Controls Rating (Refer to the 4 point rating scale in Table 8 for details)					Compliance Rating (Refer to the 4 point rating scale in Table 8 for details)					
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services of Operating Licence			A	B	C	D	NP	1	2	3	4	NR	NA
	Clause Number	Clause Number													
121	22	5.3	Consent for direct debits	1	✓					✓					
122	23(1)	5.3	Payment in advance	1	✓					✓					
123	24	5.3	Free redirection in absence, illness	1	✓					✓					
124	25	5.3	Assistance for customers experiencing payment difficulties	1	✓					✓					
125	26(1) & (2)	5.3	Financial hardship policy	1	✓					✓					
126	26(3)	5.3		1		✓				✓					
127	26(4)	5.3		1				✓						✓	
128	26(5)	5.3		1	✓					✓					
129	26(6)	5.3		1	✓									✓	
130	27(2)	5.3	Assistance for customers experiencing financial hardship	1	✓					✓					
131	27(3)	5.3		1	✓					✓					
132	28(1)	5.3	Matters relating to customers experiencing payment difficulties or financial hardship	1	✓					✓					
133	28(4) & (5)	5.3		1	✓					✓					
134	29	5.3	No debt collection in certain cases	1	✓					✓					
135	30(1)	5.3	Restoration of drinking water supply	1	✓					✓					

**Table 9: Audit: Obligation Ratings (Summary) – Water Services Act 2012**

No. <sup>1</sup>	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Adequacy of Controls Rating (Refer to the 4 point rating scale in Table 8 for details)					Compliance Rating (Refer to the 4 point rating scale in Table 8 for details)					
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services of Operating Licence			A	B	C	D	NP	1	2	3	4	NR	NA
	Clause Number	Clause Number													
136	30(2)	5.3	Restoration of drinking water supply	1	✓					✓					
137	31	5.3	Preliminary action	1	✓					✓					
138	32	5.3	No reduction in certain cases	1	✓					✓					
139	33	5.3	Water flow not to be reduced below minimum rate	1	✓					✓					
140	34(2)	5.3	Clause only applies to the Water Corporation	n/a					✓						✓
141	34(3)	5.3		n/a					✓						
142	34(4)	5.3	Minimum performance standards for restoration of water supply	1		✓				✓					
143	34(5)	5.3	Clause only applies to the Water Corporation	n/a					✓						✓
144	34(6)	5.3	Minimum performance standards for restoration of water supply	1		✓					✓				
145	35(1)	5.3	Procedure for dealing with complaints about water services	1	✓					✓					
146	35(2)	5.3		1	✓					✓					
147	35(3)	5.3		1	✓					✓					
148	35(4)	5.3		1	✓						✓				



Table 9: Audit: Obligation Ratings (Summary) – Water Services Act 2012															
No. <sup>1</sup>	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Adequacy of Controls Rating (Refer to the 4 point rating scale in Table 8 for details)					Compliance Rating (Refer to the 4 point rating scale in Table 8 for details)					
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services of Operating Licence			A	B	C	D	NP	1	2	3	4	NR	NA
	Clause Number	Clause Number													
149	35(6)	5.3	Procedure for dealing with complaints about water services	1	✓					✓					
150 - 1	36(1)	5.3	Services to be provided without charge	1	✓					✓					
152	36(2)	5.3		1	✓					✓					
153	37(1)	5.3	Information to be publicly available - bills	1	✓						✓				
154	Notes – 12 [37(2)]	5.3		1	✓					✓					

Table 9: Audit: Obligation Ratings (Summary) – Water Services Act 2012															
No. <sup>1</sup>	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Adequacy of Controls Rating					Compliance Rating					
	Water Services Act 2012	Water Services Operating Licence			(Refer to the 4 point rating scale in Table 8 for details)					(Refer to the 4 point rating scale in Table 8 for details)					
	Section Number	Clause Number			A	B	C	D	NP	1	2	3	4	NR	NA
155	12	4	Fees	5	✓						✓				
156	12	5.1	Compliance with applicable legislation	2	✓							✓			
157	12	5.2		2	✓									✓	
158	12	5.3		2	✓							✓			
159	12	5.4		2	✓									✓	
160	12	12		Accounting records	2	✓						✓			
161	12	13.1	Individual performance standards	5	✓						✓				
162	12	14.4	Operational audit	2	✓						✓				
163	12	15.1(a), (b), (c)	Reporting a change in circumstances	5	✓										✓
164	12	15.1(d)		5	✓								✓		
165	12	16.1	Provision of information	2	✓						✓				
166	12	16.2		2		✓						✓			
167	12	16.3		2	✓							✓			
168	12	17.2	Publishing information	5	✓						✓				
169	12	18.1	Notices	5	✓						✓				

Table 9: Audit: Obligation Ratings (Summary) – Water Services Act 2012															
No. <sup>1</sup>	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Adequacy of Controls Rating (Refer to the 4 point rating scale in Table 8 for details)					Compliance Rating (Refer to the 4 point rating scale in Table 8 for details)					
	Water Services Act 2012	Water Services Operating Licence			A	B	C	D	NP	1	2	3	4	NR	NA
	Section Number	Clause Number													
170	12	20.1	Asset management system	2		✓									✓
171	12	20.2		2	✓									✓	
172	12	20.6		2	✓					✓					
173	12	21.1	Water Services Ombudsman Scheme	5	✓					✓					
174	12	22.1	Standard terms and conditions of service	5					✓						✓
175	12	23.1	Customer contract	5	✓									✓	
176	12	23.2		5	✓									✓	
177	12	23.3		5	✓									✓	
178	12	23.6		5	✓									✓	
179	12	24.1 & .2	Non-standard terms and conditions of service	5	✓									✓	
180	12	24.4		5	✓									✓	
181	12	25.1	Supplier of last resort	5	✓									✓	
182	12	28.1(b)	Provision of water services outside operating area	2	✓									✓	
183	12	30.3	Hardship policy	5	✓					✓					
184	12	31.1	Memorandum of Understanding	5		✓									✓
185	12	31.2		5	✓					✓					
186	12	31.3		5	✓					✓					

Table 9: Audit: Obligation Ratings (Summary) – Water Services Act 2012															
No. <sup>1</sup>	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Adequacy of Controls Rating (Refer to the 4 point rating scale in Table 8 for details)					Compliance Rating (Refer to the 4 point rating scale in Table 8 for details)					
	Water Services Act 2012	Water Services Operating Licence			A	B	C	D	NP	1	2	3	4	NR	NA
	Section Number	Clause Number													
187	12	31.4	Memorandum of Understanding	5	✓					✓					
188	12	31.5		5	✓								✓		
189	12	31.6		5	✓					✓					
190	12	Schedule 3	Performance standards	5	✓					✓					

### 4.3 Audit: Obligation Ratings (Summary) - Water Services Licensing Act 1995

This Summary only lists obligations under Water Services Operating Licence (WSOL) – Version 5, which were discontinued under WSOL – Version 6. Obligations included in WSOL -Version 5 and carried forward in WSOL – Version 6, are disclosed in section 4.2.

Table 10: Audit: Obligation Ratings (Summary) - Water Services Licensing Act 1995																
No. <sup>2</sup>	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Adequacy of Controls Rating (Refer to the 4 point rating scale in Table 8 for details)					Compliance Rating (Refer to the 4 point rating scale in Table 8 for details)						
	Water Services Licensing Act 1995	Water Services Operating Licence			A	B	C	D	NP	1	2	3	4	NR	NA	
	Section Number	Clause Number														
9	N/A	6.1	Customer complaints	2	✓					✓						
10	N/A	Sch. 3, Cl. 3.1		2	✓					✓						
12	N/A	Sch. 3 Cl. 3.2 (b)		2	✓					✓						
14	N/A	Sch. 3 Cl. 3.2 (d)		2	✓					✓						
15	N/A	Sch. 3 Cl. 3.4		2	✓					✓						
17	N/A	Sch. 3 Cl. 3.6		2		✓				✓						
18	N/A	Sch. 3 Cl. 3.7		2		✓				✓						
19	N/A	Cl. 7.1	Customer Service Charter	4					✓	✓						
20	N/A	Sch. 3 Cl. 2.5		4		✓				✓						

<sup>2</sup> The ‘No.’ refers to the compliance obligation reference number, as per the Authority’s document entitled: “Water Compliance Reporting Manual – Water Services Licensing Act 1995 – July 2012”.

No. <sup>2</sup>	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Adequacy of Controls Rating					Compliance Rating					
	Water Services Licensing Act 1995	Water Services Operating Licence			(Refer to the 4 point rating scale in Table 8 for details)					(Refer to the 4 point rating scale in Table 8 for details)					
	Section Number	Clause Number			A	B	C	D	NP	1	2	3	4	NR	NA
21	N/A	Sch. 3 Cl. 2.6	Customer Service Charter	4		✓					✓				
22	N/A	Sch. 3 Cl. 2.7		4		✓					✓				
23	N/A	Cl. 8	Customer consultation	4					✓						✓
24	N/A	Sch. 3 Cl. 4.1		4		✓					✓				
25	N/A	Sch. 3 Cl. 4.2		4		✓					✓				
26	N/A	Sch. 3 Cl. 4.3		4		✓								✓	
32	N/A	Sch. 3, Cl. 6	Customer surveys	5		✓								✓	

#### 4.4 Audit Observations and Recommendations - Water Services Act 2012

Table 11: Audit Observations and Recommendations – Water Services Act 2012							
No. <sup>3</sup>	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Operating Licence - Versions 6 - 7				Including Recommendations	Controls
		Clause Number					
1	21(1)(a)	27.1	The licensee must provide a water service authorised by the licence to persons entitled to the service under the Act, except to the extent otherwise provided for by the Act.	2	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon Group (Paxon) has noted that the Technical Officer, Asset and Risk Management is specifically tasked in the document entitled: “Production and Supply –Standard Operating Procedures” (SOP Manual) to keep up to date with the latest legislation passed by the Australian Government;</li> <li>Paxon has noted that the document entitled: “Action Sheet - Water Compliance Reporting Manual” (Action Sheet) specifically lists compliance obligations as contained in the Authority’s document entitled: “Water Compliance Reporting Manual – Water Services Act 2012 – April 2014”;</li> <li>The Action Sheet includes the following columns:</li> </ul>	B	2

<sup>3</sup> The ‘No.’ refers to the compliance obligation reference number, as per the Authority’s document entitled: “Water Compliance Reporting Manual – Water Services Act 2012 – April 2014”

Table 11: Audit Observations and Recommendations – Water Services Act 2012							
No. <sup>3</sup>	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Operating Licence - Versions 6 - 7					
				Clause Number		Including Recommendations	Controls
1 (cont.)	21(1)(a)	27.1		2	<ul style="list-style-type: none"> <li>References to the applicable section of the obligation instrument (for example: Water Services Act 2012) and the applicable clause in the Water Services Operating Licence;</li> <li>Summary description of the compliance obligation;</li> <li>Responsibility - identification of a responsible officer;</li> <li>Action - details of any action required;</li> <li>Comments – compliance standing; and</li> <li>Status – action taken.</li> <li>Paxon has noted that for a material number of obligations, the Responsibility, Action, Comments and Status columns have not been completed. As such, the Action Sheet does not include the information which should be included in a breach register;</li> <li>BW has stated that on an annual basis, the Action Sheet is updated to help completion of the annual Compliance Report provided to the Authority; and</li> <li>The team responsible for the annual update are</li> </ul>		



Table 11: Audit Observations and Recommendations – Water Services Act 2012							
No. <sup>3</sup>	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Operating Licence - Versions 6 - 7					
		Clause Number				Including Recommendations	Controls
1 (cont.)	21(1)(a)	27.1			as follows: <ul style="list-style-type: none"> <li>• General Managers;</li> <li>• Technical Officer: Asset and Risk Management; and</li> <li>• Water Tariff Officer.</li> </ul> <b>Compliance:</b> <ul style="list-style-type: none"> <li>• BW has stated that it did provide potable water supply services to all entitled persons under the Act during the Audit Period.</li> </ul> <b>Recommendation: 01/2016:</b> <ul style="list-style-type: none"> <li>• The Action Sheet should, as far as practical, assign responsibility for all compliance obligations to a designated officer or section in BW;</li> <li>• All compliance obligations listed in the Action Sheet should be linked to BW’s procedure manuals and/or Work Instructions; and</li> <li>• BW should implement a breach register in respect of its licence conditions as stated in section 9.3.2.3 of the Authority’s document entitled: “Audit and Review Guidelines: Water Licences – July 2014”.</li> </ul>		

Table 11: Audit Observations and Recommendations – Water Services Act 2012							
No. <sup>3</sup>	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Operating Licence - Versions 6 - 7				Including Recommendations	Controls
		Clause Number					
2	21(1)(b)	27.1	The licensee must offer to provide a water service on reasonable terms, unless provision of the service is not financially viable or is otherwise not practicable, to persons within the operating area who are not entitled to the service under the Act.	2	<b>Controls:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul> <b>Compliance:</b> <ul style="list-style-type: none"> <li>BW has stated that it provides water to the Water Corporation in terms of an agreement between the parties.</li> </ul>	A	1
3	21(1)(c)	27.1	The licensee must provide, operate and maintain the water service works specified by the Authority in the licence.	2	<b>Controls:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation; and</li> <li>Paxon has noted that the SOP Manual specifically refers to:                             <ul style="list-style-type: none"> <li>Water quality and treatment (which includes maintenance procedures);</li> <li>Distribution;</li> <li>Plant, machinery and vehicles; and</li> <li>Administration.</li> </ul> </li> </ul> <b>Compliance:</b> <ul style="list-style-type: none"> <li>BW has stated that it did provide, operated and maintained the water service works as specified in the licence during the Audit</li> </ul>	A	1

Table 11: Audit Observations and Recommendations – Water Services Act 2012							
No. <sup>3</sup>	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Operating Licence - Versions 6 - 7				Including Recommendations	Controls
		Clause Number					
3 (cont.)	21(1)(c)	27.1			Period. BW further stated that maintenance of the water service works were undertaken by CKB employees and contractors during the Audit Period.		
4	22	28.1	The licensee must notify the Authority as soon as practicable before commencing to provide the water service outside of the operating area of the license.	2	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that it did not provide any water services outside of the operating area of the licence during the Audit Period; and</li> <li>Paxon has noted that the Water Services Operating Licence was changed on 15 August 2014 to expand the operating area.</li> </ul>	A	NR
5	23	29.1	All water service works used by the licensee in the provision of a water service must be held by the licensee, or must be covered by an agreement whereby the licensee can operate the works so as to comply with its obligations, or must fit in to other prescribed categories under the Act.	2	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that it did own all water service works used by it for the provision of water services during the Audit Period.</li> </ul>	A	1

Table 11: Audit Observations and Recommendations – Water Services Act 2012							
No. <sup>3</sup>	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Operating Licence - Versions 6 - 7				Including Recommendations	Controls
		Clause Number					
6	24(1)(a) & 24(2)	20.1	The licensee must have an asset management system that provides for the operation and maintenance of the water service works.	2	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has an asset management system which includes the following items:                             <ul style="list-style-type: none"> <li>SOP Manual; and</li> <li>Various planning documents which were issued over the Audit Period.</li> </ul> </li> <li>The document entitled “Asset Management Strategy – January 2016” specifically states: “Section 24 (1) of the Water Services Act 2012 states; <i>It is a condition of every licence that the licensee must – (a) provide for an asset management system.</i> This condition is duplicated in section 20 of BW’s Operating License.”</li> </ul>	A	1
7	24(1)(b)	20.2	The licensee must give details of the asset management system and any changes to it to the Authority.	2	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul>	A	NR

Table 11: Audit Observations and Recommendations – Water Services Act 2012							
No. <sup>3</sup>	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Operating Licence - Versions 6 - 7					
				Clause Number		Including Recommendations	Controls
7 (cont.)	24(1)(b)	20.2			<b>Compliance:</b> <ul style="list-style-type: none"> <li>BW has stated that the last changes to the asset management system occurred in 2012 and that the Authority was informed thereof per letter.</li> </ul>		
8	24(1)(c)	20.3	A licensee must provide the Authority with a report by an independent expert as to the effectiveness of its asset management system every 24 months, or such longer period as determined by the Authority.	2	<b>Controls:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul> <b>Compliance:</b> <ul style="list-style-type: none"> <li>An Asset Management Review and Operational Audit were performed by Cardno for the period 1 April 2011 to 31 March 2013. Paxon Group has been appointed to perform an Asset Management System Review and an Operational Audit for the period 1 April 2013 to 31 March 2016.</li> </ul>	A	1
9	25	14.1	A licensee must, not less than once every 24 months, or such longer period as determined by the Authority, provide the Authority with an operational audit conducted by an independent expert acceptable to the Authority.	2	<b>Controls:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul>	A	1

Table 11: Audit Observations and Recommendations – Water Services Act 2012							
No. <sup>3</sup>	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Operating Licence - Versions 6 - 7					
				Clause Number		Including Recommendations	Controls
9 (cont.)	25	14.1			<b>Compliance:</b> <ul style="list-style-type: none"> <li>An Asset Management Review and Operational Audit were performed by Cardno for the period 1 January 2011 to 31 December 2012. Paxon Group has been appointed to perform an Asset Management System Effectiveness Review and an Operational Audit for the period 1 January 2013 to 31 December 2014.</li> </ul>		
10	26(3)	5.2	The licensee must comply with each code of practice made by the Minister to the extent to which it applies to the licensee.	2	<b>Controls:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul> <b>Compliance:</b> <ul style="list-style-type: none"> <li>BW has stated that it has no knowledge of any code of practice made by the Minister during the Audit Period.</li> </ul>	A	NR
11	27	5.3	The licensee must comply with the code of conduct that may be made by the Authority to the extent to which it applies to the licensee and is not inconsistent with the licence.	2	<b>Controls:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul>	A	2

Table 11: Audit Observations and Recommendations – Water Services Act 2012							
No. <sup>3</sup>	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Operating Licence - Versions 6 - 7					
		Clause Number				Including Recommendations	Controls
11 (cont.)	27	5.3			<p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>Compliance with the Water Services Code of Conduct (Customer Service Standards) 2013 (Code of Conduct) is specifically addressed in this Report (See Reference Numbers 92 to 154 above); and</li> <li>Instances of non-compliance with the Code of Conduct are disclosed separately for Reference Numbers 92 to 154 below).</li> </ul>		
12	29	26.1	The licensee must comply with the duties imposed on it by the Act in relation to its licence and must carry out its operations in respect of the licence in accordance with the Act.	2	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the document entitled: “Action Sheet - Water Compliance Reporting Manual” (Action Sheet) specifically lists compliance obligations as contained in the Authority’s document entitled: “Water Compliance Reporting Manual – Water Services Act 2012 – April 2014”. More detail is provided in Item 1 above; and</li> <li>In addition, Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul>	A	1

Table 11: Audit Observations and Recommendations – Water Services Act 2012							
No. <sup>3</sup>	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Operating Licence - Versions 6 - 7					
				Clause Number		Including Recommendations	Controls
12 (cont.)	29	26.1			<b>Compliance:</b> <ul style="list-style-type: none"> <li>Compliance with the Water Services Act 2012 (Act) is specifically addressed in this Report (see Reference Numbers 1 to 64 and 155 to 190 below).</li> </ul>		
13	36	5.1	If the licensee ceases to provide a water service in an area, the licensee must ensure that the water service works are left in a safe condition, and must not remove any part of the works except with the approval of the Minister.	2	<b>Controls:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul> <b>Compliance:</b> <ul style="list-style-type: none"> <li>CKB has stated that it did not cease the provision of a water service during the Audit Period.</li> </ul>	A	NR
14	60	25.1	If the licensee is the supplier of last resort for a designated area, the licensee must perform the functions of the supplier of last resort and must comply with the relevant duties and carry out the relevant operations prescribed.	2	<b>Controls:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul> <b>Compliance:</b> <ul style="list-style-type: none"> <li>BW has stated that it was not a supplier of last resort during the Audit Period.</li> </ul>	A	NR



Table 11: Audit Observations and Recommendations – Water Services Act 2012							
No. <sup>3</sup>	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Operating Licence - Versions 6 - 7				Including Recommendations	Controls
		Clause Number					
15	66	21.1	Licensees who are required to be a member of the water services ombudsman scheme agree to be bound by, and compliant with, any decision of direction of the water services ombudsman under the scheme.	2	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that no decision of direction was given by the Western Australian Energy and Water Ombudsman (Ombudsman) during the Audit Period.</li> </ul>	A	NR
16	77(3)	5.1	The licensee must take reasonable steps to minimise the extent or duration of any interruption of water services it is responsible for.	2	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation; and</li> <li>The document entitled: “Our Customer Commitments” specifically states that:                             <ul style="list-style-type: none"> <li>In the case of a planned interruption to the standard supply of drinking water which exceeds 6 hours, BW will arrange an alternate temporary supply of essential drinking water upon request;</li> <li>It will respond to urgent water faults within one hour; and</li> </ul> </li> </ul>	A	1

Table 11: Audit Observations and Recommendations – Water Services Act 2012							
No. <sup>3</sup>	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Operating Licence - Versions 6 - 7					
				Clause Number		Including Recommendations	Controls
16 (cont.)	77(3)	5.1			<ul style="list-style-type: none"> <li>It will respond within one hour to undertake repairs and clean-up if there is water flooding at a property due to failure of BW's system.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that it kept records of the period of all interruptions of water services during the Audit Period; and</li> <li>Paxon has examined such records and am satisfied that the period of interruptions of water services appears reasonable.</li> </ul>		
17	82(4) & (5)	5.1	If a person must give the licensee notice of any building work to be carried out on land in the operating area of a license, the licensee must return a copy of the plans and specifications contained in the notice with any written directions about the proposed building work that the licensee considers necessary to ensure the safety and efficacy of the provision of water services provided, or to be provided. The licensee must do this within 7 days of receiving the fee for dealing with the notification.	2	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation and that responsibility therefor is allocated to the Technical Officer, Asset and Risk Management.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that all water mains within the WSOL specified operating area are situated on the "Council's verge". As a result, such building work will not impact on BW's assets. Consequently BW, in terms of an agreement</li> </ul>	A	n/a

Table 11: Audit Observations and Recommendations – Water Services Act 2012							
No. <sup>3</sup>	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Operating Licence - Versions 6 - 7					
				Clause Number		Including Recommendations	Controls
17 (cont.)					with the City of Busselton does not provide any written directions or receive any fees.		
18	84(2)	5.1	If the licensee has given a notice under section 83(3)(a) of the Act, and the licensee is satisfied that the person given the notice is not going to comply with the notice within a reasonable time, the licensee must give the person 21 days’ notice of its intention to commence the works.	2	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation and that responsibility therefor is allocated to the Technical Officer, Asset and Risk Management.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has indicated that no such instances occurred during the Audit Period as all water mains within the WSOL specified operating area are situated on the “Council’s verge”. As a result, such building work will not impact on BW’s assets. Consequently BW does not request notice in request of building works.</li> </ul>	A	n/a
19	87(2)	5.1	If a person makes an application with the State Administrative Tribunal for a review of a decision in respect of the licensee providing additional water services when a person has not responded to the licensee's notice, the licensee cannot provide the works until the application has been finally	2	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation and that responsibility therefor is allocated to the Technical Officer, Asset and Risk Management.</li> </ul>	A	n/a

Table 11: Audit Observations and Recommendations – Water Services Act 2012							
No. <sup>3</sup>	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Operating Licence - Versions 6 - 7				Including Recommendations	Controls
		Clause Number					
19 (cont.)	87(2)	5.1	dealt with, except in limited circumstances.		<b>Compliance:</b> <ul style="list-style-type: none"> <li>BW has indicated that no applications were made with the State Administrative Tribunal for a review of a decision in respect of the licensee providing additional water services during the Audit Period.</li> </ul>		
20	90(7)	5.1	If the licensee gives a compliance notice to a person who is undertaking construction or carrying out similar works in the vicinity of water service works, the licensee must, to the extent practicable, consult with the owner of the land on which the obstruction is located or the activity is taking place if the person to be given the notice is not the owner of the land.	2	<b>Controls:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation, and that responsibility therefor is allocated to the Technical Officer, Asset and Risk Management.</li> </ul> <b>Compliance:</b> <ul style="list-style-type: none"> <li>BW has stated that no compliance notices were given during the Audit Period.</li> </ul>	A	NR
21	95(3)	5.1	The licensee cannot cut off the supply of water to an occupied dwelling unless the occupier agrees to that.	2	<b>Controls:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul> <b>Compliance:</b> <ul style="list-style-type: none"> <li>The document entitled: “Our Customer Commitments” specifically states:</li> </ul>	A	NR

Table 11: Audit Observations and Recommendations – Water Services Act 2012							
No. <sup>3</sup>	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Operating Licence - Versions 6 - 7					
				Clause Number		Including Recommendations	Controls
21 (cont.)	95(3)	5.1			<p>"We (BW) will not cut off water to an occupied dwelling for the purposes of debt recovery.";</p> <ul style="list-style-type: none"> <li>BW has stated that no disconnections occurred for purposes of debt recovery during the Audit Period; and</li> <li>BW has stated that disconnections for purposes of redevelopment were made during the Audit period and that in such instances the occupier's agreement was obtained.</li> </ul>		
22	96(1)	5.1	If the licensee provides water supply reticulation works, or enters into an agreement for the provision of water supply reticulation works, the licensee must install fire hydrants attached to those works in accordance with the requirements of FESA, or the relevant local government as to the location and type of hydrant.	2	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation, and that responsibility therefor is allocated to the Technical Officer, Asset and Risk Management.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that it did comply with FESA requirements in respect of the installation of fire hydrants during the Audit Period.</li> </ul>	A	1

Table 11: Audit Observations and Recommendations – Water Services Act 2012							
No. <sup>3</sup>	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Operating Licence - Versions 6 - 7				Including Recommendations	Controls
		Clause Number					
23	96(5)	5.1	The licensee must comply with requests made under sections 96(3) and 96(4) of the Act to the extent practicable and within a reasonable time.	2	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation, and that responsibility therefor is allocated to the Technical Officer, Asset and Risk Management.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that it did comply with FESA work orders during the Audit Period.</li> </ul>	A	1
24	98(3)	5.1	If required to by the Minister, the licensee must connect a wastewater inlet on land to the sewerage works of the licensee.	n/a	<ul style="list-style-type: none"> <li>In terms of the WSOL’s, as applicable to BW during the Audit Period, it is only entitled to provide potable water supply services. As such, this compliance obligation which deals with sewerage services is not applicable to BW.</li> </ul>	n/a	n/a
25	106(2)	5.1	The licensee must include the information specified in a compliance notice given in relation to failure to maintain fittings, fixtures and pipes.	n/a	<ul style="list-style-type: none"> <li>In terms of the WSOL’s, as applicable to BW during the Audit Period, it is only entitled to provide potable water supply services. As such, this compliance obligation which deals with sewerage services is not applicable to BW.</li> </ul>	n/a	n/a

Table 11: Audit Observations and Recommendations – Water Services Act 2012							
No. <sup>3</sup>	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Operating Licence - Versions 6 - 7				Including Recommendations	Controls
		Clause Number					
26	110(3)	5.1	If required to by the Minister, the licensee must connect a drainage asset on land to the drainage works of the licensee.	n/a	<ul style="list-style-type: none"> <li>In terms of the WSOL’s, as applicable to BW during the Audit Period, it is only entitled to provide potable water supply services. As such, this compliance obligation which deals with sewerage services is not applicable to BW.</li> </ul>	n/a	n/a
27	112(5)	5.1	If required by the Minister, the licensee must modify the property drainage connection.	n/a	<ul style="list-style-type: none"> <li>In terms of the WSOL’s, as applicable to BW during the Audit Period, it is only entitled to provide potable water supply services. As such, this compliance obligation which deals with sewerage services is not applicable to BW.</li> </ul>	n/a	n/a
28	119(2)	5.1	The licensee must include the information specified in a compliance notice given in relation to the matters set out in section 119(1).	2	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation, and that responsibility therefor is allocated to the Senior Executive Group.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that no compliance notices were given during the Audit Period.</li> </ul>	A	NR
29	122(2)	5.1	If a person makes an application to the State Administrative Tribunal under section 122(1), the licensee cannot take, or continue to take, action	2	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation,</li> </ul>	A	NR

Table 11: Audit Observations and Recommendations – Water Services Act 2012							
No. <sup>3</sup>	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Operating Licence - Versions 6 - 7				Including Recommendations	Controls
		Clause Number					
29 (cont.)	122(2)	5.1	against the person except in the circumstances specified.		and that responsibility therefor is allocated to the Senior Executive Group.  <b>Compliance:</b> <ul style="list-style-type: none"> <li>BW has stated that no compliance notices were given during the Audit Period and as such no applications were made to the State Administrative Tribunal, during the Audit Period.</li> </ul>		
30	125(2)	5.1	If the licensee provides a water supply, sewerage or drainage service to 2 or more dwellings on land by a single property connection, the licensee may apportion fees. The licensee cannot apportion fees to the extent inconsistent with any agreement related to such a provision of services, or section 66 of the <i>Strata Titles Act 1985</i> .	2	<b>Controls:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul> <b>Compliance:</b> <ul style="list-style-type: none"> <li>BW has stated that no that no apportionment of fees took place during the Audit Period.</li> </ul>	A	NR
31	128(4)	5.1	If the licensee has previously lodged a memorial with the Registrar, the licensee must lodge a withdrawal of memorial with Registrar along with the prescribed fee (if any) if the charge or contribution has been paid.	2	<b>Controls:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul> <b>Compliance:</b> <ul style="list-style-type: none"> <li>BW has indicated that it did not lodge a memorial with the Registrar during the Audit Period.</li> </ul>	A	NR



Table 11: Audit Observations and Recommendations – Water Services Act 2012							
No. <sup>3</sup>	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Operating Licence - Versions 6 - 7				Including Recommendations	Controls
		Clause Number					
32	129(5)	5.1	If a routine inspection or maintenance is likely to cause disruption to the occupants of a place at least 48 hours' notice of a proposed entry must be given to the occupier of the place unless the occupier agrees otherwise.	2	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation and that responsibility therefor is allocated to the Technical Officer, Asset and Risk Management; and</li> <li>The document entitled: "Our Customer Commitments" specifically states that in the case of a planned interruption to water supply:                             <ul style="list-style-type: none"> <li>"We (BW) will provide you 48 hours' notice if we need to interrupt your water supply for planned work"; and</li> <li>"Provide 7 days' notice or by arrangement for non-residential properties."</li> </ul> </li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that 48 hours' notice was given to occupants in respect of disruptions to water supply due to routine inspection or maintenance during the Audit Period;</li> <li>BW has continued that in cases of emergencies during the Audit Period, it obtained consent for entry prior to entering a place for the</li> </ul>	A	1

Table 11: Audit Observations and Recommendations – Water Services Act 2012							
No. <sup>3</sup>	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Operating Licence - Versions 6 - 7					
				Clause Number		Including Recommendations	Controls
32 (cont.)	129(5)	5.1			purpose of doing works; and  • Paxon has examined a number of letters used to inform occupants of the probable disruption to water supply due to routine inspections or maintenance during the Audit Period. Paxon has noted that these letters did provide at least 48 hours’ notice of the disruptions to water supply.		
33	139(3)	5.1	If the licensee removes or erects a fence or gate when exercising a works power conferred by the Act, the licensee must take all reasonable steps to notify the owner before doing so.	2	<b>Controls:</b> • Paxon has noted that the Action Sheet specifically lists this compliance obligation and that responsibility therefor is allocated to the Technical Officer, Asset and Risk Management.  <b>Compliance:</b> • BW has stated that no fences or gates were removed or erected during the Audit Period and thus no notification of the owner was required.	A	NR
34	141(1)	5.1	In certain instances, if a person authorised by the licensee carries out road work that involves breaking the surface of the road or that would cause major obstruction to road traffic, the licensee	2	<b>Controls:</b> • Paxon has noted that the Action Sheet specifically lists this compliance obligation and	A	1

Table 11: Audit Observations and Recommendations – Water Services Act 2012							
No. <sup>3</sup>	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Operating Licence - Versions 6 - 7				Including Recommendations	Controls
		Clause Number					
34 (cont.)	141(1)	5.1	must give at least 48 hours’ notice to the public authority managing the road.		that responsibility therefor is allocated to the Technical Officer, Asset and Risk Management.  <b>Compliance:</b> <ul style="list-style-type: none"> <li>BW has stated that in the specified circumstances, it did provide 48 hours’ notice to the City of Busselton during the Audit Period.</li> </ul>		
35	142	5.1	The licensee must comply with sections 143 and 144 of the Act in relation to the proposed major works, and has given any notice required under section 148.	2	<b>Controls:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation and that responsibility therefor is allocated to the Technical Officer, Asset and Risk Management.</li> </ul> <b>Compliance:</b> <ul style="list-style-type: none"> <li>BW has stated that no major works took place during the Audit Period.</li> </ul>	A	NR
36	143 (2)	5.1	Before the licensee submits a proposal for the provision of major works to the Minister, the licensee must prepare, publish and make available plans and details of those major works as specified.	2	<b>Controls:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation and that responsibility therefor is allocated to the Technical Officer, Asset and Risk Management.</li> </ul>	A	NR

**Table 11: Audit Observations and Recommendations – Water Services Act 2012**

No. <sup>3</sup>	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Operating Licence - Versions 6 - 7				Including Recommendations	Controls
		Clause Number					
36 (cont.)	143 (2)	5.1			<b>Compliance:</b> <ul style="list-style-type: none"> <li>BW has stated that no major works took place during the Audit Period.</li> </ul>		
37	143 (3)	5.1	The licensee must, within 5 days of publishing the plans and details on the licensee's website, give notice setting out the matters prescribed in section 143(4) to the persons and agencies specified.	2	<b>Controls:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation and that responsibility therefor is allocated to the Technical Officer, Asset and Risk Management.</li> </ul> <b>Compliance:</b> <ul style="list-style-type: none"> <li>BW has stated that no major works took place during the Audit Period.</li> </ul>	A	NR
38	144(3)	5.1	The licensee must have regard to an objection or submission lodged within the relevant period.	2	<b>Controls:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation and that responsibility therefor is allocated to the Technical Officer, Asset and Risk Management.</li> </ul> <b>Compliance:</b> <ul style="list-style-type: none"> <li>BW has stated that no major works took place during the Audit Period.</li> </ul>	A	NR

Table 11: Audit Observations and Recommendations – Water Services Act 2012							
No. <sup>3</sup>	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Operating Licence - Versions 6 - 7				Including Recommendations	Controls
		Clause Number					
39	145(2)	5.1	If the licensee makes alterations to the plans or details referred to in section 143(2), the licensee must give written notice of the alterations to any person who is likely to be adversely affected by those alterations.	2	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation and that responsibility therefor is allocated to the Technical Officer, Asset and Risk Management.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that no major works took place during the Audit Period.</li> </ul>	A	NR
40	147(3)	5.1	The licensee must comply with a direction given by a Minister in respect of a proposal to provide water service works that are major works under section 143(3).	2	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation and that responsibility therefor is allocated to the Technical Officer, Asset and Risk Management.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that no major works took place during the Audit Period.</li> </ul>	A	NR
41	147(4)	5.1	If the Minister gives a direction that further notices in relation to the proposed major works be given under section 143(3), the licensee must resubmit the proposal.	2	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation and that responsibility therefor is allocated to the Technical Officer, Asset and Risk Management.</li> </ul>	A	NR

Table 11: Audit Observations and Recommendations – Water Services Act 2012							
No. <sup>3</sup>	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Operating Licence - Versions 6 - 7					
				Clause Number		Including Recommendations	Controls
41 (cont.)	147(4)	5.1			<b>Compliance:</b> <ul style="list-style-type: none"> <li>BW has stated that no major works took place during the Audit Period.</li> </ul>		
42	151(1)	5.1	A licensee proposing to provide water service works that are general works must prepare plans and details of the proposed works and publish and make them available for inspection.	2	<b>Controls:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation and that responsibility therefor is allocated to the Technical Officer, Asset and Risk Management.</li> </ul> <b>Compliance:</b> <ul style="list-style-type: none"> <li>BW has stated that plans and details were prepared, published and made available for inspection in respect of general works it proposed to undertake during the Audit Period.</li> </ul>	A	1
43	151(2)	5.1	The licensee must give a notice setting out the matters referred to in section 151(3) to the persons and agencies specified.	2	<b>Controls:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation and that responsibility therefore is allocated to the Technical Officer, Asset and Risk Management.</li> </ul>	A	1

Table 11: Audit Observations and Recommendations – Water Services Act 2012							
No. <sup>3</sup>	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Operating Licence - Versions 6 - 7			Including Recommendations	Controls	Compliance
		Clause Number					
43 (cont.)	151 (2)	5.1			<b>Compliance:</b> <ul style="list-style-type: none"> <li>BW has stated that notices setting out the matters referred to in section 151(3) were given to the persons and agencies specified during the Audit Period.</li> </ul>		
44	152(3)	5.1	The licensee must have regard to an objection or submission lodged by the date specified in the notice given under section 151(2).	2	<b>Controls:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation and that responsibility therefore is allocated to the Technical Officer, Asset and Risk Management.</li> </ul> <b>Compliance:</b> <ul style="list-style-type: none"> <li>BW has stated that notices setting out the matters referred to in section 151(3) were given to the persons and agencies specified during the Audit Period.</li> </ul>	A	NR
45	153(3)	5.1	If the licensee makes alteration to those plans or details referred to in section 151, the licensee must give written notice of the alterations to any person who is likely to be adversely affected by those alterations.	2	<b>Controls:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation and that responsibility therefore is allocated to the Technical Officer, Asset and Risk Management.</li> </ul>	A	NR

Table 11: Audit Observations and Recommendations – Water Services Act 2012							
No. <sup>3</sup>	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Operating Licence - Versions 6 - 7				Including Recommendations	Controls
		Clause Number					
45 (cont.)	153(3)	5.1			<b>Compliance:</b> <ul style="list-style-type: none"> <li>BW has stated that no alterations were made to plans or details referred to in section 151, and as such no written notice of alterations was given during the Audit Period.</li> </ul>		
46	166(5)	5.1	On being advised by the Minister that an interest in land is appropriate to the licensee’s needs, the licensee is required to acquire the interest.	2	<b>Controls:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation and that responsibility therefore is allocated to the Technical Officer, Asset and Risk Management.</li> </ul> <b>Compliance:</b> <ul style="list-style-type: none"> <li>BW has stated that no advice was received from the Minister in respect of an interest in land during the Audit Period.</li> </ul>	A	NR
47	166(6)	5.1	Any costs incurred in taking an interest in land are to be paid by the licensee.	2	<b>Controls:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation and that responsibility therefore is allocated to the Technical Officer, Asset and Risk Management.</li> </ul>	A	NR



Table 11: Audit Observations and Recommendations – Water Services Act 2012							
No. <sup>3</sup>	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Operating Licence - Versions 6 - 7			Including Recommendations	Controls	Compliance
		Clause Number					
47 (cont.)	166(6)	5.1			<b>Compliance:</b> <ul style="list-style-type: none"> <li>BW has stated that no interest in land was acquired during the Audit Period.</li> </ul>		
48	170	5.1	The licensee must not sell an interest in land if the purchaser would hold a parcel of land that did not comply with the minimum lot size and zoning requirements under the <i>Planning and Development Act 2005</i> , unless the Minister permits the licensee to do so.	2	<b>Controls:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation and that responsibility therefore is allocated to the Technical Officer, Asset and Risk Management.</li> </ul> <b>Compliance:</b> <ul style="list-style-type: none"> <li>BW has stated that no interest in land was sold during the Audit Period.</li> </ul>	A	NR
49	173(4)	5.1	In relation to entry to a place for the purposes of doing works, in the circumstances specified the licensee is required to give 48 hours’ notice of proposed entry to a place to the occupier or owner, as applicable, unless the occupier or owner agrees otherwise.	2	<b>Controls:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation and that responsibility therefore is allocated to the Technical Officer, Asset and Risk Management.</li> </ul> <b>Compliance:</b> <ul style="list-style-type: none"> <li>BW has stated that all water mains within the WSOL specified operating area are situated on the “Council’s verge”. As a result, BW does not need to enter customer’s property to perform</li> </ul>	A	n/a

Table 11: Audit Observations and Recommendations – Water Services Act 2012							
No. <sup>3</sup>	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Operating Licence - Versions 6 - 7					
				Clause Number		Including Recommendations	Controls
49 (cont.)	173(4)	5.1			works; and <ul style="list-style-type: none"> <li>BW has indicated that at a customer’s request, it may enter a property to perform a water flow test.</li> </ul>		
50	174(1)	5.1	Notice of a proposed entry by the licensee must be in writing and must set out the purpose of the entry, including (if applicable) any work proposed to be carried out.	2	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation and that responsibility therefore is allocated to the Technical Officer, Asset and Risk Management.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that all water mains within the WSOL specified operating area are situated on the “Council’s verge”. As a result, BW does not need to enter customer’s property to perform works; and</li> <li>BW has indicated that at a customer’s request, it may enter a property to perform a water flow test.</li> </ul>	A	n/a
51	174(3)	5.1	Even if in a particular instance the licensee may enter a place under the Act without having to give notice of proposed entry, the licensee must when practicable, and when it will not compromise the	2	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation and</li> </ul>	A	1

Table 11: Audit Observations and Recommendations – Water Services Act 2012							
No. <sup>3</sup>	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Operating Licence - Versions 6 - 7				Including Recommendations	Controls
		Clause Number					
51 (cont.)	174(3)	5.1	reason for entry, give notice of entry to the occupier.		that responsibility therefore is allocated to the Technical Officer, Asset and Risk Management.  <b>Compliance:</b> <ul style="list-style-type: none"> <li>BW has stated that in all cases, it did give notice of proposed entry to the occupier during the Audit Period.</li> </ul>		
52	175(2)	5.1	If an occupier is present when the licensee proposes to enter a dwelling, the licensee must perform the prescribed actions before entering the premises.	2	<b>Controls:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation and that responsibility therefore is allocated to the Technical Officer, Asset and Risk Management.</li> </ul> <b>Compliance:</b> <ul style="list-style-type: none"> <li>BW has stated that in all cases, it did give notice of proposed entry to the occupier during the Audit Period.</li> </ul>	A	1
53	175(5)	5.1	If the licensee enters a dwelling that is unoccupied, the licensee must leave a notice or a copy of the warrant (as applicable) in a prominent position in the dwelling before leaving the dwelling.	2	<b>Controls:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation and that responsibility therefore is allocated to the Technical Officer, Asset and Risk Management.</li> </ul>	A	NR

Table 11: Audit Observations and Recommendations – Water Services Act 2012							
No. <sup>3</sup>	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Operating Licence - Versions 6 - 7					
				Clause Number		Including Recommendations	Controls
53 (cont.)	175(5)	5.1			<b>Compliance:</b> <ul style="list-style-type: none"> <li>BW has stated that in all cases, it did give notice of proposed entry to the occupier during the Audit Period.</li> </ul>		
54	176(1)	5.1	If the licensee has entered a place with or without consent, the licensee must leave the premises as soon as practicable after being notified that the owner or occupier has refused or withdrawn their consent.	2	<b>Controls:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation and that responsibility therefore is allocated to the Technical Officer, Asset and Risk Management.</li> </ul> <b>Compliance:</b> <ul style="list-style-type: none"> <li>BW has stated that no instances occurred where the owner or occupier of a premises refused or withdrawn their consent to enter a place during the Audit Period.</li> </ul>	A	NR
55	176(3)	5.1	The licensee must produce their certificate of authority if asked to do so, and must not perform, or continue to perform, a function under the Act until they are not able to do so.	2	<b>Controls:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation and that responsibility therefore is allocated to the Technical Officer, Asset and Risk Management.</li> </ul>	A	NR

Table 11: Audit Observations and Recommendations – Water Services Act 2012							
No. <sup>3</sup>	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Operating Licence - Versions 6 - 7				Including Recommendations	Controls
		Clause Number					
55 (cont.)	176(3)	5.1			<b>Compliance:</b> <ul style="list-style-type: none"> <li>BW has stated that no inspectors or compliance officers were employed during the Audit Period and as such no certificates of authority were produced.</li> </ul>		
56	176(4)	5.1	If the licensee enters or proposes to enter a place, and the owner or occupier requests the licensee produce evidence of authority for that entry, then the licensee must leave the place if they are unable to do so unless the owner or occupier agrees otherwise.	2	<b>Controls:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation and that responsibility therefore is allocated to the Technical Officer, Asset and Risk Management.</li> </ul> <b>Compliance:</b> <ul style="list-style-type: none"> <li>BW has stated that no inspectors or compliance officers were employed during the Audit Period and as such no certificates of authority were produced.</li> </ul>	A	NR
57	181	5.1	The licensee, or a person assisting the licensee, must, as far as is practicable comply with any reasonable request from the owner or occupier intended to limit interference with the lawful activities of the owner or occupier.	2	<b>Controls:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation and that responsibility therefore is allocated to the Technical Officer, Asset and Risk Management.</li> </ul>	A	NR

Table 11: Audit Observations and Recommendations – Water Services Act 2012							
No. <sup>3</sup>	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Operating Licence - Versions 6 - 7					
		Clause Number				Including Recommendations	Controls
57 (cont.)	181	5.1			<b>Compliance:</b> <ul style="list-style-type: none"> <li>BW has stated that no such requests were received from owners or occupiers during the Audit Period.</li> </ul>		
58	186	5.1	If the licensee applies for a warrant, the application must contain the prescribed information.	2	<b>Controls:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation and that responsibility therefore is allocated to the Technical Officer, Asset and Risk Management.</li> </ul> <b>Compliance:</b> <ul style="list-style-type: none"> <li>BW has stated that no applications for warrants were made during the Audit Period.</li> </ul>	A	NR
59	187(1) – (3)	5.1	If the licensee applies for a warrant to enter, the application must be made in accordance with the procedures specified depending on the location of the applicant and the justice.	2	<b>Controls:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation and that responsibility therefor is allocated to the Senior Executive Group.</li> </ul> <b>Compliance:</b> <ul style="list-style-type: none"> <li>BW has stated that no applications for warrants were made during the Audit Period.</li> </ul>	A	NR

**Table 11: Audit Observations and Recommendations – Water Services Act 2012**

No. <sup>3</sup>	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Operating Licence - Versions 6 - 7				Including Recommendations	Controls
		Clause Number					
60	190(4)	5.1	Unless required to give a copy of the warrant, the licensee executing the warrant must produce the warrant for inspection by the occupier of the place concerned on entry (if practicable), and if requested to do so.	2	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation and that responsibility therefor is allocated to the Senior Executive Group.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that no applications for warrants were made during the Audit Period.</li> </ul>	A	NR
61	190(5)	5.1	On completing the execution of a warrant the licensee must record the prescribed information on that warrant.	2	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation and that responsibility therefor is allocated to the Senior Executive Group.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that no applications for warrants were made during the Audit Period.</li> </ul>	A	NR
62	210(5)	5.1	If the licensee designates a person as an inspector or compliance officer, the licensee must give that person a certificate of authority that includes certain prescribed information.	2	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation and that responsibility therefor is allocated to the Senior Executive Group.</li> </ul>	A	NR

Table 11: Audit Observations and Recommendations – Water Services Act 2012							
No. <sup>3</sup>	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Operating Licence - Versions 6 - 7					
				Clause Number		Including Recommendations	Controls
62 (cont.)	210(5)	5.1			<b>Compliance:</b> <ul style="list-style-type: none"> <li>BW has stated that no inspectors or compliance officers were employed during the Audit Period and as such no certificates of authority were produced.</li> </ul>		
63	218(2)	5.1	In the exercise or purported exercise of a power under the Act, the licensee must ensure that, to the extent practicable, the free use of any place is not obstructed, and that as little damage, harm or inconvenience is caused as is possible.	2	<b>Controls:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation and that responsibility therefor is allocated to the Senior Executive Group.</li> </ul> <b>Compliance:</b> <ul style="list-style-type: none"> <li>BW has stated that no inspectors or compliance officers were employed during the Audit Period and as such no certificates of authority were produced.</li> </ul>	A	1
64	218(3)	5.1	If the licensee does any physical damage in the exercise of a works power or a power of entry, the licensee must ensure that the damage is made good, and pay compensation to the extent that it is not practicable to make good the damage.	2	<b>Controls:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation and that responsibility therefor is allocated to the Senior Executive Group.</li> </ul>	A	1



Table 11: Audit Observations and Recommendations – Water Services Act 2012							
No. <sup>3</sup>	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Operating Licence - Versions 6 - 7					
		Clause Number			Including Recommendations		Controls
64 (cont.)	218(3)	5.1			<b>Compliance:</b> <ul style="list-style-type: none"> <li>BW has indicated that in cases of property damage, during the Audit Period, the relevant party was informed and BW paid for repairs.</li> </ul>		

Table 11: Audit Observations and Recommendations – Water Services Act 2012							
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	Water Services Regulations 2013	Water Services Operating Licence - Versions 6 - 7				Including Recommendations	Controls
	Regulation Number	Clause Number					
65	23(2)	5.1	If the licensee provides a water supply service in respect of a multi-unit development, the licensee, on the owner's request, is to assess whether a meter is satisfactory for measuring the quantity or flow of water through a pipe supplying water to the unit.	2	<b>Controls:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul> <b>Compliance:</b> <ul style="list-style-type: none"> <li>BW has stated that it did comply with the stipulations of this clause during the Audit Period.</li> </ul>	A	1
66	24(4)	5.1	If the licensee gives a compliance notice to a person in respect of access to meters, the notice must specify the specified information.	2	<b>Controls:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation and that responsibility therefor is allocated to the Technical Officer, Asset and Risk Management.</li> </ul> <b>Compliance:</b> <ul style="list-style-type: none"> <li>BW has stated that no compliance notices were given, in respect of access to meters, during the Audit Period.</li> </ul>	A	NR
67	26(3)	5.1	If the owner or occupier requests the licensee to test a meter, subject to the payment of the charge (if any) for testing that type of meter, the	2	<b>Controls:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation;</li> </ul>	A	1

**Table 11: Audit Observations and Recommendations – Water Services Act 2012**

No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Regulations 2013	Water Services Operating Licence - Versions 6 - 7				Including Recommendations	Controls
	Regulation Number	Clause Number					
67 (cont.)	26(3)	5.1	licensee must test the meter in accordance with the approved procedure.		and <ul style="list-style-type: none"> <li>Paxon has noted that the document entitled: “Busselton Water - Procedure Manual” (Procedure Manual) includes a specific procedure entitled: Testing of Water Meters”.</li> </ul> <b>Compliance:</b> <ul style="list-style-type: none"> <li>BW has stated that it did comply with the stipulations of this clause during the Audit Period.</li> </ul>		
68	26(5)	5.1	If a meter test finds that the meter is outside the prescribed tolerance applicable, the licensee must take the specified actions, bear the costs of testing and refund or credit any charges paid under regulation 26(3).	2	<b>Controls:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul> <b>Compliance:</b> <ul style="list-style-type: none"> <li>BW has stated that no meters tested were found to be outside the prescribed tolerance applicable during the Audit Period.</li> </ul>	A	NR
69	29(2)	5.1	If the developer of a lot makes a request to the licensee to defer payment of an infrastructure contribution, the licensee must, subject to	2	<b>Controls:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul>	A	NR

**Table 11: Audit Observations and Recommendations – Water Services Act 2012**

No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Regulations 2013	Water Services Operating Licence - Versions 6 - 7				Including Recommendations	Controls
	Regulation Number	Clause Number					
69 (cont.)	29(2)	5.1	regulations 29(3) and 29(4), allow the payment to be deferred.		<p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that no requests were made to the licensee to defer payment of infrastructure contributions during the Audit Period.</li> </ul>		
70	42(2)	5.1	The written order requiring the owner or occupier of land to install a backflow prevention device must set out the date which the device must be installed and tested (which must be at least 7 days after the order is given).	2	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation and that responsibility therefor is allocated to the Technical Officer, Asset and Risk Management; and</li> <li>Paxon has noted that the Procedure Manual includes a specific procedure entitled: “Backflow Prevention Device”. However, this procedure does not refer to Regulation Number 42(2) at all.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that no written orders requiring the installation of backflow prevention devices were given during the</li> </ul>	B	1

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No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Regulations 2013	Water Services Operating Licence - Versions 6 - 7		(Rated as: 1 – High to 5 – Low)		Including Recommendations	Controls
	Regulation Number	Clause Number					
70 (cont.)	42(2)	5.1			Audit Period.  <b>Recommendation 02/2016:</b> <ul style="list-style-type: none"> <li>The procedure entitled: “Backflow Prevention Device”, as contained in the Procedure Manual, should include an appropriately reference to Regulation Number 42(2).</li> </ul>		
71	43(3)	5.1	The compliance notice requiring the owner or occupier of land to have their backflow prevention device tested or maintained in accordance with the standard by a specified date (which must be at least 7 days after the notice is given).	2	<b>Controls:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation and that responsibility therefor is allocated to the Technical Officer, Asset and Risk Management; and</li> <li>Paxon has noted that the Procedure Manual includes a specific procedure entitled: Backflow Prevention Device”. This procedure stipulates: “Accredited plumbing contractors only are to carry out annual testing of all high risk testable backflow prevention devices.”</li> </ul>	A	NR

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No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Regulations 2013	Water Services Operating Licence - Versions 6 - 7		(Rated as: 1 – High to 5 – Low)		Including Recommendations	Controls
	Regulation Number	Clause Number					
71 (cont.)	43(3)	5.1			<b>Compliance:</b> <ul style="list-style-type: none"> <li>BW has stated that no written orders requiring the owner or occupier of land to have their backflow prevention device tested or maintained were given during the Audit Period.</li> </ul>		
72	43(6)	5.1	The compliance notice requiring the owner or occupier of land to have their backflow prevention device made good as specified in the notice must include the work that is required to be done, the manner in which the work is to be done and the date by which the work is to be done (which must be at least 7 days after the notice is given).	2	<b>Controls:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation and that responsibility therefor is allocated to the Technical Officer, Asset and Risk Management; and</li> <li>Audit has noted that the Procedure Manual includes a specific procedure entitled: “Backflow Prevention Device”. This procedure stipulates: “...any noted failed backflow devices require issue of a failed device letter to the owner/occupier by the Planning/Safety Officer.”</li> </ul>	A	1

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No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
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	Regulation Number	Clause Number			Including Recommendations	Controls	Compliance
72 (cont.)	43(6)	5.1			<p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that it did comply with the stipulations of Regulation 43(6) during the Audit Period; and</li> <li>Paxon has examined a sample of specific letters used by BW in these circumstances. Paxon has noted that the letters refer to work required, the manner in which it is to be done and state that it must be done within 10 working days from the date of the letter.</li> </ul>		
73	53(3)	5.1	The licensee must provide a person with a plan of the existing drainage plumbing for a building on request and on receipt of payment from the person.	2	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that this stipulation did not apply to it during the Audit Period.</li> </ul>	A	NR
74	60(2)	5.1	If the licensee proposes to exercise a works power in a road and considers that it is necessary to alter the position of infrastructure, the licensee must notify the person who is	2	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul>	A	NR

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No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Regulations 2013	Water Services Operating Licence - Versions 6 - 7				Including Recommendations	Controls
	Regulation Number	Clause Number					
74 (cont.)	60(2)	5.1	responsible for the infrastructure and may request that the person make the alterations within the time specified in the notice.		<b>Compliance:</b> <ul style="list-style-type: none"> <li>BW has stated that this stipulation did not apply to it during the Audit Period.</li> </ul>		
75	63	5.1	If the licensee opens or breaks up the surface of a road, the licensee must complete the relevant work and reinstate and make good the road, and must take all reasonable measures to prevent that part of the road from being hazardous.	2	<b>Controls:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul> <b>Compliance:</b> <ul style="list-style-type: none"> <li>BW has stated that it did open or broke up the surface of a road during the Audit Period. BW continued that in all instances the City of Busselton inspected and approved the reinstatement of the road.</li> </ul>	A	1
76	65(1)	5.1	The licensee must maintain records for all land in respect of which water service charges apply.	2	<b>Controls:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation, however, it indicates that this Regulation is: “N/A GRV”.</li> </ul> <b>Compliance:</b> <ul style="list-style-type: none"> <li>BW has stated that “Property Billing Records” were used as a basis for water</li> </ul>	B	1



**Table 11: Audit Observations and Recommendations – Water Services Act 2012**

No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Regulations 2013	Water Services Operating Licence - Versions 6 - 7				Including Recommendations	Controls
	Regulation Number	Clause Number					
76 (cont.)	65(1)	5.1			service charges during the Audit Period. <b>Recommendation 03/2016:</b> <ul style="list-style-type: none"> <li>The Action Sheet should be appropriately changed to recognise Water Services Regulations 2013 – Number 65(1) as being applicable to Busselton Water.</li> </ul>		
77	65(2)	5.1	The records for all land in respect of which water service charges apply must contain prescribed information.	2	<b>Controls:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation, however, it indicates that this Regulation is: “N/A GRV”.</li> </ul> <b>Compliance:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the “Property Billing Records” templates provide for the disclosure of the prescribed information as stipulated in Regulation 65(2).</li> </ul> <b>Recommendation 03/2016:</b> <ul style="list-style-type: none"> <li>The Action Sheet should be appropriately changed to recognise Water Services Regulations 2013 – Number 65(2) as being applicable to Busselton Water.</li> </ul>	<b>B</b>	<b>1</b>

**Table 11: Audit Observations and Recommendations – Water Services Act 2012**

No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Regulations 2013	Water Services Operating Licence - Versions 6 - 7				Including Recommendations	Controls
	Regulation Number	Clause Number					
78	65(4)	5.1	The licensee must make the records for all land in respect of which water service charges apply available for inspection by any person without charge, and give a copy of particular records to a person with a material interest in them, on payment of the prescribed charge.	2	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation, however, it indicates that this Regulation is: “N/A GRV”.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that it did comply with the stipulations of this clause during the Audit Period.</li> </ul> <p><b>Recommendation 03/2016:</b></p> <ul style="list-style-type: none"> <li>The Action Sheet should be appropriately changed to recognise Water Services Regulations 2013 – Number 65(4) as being applicable to Busselton Water.</li> </ul>	B	1
79	67	5.1	Except as otherwise provided under the Act, the records maintained by the licensee for a period in relation to land are the basis upon which the licensee must determine the water service charges applicable for the period.	2	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation, however, it indicates that this Regulation is: “N/A GRV”.</li> </ul>	B	1

Table 11: Audit Observations and Recommendations – Water Services Act 2012							
No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Regulations 2013	Water Services Operating Licence - Versions 6 - 7				Including Recommendations	Controls
	Regulation Number	Clause Number					
79 (cont.)	67	5.1			<p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that it did comply with the stipulations of this clause during the Audit Period. BW continued that all residential customers were charged the same service charge whilst business customers were charged for services with reference to their size.</li> </ul> <p><b>Recommendation 03/2016:</b></p> <ul style="list-style-type: none"> <li>The Action Sheet should be appropriately changed to recognise Water Services Regulations 2013 – Number 67 as being applicable to Busselton Water.</li> </ul>		
80	68(5)	5.1	The licensee must consider an objection to the records maintained by a licensee under regulation 65 as soon as practicable.	2	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation, however, it indicates that this Regulation is: “N/A GRV”.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that no objection to the records maintained by it under Regulation</li> </ul>	B	NR

**Table 11: Audit Observations and Recommendations – Water Services Act 2012**

No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Regulations 2013	Water Services Operating Licence - Versions 6 - 7				Including Recommendations	Controls
	Regulation Number	Clause Number					
80 (cont.)	68(5)	5.1			65 was lodged during the Audit Period. <b>Recommendation 03/2016:</b> <ul style="list-style-type: none"> <li>The Action Sheet should be appropriately changed to recognise Water Services Regulations 2013 – Number 68(5) as being applicable to Busselton Water.</li> </ul>		
81	68(6)	5.1	The licensee must give the person by whom the objection was made written notice of the licensee’s decision on the objection together with a brief statement of the licensee’s reasons for the decision.	2	<b>Controls:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation, however, it indicates that this Regulation is: “N/A GRV”.</li> </ul> <b>Compliance:</b> <ul style="list-style-type: none"> <li>BW has stated that no objection to the records maintained by it under Regulation 65 was lodged during the Audit Period.</li> </ul> <b>Recommendation 03/2016:</b> <ul style="list-style-type: none"> <li>The Action Sheet should be appropriately changed to recognise Water Services Regulations 2013 – Number 68(6) as being applicable to Busselton Water.</li> </ul>	B	NR

**Table 11: Audit Observations and Recommendations – Water Services Act 2012**

No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Regulations 2013	Water Services Operating Licence - Versions 6 - 7				Including Recommendations	Controls
	Regulation Number	Clause Number					
82	68(7)	5.1	If the licensee disallows an objection, wholly or in part, to entries in the records maintained by a licensee under regulation 65, the licensee must advise the person who objected of any consequent amendment of the records.	2	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation, however, it indicates that this Regulation is: “N/A GRV”.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that no objection to the records maintained by it under Regulation 65 was lodged during the Audit Period.</li> </ul> <p><b>Recommendation 03/2016:</b></p> <ul style="list-style-type: none"> <li>The Action Sheet should be appropriately changed to recognise Water Services Regulations 2013 – Number 68(6) as being applicable to Busselton Water.</li> </ul>	B	NR
83	68(8)	5.1	If the licensee allows an objection, wholly or in part, to entries in the records maintained by a licensee under regulation 65, the licensee must advise the person of the time within which and the manner in which a review of the decision may be sought.	2	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation, however, it indicates that this Regulation is: “N/A GRV”.</li> </ul>	B	NR

Table 11: Audit Observations and Recommendations – Water Services Act 2012							
No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Regulations 2013	Water Services Operating Licence - Versions 6 - 7		(Rated as: 1 – High to 5 – Low)		Including Recommendations	Controls
	Regulation Number	Clause Number					
83 (cont.)	68(8)	5.1			<p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that no objection to the records maintained by it under Regulation 65 was lodged during the Audit Period.</li> </ul> <p><b>Recommendation 03/2016:</b></p> <ul style="list-style-type: none"> <li>The Action Sheet should be appropriately changed to recognise Water Services Regulations 2013 – Number 68(8) as being applicable to Busselton Water.</li> </ul>		
84	69(3)	5.1	Upon receipt of a notice from a person dissatisfied with a decision of the licensee on an objection, the licensee must promptly refer the relevant records to the State Administrative Tribunal for a review.	2	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation, however, it indicates that this Regulation is: “N/A GRV”.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that no objection to the records maintained by it under Regulation 65 was lodged during the Audit Period.</li> </ul> <p><b>Recommendation 03/2016:</b></p> <ul style="list-style-type: none"> <li>The Action Sheet should be appropriately</li> </ul>	B	NR

Table 11: Audit Observations and Recommendations – Water Services Act 2012							
No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Regulations 2013	Water Services Operating Licence - Versions 6 - 7				Including Recommendations	Controls
	Regulation Number	Clause Number					
84 (cont.)	69(3)	5.1			changed to recognise Water Services Regulations 2013 – Number 69(3) as being applicable to Busselton Water.		
85	70(2)	5.1	Upon receipt of a notice from a person dissatisfied with a decision of the licensee to refuse to extend the time for giving an objection to the licensee or a notice under regulation 69(2), the licensee must promptly refer the decision to the State Administrative Tribunal for a review.	2	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation, however, it indicates that this Regulation is: “N/A GRV”.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that no objection to the records maintained by it under Regulation 65 was lodged during the Audit Period.</li> </ul> <p><b>Recommendation 03/2016:</b></p> <ul style="list-style-type: none"> <li>The Action Sheet should be appropriately changed to recognise Water Services Regulations 2013 – Number 70(2) as being applicable to Busselton Water.</li> </ul>	B	NR
86	74(1)	5.1	The licensee must make any amendment of the records necessary as a consequence of an allowance, wholly or in part, of an objection	2	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation,</li> </ul>	B	NR

Table 11: Audit Observations and Recommendations – Water Services Act 2012							
No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Regulations 2013	Water Services Operating Licence - Versions 6 - 7				Including Recommendations	Controls
	Regulation Number	Clause Number		(Rated as: 1 – High to 5 – Low)			
86 (cont.)	74(1)	5.1	under the Act or the <i>Valuation of Land Act 1978</i> or as a consequence of a review by the State Administrative Tribunal.		<p>however, it indicates that this Regulation is: “N/A GRV”.</p> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that no objection to the records maintained by it under Regulation 65 was lodged during the Audit Period.</li> </ul> <p><b>Recommendation 03/2016:</b></p> <ul style="list-style-type: none"> <li>The Action Sheet should be appropriately changed to recognise Water Services Regulations 2013 – Number 74(1) as being applicable to Busselton Water.</li> </ul>		
87	74(2)	5.1	The licensee must, if necessary as a consequence of the amendment to the records under regulation 74(1) re-determine and if necessary provide a rebate or refund.	2	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation, however, it indicates that this Regulation is: “N/A GRV”.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that no objection to the records maintained by it under Regulation 65 was lodged during the Audit Period.</li> </ul>	B	NR



Table 11: Audit Observations and Recommendations – Water Services Act 2012							
No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Regulations 2013	Water Services Operating Licence - Versions 6 - 7				Including Recommendations	Controls
	Regulation Number	Clause Number					
87 (cont.)	74(2)	5.1			<b>Recommendation 03/2016:</b> <ul style="list-style-type: none"> <li>The Action Sheet should be appropriately changed to recognise Water Services Regulations 2013 – Number 74(1) as being applicable to Busselton Water.</li> </ul>		
88	75(1)	5.1	If a person is liable, under an agreement with the owner of land, for payment of the water service charges in respect of certain land, the person is entitled to receive from the licensee all information necessary for the person to assess his or her liability under the agreement.	2	<b>Controls:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul> <b>Compliance:</b> <ul style="list-style-type: none"> <li>BW has stated that it did comply with this Regulation during the Audit Period. BW has stated that, where appropriate, it billed volume charge to tenants and other water service charges to landlords.</li> </ul>	A	1
89	85	5.1	Compliance notices issued by the licensee must include a brief description of the possible consequences under the Act of not complying with the notice, and the rights of review under the Act in relation to the notice and who may apply for review.	2	<b>Controls:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation and that responsibility therefor is allocated to the Senior Executive Group.</li> </ul>	A	NR

Table 11: Audit Observations and Recommendations – Water Services Act 2012							
No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Regulations 2013	Water Services Operating Licence - Versions 6 - 7		(Rated as: 1 – High to 5 – Low)		Including Recommendations	Controls
	Regulation Number	Clause Number					
89 (cont.)	85	5.1			<b>Compliance:</b> <ul style="list-style-type: none"> <li>BW has stated that no compliance notices were issues during the Audit Period.</li> </ul>		
90	86(6)	5.1	If the licensee appoints an employee as an authorised or approved officer for the purposes of the <i>Criminal Procedure Act 2004</i> Part 2, the licensee must issue the officer a certificate, badge or identity card identifying the officer as a person authorised to issue infringement notices.	2	<b>Controls:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation and that responsibility therefor is allocated to the Senior Executive Group.</li> </ul> <b>Compliance:</b> <ul style="list-style-type: none"> <li>BW has stated that it did not appoint an employee as an authorised or approved officer for the purposes of the <i>Criminal Procedure Act 2004</i> Part 2 during the Audit Period.</li> </ul>	A	NR
91	86(9)	5.1	The licensee must maintain a list of persons appointed to be authorised officers or approved officers for the purposes of the <i>Criminal Procedure Act 2004</i> Part 2, and must, on request, give a copy of the list to the CEO or to the chief executive officer of the Public Services	2	<b>Controls:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation and that responsibility therefor is allocated to the Senior Executive Group.</li> </ul>	A	NR

Table 11: Audit Observations and Recommendations – Water Services Act 2012							
No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Regulations 2013	Water Services Operating Licence - Versions 6 - 7		(Rated as: 1 – High to 5 – Low)			
	Regulation Number	Clause Number			Including Recommendations	Controls	Compliance
91 (cont.)	86(9)	5.1	principally assisting in the administration of the <i>Criminal Procedure Act 2004</i> .		<p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that it did not appoint an employee as an authorised or approved officer for the purposes of the <i>Criminal Procedure Act 2004</i> Part 2 during the Audit Period.</li> </ul>		

**Table 11: Audit Observations and Recommendations – Water Services Act 2012**

No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Operating Licence - Versions 6 - 7					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
92	7	5.3	The licensee must have written information for customers about the specified matters.	1	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation and that responsibility therefor is allocated to the Technical Officer, Asset and Risk Management.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>The document entitled: “Our Customer Commitments” discloses the majority of the information about the specified matters as provided for in clause 7; and</li> <li>In addition the document entitled: “Water Service Information Sheet” discloses information referred to in Clause 7(2)(e) and (f).</li> </ul>	A	1
93	8	5.3	The licensee must ensure that, in any 12 month period, 90% of connections are completed before the end of 10 business days, starting on the day on which the customer has paid the relevant fees and complied with the relevant	1	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul>	A	1

Table 11: Audit Observations and Recommendations – Water Services Act 2012

No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Operating Licence - Versions 6 - 7				Including Recommendations	Controls
	Clause Number	Clause Number					
93 (cont.)	8	5.3	requirements.		<p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that all applications for new connections are prepaid. BW has continued that in their records, the 10 business days period commences on the day the customer lodges an application for a connection; and</li> <li>Paxon has examined BW's records which indicate that during the Audit Period, 90% of connections were completed before the end of 10 business days, starting on the day on which the customer paid the relevant fees and complied with the relevant requirements.</li> </ul>		
94	9	5.3	The licensee must issue a bill for non-quantity charges to each customer at least once in every 12 month period.	1	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that bills for non-quantity charges were issued to customers every 4 months during the Audit Period; and</li> </ul>	A	1

Table 11: Audit Observations and Recommendations – Water Services Act 2012

No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Operating Licence - Versions 6 - 7					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
94 (cont.)	9	5.3			<ul style="list-style-type: none"> <li>Paxon has examined a sample of Water Supply Tax Invoices issued during the Audit Period and is satisfied it levied non – quantity charges approximately every 4 months.</li> </ul>		
95	10(2)	5.3	The licensee must issue a bill for usage to each customer at least once in every 6 month period.	1	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that bills for usage of potable water supply services were issued to customers every 4 months during the Audit Period; and</li> <li>Paxon has examined a sample of Water Supply Tax Invoices issued during the Audit Period and is satisfied it levied usage charges approximately every 4 months.</li> </ul>	A	1

Table 11: Audit Observations and Recommendations – Water Services Act 2012

No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Operating Licence - Versions 6 - 7					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
96	10(3)	5.3	The licensee must ensure a bill for usage is based on a meter reading to ascertain the quantity supplied or discharged.	1	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that all bills for usage were based on meter readings during the Audit Period.</li> </ul>	A	1
97	10(4)	5.3	If an accurate meter reading is not possible, a bill for usage must be based on an estimation (in accordance with the prescribed regulations) of the quantity of water supplied or waste water discharged.	1	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation; and</li> <li>Paxon has noted that the Procedure Manual includes a specific procedure entitled: "Bill Estimates".</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that it did estimate water usage in cases where accurate meter readings were not possible during the Audit Period.</li> </ul>	A	1

Table 11: Audit Observations and Recommendations – Water Services Act 2012							
No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Operating Licence - Versions 6 - 7					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
98	10(5)	5.3	If an accurate meter reading is not possible and there are no applicable regulations, a bill for usage must be based on a reasonable estimate of supply or discharge using one of the prescribed methods.	1	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation; and</li> <li>Paxon has noted that the Procedure Manual includes a specific procedure entitled: “Bill Estimates”. This procedure stipulates: “The usage will be estimated based on the daily average quantity of water used in a similar previous period (e.g. the same cycle consumption from the previous billing year). This daily usage average will then be applied to the current invoices, number of billing days.”</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that it did estimate water usage in cases where accurate meter readings were not possible during the Audit Period.</li> </ul>	A	1



**Table 11: Audit Observations and Recommendations – Water Services Act 2012**

No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Operating Licence - Versions 6 - 7				Including Recommendations	Controls
	Clause Number	Clause Number					
99	11	5.3	The licensee must send a bill to the address of the place where the water service is provided or, if the customer nominates another address, to the nominated address.	1	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>• Paxon has noted that the Action Sheet specifically lists this compliance obligation;</li> <li>• BW has stated that this compliance obligation is only contained in a “Work Instruction” and not in a procedure document as such; and</li> <li>• Recommendation 01/2016 above suggested that all compliance obligations listed in the Action Sheet should be linked to BW’s procedure manuals and/or Work Instructions.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>• BW has stated that it did comply with the stipulations of this compliance obligation during the Audit Period.</li> </ul>	A	1
100	12(1)	5.3	Each bill must contain the prescribed information.	1	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>• Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul>	A	2

**Table 11: Audit Observations and Recommendations – Water Services Act 2012**

No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Operating Licence - Versions 6 - 7					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
100 (cont.)	12(1)	5.3			<p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>Paxon has examined a sample of Water Supply Tax Invoices issued after 18 November 2013 and is satisfied it contains the prescribed information except for a statement that the website contains information about estimates, meter reading and testing, complaints and review.</li> </ul> <p><b>Recommendation 04/2016:</b></p> <ul style="list-style-type: none"> <li>The Water Supply Tax Invoices should be amended to include a statement that the website contains information about estimates, meter reading and testing, complaints and review.</li> </ul>		
101	12(2)	5.3	Each bill for usage for a metered water service must, in addition to the requirements of clause 12(1), contain the specified information.	1	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>Paxon has examined a sample of Water Supply Tax Invoices issued after 18</li> </ul>	A	1

Table 11: Audit Observations and Recommendations – Water Services Act 2012

No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Operating Licence - Versions 6 - 7					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
101 (cont.)	12(2)	5.3			November 2013 and is satisfied it contains the information stipulated in Clause 12(2) of the Code of Conduct.		
102	12(3)	5.3	Each bill must inform the customer of the specified information and where further details can be obtained.	1	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>Paxon has examined a sample of Water Supply Tax Invoices issued after 18 November 2015. These invoices do not disclose the information stipulated in Clause 12(3).</li> </ul> <p><b>Recommendation 05/2016:</b></p> <ul style="list-style-type: none"> <li>The Water Supply Tax Invoices should be amended to include the information stipulated in Clause 12(3) being:                             <ul style="list-style-type: none"> <li>if the bill was based on an estimate, that the licensee will tell the customer on request:</li> </ul> </li> </ul>	A	2

Table 11: Audit Observations and Recommendations – Water Services Act 2012							
No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Operating Licence - Versions 6 - 7					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
102 (cont.)	12.3	5.3			<ul style="list-style-type: none"> <li>the basis of the estimate; and</li> <li>the reason for the estimate.</li> <li>that the customer may request a meter reading and bill to determine outstanding charges for a different period to the usual billing cycle;</li> <li>that the customer may request a meter reading and revised bill if the customer disputes an estimate on which a bill is based and information about the fees that apply;</li> <li>that the customer may request a meter testing and information about the fees that apply and when the fees may be reimbursed;</li> <li>that the bill can be reviewed in accordance with the licensee’s review procedure mentioned in clause 18; and</li> <li>that complaints about the provision of a water service by the licensee or a failure</li> </ul>		

**Table 11: Audit Observations and Recommendations – Water Services Act 2012**

No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Operating Licence - Versions 6 - 7					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
102 (cont.)	12(3)	5.3			by the licensee to provide a water service can be made in accordance with the licensee's complaints procedure mentioned in clause 35.		
103	13(1)	5.3	If a bill is based on an estimate, the licensee must tell the customer on request the basis of the estimate and the reason for the estimate.	1	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation; and</li> <li>Paxon has noted that the Procedure Manual includes a specific procedure entitled: "Bill Estimates". This document does refer to provision of a reason for an estimate on the customer's invoice.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>Paxon has examined a sample of water supply tax invoices issued, in respect of estimates, during the Audit Period. These invoices disclose the reason for the estimate; and</li> <li>Paxon has noted that BW's website contains a document entitled" Estimating Your Bill</li> </ul>	A	1

Table 11: Audit Observations and Recommendations – Water Services Act 2012

No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Operating Licence - Versions 6 - 7					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
103 (cont.)	13(1)	5.3			Information Sheet. This document discloses the different basis's to be used for estimates.		
104	13(2)	5.3	The licensee must make any adjustments to the next bill to take into account the extent to which the estimate was not reasonable having regard to a subsequent and accurate meter reading.	1	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that no adjustments needed to be made to subsequent bills, due to unreasonable estimates, during the Audit Period.</li> </ul>	A	NR
105	14(1)	5.3	The licensee must provide to the customer on request a meter reading and a bill in the prescribed circumstances.	1	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that no customer requests for a meter reading and a bill in instances of the prescribed circumstances took place during the Audit Period.</li> </ul>	A	NR

Table 11: Audit Observations and Recommendations – Water Services Act 2012							
No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Operating Licence - Versions 6 - 7					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
106	15	5.3	The licensee must have a publicly available written policy, standard or set of guidelines in relation to granting a discount to a customer whose meter reading indicates a water usage that is higher than normal for the customer but is likely to have been wasted because of a leak.	1	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation; and</li> <li>Paxon has noted that the Procedure Manual includes a specific procedure entitled: “Ex Gratia Allowance - Leaks”. This document stipulates: “Busselton Water may grant a special ex-gratia allowance to customers who have experienced an increase in water consumption, which is subsequently discovered to have resulted from a hidden leak or a burst in the internal water reticulation system.”</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that a document entitled: “Ex Gratia Allowance Information Sheet is available on BW’s website.</li> </ul>	A	1

Table 11: Audit Observations and Recommendations – Water Services Act 2012							
No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Operating Licence - Versions 6 - 7					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
107	16(2)	5.3	The licensee cannot recover an undercharged amount from a customer unless it is for water services provided in the 12 month period ending on the day on which the licensee informed the customer of the undercharging.	1	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation;</li> <li>Paxon has noted that the Procedure Manual includes a specific procedure entitled: “Bill Review”. This document stipulates: “On conclusion of the bill review and if it is found that the customer’s bill has been under charged, Busselton Water will back charge the undercharged amount up to a period of 12 months from the date of the bill review being completed.”; and</li> <li>This period calculated with reference to “the bill review being completed” is not the same as the period calculated with reference “the day on which the licensee informed the customer of the undercharging” as stated in Clause 16(2) of the Water Services Code of Conduct (Customer Service Standards) 2013 (Code of Conduct).</li> </ul>	<b>B</b>	<b>NR</b>



Table 11: Audit Observations and Recommendations – Water Services Act 2012

No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Operating Licence - Versions 6 - 7					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
107 (cont.)	16(2)	5.3			<p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that no undercharged amounts were recovered from customers during the Audit Period; and</li> <li>Paxon has noted that the document entitled: "Bill Review Information Sheet", as disclosed on BW's website, contains basically the same wording as disclosed above in the "Bill Review" procedure in respect of the review period.</li> </ul> <p><b>Recommendation 06/2016:</b></p> <ul style="list-style-type: none"> <li>The "Bill Review" procedure and the "Bill Review Information Sheet" should be appropriately changed to reflect the stipulations of Regulation 16(2) of the Code of Conduct in respect of the review period.</li> </ul>		
108	16(3)	5.3	An undercharged amount must be the subject of, and explained in, a special bill or a separate item in the next bill. The licensee cannot charge interest or late payment fees on an	1	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation; and</li> </ul>	A	NR

**Table 11: Audit Observations and Recommendations – Water Services Act 2012**

No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Operating Licence - Versions 6 - 7					
	Clause Number	Clause Number				Including Recommendations	Controls
108 (cont.)	16(3)	5.3	undercharged amount. The licensee must allow a customer to pay an undercharged amount by way of a repayment plan as specified in the code of conduct.		<ul style="list-style-type: none"> <li>Paxon has noted that the Procedure Manual includes a specific procedure entitled: "Bill Review". This document stipulates: "A special bill (interest free with 12 month payment terms) will (be) issued."</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that no undercharged amounts were recovered from customers during the Audit Period; and</li> <li>Paxon has noted that a document entitled: "Bill Review Information Sheet" contains basically the same wording as disclosed above in the "Bill Review" procedure in respect of undercharges amounts.</li> </ul>		
109	16(4)	5.3	The licensee must not charge interest or late payment fees on an undercharged amount.	1	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation;</li> <li>Paxon has noted that the Procedure Manual includes a specific procedure entitled: "Bill</li> </ul>	<b>B</b>	<b>NR</b>

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No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Operating Licence - Versions 6 - 7					
	Clause Number	Clause Number				Including Recommendations	Controls
109 (cont.)	16(4)	5.3			<p>Review”. This document stipulates:                      “A special bill (interest free with 12 month payment terms) will (be) issued.”; and</p> <ul style="list-style-type: none"> <li>No reference is made in the “Bill Review” procedure to the obligations in respect of not charging late payment fees.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that no undercharged amounts were recovered from customers during the Audit Period; and</li> <li>Paxon has noted that a document entitled: “Bill Review Information Sheet” contains basically the same wording as disclosed above in the “Bill Review” procedure in respect of not charging late payment fees.</li> </ul> <p><b>Recommendation 07/2016:</b></p> <ul style="list-style-type: none"> <li>The “Bill Review” procedure and the “Bill Review Information Sheet” should be appropriately changed to reflect the stipulations of Regulation 16(4) of the Code</li> </ul>		

**Table 11: Audit Observations and Recommendations – Water Services Act 2012**

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	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Operating Licence - Versions 6 - 7					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
109 (cont.)	16(4)	5.3			of Conduct in respect of not charging late payment fees.		
110	16(5)	5.3	The licensee must allow a customer to pay an undercharged amount by way of a repayment plan that has effect for the duration of shorter of the prescribed periods starting on the day that the bill in clause 16(3) is issued.	1	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>• Paxon has noted that the Action Sheet specifically lists this compliance obligation;</li> <li>• Paxon has noted that the Procedure Manual includes a specific procedure entitled: "Bill Review". This document stipulates: "A special bill (interest free with 12 month payment terms) will (be) issued."; and</li> <li>• No reference is made in the "Bill Review" procedure to the fact that the payment term should be the shorter of the following periods starting on the day on which the bill mentioned in sub clause (3)(a) or (b) is issued, as is applicable in the case – <ul style="list-style-type: none"> <li>• A period for the same amount of time in which the undercharging occurred; and</li> <li>• A period of 12 months.</li> </ul> </li> </ul>	<b>B</b>	<b>NR</b>

Table 11: Audit Observations and Recommendations – Water Services Act 2012							
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	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Operating Licence - Versions 6 - 7					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
110 (cont.)	16(5)	5.3			<p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that no undercharged amounts were recovered from customers during the Audit Period; and</li> <li>Paxon has noted that a document entitled: “Bill Review Information Sheet” contains basically the same wording as disclosed above in the “Bill Review” procedure in respect of the duration of the repayment period.</li> </ul> <p><b>Recommendation 08/2016:</b></p> <ul style="list-style-type: none"> <li>The “Bill Review” procedure and the “Bill Review Information Sheet” should be appropriately changed to reflect the stipulations of Regulation 16(5) of the Code of Conduct in respect of the duration of the repayment period.</li> </ul>		

Table 11: Audit Observations and Recommendations – Water Services Act 2012							
No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Operating Licence - Versions 6 - 7					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
111	17(1)	5.3	If the licensee overcharges a customer, the licensee must credit the customer’s account and must immediately afterwards notify the customer, or inform the customer of the overcharging and recommended options for refunding or crediting the overcharged amount.	1	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>• Paxon has noted that the Action Sheet specifically lists this compliance obligation; and</li> <li>• Paxon has noted that the Procedure Manual includes a specific procedure entitled: “Bill Review”. This document stipulates: “Busselton Water will within a period of 15 business days starting on the day it became aware of the overcharge amount – <ul style="list-style-type: none"> <li>• Credit the customer’s account and immediately afterwards notify the customer; <u>or</u></li> <li>• Inform the customer of the overcharging and recommend options for how the amount overcharged may be refunded to the customer or credited to the customer’s account.”</li> </ul> </li> </ul>	A	NR

Table 11: Audit Observations and Recommendations – Water Services Act 2012							
No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Operating Licence - Versions 6 - 7					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
111 (cont.)	17(1)	5.3			<b>Compliance:</b> <ul style="list-style-type: none"> <li>BW has stated that no customers were overcharged during the Audit Period; and</li> <li>Paxon has noted that a document entitled: "Bill Review Information Sheet" contains basically the same wording as disclosed above in the "Bill Review" procedure in respect of the overcharge correction process.</li> </ul>		
112	17(2)	5.3	The licensee must, in accordance with the customer's instructions, refund or credit the customer's account within 15 business days from starting on the day the licensee receives the instructions.	1	<b>Controls:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation; and</li> <li>Paxon has noted that the Procedure Manual includes a specific procedure entitled: "Bill Review". This document stipulates: "Busselton Water will within a period of 15 business days starting on the day it became aware of the overcharge amount –                             <ul style="list-style-type: none"> <li>Credit the customer's account and immediately afterwards notify the</li> </ul> </li> </ul>	<b>B</b>	<b>NR</b>

Table 11: Audit Observations and Recommendations – Water Services Act 2012							
No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Operating Licence - Versions 6 - 7					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
112 (cont.)	17(2)	5.3			<p>customer; <u>or</u></p> <ul style="list-style-type: none"> <li>Inform the customer of the overcharging and recommend options for how the amount overcharged may be refunded to the customer or credited to the customer's account."</li> <li>No reference is made as to complying with the customer's instruction within 15 business days.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that no customers were overcharged during the Audit Period; and</li> <li>Paxon has noted that a document entitled: "Bill Review Information Sheet" contains basically the same wording as disclosed above in the "Bill Review" procedure in respect of the overcharge correction process.</li> </ul> <p><b>Recommendation 09/2016:</b></p> <ul style="list-style-type: none"> <li>The "Bill Review" procedure and the "Bill Review Information Sheet" should be</li> </ul>		



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No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Operating Licence - Versions 6 - 7				Including Recommendations	Controls
	Clause Number	Clause Number					
112 (cont.)	17(2)	5.3			appropriately changed to reflect the stipulations of Regulation 17(2) of the Code of Conduct in respect of the provision of a refund or credit within 15 business days from receiving the customer's instructions.		
113	18(1)	5.3	The licensee must review a bill on the customer's request.	1	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that no customer requested a review of a bill during the Audit Period.</li> </ul>	A	NR
114	18(2)	5.3	The license must have a written procedure for the review of a bill on the customer's request.	1	<ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation; and</li> <li>Paxon has noted that the Procedure Manual includes a specific procedure entitled: "Bill Review".</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that no customer requested a review of a bill during the Audit Period.</li> </ul>	A	NR

**Table 11: Audit Observations and Recommendations – Water Services Act 2012**

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	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Operating Licence - Versions 6 - 7					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
115	18(3) & (6)	5.3	The review procedure in clause 18(2) must include the specified information and be publicly available.	1	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation; and</li> <li>Paxon has noted that the Procedure Manual includes a specific procedure entitled: “Bill Review”.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that no customer requested a review of a bill during the Audit Period;</li> <li>Paxon has confirmed that the “Bill Review Information Sheet” contains all the specified information as in clause 18(3) of the Code of Conduct); and</li> <li>Paxon has confirmed that the “Bill Review Information Sheet” is available on BW’s website.</li> </ul>	A	1
116	18(4)	5.3	The review procedure must state that the customer may, but does not have to, use the licensee’s complaints procedure mentioned in	1	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation;</li> </ul>	A	2

Table 11: Audit Observations and Recommendations – Water Services Act 2012							
No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Operating Licence - Versions 6 - 7					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
116 (cont.)			clause 35 before or instead of applying to the water services ombudsman or, if available, making an appeal from, or applying for a review or, the decision under regulations mentioned in section 222(2)(k) of the Act.		and <ul style="list-style-type: none"> <li>Paxon has noted that the Procedure Manual includes a specific procedure entitled: “Bill Review”.</li> </ul> <b>Compliance:</b> <ul style="list-style-type: none"> <li>BW has stated that no customer requested a review of a bill during the Audit Period;</li> <li>The “Bill Review Information Sheet” states: “If the customer is unsatisfied with the outcome of the review the customer may, but does not have to utilise the Busselton Water Complaints Procedure and/or apply to the Water Service Ombudsman.”; and</li> <li>However, the “Bill Review Information Sheet” does not cover the option of making an appeal from, or applying for a review of, the decision that gave rise to the complaint, if an appeal or review is available under regulations mentioned in section 222(2)(k).</li> </ul>		

**Table 11: Audit Observations and Recommendations – Water Services Act 2012**

No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Operating Licence - Versions 6 - 7					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
116 (cont.)	18(4)	5.3			<p><b>Recommendation 10/2016:</b></p> <ul style="list-style-type: none"> <li>The "Bill Review Information Sheet" should include the option of making an appeal from, or applying for a review of, the decision that gave rise to the complaint, if an appeal or review is available under regulations mentioned in section 222(2)(k).</li> </ul>		
117	18(5)	5.3	The licensee must inform the customer of the outcome of a review of the customer's bill as soon as practicable or otherwise less than 15 business days from the day the customer's request for review was received.	1	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation; and</li> <li>Paxon has noted that the Procedure Manual includes a specific procedure entitled: "Bill Review".</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that no customer requested a review of a bill during the Audit Period; and</li> <li>The "Bill Review Information Sheet" states: 'Busselton Water will inform the customer of the outcome of the review of the customer's</li> </ul>	A	NR

Table 11: Audit Observations and Recommendations – Water Services Act 2012

No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Operating Licence - Versions 6 - 7					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
117 (cont.)	18(5)	5.3			bill within 15 business days or as soon as practicable."		
118	20	5.3	The time set by the licensee for the payment of a bill must be after 14 days from when the bill is issued.	1	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>Paxon has examined a sample of water supply tax invoices issued during the Audit Period. These invoices provide customers with more than 14 days grace, after the invoice date to pay.</li> </ul>	A	1
119	21(1)	5.3	The licensee must allow a customer to pay a bill using any of the prescribed methods selected by the customer.	1	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>Paxon has examined a sample of water supply tax invoices issued during the Audit Period. These invoices list all the prescribed methods indicated in clause number 21(1) of the Code of Conduct.</li> </ul>	A	1

Table 11: Audit Observations and Recommendations – Water Services Act 2012							
No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Operating Licence - Versions 6 - 7					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
120	21(2)	5.3	The licensee must, when offering bill payment method options, inform the customer of the fees and charges (if any) associated with each bill payment method offered.	1	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>Paxon has examined a sample of water supply tax invoices issued during the Audit Period. These invoices state the following: “A transaction fee of 0.481% will apply to payments made by credit card.”</li> </ul>	A	1
121	22	5.3	Before receiving a bill payment by direct debit the licensee must obtain the express consent, either orally or in writing, of the holder of the account to be debited and of the customer or an adult person nominated by the customer, to do so.	1	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that BW used a document entitled: “Direct Debit Request Application” during the Audit Period. This document provided for the signature of both the account holder and the applicant(s).</li> </ul>	A	1

**Table 11: Audit Observations and Recommendations – Water Services Act 2012**

No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Operating Licence - Versions 6 - 7				Including Recommendations	Controls
	Clause Number	Clause Number					
122	23(1)	5.3	The licensee must accept payment in advance from a customer on a customer's request.	1	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation; and</li> <li>Paxon has noted that the Procedure Manual includes a specific procedure entitled: "Refund of credit balances – water supply debtors".</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that it did accept payment in advance from a customer on a customer's request during the Audit Period.</li> </ul>	A	1
123	24	5.3	The licensee must on request and at no charge redirect a customer's bills because of the customer's absence or illness.	1	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation. and</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that it did, on request and at no charge, redirected a customer's bills</li> </ul>	A	1

Table 11: Audit Observations and Recommendations – Water Services Act 2012

No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Operating Licence - Versions 6 - 7					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
123 (cont.)	24	5.3			because of the customer's absence or illness during the Audit Period.		
124	25	5.3	The licensee must allow a customer to pay a bill under a payment plan or other arrangement under which the customer is given more time to payment difficulties.	1	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation; and</li> <li>Paxon has noted that the Procedure Manual includes a specific procedure entitled: "Financial Hardship". This procedure stipulates that its purpose is to: "...assisting a residential customer who cannot pay a water bill because of financial hardship."</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that it did allow customers to pay bills under a payment plan or other arrangement under which the customer is given more time to pay the bill or to pay arrears during the Audit Period; and</li> </ul>	A	1



**Table 11: Audit Observations and Recommendations – Water Services Act 2012**

No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Operating Licence - Versions 6 - 7					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
124 (cont.)	25	5.3			<ul style="list-style-type: none"> <li>Paxon has examined a sample of water supply tax invoices issued during the Audit Period which specifically refers to "payment difficulties" and request such customers to contact BW.</li> </ul>		
125	26(1) & (2)	5.3	The licensee must have a written policy in relation to financial hardship that is approved by the Authority.	1	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation; and</li> <li>Paxon has noted that the Procedure Manual includes a specific procedure entitled: "Financial Hardship". This procedure stipulates that its purpose is to: "...assisting a residential customer who cannot pay a water bill because of financial hardship."</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted the document entitled: "Busselton Water – Financial Hardship – December 2013"; and</li> </ul>	A	1

Table 11: Audit Observations and Recommendations – Water Services Act 2012

No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Operating Licence - Versions 6 - 7					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
125 (cont.)	26(1) & (2)	5.3			<ul style="list-style-type: none"> <li>Paxon has noted that the Financial Hardship Policy was approved by the Authority on 16 May 2014.</li> </ul>		
126	26(3)	5.3	If the licensee’s licence was in place before the commencement of the Act, the licensee must have a financial hardship policy before the end of the 6 month period starting on the day on which section 27 of the Act comes into effect.	1	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>This was a once-off compliance obligation and specific systems, processes and controls are not expected to be in place on a perpetual basis therefor;</li> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation and states that it complied therewith in both 2014 and 2015; and</li> <li>Paxon has noted that the Procedure Manual includes a specific procedure entitled: "Financial Hardship".</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW’s Water Services Operating Licence commenced on 1 October 1996. As such, it was in place before the commencement of</li> </ul>	<b>B</b>	<b>1</b>

**Table 11: Audit Observations and Recommendations – Water Services Act 2012**

No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Operating Licence - Versions 6 - 7					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
126 (cont.)	26(3)	5.3			the Act; <ul style="list-style-type: none"> <li>The Code of Conduct took effect on 18 November 2013. As such, BW's Financial Hardship Policy must have been finalised by 18 May 2014; and</li> <li>Paxon has noted that the Financial Hardship Policy was approved by the Authority on 16 May 2014. As such, BW complied with clause 26(3) in the Code of Conduct.</li> </ul> <b>Recommendation 11/2016:</b> <ul style="list-style-type: none"> <li>The Action Sheet should be appropriately changed to indicate that this was a once-off compliance obligation.</li> </ul>		
127	26(4)	5.3	If the licensee's licence was granted after the day on which the Act came into effect, the licensee must have a financial hardship policy within 6 months of the day of the grant of the license.	1	<b>Controls:</b> <ul style="list-style-type: none"> <li>This was a once-off compliance obligation and specific systems, processes and controls are not expected to be in place on a perpetual basis therefor;</li> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation</li> </ul>	n/a	n/a

Table 11: Audit Observations and Recommendations – Water Services Act 2012							
No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Operating Licence - Versions 6 - 7					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
127 (cont.)	26(4)	5.3			<p>and states that it complied therewith in both 2014 and 2015; and</p> <ul style="list-style-type: none"> <li>Paxon has noted that the Procedure Manual includes a specific procedure entitled: "Financial Hardship".</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW's Water Services Operating Licence commenced on 1 October 1996. As such, it was in place before the commencement of the Act. Consequently this clause is not applicable to BW.</li> </ul> <p><b>Recommendation 12/2016:</b></p> <ul style="list-style-type: none"> <li>The Action Sheet should be appropriately changed to indicate that this clause is not applicable to BW.</li> </ul>		
128	26(5)	5.3	The licensee's financial hardship policy must be publicly available.	1	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation; and</li> </ul>	A	1

**Table 11: Audit Observations and Recommendations – Water Services Act 2012**

No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Operating Licence - Versions 6 - 7					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
128 (cont.)	26(5)	5.3			<ul style="list-style-type: none"> <li>Paxon has noted that the Procedure Manual includes a specific procedure entitled: "Financial Hardship".</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>Paxon has confirmed that the Financial Hardship Policy is available on BW's website.</li> </ul>		
129	26(6)	5.3	The licensee must review its financial hardship policy at least once in every 5 year period and, as part of the review process, consult with relevant consumer organisations.	1	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation; and</li> <li>Paxon has noted that the Procedure Manual includes a specific procedure entitled: "Financial Hardship".</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that, in terms of the Authority's specifications, the next review of the financial hardship policy must be undertaken and the reviewed Policy submitted to the Authority for approval by</li> </ul>	A	n/a

Table 11: Audit Observations and Recommendations – Water Services Act 2012

No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Operating Licence - Versions 6 - 7					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
129 (cont.)	26(6)	5.3			18 February 2019.		
130	27(2)	5.3	The licensee must allow a customer experiencing financial hardship to pay a bill under an interest-free or fee-free payment plan other arrangement under which the customer is given more time to pay the bill or to pay arrears.	1	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation; and</li> <li>Paxon has noted that the Procedure Manual includes a specific procedure entitled: "Financial Hardship".</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Financial Hardship Policy stipulates in section 4: "If we determine that you are in financial hardship, we will offer you more time to pay or a payment plan. We will not charge you any fees or interest as part of your extension or payment plan."</li> </ul>	A	1

Table 11: Audit Observations and Recommendations – Water Services Act 2012							
No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Operating Licence - Versions 6 - 7					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
131	27(3)	5.3	The licensee must also consider reducing the amount owed, review and revise, if appropriate, how a customer is paying a bill under clause 27(2) and provide the specified written information to a customer.	1	<ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation; and</li> <li>Paxon has noted that the Procedure Manual includes a specific procedure entitled: “Financial Hardship”.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Financial Hardship Policy in section 5 entitled: “Debt Reduction and Collection” states: “If you are in financial hardship, we will consider reducing the amount you owe us.”;</li> <li>Paxon has noted that the Financial Hardship Policy in section 4 entitled: “Payment Plans” states: “If appropriate, we will review and revise your extension or payment plan”; and</li> <li>Paxon has noted that the Financial Hardship Policy in section 7 entitled: “Useful Information” provides the information</li> </ul>	A	1

Table 11: Audit Observations and Recommendations – Water Services Act 2012							
No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Operating Licence - Versions 6 - 7					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
131 (cont.)	27(3)	5.3			<p>stipulated in Regulation 27(3) of the Code of Conduct:</p> <p>“If we determine that you are in financial hardship, we will offer you more time to pay or a payment plan. We will not charge you any fees or interest as part of your extension or payment plan.</p>		
132	28(1)	5.3	Before the licensee enters into a payment plan or other similar arrangement with a customer who is not the owner of the land in respect of which the water service is provided, the licensee must ensure that the owner is aware of the proposed plan or arrangement.	1	<ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation; and</li> <li>Paxon has noted that the Procedure Manual includes a specific procedure entitled: “Financial Hardship”. This document in section 2.3 entitled “Payment Plans” states: “If the customer is a tenant, Busselton Water must make sure that the land owner is aware of Busselton Water giving the tenant an extension or entering into a payment plan before doing so. The customer may choose to notify the land owner of the proposed extension or payment plan, and provide</li> </ul>	A	1



Table 11: Audit Observations and Recommendations – Water Services Act 2012							
No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Operating Licence - Versions 6 - 7					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
132 (cont.)	28(1)	5.3			<p>Busselton Water with the evidence that this has been done, or the customer may choose to give Busselton Water permission to notify the land owner.”</p> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that it did comply with the stipulations of this clause during the Audit Period.</li> </ul>		
133	28(4) & (5)	5.3	The licensee must have publicly available written information regarding the payment plans, arrangements and other assistance that is available to customers.	1	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation; and</li> <li>Paxon has noted that the Procedure Manual includes a specific procedure entitled: “Financial Hardship”.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>Paxon has confirmed that the Financial Hardship Policy is available on BW’s website; and</li> </ul>	A	1

**Table 11: Audit Observations and Recommendations – Water Services Act 2012**

No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Operating Licence - Versions 6 - 7					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
133 (cont.)	28(4) & (5)	5.3			<ul style="list-style-type: none"> <li>Paxon has examined a sample of water supply tax invoices issued during the Audit Period which specifically refers to "payment difficulties" and request such customers to contact BW.</li> </ul>		
134	29	5.3	The licensee must not commence or continue proceedings to recover a debt from a customer who is complying with a payment plan or other arrangement, or who is being assessed for payment difficulties or who is being assessed for financial hardship.	1	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation; and</li> <li>Paxon has noted that the Procedure Manual includes a specific procedure entitled: "Water Sales Debt Recovery" which in section 2 states: "Debt recovery must be in accordance with the <i>Water Services Code of Conduct (Customer Service Standards) 2013</i> and compliant with Sections 28 to 34 and Busselton Water's Financial Hardship Procedure."</li> </ul>	A	1

**Table 11: Audit Observations and Recommendations – Water Services Act 2012**

No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Operating Licence - Versions 6 - 7				Including Recommendations	Controls
	Clause Number	Clause Number					
134 (cont.)	29	5.3			<b>Compliance:</b> <ul style="list-style-type: none"> <li>BW has stated that it did comply with the stipulations of this clause during the Audit Period.</li> </ul>		
135	30(1)	5.3	If the licensee has reduced the rate of flow of drinking water to land under section 95(1)(b) of the Act, the licensee must restore the supply of water if the amount owing is paid, or if the customer enters into a payment arrangement for the amount owing that is satisfactory to the licensee.	1	<b>Controls:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation; and</li> <li>Paxon has noted that the Procedure Manual includes a specific procedure entitled: "Installation &amp; Removal of Restriction Devices" which in section 2 states: "The restriction device will remain in place until the total amount owing, (including the attendance fee), is paid, or until a payment arrangement plan is agreed and in place."</li> </ul> <b>Compliance:</b> <ul style="list-style-type: none"> <li>BW has stated that it did comply with the stipulations of this clause during the Audit Period.</li> </ul>	A	1

**Table 11: Audit Observations and Recommendations – Water Services Act 2012**

No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Operating Licence - Versions 6 - 7				Including Recommendations	Controls
	Clause Number	Clause Number					
136	30(2)	5.3	If the licensee has, under section 95(1)(a), (c), (d) or (e) of the Act, cut off or reduced the flow of drinking water, the licensee must restore the supply of water if the licensee is satisfied that the reason for the disconnection or reduction no longer applies.	1	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation; and</li> <li>Paxon has noted that the Procedure Manual includes a specific procedure entitled: “Installation &amp; Removal of Restriction Devices” which in section 2 states: “The restriction device will remain in place until the total amount owing, (including the attendance fee), is paid, or until a payment arrangement plan is agreed and in place.”</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that it did comply with the stipulations of this clause during the Audit Period.</li> </ul>	A	1
137	31	5.3	The licensee must not, under section 95(1)(b) of the Act, reduce the rate of flow of drinking water to a customer without having first used its best endeavours to inform the customer in	1	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation; and</li> </ul>	A	1

Table 11: Audit Observations and Recommendations – Water Services Act 2012							
No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Operating Licence - Versions 6 - 7					
	Clause Number	Clause Number				Including Recommendations	Controls
137 (cont.)	31	5.3	person of its intention to do so if the amount owing is not paid.		<ul style="list-style-type: none"> <li>Paxon has noted that the Procedure Manual includes a specific procedure entitled: “Installation &amp; Removal of Restriction Devices” which in section 2 states: “Prior to installing the restriction device, Busselton Water will attempt to make contact with the occupier.”</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that it did comply with the stipulations of this clause during the Audit Period. BW has stated that its procedure includes 5 different notifications to the customer prior to a reduction in water flow:                             <ul style="list-style-type: none"> <li>Note on the relevant water supply tax invoice;</li> <li>Further notice;</li> <li>72 Hour notice;</li> <li>Site visit; and</li> <li>“Door knock” on date of reduction.</li> </ul> </li> </ul>		

Table 11: Audit Observations and Recommendations – Water Services Act 2012

No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Operating Licence - Versions 6 - 7				Including Recommendations	Controls
	Clause Number	Clause Number					
138	32	5.3	The licensee must not reduce the rate of flow of drinking water under the Act if the specified circumstances apply.	1	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation; and</li> <li>Paxon has noted that the Procedure Manual includes a specific procedure entitled: "Installation &amp; Removal of Restriction Devices" which in section 2.1 specifically refers to situations when a restrictor will not be installed.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that it did comply with the stipulations of this clause during the Audit Period.</li> </ul>	A	1
139	33	5.3	The licensee must not reduce the rate of flow of water to a customer to below 2.3 litres each minute.	1	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation; and</li> <li>Paxon has noted that the Procedure Manual includes a specific procedure entitled:</li> </ul>	A	1

Table 11: Audit Observations and Recommendations – Water Services Act 2012

No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Operating Licence - Versions 6 - 7					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
139 (cont.)	33	5.3			<p>"Installation &amp; Removal of Restriction Devices" which in section 2.7 specifically states:</p> <p>"Busselton Water will not reduce the rate of flow of a supply of water to a customer to below 2.3 litres each minute."</p> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that it did comply with the stipulations of this clause during the Audit Period.</li> </ul>		
140	34(2)	5.3	The Water Corporation must restore a water supply to land in the metropolitan region within the specified timeframe, unless the licensee and customer expressly agree otherwise.	n/a	<ul style="list-style-type: none"> <li>Compliance with this clause is limited to the Water Corporation only, and was thus not applicable to BW during the Audit Period.</li> </ul>	n/a	n/a
141	34(3)	5.3	The Water Corporation must restore a water supply to land outside the metropolitan region within the specified timeframe, unless the licensee and customer expressly agree otherwise.	n/a	<ul style="list-style-type: none"> <li>Compliance with this clause is limited to the Water Corporation only, and was thus not applicable to BW during the Audit Period.</li> </ul>	n/a	n/a

Table 11: Audit Observations and Recommendations – Water Services Act 2012							
No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Operating Licence - Versions 6 - 7					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
142	34(4)	5.3	The licensee (other than the Water Corporation) must restore a water supply to land within the specified timeframe, unless the licensee and customer expressly agree otherwise.	1	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>• Paxon has noted that the Action Sheet specifically lists this compliance obligation;</li> <li>• Paxon has noted that the Procedure Manual includes a specific procedure entitled: “Installation &amp; Removal of Restriction Devices” which in section 2 states:                             <ul style="list-style-type: none"> <li>• “Where payment is made or registration of an approved payment arrangement is made before 3.00pm on a business day, full water supply will be restored within 2 business days”; and</li> <li>• Where payment or registration of approved payment arrangement after 3.00pm on a business day, full water supply will be restored within 3 business days.”</li> </ul> </li> <li>• These restoration response periods differ from those specified in Regulation 34(4) of the Code of Conduct.</li> </ul>	B	1



Table 11: Audit Observations and Recommendations – Water Services Act 2012

No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Operating Licence - Versions 6 - 7					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
142 (cont.)	34(4)	5.3			<p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that in all instances it did restore water supply as follows:                             <ul style="list-style-type: none"> <li>In cases, where the restoration event occurred before 3 p.m. on a business day – on the same business day; and</li> <li>In cases, where the restoration event occurred after 3 p.m. on a business day – by the next business day.</li> </ul> </li> </ul> <p><b>Recommendation 13/2016:</b></p> <ul style="list-style-type: none"> <li>The "Installation &amp; Removal of Restriction Devices" procedure should be appropriately changed to agree with the restoration response periods specified in Regulation 34(4) of the Code of Conduct.</li> </ul>		
143	34(5)	5.3	The Water Corporation must ensure that there is a 90% compliance rate with clauses 34(2) and 34(3) in any 12 month period ending on 30 June.	n/a	<ul style="list-style-type: none"> <li>Compliance with this clause is limited to the Water Corporation only, and was thus not applicable to BW during the Audit Period.</li> </ul>	n/a	n/a

Table 11: Audit Observations and Recommendations – Water Services Act 2012							
No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Operating Licence - Versions 6 - 7					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
144	34(6)	5.3	The licensee (other than the Water Corporation) must ensure that there is a 90% compliance rate with clause 34(4) in any 12 month period ending on 30 June.	1	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>• Paxon has noted that the Action Sheet specifically lists this compliance obligation and that responsibility therefor is allocated to the Water Tariff Officer;</li> <li>• Paxon has noted that the Procedure Manual includes a specific procedure entitled: “Installation &amp; Removal of Restriction Devices”; and</li> <li>• As per Item 142 above, these restoration response periods in this procedure differ from those specified in Regulation 34(4) of the Code of Conduct.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>• BW has stated that in all instances it did restore water supply within 2 business days during the Audit Period. In cases, where the restoration event occurred before 3 p.m. on a business day, restoration should have taken place by the next business day;</li> </ul>	<b>B</b>	<b>2</b>

Table 11: Audit Observations and Recommendations – Water Services Act 2012							
No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Operating Licence - Versions 6 - 7					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
144 (cont.)	34(6)	5.3			<ul style="list-style-type: none"> <li>BW thus did not use the correct performance criteria to determine compliance with this clause during the Audit Period; and</li> <li>A recommendation was made above in respect of changes to the procedure entitled: “Installation &amp; Removal of Restriction Devices”.</li> </ul>		
145	35(1)	5.3	The licensee must have a written complaints procedure in relation to investigating and dealing with complaints of customers about the provision of water services by the licensee or a failure by the licensee to provide a water service.	1	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>The document entitled: “Customer Complaints Resolution Information Sheet”, is available on BW’s website; and</li> <li>The document entitled: “Our Customer Commitments” is available on BW’s website. This documents deals in detail with customer complaints.</li> </ul>	A	1

**Table 11: Audit Observations and Recommendations – Water Services Act 2012**

No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Operating Licence - Versions 6 - 7				Including Recommendations	Controls
	Clause Number	Clause Number					
146	35(2)	5.3	The licensee's complaints procedure must be developed using as minimum standards the relevant provisions of the AS ISO 10002-2006 and the Authority's guidelines (if any).	1	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that its complaints procedure was developed in compliance with the stipulations of clause 35(2).</li> </ul>	A	1
147	35(3)	5.3	The licensee's complaints procedure must provide for the matters specified in relation to lodgement of complaints, responding to complaints, dispute resolution arrangements and resolving complaints.	1	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>The document entitled: "Customer Complaints Resolution Information Sheet", which is available on BW's website does provide for the matters specified in Clause 35(3).</li> </ul>	A	1

Table 11: Audit Observations and Recommendations – Water Services Act 2012							
No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Operating Licence - Versions 6 - 7					
	Clause Number	Clause Number				Including Recommendations	Controls
148	35(4)	5.3	The licensee's complaints procedure must inform the customer that they do not have to use the licensee’s complaints procedure, provide details of procedures under the Act, and set out the costs and benefits to the customer if they use the complaint resolution procedure instead of the procedures under the Act.	1	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>The document entitled: “Customer Complaints Resolution Information Sheet”, which is available on BW’s website does provide contact details for the Water Ombudsman;</li> <li>However, it is written from the perspective of being a further procedure, after dealing with BW in respect of the complaint, and not as an alternative solution for a customer; and</li> <li>In addition, the document does not refer to the costs and benefits to the customer if using the complaint resolution procedure instead of the procedures under the Act.</li> </ul> <p><b>Recommendation: 14/2016:</b></p> <ul style="list-style-type: none"> <li>The Customer Complaints Resolution Information Sheet should:</li> </ul>	A	2

**Table 11: Audit Observations and Recommendations – Water Services Act 2012**

No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Operating Licence - Versions 6 - 7					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
148 (cont.)	35(4)	5.3			<ul style="list-style-type: none"> <li>Inform the customer that they do not have to use the licensee's complaints procedure;</li> <li>Provide details of procedures under the Act; and</li> <li>Set out the costs and benefits to the customer if the use the complaint resolution procedure instead of the procedures under the Act.</li> </ul>		
149	35(6)	5.3	The licensee's complaints procedure must be publicly available.	1	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>The document entitled: "Customer Complaints Resolution Information Sheet", is available on BW's website; and</li> <li>The document entitled: "Our Customer Commitments" is available on BW's website. This documents deals in detail with customer complaints.</li> </ul>	A	1

Table 11: Audit Observations and Recommendations – Water Services Act 2012							
No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Operating Licence - Versions 6 - 7					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
150	36(1)	5.3	The licensee must provide a customer with the specified services on request and at no charge.	1	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the document entitled: "Our Customer Commitments state the following in respect of "Information Access":</li> </ul> <p>"Busselton Water will provide the following on request and at no charge –</p> <ul style="list-style-type: none"> <li>We will make available to each customer their personal account information;</li> <li>Services for account, payment and general enquiries for use by customers with hearing or speech impairment;</li> <li>Interpreter services for account, payment and general enquiries;</li> <li>A large-print version of any of the licensee's publicly available documents.</li> </ul>	A	1

**Table 11: Audit Observations and Recommendations – Water Services Act 2012**

No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Operating Licence - Versions 6 - 7					
	Clause Number	Clause Number				Including Recommendations	Controls
150 (cont.)	36(1)	5.3			<ul style="list-style-type: none"> <li>BW has stated that the specified services were provided without charge during the Audit Period.</li> </ul>		
151	36(1)	5.3	The licensee must provide a customer with the specified services on request and at no charge.	1	<ul style="list-style-type: none"> <li>This reporting obligation is a duplication of Reference Number 150 above.</li> </ul>	n/a	n/a
152	36(2)	5.3	The licensee must make available to each customer the customer's personal account information.	1	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the document entitled: "Our Customer Commitments" state the following in respect of "Information Access": "Busselton Water will provide the following on request and at no charge –                             <ul style="list-style-type: none"> <li>We will make available to each customer their personal account information...";</li> </ul> </li> <li>Paxon has examined a sample of water supply tax invoices issued during the Audit Period which discloses customers' personal</li> </ul>	A	1



Table 11: Audit Observations and Recommendations – Water Services Act 2012

No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Operating Licence - Versions 6 - 7					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
152 (cont.)	36(2)	5.3			account information.		
153	37(1)	5.3	The licensee must make the prescribed information publicly available.	1	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that BW's website discloses the following:                             <ul style="list-style-type: none"> <li>Water Charges;</li> <li>Different options for account payment; and</li> <li>Water efficiency matters and water conservation.</li> </ul> </li> <li>Paxon has noted that the document entitled: "Our Customer Commitments", which is also available on BW's website, includes references to the:                             <ul style="list-style-type: none"> <li>Services provided by BW under clause 36;</li> </ul> </li> </ul>	A	2

Table 11: Audit Observations and Recommendations – Water Services Act 2012							
No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Operating Licence - Versions 6 - 7					
	Clause Number	Clause Number				Including Recommendations	Controls
153 (cont.)	37(1)	5.3			<ul style="list-style-type: none"> <li>• Obligation of customers to ensure that access to a meter is available;</li> <li>• Restriction of supply. However, no reference is made to the fact that reductions in water flow may be made after 30 days after water service charges became due;</li> <li>• Water quality and its management; and</li> <li>• Planned and unplanned interruptions to water supply.</li> <li>• Paxon has examined a sample of water supply tax invoices issued during the Audit Period which:               <ul style="list-style-type: none"> <li>• Discloses different payment options and transaction fees for payment by credit card; and</li> <li>• Refers to pensioner and senior concessions.</li> </ul> </li> <li>• However, no references could be found in BW’s public documents to the stipulations</li> </ul>		

**Table 11: Audit Observations and Recommendations – Water Services Act 2012**

No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Operating Licence - Versions 6 - 7					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
153 (cont.)	37(1)	5.3			of:: <ul style="list-style-type: none"> <li>• Clause 37(1)(e);</li> <li>• Clause 37(1)(h); and</li> <li>• Clause 37(1)(i);</li> </ul> <b>Recommendation 15/2016</b> <ul style="list-style-type: none"> <li>• The document entitled: "Our Customer Commitments" should make reference to the fact that reductions in water flow may be made after 30 days after water service charges became due.</li> </ul> <b>Recommendation 16/2016</b> <ul style="list-style-type: none"> <li>• BW should include appropriate references to Clauses 37(1) (e), (h) and (i) in its public documents.</li> </ul>		
154	Notes – Clause 12 [clause 37(2)]	5.3	The licensee must ensure that the specified information about bill may be obtained from its website.  [Commenced operation on 18 November 2015]	1	<b>Controls:</b> <ul style="list-style-type: none"> <li>• Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul>	A	1

**Table 11: Audit Observations and Recommendations – Water Services Act 2012**

No.	Obligation Under:		Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied  (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Operating Licence - Versions 6 - 7					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
154 (cont.)	Notes – Clause 12 [clause 37(2)]	5.3			<p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>• Paxon has noted that the information referred to in Clause 37(2) are available on BW’s website: <ul style="list-style-type: none"> <li>• “Estimating Your Bill Information Sheet” – Clause 37(2)(a);</li> <li>• “Our Customer Commitments: Requested Meter Readings” – Clause 37(2)(b);</li> <li>• “Bill Review Information Sheet” – Clauses 37(2)(c), (d) and (e); and</li> <li>• Customer Complaints Resolution Information Sheet - Clause 37(2)(f).</li> </ul> </li> </ul>		

Table 11: Audit Observations and Recommendations – Water Services Act 2012

No.	Obligation Under: Water Services Operating Licence and Water Services Act 2012 (Section 12)	Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Including Recommendations			Controls	Compliance	
155	4	The licensee must pay the applicable fees in accordance with the Regulations.	5	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that it did pay all applicable fees in accordance with the Regulations during the Audit Period. BW has continued that these fees included annual fees to the:                             <ul style="list-style-type: none"> <li>Water Services Ombudsman; and</li> <li>Authority.</li> </ul> </li> </ul>	A	1
156	5.1	Subject to any modifications or exemptions granted pursuant to the Act, the licensee must comply with any applicable legislation.	2	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation, and that responsibility therefor is allocated to the Senior Executive Group; and</li> <li>Paxon has noted that the Technical Officer, Asset and Risk Management is specifically tasked in the document entitled: "Production and Supply – Standard Operating Procedures" (SOP Manual) to</li> </ul>	A	2

Table 11: Audit Observations and Recommendations – Water Services Act 2012

No.	Obligation Under: Water Services Operating Licence and Water Services Act 2012 (Section 12)	Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Including Recommendations			Controls	Compliance	
156 (cont.)	5.1			<p>keep up to date with the latest legislation passed by the Australian Government.</p> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>• BW's compliance during the Audit Period, with the following legal instruments, are addressed in separate sections within Table 11: <ul style="list-style-type: none"> <li>• Water Services Act 2012;</li> <li>• Water Services Regulations 2013;</li> <li>• Water Services Code of Conduct (Customer Service Standards) 2013; and</li> <li>• Water Services Operating Licence.</li> </ul> </li> <li>• Instances of non-compliance with these legal instruments are disclosed in those separate sections within Table 11; and</li> <li>• BW has stated that, except as indicated in Table 11, it did comply with applicable legislation during the Audit Period.</li> </ul>		
157	5.2	The licensee must comply with any code of practice made by the Minister to the extent it applies to the licensee.	2	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>• Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul>	A	NR

Table 11: Audit Observations and Recommendations – Water Services Act 2012

No.	Obligation Under: Water Services Operating Licence and Water Services Act 2012 (Section 12)	Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Including Recommendations			Controls	Compliance	
157 (cont.)	5.2			<b>Compliance:</b> <ul style="list-style-type: none"> <li>BW has stated that it has no knowledge of any code of practice made by the Minister during the Audit Period.</li> </ul>		
158	5.3	The licensee must comply with any code of conduct made by the Authority to the extent it applies to the licensee and is not inconsistent with the terms and conditions of the licence.	2	<b>Controls:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul> <b>Compliance:</b> <ul style="list-style-type: none"> <li>Compliance with the Water Services Code of Conduct (Customer Service Standards) 2013 (Code of Conduct) is specifically addressed in this Report (See Reference Numbers 92 to 154 above); and</li> <li>Instances of non-compliance with the Code of Conduct are disclosed separately for Reference Numbers 92 to 154 above).</li> </ul>	A	2
159	5.4	The licensee must comply with a direction from the Authority in relation to a breach of applicable legislation.	2	<b>Controls:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul>	A	NR

**Table 11: Audit Observations and Recommendations – Water Services Act 2012**

No.	Obligation Under: Water Services Operating Licence and Water Services Act 2012 (Section 12)	Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Including Recommendations			Controls	Compliance	
159 (cont.)	5.4			<b>Compliance:</b> <ul style="list-style-type: none"> <li>BW has stated that no direction was received from the Authority during the Audit Period in respect of a breach of applicable legislation.</li> </ul>		
160	12	The licensee and any related body corporate must maintain accounting records that comply with the Australian Accounting Standards Board Standards or equivalent International Accounting Standards.	2	<b>Controls:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul> <b>Compliance:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the Auditor General expressed unqualified audit opinions in respect of BW’s financial statements/reports in respect of the following financial years:                             <ul style="list-style-type: none"> <li>2012-2013;</li> <li>2013-2014; and</li> <li>2014-2015.</li> </ul> </li> </ul>	A	1
161	13.1	The licensee must comply with any individual performance standards prescribed by the Authority.	5	<b>Controls:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation, and that responsibility therefor is allocated to the Senior Executive Group.</li> </ul>	A	1



Table 11: Audit Observations and Recommendations – Water Services Act 2012						
No.	Obligation Under: Water Services Operating Licence and Water Services Act 2012 (Section 12)	Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Including Recommendations			Controls	Compliance	
161 (cont.)	13.1			<p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>• Paxon has noted that Schedule 3 to the WSOL stipulates specific standards (values) for continuity of pressure and flow of water; and</li> <li>• Paxon has noted that the Performance Report datasheets indicates that the percentage of connected properties that have been supplied at a pressure and flow that meets the standards set out in the licence are as follows:                             <ul style="list-style-type: none"> <li>• 2012-2013 (100%);</li> <li>• 2013-2014 (99.9%); and</li> <li>• 2014-2015 (99.9%).</li> </ul> </li> </ul>		
162	14.4	The licensee must cooperate with the independent expert and comply with the Authority’s standard audit guidelines dealing with the operational audit.	2	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>• Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>• BW did cooperate with Paxon during the performance of the operational audit and complied, in particular with section 10.1 “Assistance provided by the Licensee” as included in the Authority’s document entitled: “Audit and</li> </ul>	A	1

**Table 11: Audit Observations and Recommendations – Water Services Act 2012**

No.	Obligation Under: Water Services Operating Licence and Water Services Act 2012 (Section 12)	Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Including Recommendations			Controls	Compliance	
162 (cont.)	14.4			Review Guidelines: Water Licences – July 2014”.		
163	15.1(a), (b), (c)	The licensee must report to the Authority, in the manner prescribed, if a licensee is under external administration or there is a material change in the circumstances upon which the licence was granted which may affect a licensee’s ability to meet its obligations.	5	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that during the Audit Period, it was not under external administration, nor did a material change take place in the circumstances upon which the licence was granted which affected its ability to meet its obligations.</li> </ul>	A	NR
164	15.1(d)	The licensee must report to the Authority within 10 business days of providing or undertaking water service works that are major works or general works.	5	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation, and that responsibility therefor is allocated to the Technical Officer: Asset and Risk Management.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that no major works took place during the Audit Period;</li> </ul>	A	2

Table 11: Audit Observations and Recommendations – Water Services Act 2012

No.	Obligation Under: Water Services Operating Licence and Water Services Act 2012 (Section 12)	Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Including Recommendations			Controls	Compliance	
164 (cont.)	15.1(d)			<ul style="list-style-type: none"> <li>BW has stated that two general works projects took place during the Audit Period and that it did issue public notifications under the Water Services Act in respect thereof; and</li> <li>BW has stated that it did not report to the Authority within 10 business days of providing or undertaking water service works that were general works during the Audit Period.</li> </ul> <p><b>Recommendation 17/2016:</b></p> <ul style="list-style-type: none"> <li>BW should inform the Authority within 10 business days of providing or undertaking water service works that are major works or general works.</li> </ul>		
165	16.1	The licensee must provide the Authority any information that the Authority may require in connection with its functions under the Act in the time, manner and form specified by the Authority.	2	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that during the Audit Period, the Authority only requested it to provide a post audit implementation plan.</li> </ul>	A	1

Table 11: Audit Observations and Recommendations – Water Services Act 2012						
No.	Obligation Under: Water Services Operating Licence and Water Services Act 2012 (Section 12)	Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Including Recommendations			Controls	Compliance	
166	16.2	The licensee must comply with any information reporting requirements prescribed by the Authority, including but not limited to the provisions of the <i>Water Compliance Reporting Manual</i> that apply to the licensee.	2	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation; and</li> <li>Paxon has noted that the Action Sheet for 2015 indicates that BW did comply with this compliance obligation.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Compliance Report for the period 1 July 2012 to 30 June 2013 did not disclose any breaches of BW’s compliance obligations;</li> <li>Paxon has noted that the Compliance Report for the period 1 July 2013 to 30 June 2014 did not disclose any breaches of BW’s compliance obligations; and</li> <li>Paxon has noted that the Compliance Report for the period 1 July 2014 to 30 June 2015:                             <ul style="list-style-type: none"> <li>Did not disclose any breaches of BW’s compliance obligations; and</li> <li>Was dated 30 September 2015.</li> </ul> </li> </ul>	<b>B</b>	<b>2</b>

Table 11: Audit Observations and Recommendations – Water Services Act 2012

No.	Obligation Under: Water Services Operating Licence and Water Services Act 2012 (Section 12)	Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Including Recommendations			Controls	Compliance	
166 (cont.)	16.2			<p>As a result this Compliance Report was submitted late.</p> <p><b>Recommendation 18/2016:</b></p> <ul style="list-style-type: none"> <li>• BW should ensure that:                             <ul style="list-style-type: none"> <li>• Action Sheets disclose instances of non-compliance; and</li> <li>• The Compliance Report covering the year ending 30 June 2016 discloses this contravention of clause 16.1 of the WSOL.</li> </ul> </li> </ul>		
167	16.3	The licensee must provide the Authority with the data required for performance reporting purposes that is specified in <i>Water Compliance Reporting Manual</i> , and the National Performance Framework that apply to the licensee.	2	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>• Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>• Paxon has noted that the Performance Report for 2012 -2013 indicated that:                             <ul style="list-style-type: none"> <li>• 95% of connected properties did not experience an interruption to water supply exceeding one hour in duration;</li> <li>• 100% of connected properties were supplied at a pressure and flow that met the standards set</li> </ul> </li> </ul>	A	1

Table 11: Audit Observations and Recommendations – Water Services Act 2012						
No.	Obligation Under: Water Services Operating Licence and Water Services Act 2012 (Section 12)	Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Clause Number			Including Recommendations	Controls	Compliance
167 (cont.)	16.3			<p>out in the licence;</p> <ul style="list-style-type: none"> <li>98.4% of customers were advised, within one hour of reporting an emergency, of the nature and timing of the action to be undertaken by BW; and</li> <li>100% of customer complaints were resolved within 15 business days.</li> </ul> <p>As such, BW did comply with the service and performance standards contained in Schedule 4 to WSOL – Version 5;</p> <ul style="list-style-type: none"> <li>Paxon has noted that the Performance Report for 2013 -2014 indicated that:                             <ul style="list-style-type: none"> <li>99.9% of connected properties were supplied at a pressure and flow that met the standards set out in the licence; and</li> <li>100% of customer complaints were resolved within 15 business days.</li> </ul> </li> <li>Paxon has noted that the Performance Report for 2014 -2015 indicated that:                             <ul style="list-style-type: none"> <li>99.9% of connected properties were supplied at a pressure and flow that met the standards set</li> </ul> </li> </ul>		

Table 11: Audit Observations and Recommendations – Water Services Act 2012

No.	Obligation Under: Water Services Operating Licence and Water Services Act 2012 (Section 12)	Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Including Recommendations			Controls	Compliance	
167 (cont.)	16.3			<p>out in the licence; and</p> <ul style="list-style-type: none"> <li>100% of customer complaints were resolved within 15 business days.</li> <li>Paxon has noted that the Performance Reports for 2012 – 2013, 2013 - 2014 and 2014 - 2015 were submitted in time;</li> <li>BW has stated that it entered performance data it is obligated to provide to the Bureau of Meteorology directly into a template kept in a secure area on the Bureau’s website. BW has stated that after data entry, it downloaded an Excel spread sheet which contains the performance data it provided to the Bureau;</li> <li>BW has stated that this information was provided on a timely basis; and</li> <li>Paxon has noted that the spread sheet discloses data in respect of the 2012-13, 2013-14 and 2014-15 years.</li> </ul>		
168	17.2	Subject to clause 17.3, the licensee must publish within the specified timeframe any information that the Authority has directed the licensee to publish under clause 17.1.	5	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul>	A	1

**Table 11: Audit Observations and Recommendations – Water Services Act 2012**

No.	Obligation Under: Water Services Operating Licence and Water Services Act 2012 (Section 12)	Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Including Recommendations			Controls	Compliance	
168 (cont.)	17.2			<p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that it did publish within the specified timeframe any information that the Authority directed the licensee to publish under clause 17.1 during the Audit Period.</li> </ul>		
169	18.1	Unless otherwise specified, all notices must be in writing.	5	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that notices were given in writing during the Audit Period. Paxon has seen numerous examples, as referred to throughout this Audit Report, to support this statement.</li> </ul>	A	1
170	20.1	The licensee must provide for, and notify the Authority of, an asset management system within the specified time unless otherwise notified by the Authority.	2	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>This was a once-off compliance obligation and specific systems, processes and controls are not expected to be in place on a perpetual basis therefor; and</li> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation and states that it complied therewith in both 2014 and 2015.</li> </ul>	B	n/a



Table 11: Audit Observations and Recommendations – Water Services Act 2012

No.	Obligation Under: Water Services Operating Licence and Water Services Act 2012 (Section 12)	Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Including Recommendations			Controls	Compliance	
170 (cont.)	20.1			<p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that BW’s WSOL commenced on 1 October 1996.</li> </ul> <p><b>Recommendation 19/2016:</b></p> <ul style="list-style-type: none"> <li>The Action Sheet should be appropriately changed to indicate that this was a once-off compliance obligation.</li> </ul>		
171	20.2	The licensee must notify the Authority of any material change to the asset management system within 10 business days of the change.	2	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that no material change to the asset management system occurred during the Audit period.</li> </ul>	A	NR
172	20.6	The licensee must cooperate with the independent expert and comply with the Authority’s standard guidelines dealing with the asset management system review.	2	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW did cooperate with Paxon during the performance of the Asset Management System</li> </ul>	A	1

**Table 11: Audit Observations and Recommendations – Water Services Act 2012**

No.	Obligation Under: Water Services Operating Licence and Water Services Act 2012 (Section 12)	Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Including Recommendations			Controls	Compliance	
172 (cont.)	20.6			Effectiveness Review and complied, in particular with section 10.1 “Assistance provided by the Licensee” as included in the Authority’s document entitled: “Audit and Review Guidelines: Water Licences – July 2014”.		
173	21.1	The licensee must not supply water services to customers unless the licensee is a member of and bound by the water services ombudsman scheme.	5	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW did cooperate with Paxon during the performance of the Asset Management System Effectiveness Review and complied, in particular with section 10.1 “Assistance provided by the Licensee” as included in the Authority’s document entitled: “Audit and Review Guidelines: Water Licences – July 2014”.</li> </ul>	A	1
174	22.1	Subject to the Act and the terms of a customer contract that apply to the water service, the licensee must supply water services in accordance with the terms and conditions set out in Schedule 4 (if any).	5	<ul style="list-style-type: none"> <li>Paxon has noted that Schedule 4 to both WSOL - Versions 6 nor 7 does not disclose any standard terms and conditions of service. As a result, this clause was thus not applicable to the BW during the Audit Period.</li> </ul>	n/a	n/a

Table 11: Audit Observations and Recommendations – Water Services Act 2012

No.	Obligation Under: Water Services Operating Licence and Water Services Act 2012 (Section 12)	Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Including Recommendations			Controls	Compliance	
175	23.1	If directed by the Authority, the licensee must submit a draft customer contract for approval.	5	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that it was not directed by the Authority to submit a draft customer contract for approval during the Audit Period.</li> </ul>	A	NR
176	23.2	The licensee must comply with any <i>Customer Contract Guidelines</i> that apply to the licensee.	5	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that it does not have any knowledge of Customer Contract Guidelines that applied to it during the Audit Period.</li> </ul>	A	NR
177	23.3	The licensee may only amend the customer contract with the Authority's approval.	5	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation, and that responsibility therefor is allocated to the Senior Executive Group.</li> </ul>	A	NR

Table 11: Audit Observations and Recommendations – Water Services Act 2012

No.	Obligation Under: Water Services Operating Licence and Water Services Act 2012 (Section 12)	Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Including Recommendations			Controls	Compliance	
177 (cont.)	23.3			<b>Compliance:</b> <ul style="list-style-type: none"> <li>BW has stated that it did not amend any customer contracts during the Audit Period.</li> </ul>		
178	23.6	The licensee must comply with any direction by the Authority to amend the customer contract.	5	<b>Controls:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation, and that responsibility therefor is allocated to the Senior Executive Group.</li> </ul> <b>Compliance:</b> <ul style="list-style-type: none"> <li>BW has stated that it did not amend any customer contracts during the Audit Period; and</li> <li>BW has stated that no direction was received from the Authority to amend customer contracts during the Audit Period.</li> </ul>	A	NR
179	24.1 and 24.2	Unless clause 24.3 applies, the licensee cannot enter into an agreement with a customer to provide water services that exclude, modify or restrict the terms and conditions of the licence or the requirements of the <i>Customer Services Code</i> without the prior approval of the Authority.	5	<b>Controls:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul> <b>Compliance:</b> <ul style="list-style-type: none"> <li>BW has stated that it did not enter into agreements with customers to provide water services during the Audit Period.</li> </ul>	A	NR

Table 11: Audit Observations and Recommendations – Water Services Act 2012

No.	Obligation Under: Water Services Operating Licence and Water Services Act 2012 (Section 12)	Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Including Recommendations			Controls	Compliance	
180	24.4	If the licensee enters into an agreement that excludes, modifies or restricts the terms and conditions of the licence or the requirements of the <i>Customer Services Code</i> , the licensee must publish an annual report containing the information specified.	5	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that it did not enter into agreements with customers to provide water services during the Audit Period.</li> </ul>	A	NR
181	25.1	If the licensee is appointed as the supplier of last resort for a designated area, the licensee must perform the functions of a supplier of last resort, comply with the duties imposed by the Act and carry out its operations under or for the purpose of the last resort plan in accordance with the Act.	5	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that it was not a supplier of last resort during the Audit Period.</li> </ul>	A	NR
182	28.1(b)	If the licensee provides a water service outside of the operating area the licensee must apply to amend the licence unless otherwise notified by the Authority.	2	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation, and that responsibility therefor is allocated to the Senior Executive Group.</li> </ul>	A	NR

Table 11: Audit Observations and Recommendations – Water Services Act 2012

No.	Obligation Under: Water Services Operating Licence and Water Services Act 2012 (Section 12)	Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Including Recommendations			Controls	Compliance	
182 (cont.)	28.1 (b)			<p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that it did not provide any water services outside of the operating area of the licence during the Audit Period; and</li> <li>Paxon has noted that the WSOL was changed on 15 August 2014 to expand the operating area.</li> </ul>		
183	30.3	The licensee must comply with the Authority's Financial Hardship Policy Guidelines as they apply to the licensee.	5	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that it did comply with the Authority's Financial Hardship Policy Guidelines during the Audit Period; and</li> <li>Paxon has noted that the Financial Hardship Policy was approved by the Authority on 16 May 2014.</li> </ul>	A	1
184	31.1	The licensee must enter into a Memorandum of Understanding with the Department of Health as soon as practicable after the commencement date.	5	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>This was a once-off compliance obligation and specific systems, processes and controls are not expected to be in place on a perpetual basis</li> </ul>	B	n/a

Table 11: Audit Observations and Recommendations – Water Services Act 2012

No.	Obligation Under: Water Services Operating Licence and Water Services Act 2012 (Section 12)	Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Including Recommendations			Controls	Compliance	
184 (cont.)	31.1			therefor; and <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation and states that it complied therewith in both 2014 and 2015.</li> </ul> <b>Compliance:</b> <ul style="list-style-type: none"> <li>Paxon has noted that BW entered into a Memorandum of Understanding (MoU) with the Department of Health on 3 October 2011.</li> </ul> <b>Recommendation 20/2016:</b> <ul style="list-style-type: none"> <li>The Action Sheet should be appropriately changed to indicate that this was a once-off compliance obligation.</li> </ul>		
185	31.2	The Memorandum of Understanding must comply with the specified requirements in relation to legal standing of the document and compliance audits by the Department of Health.	5	<b>Controls:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul> <b>Compliance:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the MoU states in section 17.1: "This MoU is executed pursuant to the Licensee's Operating Licence and is legally binding between</li> </ul>	A	1

Table 11: Audit Observations and Recommendations – Water Services Act 2012

No.	Obligation Under: Water Services Operating Licence and Water Services Act 2012 (Section 12)	Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Including Recommendations			Controls	Compliance	
185 (cont.)	31.2			the Department and Licensee.”; • BW has stated that no compliance audit was conducted by the Department of Health during the Audit Period. Paxon has noted that the MoU in: <ul style="list-style-type: none"> <li>• Section 14.2 provides for a compliance audit to be performed at the discretion of the Department of Health;</li> <li>• Section 14.3 does “note” that the WSOL requires a compliance audit at least once every three years; and</li> <li>• Section 14.10 provides for the submission of the audit report to the Authority.</li> </ul> • The Department of Health has indicated that in terms of their interpretation of both the WSOL and the MoU, the compliance audit interval is at their discretion and was thus not enforced during the Audit Period.		
186	31.3	The licensee must comply with the terms of the Memorandum of Understanding.	5	<b>Controls:</b> <ul style="list-style-type: none"> <li>• Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul>	A	1



Table 11: Audit Observations and Recommendations – Water Services Act 2012

No.	Obligation Under: Water Services Operating Licence and Water Services Act 2012 (Section 12)	Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Including Recommendations			Controls	Compliance	
186 (cont.)	31.3			<b>Compliance:</b> <ul style="list-style-type: none"> <li>BW has stated that it did comply with the terms of the MoU during the Audit Period.</li> </ul>		
187	31.4	The licensee must publish the Memorandum of Understanding and any amendments to the Memorandum of Understanding within one month of signing or making the amendment.	5	<b>Controls:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul> <b>Compliance:</b> <ul style="list-style-type: none"> <li>Paxon has noted that amendments were made to the MoU on 27 January 2015;</li> <li>Paxon has noted that the MoU is available on BW's website; and</li> <li>BW has stated that it did publish the amendments to the MoU within one month of making the amendments.</li> </ul>	A	1
188	31.5	The licensee must publish the audit report on compliance with its obligations under the Memorandum of Understanding on its website within one month of the completion of the audit.	5	<b>Controls:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul> <b>Compliance:</b> <ul style="list-style-type: none"> <li>BW has stated that no compliance audit was conducted by the Department of Health during the Audit Period. Paxon has noted that the MoU in:</li> </ul>	A	NR

Table 11: Audit Observations and Recommendations – Water Services Act 2012

No.	Obligation Under: Water Services Operating Licence and Water Services Act 2012 (Section 12)	Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Including Recommendations			Controls	Compliance	
188 (cont.)	31.5			<ul style="list-style-type: none"> <li>Section 14.2 provides for a compliance audit to be performed at the discretion of the Department of Health;</li> <li>Section 14.3 does "note" that the WSOL requires a compliance audit at least once every three years; and</li> <li>Section 14.10 provides for the submission of the audit report to the Authority.</li> <li>The Department of Health has indicated that in terms of their interpretation of both the WSOL and the MoU, the compliance audit interval is at their discretion and was thus not enforced during the Audit Period.</li> </ul>		
189	31.6	The licensee must publish any reports required by the Department of Health or set out in the Memorandum of Understanding on the licensee's website quarterly or at a reporting frequency specified by the Department of Health.	5	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that it did comply with the stipulations of this clause during the Audit Period; and</li> <li>Paxon has noted that the following reports are</li> </ul>	A	1

Table 11: Audit Observations and Recommendations – Water Services Act 2012

No.	Obligation Under: Water Services Operating Licence and Water Services Act 2012 (Section 12)	Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Including Recommendations			Controls	Compliance	
189 (cont.)	31.6			disclosed on BW’s website: <ul style="list-style-type: none"> <li>Annual Water Quality Reports for the period 2007-2008 to 2014 – 2015; and</li> <li>Water quality reports for the last 2 quarters of 2015.</li> </ul>		
190	Sch. 3	The licensee must comply with the service and performance standards as set out in Schedule 3.	5	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation, and that responsibility therefor is allocated to the Senior Executive Group.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that Schedule 3 to the WSOL stipulates specific standards (values) for continuity of pressure and flow of water; and</li> <li>Paxon has noted that the Performance Report datasheets indicates that the percentage of connected properties that have been supplied at a pressure and flow that meets the standards set out in the licence are as follows:               <ul style="list-style-type: none"> <li>2012-2013 (100%);</li> <li>2013-2014 (99.9%); and</li> <li>2014-2015 (99.9%).</li> </ul> </li> </ul>	A	1

#### 4.5 Audit Observations and Recommendations - Water Services Licensing Act 1995

This Summary only lists obligations under Water Services Operating Licence (WSOL) – Version 5, which were discontinued under WSOL – Version 6. Obligations included in WSOL -Version 5 and carried forward in WSOL – Version 6, are disclosed in section 4.4.

Table 12: Audit Observations and Recommendations – Water Services Licensing Act 1995						
No.	Obligation Under: Water Services Operating Licence - Version 5	Summary Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Clause Number			Including Recommendations	Controls	Compliance
9	6.1	The licensee must establish a customer complaints process as set out in Schedule 3.	2	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the current version of the document entitled: “Procedure Manual”, which was last reviewed and approved on 4 November 2014, includes a specific procedure entitled: “Complaints Management”.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that a document entitled: “Customer Complaints Resolution Information Sheet” is available on BW’s website.</li> </ul>	A	1
10	Sch. 3 Cl. 3.1	The licensee must resolve customer complaints within 15 business days of the receipt of complaint.	2	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the current version of the document entitled: “Procedure Manual”, which was last reviewed and approved on 4 November 2014, includes a specific procedure entitled: “Complaints Management”.</li> </ul>	A	1

Table 12: Audit Observations and Recommendations – Water Services Licensing Act 1995						
No.	Obligation Under: Water Services Operating Licence - Version 5	Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Including Recommendations			Controls	Compliance	
10 (cont.)	Sch. 3 Cl. 3.1			<p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the Performance Report for 2012 -2013 indicated that 100% of customer complaints were resolved within 15 business days; and</li> <li>Paxon has noted that the Performance Report for 2013 -2014 indicated that 100% of customer complaints were resolved within 15 business days.</li> </ul>		
12	Sch. 3 Cl. 3.2 (b)	The licensee must provide appropriately trained staff to respond to complaints.	2	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the current version of the document entitled: "Procedure Manual", which was last reviewed and approved on 4 November 2014, includes a specific procedure entitled: "Complaints Management".</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that a customer service team were employed and that the CEO signed all letters of response to customer complaints during the Audit Period.</li> </ul>	A	1

**Table 12: Audit Observations and Recommendations – Water Services Licensing Act 1995**

No.	Obligation Under: Water Services Operating Licence - Version 5	Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Including Recommendations			Controls	Compliance	
14	Sch. 3 Cl. 3.2 (d)	The licensee must provide an appropriate system to monitor and record the number, nature of and outcomes to complaints.	2	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the current version of the document entitled: "Procedure Manual", which was last reviewed and approved on 4 November 2014, includes a specific procedure entitled: "Complaints Management" which does refer to logging the complaint within the: "Confirm Customer Database (CCD)".</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the complaints register, covering complaints made during the Audit Period, disclosed amongst others, the following information in respect thereof:                             <ul style="list-style-type: none"> <li>Unique reference number;</li> <li>Nature of; and</li> <li>Outcome of complaints.</li> </ul> </li> </ul>	A	1
15	Sch. 3 Cl. 3.4	The licensee must inform the customer of the option to refer a disputed complaint to the Department of Water.	2	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the current version of the document entitled: "Procedure Manual", which was last reviewed and approved on 4 November 2014, includes a specific procedure entitled: "Complaints Management" which does talk about the option of referring disputed</li> </ul>	A	1

**Table 12: Audit Observations and Recommendations – Water Services Licensing Act 1995**

No.	Obligation Under: Water Services Operating Licence - Version 5	Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Including Recommendations			Controls	Compliance	
15 (cont.)	Sch. 3 Cl. 3.4			<p>complaints to the Water Ombudsman.</p> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that a document entitled: "Customer Complaints Resolution Information Sheet", which is available on BW's website, does refer to the option to refer a disputed complaint to the Water Ombudsman.</li> </ul>		
17	Schedule 3 Clause 3.6	The licensee must co-operate with the Department of Water's request for information concerning a disputed complaint.	2	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the current version of the document entitled: "Procedure Manual", which was last reviewed and approved on 4 November 2014, includes a procedure entitled: "Complaints Management". However, this procedure does not refer to cooperating with the Department of Water's request for information concerning a disputed complaint; and</li> <li>As the Authority has approved a Water Services Ombudsman Scheme, no recommendation is made.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has indicated that it did co-operate with the Department of Water's requests for information concerning disputed complaint during the</li> </ul>	B	1

**Table 12: Audit Observations and Recommendations – Water Services Licensing Act 1995**

No.	Obligation Under: Water Services Operating Licence - Version 5	Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Including Recommendations			Controls	Compliance	
17 (cont.)	Schedule 3 Clause 3.6			Audit Period.		
18	Schedule 3 Clause 3.7	The licensee must, on request, provide complaints details to the Department of Water.	2	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the current version of the document entitled: "Procedure Manual", which was last reviewed and approved on 4 November 2014, includes a procedure entitled: "Complaints Management". However, this procedure does not refer to providing complaints details to the Department of Water; and</li> <li>As the Authority has approved a Water Services Ombudsman Scheme, no recommendation is made.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has indicated that it did, on request, provide complaints details to the Department of Water.</li> </ul>	B	1
19	Clause 7.1	The licensee must establish a Customer Service Charter as set out in Schedule 3.	4	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>No specific systems, processes and controls are expected to be in place, beyond the establishment of the Customer Service Charter.</li> </ul>	n/a	1



**Table 12: Audit Observations and Recommendations – Water Services Licensing Act 1995**

No.	Obligation Under: Water Services Operating Licence - Version 5	Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Including Recommendations			Controls	Compliance	
19 (cont.)	Clause 7.1			<b>Compliance:</b> <ul style="list-style-type: none"> <li>Paxon has noted that a document entitled: "Our Customer Commitments" is available on BW's website.</li> </ul>		
20	Schedule 3 Clause 2.5	The licensee must make the Customer Service Charter available to its customers in the three ways detailed in their licence.	4	<b>Controls:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the current version of the document entitled: "Procedure Manual", which was last reviewed and approved on 4 November 2014, does not refer to this compliance obligation; and</li> <li>However, as neither WSOL Versions 6 nor 7 contain any specific stipulations in this regard, no recommendation is made.</li> </ul> <b>Compliance:</b> <ul style="list-style-type: none"> <li>BW has stated that it did make its Customer Service Charter available to its customers in the three ways detailed in their licence during the Audit Period.</li> </ul>	<b>B</b>	<b>1</b>
21	Schedule 3 Clause 2.6	The licensee must review its Customer Service Charter at least once in every three year period.	4	<b>Controls:</b> <ul style="list-style-type: none"> <li>Paxon has noted that the current version of the document entitled: "Procedure Manual", which was last reviewed and approved on 4 November</li> </ul>	<b>B</b>	<b>1</b>

Table 12: Audit Observations and Recommendations – Water Services Licensing Act 1995						
No.	Obligation Under: Water Services Operating Licence - Version 5	Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Including Recommendations			Controls	Compliance	
21 (cont.)	Schedule 3 Clause 2.6			<p>2014, does not refer to this compliance obligation; and</p> <ul style="list-style-type: none"> <li>• However, as neither WSOL Versions 6 nor 7 contain any specific stipulations in this regard, no recommendation is made.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>• Paxon has noted that the document entitled: "Our Customer Commitments" was last amended on 26 April 2015.</li> </ul>		
22	Schedule 3 Clause 2.7	The licensee must provide its services consistent with its Customer Service Charter.	4	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>• Paxon has noted that the current version of the document entitled: "Procedure Manual", which was last reviewed and approved on 4 November 2014, does not refer to this compliance obligation; and</li> <li>• However, as neither WSOL Versions 6 nor 7 contain any specific stipulations in this regard, no recommendation is made.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>• BW has stated that it did provide its services consistent with its Customer Service Charter during the Audit Period.</li> </ul>	<b>B</b>	<b>1</b>

Table 12: Audit Observations and Recommendations – Water Services Licensing Act 1995						
No.	Obligation Under: Water Services Operating Licence - Version 5	Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Clause Number			Including Recommendations	Controls	Compliance
23	Clause 8	The licensee must establish customer consultation processes as set out in Schedule 3.	4	<ul style="list-style-type: none"> <li>The customer consultation processes as set out in schedule 3 are covered by items 24 to 26 below.</li> </ul>	n/a	n/a
24	Schedule 3 Clause 4.1	The licensee may either establish a Customer Council or institute at least 2 of the following: establish a regular meeting; publish a newsletter or run other public forums, concerning the licensed activities.	4	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the current version of the document entitled: "Procedure Manual", which was last reviewed and approved on 4 November 2014, does not refer to this compliance obligation; and</li> <li>However, as neither WSOL Versions 6 nor 7 contain any specific stipulations in this regard, no recommendation is made.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that, during the Audit Period, it did:                             <ul style="list-style-type: none"> <li>Hold an annual customer meeting;</li> <li>Introduce a Customer Advisory Group which held its first meeting on 21 October 2013 and meets twice a year; and</li> <li>Issue a WaterSource customer newsletter with every water bill (three times per year). The newsletters were also available on</li> </ul> </li> </ul>	B	1

**Table 12: Audit Observations and Recommendations – Water Services Licensing Act 1995**

No.	Obligation Under: Water Services Operating Licence - Version 5	Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Including Recommendations			Controls	Compliance	
24 (cont.)	Schedule 3 Clause 4.1			Busselton Water's website.		
25	Schedule 3 Clause 4.2	The licence must consult the Authority on the type and extent of consultation to be adopted by the licensee.	4	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the current version of the document entitled: "Procedure Manual", which was last reviewed and approved on 4 November 2014, does not refer to this compliance obligation; and</li> <li>However, as neither WSOL Versions 6 nor 7 contain any specific stipulations in this regard, no recommendation is made.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that it did consult the Authority on the type and extent of consultation to be adopted by the licensee during the Audit Period.</li> </ul>	B	1
26	Schedule 3 Clause 4.3	The licensee must, if at the request of the Authority, establish other forums for consultations, to enable community involvement in issues relevant to licence obligations.	4	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the current version of the document entitled: "Procedure Manual", which was last reviewed and approved on 4 November 2014, does not refer to this compliance obligation; and</li> </ul>	B	NR

Table 12: Audit Observations and Recommendations – Water Services Licensing Act 1995

No.	Obligation Under: Water Services Operating Licence - Version 5	Summary Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Busselton Water to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Including Recommendations			Controls	Compliance	
26 (cont.)	Schedule 3 Clause 4.3			<ul style="list-style-type: none"> <li>However, as neither WSOL Versions 6 nor 7 contain any specific stipulations in this regard, no recommendation is made.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that the Authority did not request it to establish other forums for consultations during the Audit Period.</li> </ul>		
32	Schedule 3 Clause 6	The licensee must conduct a customer survey if directed to by the Authority.	5	<p><b>Controls:</b></p> <ul style="list-style-type: none"> <li>Paxon has noted that the current version of the document entitled: "Procedure Manual", which was last reviewed and approved on 4 November 2014, does not refer to this compliance obligation; and</li> <li>However, as neither WSOL Versions 6 nor 7 contain any specific stipulations in this regard, no recommendation is made.</li> </ul> <p><b>Compliance:</b></p> <ul style="list-style-type: none"> <li>BW has stated that the Authority did not request it to conduct a customer survey during the Audit Period.</li> </ul>	<b>B</b>	<b>NR</b>

4.6 Current Audit: Non-Compliances and Recommendations

Table 13: Current Audit: Non-Compliances and Recommendations			
A. Resolved During Current Audit Period			
Manual Reference	Non-Compliance or Controls Inadequacy Rating	Date Resolved	Auditor's Comments
	Legislative Obligation	Management Action Taken	
	Details of Non-Compliance or Controls Inadequacy		
No such instances occurred during the current Audit Period.			

Table 13: Current Audit: Non-Compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
Reference <sup>4</sup> (no./year)	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation (LO)		
	Details for Control and/or Compliance Rating		
1 (01/2016)	<ul style="list-style-type: none"> <li>B 1;</li> <li>LO: Act: clause 21(1)(a) and WSOL – Version 7: clause 27.1; and</li> <li>Details:                             <ul style="list-style-type: none"> <li>Paxon has noted that for a material number of obligations, the Responsibility, Action, Comments and Status columns have not been completed.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>The Action Sheet should, as far as practical, assign responsibility for all compliance obligations to a designated officer or section in BW;</li> <li>All compliance obligations listed in the Action Sheet should be linked to BW's procedure manuals and/or Work Instructions; and</li> <li>BW should implement a breach register in respect of its licence conditions as stated in section 9.3.2.3 of the Authority's document entitled: "Audit and Review Guidelines: Water Licences – July 2014".</li> </ul>	Nil
70 (02/2016)	<ul style="list-style-type: none"> <li>B 1;</li> <li>LO: Water Services Regulations 2013: regulation 42(2) and WSOL – Version 7: clause 5.1; and</li> <li>Details:                             <ul style="list-style-type: none"> <li>Paxon has noted that the Procedure Manual includes a specific procedure entitled: "Backflow Prevention Device". However, this procedure does not refer to Regulation Number 42(2) at all.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>The procedure entitled: "Backflow Prevention Device", as contained in the Procedure Manual, should include an appropriate reference to Regulation Number 42(2).</li> </ul>	Nil

<sup>4</sup> The 'No.' refers to the compliance obligation reference number, as per the Authority's document entitled: "Water Compliance Reporting Manual – Water Services Act 2012 – April 2014"

Table 13: Current Audit: Non-Compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
Reference <sup>4</sup> (no./year)	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation (LO)		
	Details for Control and/or Compliance Rating		
76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87 (03/2016)	<ul style="list-style-type: none"> <li>B 1 (16-79), B n/a (80-87);</li> <li>LO: Water Services Regulations 2013: regulations 65(1), 65(2), 65(4), 67, 68(5), 68(6), 68(7), 68(8), 69(3), 70(2), 74(1), 74(2) and WSOL – Version 7: clause 5.1; and</li> <li>Details:               <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation, however, it indicates that this Regulation is: "N/A GRV".</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>The Action Sheet should be appropriately changed to recognise Water Services Regulations 2013 – Number 65(1), 65(2), 65(4), 67, 68(5), 68(6), 68(7), 68(8), 69(3), 70(2), 74(1), and 74(2) as being applicable to Busselton Water.</li> </ul>	Nil
100 (04/2016)	<ul style="list-style-type: none"> <li>A 2;</li> <li>LO: Water Services Code of Conduct (Customer Service Standards) 2013 (Code of Conduct): clause 12(1) and WSOL – Version 7: clause 5.3; and</li> <li>Details:               <ul style="list-style-type: none"> <li>Paxon has examined a sample of Water Supply Tax Invoices issued after 18 November 2013 and is satisfied it contains the prescribed information except for a statement that the website contains information about estimates, meter reading and testing, complaints and review.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>The Water Supply Tax Invoices should be amended to include a statement that the website contains information about estimates, meter reading and testing, complaints and review.</li> </ul>	Nil



**Table 13: Current Audit: Non-Compliances and Recommendations**

B. Unresolved at End of Current Audit Period			
Reference <sup>4</sup> (no./year)	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation (LO)		
	Details for Control and/or Compliance Rating		
102 (05/2016)	<ul style="list-style-type: none"> <li>A 2;</li> <li>LO: Code of Conduct: clause 12(3) and WSOL – Version 7: clause 5.3; and</li> <li>Details:                             <ul style="list-style-type: none"> <li>Paxon has examined a sample of Water Supply Tax Invoices issued after 18 November 2013. These invoices do not disclose the information stipulated in Clause 12(3).</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>The Water Supply Tax Invoices should be amended to include the information stipulated in Clause 12(3).</li> </ul>	Nil
107 (06/2016)	<ul style="list-style-type: none"> <li>B 2;</li> <li>LO: Code of Conduct: clause 16(2) and WSOL – Version 7: clause 5.3; and</li> <li>Details:                             <ul style="list-style-type: none"> <li>Paxon has noted that the Procedure Manual includes a specific procedure entitled: “Bill Review”. This document stipulates:                                     <p>“On conclusion of the bill review and if it is found that the customer’s bill has been under charged, Busselton Water will back charge the undercharged amount up to a period of 12 months from the date of the bill review being completed.”;</p> </li> <li>This period calculated with reference to “the bill review being completed” is not</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>The “Bill Review” procedure and the “Bill Review Information Sheet” should be appropriately changed to reflect the stipulations of Regulation 16(2) of the Code of Conduct in respect of the review period.</li> </ul>	Nil

Table 13: Current Audit: Non-Compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
Reference <sup>4</sup> (no./year)	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation (LO)		
	Details for Control and/or Compliance Rating		
107 (06/2016) (cont.)	<p>the same as the period calculated with reference "the day on which the licensee informed the customer of the undercharging" as stated in Clause 16(2) of the Water Services Code of Conduct (Customer Service Standards) 2013 (Code of Conduct); and</p> <ul style="list-style-type: none"> <li>Paxon has noted that the document entitled: "Bill Review Information Sheet", as disclosed on BW's website, contains basically the same wording as disclosed above in the "Bill Review" procedure in respect of the review period.</li> </ul>		
109 (07/2016)	<ul style="list-style-type: none"> <li>B 2;</li> <li>LO: Code of Conduct: clause 16(4) and WSOL – Version 7: clause 5.3; and</li> <li>Details: <ul style="list-style-type: none"> <li>Paxon has noted that the Procedure Manual includes a specific procedure entitled: "Bill Review". This document stipulates: <p>"A special bill (interest free with 12 month payment terms) will (be) issued.";</p> </li> <li>No reference is made in the "Bill Review" procedure to the obligations in respect of not charging late payment fees; and</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>The "Bill Review" procedure and the "Bill Review Information Sheet" should be appropriately changed to reflect the stipulations of Regulation 16(4) of the Code of Conduct in respect of not charging late payment fees.</li> </ul>	Nil

Table 13: Current Audit: Non-Compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
Reference <sup>4</sup> (no./year)	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation (LO)		
	Details for Control and/or Compliance Rating		
109 (07/2016) (cont.)	<ul style="list-style-type: none"> <li>Paxon has noted that a document entitled: "Bill Review Information Sheet" contains basically the same wording as disclosed above in the "Bill Review" procedure in respect of not charging late payment fees.</li> </ul>		
110 (08/2016)	<ul style="list-style-type: none"> <li>B 2;</li> <li>LO: Code of Conduct: clause 16(5) and WSOL – Version 7: clause 5.3; and</li> <li>Details:                             <ul style="list-style-type: none"> <li>Paxon has noted that the Procedure Manual includes a specific procedure entitled: "Bill Review". This document stipulates:                                     <p>"A special bill (interest free with 12 month payment terms) will (be) issued.";</p> </li> <li>No reference is made in the "Bill Review" procedure to the fact that the payment term should be the shorter of the following periods starting on the day on which the bill mentioned in sub clause (3)(a) or (b) is issued, as is applicable in the case –                                     <ul style="list-style-type: none"> <li>A period for the same amount of time in which the undercharging occurred; or</li> <li>A period of 12 months.</li> </ul> </li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>The "Bill Review" procedure and the "Bill Review Information Sheet" should be appropriately changed to reflect the stipulations of Regulation 16(5) of the Code of Conduct in respect of the duration of the repayment period.</li> </ul>	Nil

Table 13: Current Audit: Non-Compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
Reference <sup>4</sup> (no./year)	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation (LO)		
	Details for Control and/or Compliance Rating		
110 (08/2016) (cont.)	<ul style="list-style-type: none"> <li>Paxon has noted that a document entitled: "Bill Review Information Sheet" contains basically the same wording as disclosed above in the "Bill Review" procedure in respect of the duration of the repayment period.</li> </ul>		
112 (09/2016)	<ul style="list-style-type: none"> <li>B 2;</li> <li>LO: Code of Conduct: clause 17(2) and WSOL – Version 7: clause 5.3; and</li> <li>Details:               <ul style="list-style-type: none"> <li>Paxon has noted that the Procedure Manual includes a specific procedure entitled: "Bill Review". This document stipulates:                   <p>"Busselton Water will within a period of 15 business days starting on the day it became aware of the overcharge amount –</p> <ul style="list-style-type: none"> <li>Credit the customer's account and immediately afterwards notify the customer; <u>or</u></li> <li>Inform the customer of the overcharging and recommend options for how the amount overcharged may be refunded to the customer or credited to the customer's account."</li> </ul> </li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>The "Bill Review" procedure and the "Bill Review Information Sheet" should be appropriately changed to reflect the stipulations of Regulation 17(2) of the Code of Conduct in respect of the provision of a refund or credit within 15 business days from receiving the customer's instructions.</li> </ul>	Nil

**Table 13: Current Audit: Non-Compliances and Recommendations**

B. Unresolved at End of Current Audit Period			
Reference <sup>4</sup> (no./year)	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation (LO)		
	Details for Control and/or Compliance Rating		
112 (09/2016) (cont.)	<ul style="list-style-type: none"> <li>No reference is made as to complying with the customer's instruction within 15 business days; and</li> <li>Paxon has noted that a document entitled: "Bill Review Information Sheet" contains basically the same wording as disclosed above in the "Bill Review" procedure in respect of the overcharge correction process.</li> </ul>		
116 (10/2016)	<ul style="list-style-type: none"> <li>A 2;</li> <li>LO: Code of Conduct: clause 18(4) and WSOL – Version 7: clause 5.3; and</li> <li>Details:                             <ul style="list-style-type: none"> <li>The "Bill Review Information Sheet" states: "If the customer is unsatisfied with the outcome of the review the customer may, but does not have to utilise the Busselton Water Complaints Procedure and/or apply to the Water Service Ombudsman."; and</li> <li>However, the "Bill Review Information Sheet" does not cover the option of making an appeal from, or applying for a review of, the decision that gave rise to the complaint, if an appeal or review is available under regulations mentioned in section 222(2)(k).</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>The "Bill Review Information Sheet" should include the option of making an appeal from, or applying for a review of, the decision that gave rise to the complaint, if an appeal or review is available under regulations mentioned in section 222(2)(k).</li> </ul>	Nil

**Table 13: Current Audit: Non-Compliances and Recommendations**

B. Unresolved at End of Current Audit Period			
Reference <sup>4</sup> (no./year)	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation (LO)		
	Details for Control and/or Compliance Rating		
126 (11/2016)	<ul style="list-style-type: none"> <li>• B 1;</li> <li>• LO: Code of Conduct: clause 26(3) and WSOL – Version 7: clause 5.3; and</li> <li>• Details:                             <ul style="list-style-type: none"> <li>• This was a once-off compliance obligation and specific systems, processes and controls are not expected to be in place on a perpetual basis therefor; and</li> <li>• Paxon has noted that the Action Sheet specifically lists this compliance obligation and states that it complied therewith in both 2014 and 2015.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• The Action Sheet should be appropriately changed to indicate that this was a once-off compliance obligation.</li> </ul>	Nil
127 (12/2016)	<ul style="list-style-type: none"> <li>• n/a n/a;</li> <li>• LO: Code of Conduct: clause 26(4) and WSOL – Version 7: clause 5.3; and</li> <li>• Details:                             <ul style="list-style-type: none"> <li>• This was a once-off compliance obligation and specific systems, processes and controls are not expected to be in place on a perpetual basis therefor;</li> <li>• Paxon has noted that the Action Sheet specifically lists this compliance obligation and states that it complied therewith in both 2014 and 2015; and</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• The Action Sheet should be appropriately changed to indicate that this clause is not applicable to BW.</li> </ul>	Nil

Table 13: Current Audit: Non-Compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
Reference <sup>4</sup> (no./year)	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation (LO)		
	Details for Control and/or Compliance Rating		
127 (12/2016) (cont.)	<ul style="list-style-type: none"> <li>BW's Water Services Operating Licence commenced on 1 October 1996. As such, it was in place before the commencement of the Act. Consequently this clause is not applicable to BW.</li> </ul>		
142 (13/2016)	<ul style="list-style-type: none"> <li>B 2;</li> <li>LO: Code of Conduct: clause 34(4) and WSOL – Version 7: clause 5.3; and</li> <li>Details:                             <ul style="list-style-type: none"> <li>Paxon has noted that the Procedure Manual includes a specific procedure entitled: "Installation &amp; Removal of Restriction Devices" which in section 2 states:                                     <ul style="list-style-type: none"> <li>"Where payment is made or registration of an approved payment arrangement is made before 3.00pm on a business day, full water supply will be restored within 2 business days"; and</li> <li>Where payment or registration of approved payment arrangement after 3.00pm on a business day, full water supply will be restored within 3 business days."</li> </ul> </li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>The "Installation &amp; Removal of Restriction Devices" procedure should be appropriately changed to agree with the restoration response periods specified in Regulation 34(4) of the Code of Conduct. Actual restoration of a water supply to land, should also comply with response periods specified in Regulation 34(4) of the Code of Conduct.</li> </ul>	Nil

**Table 13: Current Audit: Non-Compliances and Recommendations**

B. Unresolved at End of Current Audit Period			
Reference <sup>4</sup> (no./year)	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation (LO)		
	Details for Control and/or Compliance Rating		
142 (13/2016) (cont.)	<ul style="list-style-type: none"> <li>• These restoration response periods differ from those specified in Regulation 34(4) of the Code of Conduct; and</li> <li>• BW has stated that in all instances it did restore water supply within 2 business days during the Audit Period. In cases, where the restoration event occurred before 3 p.m. on a business day, restoration should have taken place by the next business day.</li> </ul>		
148 (14/2016)	<ul style="list-style-type: none"> <li>• A 2;</li> <li>• LO: Code of Conduct: clause 35(4) and WSOL – Version 7: clause 5.3; and</li> <li>• Details:               <ul style="list-style-type: none"> <li>• The document entitled: “Customer Complaints Resolution Information Sheet”, which is available on BW’s website does provide contact details for the Water Ombudsman;</li> <li>• However, it is written from the perspective of being a further procedure, after dealing with BW in respect of the complaint, and not as an alternative solution for a customer; and</li> <li>• In addition, the document does not refer to the costs and benefits to the customer if</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• The Customer Complaints Resolution Information Sheet should:               <ul style="list-style-type: none"> <li>• Inform the customer that they do not have to use the licensee’s complaints procedure;</li> <li>• Provide details of procedures under the Act; and</li> <li>• Set out the costs and benefits to the customer if the use the complaint resolution procedure instead of the procedures under the Act.</li> </ul> </li> </ul>	Nil



**Table 13: Current Audit: Non-Compliances and Recommendations**

B. Unresolved at End of Current Audit Period			
Reference <sup>4</sup> (no./year)	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation (LO)		
	Details for Control and/or Compliance Rating		
148 (14/2016) (cont.)	using the complaint resolution procedure instead of the procedures under the Act.		
153 (15/2016)	<ul style="list-style-type: none"> <li>• A 2;</li> <li>• LO: Code of Conduct: clause 37(1) and WSOL – Version 7: clause 5.3; and</li> <li>• Details:                             <ul style="list-style-type: none"> <li>• Paxon has noted that the document entitled: “Our Customer Commitments”, which is also available on BW’s website, includes a reference to the restriction of supply. However, no reference is made to the fact that reductions in water flow may be made after 30 days after water service charges became due.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• The document entitled: “Our Customer Commitments” should make reference to the fact that reductions in water flow may be made after 30 days after water service charges became due.</li> </ul>	Nil
153 (16/2016)	<ul style="list-style-type: none"> <li>• A 2;</li> <li>• LO: Code of Conduct: clause 37(1) and WSOL – Version 7: clause 5.3; and</li> <li>• Details:                             <ul style="list-style-type: none"> <li>• No references could be found in BW’s public documents to the stipulations of :</li> <li>• Clause 37(1)(e);</li> <li>• Clause 37(1)(h); and</li> <li>• Clause 37(1)(i).</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• BW should include appropriate references to Clauses 37(1) (e), (h) and (i) in its public documents.</li> </ul>	Nil

**Table 13: Current Audit: Non-Compliances and Recommendations**

B. Unresolved at End of Current Audit Period			
Reference <sup>4</sup> (no./year)	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation (LO)		
	Details for Control and/or Compliance Rating		
164 (17/2016)	<ul style="list-style-type: none"> <li>A 2;</li> <li>Act: clause 12 and WSOL - Version 7: clause 15.1(d); and</li> <li>Details:                             <ul style="list-style-type: none"> <li>BW has stated that it did not report to the Authority within 10 business days of providing or undertaking water service works that were general works during the Audit Period.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>BW should inform the Authority within 10 business days of providing or undertaking water service works that are major works or general works.</li> </ul>	Nil
166 (18/2016)	<ul style="list-style-type: none"> <li>B 2;</li> <li>Act: clause 12 and WSOL - Version 7: clause 16.2; and</li> <li>Details:                             <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet for 2015 indicates that BW did comply with this compliance obligation; and</li> <li>Paxon has noted that the Compliance Report for the period 1 July 2014 to 30 June 2015 was dated 30 September 2015. As a result this Compliance Report was submitted late.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>BW should ensure that:                             <ul style="list-style-type: none"> <li>Action Sheets disclose instances of non-compliance; and</li> <li>The Compliance Report covering the year ending 30 June 2016 discloses this contravention of clause 16.1 of the WSOL.</li> </ul> </li> </ul>	Nil
170 (19/2016)	<ul style="list-style-type: none"> <li>B n/a;</li> <li>Act: clause 12 and WSOL - Version 7: clause 20.1; and</li> </ul>	<ul style="list-style-type: none"> <li>The Action Sheet should be appropriately changed to indicate that this was a once-off compliance obligation.</li> </ul>	Nil

**Table 13: Current Audit: Non-Compliances and Recommendations**

B. Unresolved at End of Current Audit Period			
Reference <sup>4</sup> (no./year)	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation (LO)		
	Details for Control and/or Compliance Rating		
170 (19/2016) (cont.)	<ul style="list-style-type: none"> <li>Details:                             <ul style="list-style-type: none"> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation and states that it complied therewith in both 2014 and 2015.</li> </ul> </li> </ul>		
184 (20/2016)	<ul style="list-style-type: none"> <li>B n/a;</li> <li>Act: clause 12 and WSOL - Version 7: clause 31.1; and</li> <li>Details:                             <ul style="list-style-type: none"> <li>This was a once-off compliance obligation and specific systems, processes and controls are not expected to be in place on a perpetual basis therefor; and</li> <li>Paxon has noted that the Action Sheet specifically lists this compliance obligation and states that it complied therewith in both 2014 and 2015.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>The Action Sheet should be appropriately changed to indicate that this was a once-off compliance obligation.</li> </ul>	Nil
2011 Operational Audit	<ul style="list-style-type: none"> <li>Not disclosed;</li> <li>LO: Clause 5.1 of WSOL Versions 5 and 7; and</li> <li>Details:                             <ul style="list-style-type: none"> <li>A document entitled: "Production and Supply - Standard Operating Procedures" (SOP Manual) was issued on 27 November 2012. Paxon has noted that the Technical Officer, Asset and Risk Management is</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>The SOP manual should at least make reference to:                             <ul style="list-style-type: none"> <li>Recording of amendments to or new legislation affecting BW;</li> <li>Keeping staff informed of any changes; and</li> <li>Incorporating those changes into the SOP Manual.</li> </ul> </li> </ul>	Nil

Table 13: Current Audit: Non-Compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
Reference <sup>4</sup> (no./year)	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation (LO)		
	Details for Control and/or Compliance Rating		
	<p>specifically tasked in procedure number 4.1.20 to keep up to date with the latest legislation passed by the Australian Government; and</p> <ul style="list-style-type: none"> <li>• However, this procedure is silent about the implementation of any new legislation.</li> </ul>		

## 5 Asset Management System Review: Comprehensive Report

### 5.1 Asset Management System Rating Scales

The effectiveness ratings assigned to each asset management system component as a result of the Review, are set out in the following two Tables - taken from the Authority's document entitled: "Audit and Review Guidelines: Water Licences – July 2014" (Authority's Guidelines)."

#### Asset Management Process and Policy Definition Adequacy Ratings

##### Authority's Guidelines: Table No. 8

Rating	Description	Criteria
A	Adequately defined	<ul style="list-style-type: none"> <li>Processes and polices are documented.</li> <li>Processes and policies adequately document the required performance of the assets.</li> <li>Processes and policies are subject to regular reviews, and updated where necessary.</li> <li>The asset management information system(s) are adequate in relation to the assets that are being managed.</li> </ul>
B	Requires some improvement	<ul style="list-style-type: none"> <li>Process and policy documentation requires improvement.</li> <li>Processes and policies do not adequately document the required performance of the assets.</li> <li>Reviews of processes and policies are not conducted regularly enough.</li> <li>The asset management information system(s) require minor improvements (taking into consideration the assets that are being managed).</li> </ul>
C	Requires significant improvement	<ul style="list-style-type: none"> <li>Process and policy documentation is incomplete or requires significant improvement.</li> <li>Processes and policies do not document the required performance of the assets.</li> <li>Processes and policies are significantly out of date.</li> <li>The asset management information system(s) require significant improvements (taking into consideration the assets that are being managed).</li> </ul>
D	Inadequate	<ul style="list-style-type: none"> <li>Processes and policies are not documented.</li> <li>The asset management information system(s) is not fit for purpose (taking into consideration the assets that are being managed).</li> </ul>

Table 14: Asset Management Process and Policy Definition Adequacy Ratings

**Asset Management Performance Ratings**

**Authority’s Guidelines: Table No. 9**

Rating	Description	Criteria
1	Performing effectively	<ul style="list-style-type: none"> <li>• The performance of the process meets or exceeds the required levels of performance.</li> <li>• Process effectiveness is regularly assessed and corrective action taken where necessary.</li> </ul>
2	Opportunity for improvement	<ul style="list-style-type: none"> <li>• The performance of the process requires some improvement to meet the required level.</li> <li>• Process effectiveness reviews are not performed regularly enough.</li> <li>• Process improvement opportunities are not actioned.</li> </ul>
3	Corrective action required	<ul style="list-style-type: none"> <li>• The performance of the process requires significant improvement to meet the required level.</li> <li>• Process effectiveness reviews are performed irregularly, or not at all.</li> <li>• Process improvement opportunities are not actioned.</li> </ul>
4	Serious action required	<ul style="list-style-type: none"> <li>• Process is not performed, or the performance is so poor that the process is considered to be ineffective.</li> </ul>

**Table 15: Asset Management Performance Ratings**

## 5.2 Asset Management System: Effectiveness Ratings

The effectiveness ratings for prime components, together with the ratings of their relevant effectiveness criteria, are indicated in Table 16 below:

Asset Management System	Asset Management Process and Policy Definition Adequacy Rating				Asset Management Performance Rating			
	Adequately Defined	Requires Some Improvement	Requires Significant Improvement	Inadequate	Performing Effectively	Opportunity for Improvement	Corrective Action Required	Serious Action Required
	A	B	C	D	1	2	3	4
<b>Asset Planning</b>		✓			✓			
• Asset Management Plan covers key requirements;	✓				✓			
• Planning process and objectives reflect the needs of all stakeholders and is integrated with business planning;	✓				✓			
• Service levels are defined;		✓			✓			
• Non asset options are considered;	✓				✓			
• Life cycle costs of owning and operating the assets are assessed;	✓				✓			
• Funding options are evaluated;	✓				✓			
• Costs are justified and cost drivers identified;	✓				✓			
• Likelihood and consequences of asset failure are predicted; and	✓				✓			
• Plans are regularly reviewed and updated.		✓				✓		

Asset Management System	Asset Management Process and Policy Definition Adequacy Rating				Asset Management Performance Rating			
	Adequately Defined	Requires Some Improvement	Requires Significant Improvement	Inadequate	Performing Effectively	Opportunity for Improvement	Corrective Action Required	Serious Action Required
<b>Asset Creation and Acquisition</b>	✓				✓			
<ul style="list-style-type: none"> <li>Full project evaluations are undertaken for new assets including comparative estimates of non-asset solutions;</li> </ul>	✓				✓			
<ul style="list-style-type: none"> <li>Evaluations include all lifecycle costs;</li> </ul>		✓				✓		
<ul style="list-style-type: none"> <li>Projects reflect sound engineering and business decisions;</li> </ul>	✓				✓			
<ul style="list-style-type: none"> <li>Commissioning tests are documented and completed; and</li> </ul>	✓				✓			
<ul style="list-style-type: none"> <li>Ongoing legal/environmental/safety obligations of the asset owner are assigned and understood.</li> </ul>	✓				✓			
<b>Asset Disposal</b>	✓				✓			
<ul style="list-style-type: none"> <li>Under performing and under utilised assets are identified as part of a regular systematic review process;</li> </ul>	✓				✓			
<ul style="list-style-type: none"> <li>The reasons for underutilisation or poor performance are critically examined and corrective action or disposal undertaken;</li> </ul>	✓				✓			
<ul style="list-style-type: none"> <li>Disposal alternatives are evaluated; and</li> </ul>	✓				✓			
<ul style="list-style-type: none"> <li>There is a replacement strategy for assets.</li> </ul>	✓				✓			



Asset Management System	Asset Management Process and Policy Definition Adequacy Rating				Asset Management Performance Rating			
	Adequately Defined	Requires Some Improvement	Requires Significant Improvement	Inadequate	Performing Effectively	Opportunity for Improvement	Corrective Action Required	Serious Action Required
<b>Component</b>								
<b>Environmental Analysis</b>	✓				✓			
<ul style="list-style-type: none"> <li>Opportunities and threats in the system are assessed;</li> </ul>		✓				✓		
<ul style="list-style-type: none"> <li>Performance standards (availability of service, capacity, continuity, emergency response etc.) are measured and achieved;</li> </ul>	✓				✓			
<ul style="list-style-type: none"> <li>Compliance with statutory and regulatory requirements; and</li> </ul>	✓				✓			
<ul style="list-style-type: none"> <li>Achievement of customer service levels.</li> </ul>	✓				✓			
<b>Asset Operations</b>	✓				✓			
<ul style="list-style-type: none"> <li>Operational procedures and policies are documented and linked to service levels required;</li> </ul>	✓				✓			
<ul style="list-style-type: none"> <li>Risk management is applied to prioritise operations tasks;</li> </ul>	✓				✓			
<ul style="list-style-type: none"> <li>Assets are documented in an asset register including asset type, location, material, plans of components and assessment of assets physical /structural condition and accounting data;</li> </ul>	✓				✓			
<ul style="list-style-type: none"> <li>Operational costs are measured and monitored; and</li> </ul>	✓				✓			
<ul style="list-style-type: none"> <li>Staff resources are adequate and staff receive training commensurate with their responsibilities.</li> </ul>	✓				✓			

Asset Management System	Asset Management Process and Policy Definition Adequacy Rating				Asset Management Performance Rating			
	Adequately Defined	Requires Some Improvement	Requires Significant Improvement	Inadequate	Performing Effectively	Opportunity for Improvement	Corrective Action Required	Serious Action Required
<b>Asset Maintenance</b>	✓				✓			
<ul style="list-style-type: none"> <li>Maintenance policies and procedures are documented and linked to service levels required;</li> </ul>	✓				✓			
<ul style="list-style-type: none"> <li>Regular inspections are undertaken of asset performance and condition;</li> </ul>	✓				✓			
<ul style="list-style-type: none"> <li>Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule;</li> </ul>	✓				✓			
<ul style="list-style-type: none"> <li>Failures are analysed and operation /maintenance plans are adjusted where necessary;</li> </ul>	✓				✓			
<ul style="list-style-type: none"> <li>Risk management is applied to prioritise maintenance tasks; and</li> </ul>	✓				✓			
<ul style="list-style-type: none"> <li>Maintenance costs are measured and monitored.</li> </ul>	✓				✓			
<b>Asset Management Information System</b>	✓					✓		
<ul style="list-style-type: none"> <li>Adequate system documentation for users and IT operators;</li> </ul>	✓				✓			
<ul style="list-style-type: none"> <li>Input controls include appropriate verification and validation of data entered into the system;</li> </ul>		✓				✓		
<ul style="list-style-type: none"> <li>Logical access controls appear adequate such as passwords;</li> </ul>	✓				✓			

Asset Management System	Asset Management Process and Policy Definition Adequacy Rating				Asset Management Performance Rating			
	Component	Adequately Defined	Requires Some Improvement	Requires Significant Improvement	Inadequate	Performing Effectively	Opportunity for Improvement	Corrective Action Required
<ul style="list-style-type: none"> <li>Physical security access controls appear adequate;</li> </ul>	✓				✓			
<ul style="list-style-type: none"> <li>Data back-up procedures appear adequate and back-ups are tested;</li> </ul>		✓				✓		
<ul style="list-style-type: none"> <li>Key computations related to Licensee performance reporting are materially accurate; and</li> </ul>	✓				✓			
<ul style="list-style-type: none"> <li>Management reports appear adequate for the Licensee to monitor licence obligations.</li> </ul>	✓				✓			
<b>Risk Management</b>		✓			✓			
<ul style="list-style-type: none"> <li>Risk management policies and procedures exist and are being applied to minimise internal and external risk associated with the asset management system;</li> </ul>	✓				✓			
<ul style="list-style-type: none"> <li>Risks are documented in a risk register and treatment plans are actioned and monitored; and</li> </ul>	✓				✓			
<ul style="list-style-type: none"> <li>The probability and consequences of asset failure are regularly assessed.</li> </ul>		✓			✓			
<b>Contingency Planning</b>		✓				✓		
<ul style="list-style-type: none"> <li>Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks.</li> </ul>		✓				✓		

Asset Management System	Asset Management Process and Policy Definition Adequacy Rating				Asset Management Performance Rating			
	Adequately Defined	Requires Some Improvement	Requires Significant Improvement	Inadequate	Performing Effectively	Opportunity for Improvement	Corrective Action Required	Serious Action Required
<b>Financial Planning</b>	✓				✓			
<ul style="list-style-type: none"> <li>The financial plan states the financial objectives and strategies and actions to achieve the objectives;</li> </ul>	✓				✓			
<ul style="list-style-type: none"> <li>The financial plan identifies the source of funds for capital expenditure and recurrent costs;</li> </ul>	✓				✓			
<ul style="list-style-type: none"> <li>The financial plan provides projections of operating statements (profit and loss) and financial position (balance sheet);</li> </ul>	✓				✓			
<ul style="list-style-type: none"> <li>The financial plan provides firm predictions of income for the next five years and reasonable indicative predictions beyond this period;</li> </ul>	✓				✓			
<ul style="list-style-type: none"> <li>The financial plan provides for the operation, maintenance, administration and capital expenditure requirements of the services; and</li> </ul>	✓				✓			
<ul style="list-style-type: none"> <li>Significant variances in actual/budget income and expenses are identified and corrective action taken where necessary.</li> </ul>	✓				✓			

Asset Management System	Asset Management Process and Policy Definition Adequacy Rating				Asset Management Performance Rating			
	Adequately Defined	Requires Some Improvement	Requires Significant Improvement	Inadequate	Performing Effectively	Opportunity for Improvement	Corrective Action Required	Serious Action Required
<b>Capital Expenditure Planning</b>	✓				✓			
<ul style="list-style-type: none"> <li>There is a capital expenditure plan that covers issues to be addressed, actions proposed responsibilities and dates;</li> </ul>	✓				✓			
<ul style="list-style-type: none"> <li>The plan provides reasons for capital expenditure and timing of expenditure;</li> </ul>	✓				✓			
<ul style="list-style-type: none"> <li>The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan; and</li> </ul>	✓				✓			
<ul style="list-style-type: none"> <li>There is an adequate process to ensure that the capital expenditure plan is regularly updated and actioned.</li> </ul>	✓				✓			
<b>Review of Asset Management System</b>		✓				✓		
<ul style="list-style-type: none"> <li>A review process is in place to ensure that the asset management plan and the asset management system described therein are kept current; and</li> </ul>		✓				✓		
<ul style="list-style-type: none"> <li>Independent reviews (eg, internal audit) are performed of the asset management system.</li> </ul>		✓				✓		

**Table 16: Asset Management System: Effectiveness Ratings - Prime Components and Effectiveness Criteria**

### 5.3 Review Observations and Recommendations

Table 17: Review Observations and Recommendations			
Asset Management System	Systems, Processes and Controls in Place at BW for Asset Management	Asset Management Process and Policy Definition Adequacy Rating	Asset Management Performance Rating
	Including Recommendations		
Asset Planning	<ul style="list-style-type: none"> <li>• BW has a sophisticated and practical overall asset management system, which sets out its business and management policies and performance criteria. The system provides monitoring and data management for its operations and maintenance activities, quality and performance requirements, asset condition and reporting requirements;</li> <li>• The overall plan covers the key requirements of the asset planning process, including assessment of the likelihood and consequences of asset failure in the risk analysis process. While the age, remaining life expectancy of existing and proposed assets and their operating and maintenance costs are basic consideration in the planning /financial process, costs expected to be incurred over the forthcoming ten years are considered rather than the discounted cash flow costs over the life of all assets. This approach is considered valid for a major provider;</li> <li>• BW annually employs consultant hydrologists &amp; network planners to analyse projected growth rates of the City to predict future demands growth strategies. All developments are modelled to predict the effect on the system and to identify improvements;</li> <li>• A 30 year Development Plan and Capital Works Program was prepared by Jclem Consultants in 2013. The development plan considers changes in demand on the basis of state and local authority land use planning, residential density and commercial / industrial mix etc. From this plan, BW has prepared a ten year capital program which is integrated into its Strategic Asset Management Plans which are prepared at three yearly intervals. The Strategic Management Plans are in turn, supported by rolling five year Production Management Plans which are updated and re-issued annually;</li> <li>• Consultants are also engaged on on-going assessments and reporting on pump and bore condition, asset performance, corrosion and the consequent need for assets to be reconditioned, or replaced;</li> <li>• Proposed capital works are examined in accordance with written procedures, which examine the need for the works, a range of available options including management solutions, “do nothing”, cost and risk. Proposals are assigned an overall risk value to allow prioritisation of works for inclusion, or exclusion from a given budget;</li> </ul>	B	1

Table 17: Review Observations and Recommendations					
Asset Management System	Systems, Processes and Controls in Place at BW for Asset Management			Asset Management Process and Policy Definition Adequacy Rating	Asset Management Performance Rating
	Including Recommendations				
Asset Planning (continued)	<ul style="list-style-type: none"> <li>Limits for extraction of groundwater and chemical/ microbiological quality of water supplied is detailed in a Licence issued by the Department of Water and BW's Memorandum of Understanding with the Department of Health are addressed in BW's Policy and Procedure manuals; and</li> <li>Supply pressures and flow rates stipulated in its Water Services Operating Licence (WSOL), are set out in BW's Customer Charter. Although stated in Section 6.5 – "Operational Planning" in its 2016 Asset Management Strategy, the information is not sufficiently prominent and (as for water quality), should also be addressed in its Policy and Procedure manuals.</li> </ul> <p><b>Recommendation 01/2016:</b></p> <ul style="list-style-type: none"> <li>It is recommended that BW include details of its WSOL <i>maximum</i> and minimum pressure and minimum flow rates in its Policy and Procedures manuals.</li> </ul>				
Asset Creation and Acquisition	<ul style="list-style-type: none"> <li>BW's procedures for Asset Creation and Acquisition are set out in the Policy Manual Procedure P16.PRO5 - Business Case Procedure for projects or acquisition;</li> <li>When a project or new asset requirement is identified, BW's business case procedure is followed to justify its approval by the Senior Executive Group (SEG) and its subsequent inclusion on the long term financial forecast, annual budget and annual works program;</li> <li>The completed business case form and accompanying documentation must compare all available options including non-asset and do nothing solutions, together with an estimate of all costs over a ten years period and risk assessment for each option examined. Supporting documentation may include justification related to asset, condition, age performance enhancement or reports from BW staff or consultants;</li> <li>On completion of the business case and approvals the assets may be procured in accordance with procedure P21. PR01. Tender/ contract documents include engineering performance and materials specifications relevant to the intended use of the asset. These specifications must be met in stages as the asset is installed (eg a pipeline) or on completion and commissioning (eg Mechanical equipment). Installation and commissioning tests are conducted to the satisfaction of BW's responsible officer and the results recorded. When installed or commissioned the new asset is placed in the asset register and other locations in "Confirm";</li> <li>BW assigns relevant senior officers to each asset creation and acquisition process. The officers are</li> </ul>			A	1

Table 17: Review Observations and Recommendations					
Asset Management System	Systems, Processes and Controls in Place at BW for Asset Management			Asset Management Process and Policy Definition Adequacy Rating	Asset Management Performance Rating
	Including Recommendations				
Asset Creation and Acquisition (continued)	<p>well aware of the on-going legal / environmental aspects of the particular assets and their future use; and</p> <ul style="list-style-type: none"> <li>Reviewer received a desktop demonstration of the procedure.</li> </ul>				
Asset Disposal	<ul style="list-style-type: none"> <li>Procedure P16. PRO6 sets out BW's policy for asset replacement and disposal. In practise an asset may be no longer required due to replacement through the Asset Creation and Acquisition procedure above and /or if it has a history of multiple failures, is technically obsolete or has reached its useful life expectancy. The reasons for poor performance of assets are thoroughly examined and possible repair, operational, or process change options are examined before a decision is made for disposal;</li> <li>Minor items may be sold or simply disposed of as scrap, whereas saleable assets may be sold by private sale or tender. Similarly large items such as steel supporting structures with no saleable value may be the subject of a remove and dispose tender. In the case of a buried AC pipe, the item is best left in-situ to satisfy environmental requirements for safe disposal. Its replacement asset is then laid beside it or elsewhere in the road reserve; and</li> <li>Reviewer was shown examples of the process.</li> </ul>			A	1
Environmental Analysis	<ul style="list-style-type: none"> <li>As discussed in <i>Asset Planning</i>, BW annually employs consultant hydrologists &amp; network planners to analyse projected growth rates of the City to predict future demands growth strategies. All developments are modelled to predict the effect on the system and to identify improvements. Similarly, the threat of saltwater intrusion into the supply aquifers is continually monitored and operational practices are in place to mitigate against the possibility of reduction in drinking water quality and general salt contamination of the aquifer;</li> <li>The legal environment under which BW operates is set out in its Asset Management Strategy 2016 (and its preceding annual documents) i.e.:               <ul style="list-style-type: none"> <li>BW's WSOL, Water Services Act 2012 and associated legislation;</li> <li>BW's Memorandum of Understanding with the Department of Health regarding BW's water quality management and reporting; and</li> <li>BW's licence from the Department of Water regarding taking of water from the Yarragadee and</li> </ul> </li> </ul>			A	1



Table 17: Review Observations and Recommendations					
Asset Management System	Systems, Processes and Controls in Place at BW for Asset Management			Asset Management Process and Policy Definition Adequacy Rating	Asset Management Performance Rating
	Including Recommendations				
<b>Environmental Analysis (continued)</b>	<p>Leederville aquifers and the provision of reports regarding monitoring of extraction, water quality and aquifer protection.</p> <ul style="list-style-type: none"> <li>The monitoring and reporting associated with the above licences/ agreements are detailed in written procedures and undertaken and reported on, strictly in accordance with these procedures and relevant agreements;</li> <li>During the review period BW complied with or exceeded all standards of its Water Services Licence - including customer service levels, Department of Water Licence; and those of its Memorandum of Understanding with the Department of Health; and</li> <li>BW notes and complies with other Acts and Regulations (relevant to its business) in its Asset Management Strategy document - including those related to Occupational Health and Safety, Human Resources, Environmental Protection etc.</li> </ul>				
<b>Asset Operations</b>	<ul style="list-style-type: none"> <li>Operational policies and procedures are well documented. Continuous and regular measurement and monitoring of performance and results allow continuous checking (and action if necessary) that Licence and Health standards are being achieved;</li> <li>Risk management practices are input to the documentation and prioritisation of normal operational procedures and ad hoc operational activities;</li> <li>The asset management software “<i>Confirm</i>” is the platform which supports BW’s operations, maintenance, asset register and other activities. The Asset Register contains some seventeen thousand listings of asset data including type, location, condition, material, criticality, expected and remaining life, maintenance and repair history and costs etc. Staff hours, materials used and purchase order information for various assets are recorded in Confirm to provide historical record for each asset or asset group. This information is also entered into the financial software “<i>Synergy</i>” to facilitate overall cost control, staff and accounts payments;</li> <li>Operational cost are recorded and monitored to ensure they remain within the expected norm and to highlight discrepancies that could indicate a problem;</li> <li>Two General Managers – for Production and Business Services, report to the Chief Executive Officer, who in turn reports to the Board. Staff numbers are in the order of 30 persons, which are considered adequate. Staff members are appropriately qualified and trained for their tasks and level</li> </ul>			A	1

Table 17: Review Observations and Recommendations

Asset Management System	Systems, Processes and Controls in Place at BW for Asset Management	Asset Management Process and Policy Definition Adequacy Rating	Asset Management Performance Rating
	Including Recommendations		
<p><b>Asset Operations (continued)</b></p>	<p>of responsibility;</p> <ul style="list-style-type: none"> <li>• All staff receive basic induction training on appointment, followed by OHS. Additional training is related to their duties and range from use of computer software to equipment operation. Staff involved in production receive training for Water Certificate 2 and those involved in distribution train for Water Certificate 3;</li> <li>• BW Human Resources Officer maintains a matrix showing all staff and their current certifications and expiry dates. The HR officer ensures that training of all staff is up to date and arranges for re-training on expiry, or if a changes of duties requires additional training;</li> <li>• In general, operation of the system is largely automatic ie pre-determined levels in the 4.5 GI storage tanks trigger the operation and/or stoppage of bore pumps filter and chlorination systems at the relevant treatment plants. Pressure in the distribution system initiates / stops discharge from the stored water tanks to the distribution system;</li> <li>• Operations are monitored via water level, pressure, flow, temperature, chlorine residual etc. at relevant locations in the water source, treatment and delivery systems. SCADA backed visual displays of monitored values, together with diagrammatic flow/operating displays at each treatment site. At No.2 treatment plant, operations at the other two plants are also displayed. Operators at Plant two can manually over-ride the programmed operation at each plant if necessary. Any faults show on the display and are also relayed to lap top computers carried by operational staff;</li> <li>• Data loggers located at four locations in the reticulation system record water pressure at 15 minute intervals. This data is downloaded weekly to <i>Confirm</i>;</li> <li>• Low pressure values at the outlet of each plant initiate an alarm on laptops of plant staff;</li> <li>• Water sampling points located at the production bores (8 No.) treatment plants (4 No.) and within the distribution system (7 No.) are sampled for chemical and microbiological testing daily for the plant and distribution system and monthly at the bores. Results are entered into Excel spread sheets for compilation and subsequent reports. Values outside performance parameters are noted for action and reporting;</li> <li>• All scheduled production tasks are given a specific alpha numeric identity and registered in "<i>Confirm</i>" The registration includes details of timing (weekly, monthly, annually etc.), the reason for</li> </ul>		

Table 17: Review Observations and Recommendations				
Asset Management System	Systems, Processes and Controls in Place at BW for Asset Management		Asset Management Process and Policy Definition Adequacy Rating	Asset Management Performance Rating
	Including Recommendations			
Asset Operations (continued)	<p>and description of the task including target hours, material and equipment required.. Each week a job sheet for each week's forthcoming production task is produced from "Confirm" and distributed to staff with responsibility for their completion. When completed, the job sheets are filled out by the staff member and entered into "Confirm". Completed sheets include details of time spent on the job, materials and equipment used, notes on condition, matters requiring attention etc.; and</p> <ul style="list-style-type: none"> <li>Jobs are undertaken in accordance with BW's Procedure Manuals and Standard Operating Procedures.</li> </ul>			
Asset Maintenance	<ul style="list-style-type: none"> <li>Maintenance policies, procedures and schedules are well documented. Maintenance tasks and schedules are mounted on "Confirm";</li> <li>Regular asset condition inspections and performance investigations are undertaken by operations staff and – where appropriate, specialist consultants (eg bores and bore pumps, storage tank corrosion). Results are entered in "Confirm". Poor performance or asset failures are analysed and operation and /or maintenance procedures are amended or the asset considered for repair or replacement;</li> <li>Measurement and monitoring of performance and results allows on-going checking that Licence and Health standards are being achieved and that assets are operating to required levels;</li> <li>Risk management practices are applied to the documentation and prioritisation of corrective and preventive maintenance tasks and emergency activities;</li> <li>All scheduled Maintenance tasks including relevant information are entered in "Confirm". Job sheets generated from "Confirm" are issued weekly to relevant staff, undertaken and information completed and entered into "Confirm" as for Operations. . Jobs not completed on time are highlighted by "Confirm" and followed up with the responsible staff member; and</li> <li>Jobs are undertaken in accordance with BW's Procedure Manuals and Standard Operating Procedures and in accordance with employees' training.</li> </ul>		A	1
Asset Management Information System	<ul style="list-style-type: none"> <li>BW has a well-developed, practical, asset management system. A series of written documents set out its business and management policies, performance criteria, reporting requirements and procedures for all aspects of the business. The system provides monitoring and data management</li> </ul>		A	2

Table 17: Review Observations and Recommendations

Asset Management System	Systems, Processes and Controls in Place at BW for Asset Management	Asset Management Process and Policy Definition Adequacy Rating	Asset Management Performance Rating
	Including Recommendations		
<b>Asset Management Information System (continued)</b>	<p>for its operations and maintenance activities, quality and performance requirements, asset condition and reporting requirements;</p> <ul style="list-style-type: none"> <li>• The system’s operation, ongoing review, development, upkeep and integration with BW’s core business are overseen by its Asset Management and Risk Manager. The system includes various software packages for monitoring, recording, collating and reporting on operations and maintenance performance, plus overall management of its financial budgeting, with costing, payroll and cost control;</li> <li>• Operating manuals are held for the various software packages. BW has also prepared simplified manuals for more complicated packages. Operators also receive relevant training in software generally required for, or specific to their tasks;</li> <li>• Operation’s data entries are regularly checked against raw data, by the Technical Officer - Asset and Risk Management. Entries to the “Confirm” packages are similarly checked, by the Business Services Administrator. Although not previously implemented, the “Data Check” facility in “Confirm” was operated during the review and indicated no errors. Business Services Manager advised this facility will be implemented weekly in future;</li> <li>• Computation algorithms related to licence performance are relevant and accurate and resulting reports adequate to facilitate accurate monitoring of obligations under licence and Health Department agreements;</li> <li>• The main software on which the Asset Management system is based includes the Asset Management package “Confirm” which services BW’s operations, maintenance and its asset and asset condition register which has in excess of 17000 entries;</li> <li>• The broad financial/payroll package is “Synergy” (which also contains BW’s risk analysis software) plus various supporting packages for accounts. Microsoft’s Excel spread sheets are used for recording and accumulating results of monitoring microbiological, chemical and pressure testing;</li> <li>• Apart from very old originals, which are retained as paper hard copies, all drawings are digitised for ready access and printing – these include details of the whole reticulation system and appurtenances;</li> <li>• BW is currently investigating options for extending the SCADA visual displays to the main office to</li> </ul>		

Table 17: Review Observations and Recommendations

Asset Management System	Systems, Processes and Controls in Place at BW for Asset Management	Asset Management Process and Policy Definition Adequacy Rating	Asset Management Performance Rating
	Including Recommendations		
<b>Asset Management Information System (continued)</b>	<p>allow performance data to be obtained and analysed directly (rather than by downloading at the treatment plant for review at the office as is necessary at present). Also, BW is investigating the possibility of installing hardware and software (at the existing pressure data logging sites in the distribution system) to allow direct transfer and recording of pressure information;</p> <ul style="list-style-type: none"> <li>• The computer server (say, "A") in the admin. office is backed up continuously onsite and to a second server ("B") located at treatment plant No. 2. A third server ("C"), which is also located at treatment plant No.2, serves all treatment plant sites and is similarly backed up to "B". The combined backup on "B" is subsequently backed up to a fourth server ("D"), which is also located at treatment plant No. 2. Servers "B", "C", and "D" are all located in the treatment plant No.2 communications room;</li> <li>• System backups are confirmed (as successful or unsuccessful) via email to the nominated IT Officer and are reported to management monthly. A sample monthly report indicated 2139 successful backups and no failures. Reviewer was advised that from time to time, lost data has been successfully restored from back-ups of various software packages used by BW;</li> <li>• The close proximity of servers "B", "C" and "D" introduces a significant risk that all could be lost in the event of a fire, flood or similar event. Reviewer understands that BW is considering the competing options of re-locating the final server "D" to an area external to the plant, or to storing the final backup to a cloud system. Reviewer considers action to mitigate this risk is both pressing and essential; and</li> <li>• Computers and servers are kept in permanently locked secure locations accessible only by keypad. Access to all computers is by password. Specific software packages are accessible only by selected staff members or groups.</li> </ul> <p><b>Recommendation 02/2016:</b></p> <ul style="list-style-type: none"> <li>• That BW urgently investigate and implement options of housing computers "B", "C" and "D" separately - including relocating the final backup server "D" away from the No.2 Plant site or to store the final back-up on a cloud system; and</li> <li>• That BW ensures that the "Data Check" facility in "Confirm" be implemented weekly.</li> </ul>		

Table 17: Review Observations and Recommendations

Asset Management System	Systems, Processes and Controls in Place at BW for Asset Management	Asset Management Process and Policy Definition Adequacy Rating	Asset Management Performance Rating
	Including Recommendations		
<p><b>Risk Management</b></p>	<ul style="list-style-type: none"> <li>• BW has a well-documented risk management policy and procedures for applying risk analysis for various situations over all its business operations - including planning, asset acquisition, tender assessment and prioritisation of capital expenditure. Policies include acceptable levels of risk, whereas procedures address the assessment of likelihood of risks occurring, their consequence and resulting risk levels. Areas addressed in the procedure manual are:               <ul style="list-style-type: none"> <li>• BW’s Water’s Risk Assessment Process includes matrices of “Consequence for differing classes of Business”, “Risk Frequency”, “Risk level evaluation based on Consequence and Frequency” including a score range from 1 (“Low”) to 25 (“Unacceptable”). BW in general accepts only a risk level of less than 15 (“Extreme”);</li> <li>• Risk Assessment for External Tenders/ Projects/Service Contracts;</li> <li>• Procedure Service Contract Performance Management;</li> <li>• Right of Entry to Water Plants 1, 2, 3, 4 and 5; and</li> <li>• Operational Incident Management - Business Case Procedure for Projects or Asset Acquisition.</li> </ul> </li> <li>• BW’s Risk Register addresses some eighty four risks in a variety of classifications (e.g. Operational, Strategic, Safety, Compliance etc. Inherent risks are determined on the basis of potential consequences and likelihood. Residual risks are evaluated after consideration of controls in place. Further action is required if the Residual Risk is unacceptable;</li> <li>• The risk register is reviewed twice annually; and</li> <li>• The consequence of Risk No.71 - Reticulation Failure is noted only as “loss of supply” and the initial risk as “high”. Reviewer considers the consequence could also extend to flooding of residences, flooding and undermining of roads, intersections, power poles and street furniture. The controls stated relate only to restoration of supply, which is inadequate for the flooding situation.</li> </ul> <p><b>Recommendation 03/2016:</b></p> <ul style="list-style-type: none"> <li>• That BW assesses the risk associated with a major distribution or reticulation pipe burst which in addition to loss of supply, could cause flooding of residences, flooding and undermining of roads, intersections, power poles and street furniture.</li> </ul>	<p>B</p>	<p>1</p>

**Table 17: Review Observations and Recommendations**

Asset Management System	Systems, Processes and Controls in Place at BW for Asset Management	Asset Management Process and Policy Definition Adequacy Rating	Asset Management Performance Rating
	Including Recommendations		
<p><b>Contingency Planning</b></p>	<ul style="list-style-type: none"> <li>• BW has a series of contingency plans (described as Recovery, Response and Emergency Plans) for a wide range of emergency incidents. These include the following areas:               <ul style="list-style-type: none"> <li>• Business continuity;</li> <li>• Water Quality – for a number of separate microbiological emergencies;</li> <li>• Separate Emergency Response plan for Plant site 1,2 &amp; 3 - chemical spill, medical emergency, bomb threat, civil disorder, environmental emergency, chlorine spill etc. .for each site;</li> <li>• Emergency Communications Plan;</li> <li>• Network Recovery Plan;</li> <li>• Record Management; and</li> <li>• Operating Licence.</li> </ul> </li> <li>• The plans are thorough and detailed in their description of responsibilities, management, action and timing, private and authority contacts. However, they are so voluminous and repetitive they would be of little use if to be read in order to quickly respond to an emergency;</li> <li>• In-house tests of response plans have mainly been devoted to water quality emergencies, which - because of their public health implications, are the prime emergency. Reviewer sighted a note on such in-house test, in which a representative of the Department Health was a participant. However, apart from an emergency evacuation drill at plant site No.2 in September 2014, it appears that tests on other emergency plans have not occurred over recent years. Notes on the September 2014 drill include several suggestions for improvement. It is not known if these suggestions were adopted and implemented;</li> <li>• The plans do not address a situation where a major distribution or reticulation pipe burst could cause flooding of residences, flooding and undermining of roads, intersections, power poles and street furniture. Reviewer considers this emergency should be included in the emergency plans;</li> <li>• The emergency response plans are considered (with the exception of a pipe burst) very good. However, they could in many cases be simplified by avoiding repetition. Also, there may be benefit in allocating response activity and protocol response to different team members in each emergency area. Also, a wider spread of in-house tests is necessary in order to ensure a better staff knowledge</li> </ul>	<p>B</p>	<p>2</p>

Table 17: Review Observations and Recommendations					
Asset Management System	Systems, Processes and Controls in Place at BW for Asset Management			Asset Management Process and Policy Definition Adequacy Rating	Asset Management Performance Rating
	Including Recommendations				
Contingency Planning (continued)	<p>of the procedures; and</p> <ul style="list-style-type: none"> <li>BW has three preferred panel contractors (for construction/repair/maintenance tasks) who undertake emergency work (over a three years panel period) on a rates basis and tender for planned works. BW has a three years servicing contract with a preferred electrician who works on a rates basis for projects up to \$15,000 in value. Beyond this value the works are tendered.</li> </ul> <p><b>Recommendation 04/2016:</b></p> <ul style="list-style-type: none"> <li>It is recommended that:                             <ul style="list-style-type: none"> <li>An emergency response plan be prepared for a situation where a a major distribution or reticulation pipe burst causes flooding of residences, flooding and undermining of roads, intersections, power poles and street furniture;</li> <li>Consideration is given to simplifying the plans by amalgamation (e.g. the Treatment Plant sites) and avoidance of repetition. Also to allocating response activity and protocol response to different team members in each emergency area; and</li> <li>Initiate a wider regular spread of in-house tests in order to ensure a better relevant staff knowledge of the procedures.</li> </ul> </li> </ul>				
Financial Planning	<ul style="list-style-type: none"> <li>BW's asset management system ensures that financial aspects of its administration, operations and maintenance, overheads etc. are transferred to and accounted for in its overall financial planning and budgeting;</li> <li>Financial reports are prepared in accordance with Schedule 3 of the <i>Water Corporations Act 1995</i> and audited by the Auditor General's Department;</li> <li>Assets are independently valued at three yearly intervals. Depreciation is costed based on a range of rates depending on the type of assets;</li> <li>The 30 years Development and Capital Works program (see Item 1- Asset Planning) allows "a picture" of long term capital expenditure to be established. Contributions to the Infrastructure Reserve are made in order to ensure the reserve can fund expected future large and small capital expenditure;</li> <li>A ten year financial model of income and expenditure is prepared annually to confirm overall</li> </ul>			A	1



Table 17: Review Observations and Recommendations

Asset Management System	Systems, Processes and Controls in Place at BW for Asset Management	Asset Management Process and Policy Definition Adequacy Rating	Asset Management Performance Rating
	Including Recommendations		
<b>Financial Planning (continued)</b>	<p>financial viability. The model includes projections of administration, operations, maintenance, capital expenditure, funding sources etc. Discrepancies between predicted and actual expenditure including those due to changed circumstances are identified and corrected. The ten year plan includes profit and loss predictions. The information contained allows financial position predictions to be produced if required;</p> <ul style="list-style-type: none"> <li>• The model includes all income and expenditure, funding sources etc.;</li> <li>• The financial package “<i>Synergy</i>” is used for entry and storage of all income and expenditure both of which are monitored at least monthly from “<i>Synergy</i>” reports;</li> <li>• BW’s part of the State Budget process: the capital program, fees and charges and operating subsidies are approved by Government;</li> <li>• Similar to State Government, BW must input its entire budget (operating and capital) into the Department of Treasury budget system. Certain sections relevant to Government Trading Enterprises (GTEs) are in the Budget Papers;</li> <li>• The BW Board approves the budget. The Minister also approves the budget through the Government budget process. BW is also required to provide the Minister with a Statement of Corporate Intent (SCI) (1 year) which is tabled in Parliament and a Strategic Development Plan (SDP) (5 year). These documents, which also include budget figures, are work shopped with the Board;</li> <li>• BW’s Board approves both before submission to the Minister. The SCI and SDP are also sent to the Department of Treasury as part of the Budget process and require concurrence of the Treasurer;</li> <li>• In 2014/15 Government introduced Strategic Asset Plans (SAPs). BW is now required to send a Board and Minister approved SAP to the Department of Treasury as part of BW’s budget process; and</li> <li>• BW is also required to report to the Minister on its SCI including performance indicators and financial information.</li> </ul>		

Table 17: Review Observations and Recommendations					
Asset Management System	Systems, Processes and Controls in Place at BW for Asset Management			Asset Management Process and Policy Definition Adequacy Rating	Asset Management Performance Rating
	Including Recommendations				
Capital Expenditure Planning	<ul style="list-style-type: none"> <li>• BW has a documented and well-structured procedure for identifying and evaluating capital expenditure projects;</li> <li>• A 30 year Development Plan and Capital Works Program was prepared by Jclem Consultants in 2013. The plan considered changes in demand on the basis of state and local authority land use planning. In addition, each year BW engages consultant hydrologists &amp; network planners to analyse projected growth rates of the City to predict future demands and growth strategies;</li> <li>• All developments are modelled to predict the effect on the system and to identify improvements;</li> <li>• Consultants are engaged on ongoing assessments and reporting on pump and bore condition, asset performance, corrosion and the consequent need for assets to be reconditioned, or replaced;</li> <li>• From the 30 year plan and ongoing investigations and reports, BW has prepared a ten year capital program which is integrated into its Strategic Asset Management Plans prepared at three yearly intervals. The Strategic Management Plans are supported by annual rolling five year Production Management Plans, which address shorter term projects, capital expenditure and timing;</li> <li>• New projects are identified from five year Production Management Plans or from assets approaching their end of life, are in poor condition, under performing or frequently breaking down. These are identified from records in “Confirm” and budgeted for replacement or refurbishment; and</li> <li>• Proposed capital works are examined in accordance with written procedures including the completion of standard pro-forma documents. Assessment of proposed capital works involves examination of their need, available options including management solutions, “do nothing”, cost and risk. Proposals are assigned an overall risk value based on a standard procedure and pro-forma assessment sheet. The Senior Executive Group ((CEO, and General Managers of Production and Business Services) decides which proposed projects are included or excluded from the budget under consideration.</li> </ul>			A	1
Review of Asset Management System	<ul style="list-style-type: none"> <li>• The main asset management documents - now titled Asset Management Strategy Plan and Water Operations Plan are reviewed at three and one year’s intervals respectively;</li> <li>• The risk register is reviewed twice yearly. Contingency plans are reviewed annually. Capital expenditure plans are prepared annually for budget purposes. Individual Policies and Procedures</li> </ul>			B	2

Table 17: Review Observations and Recommendations					
Asset Management System	Systems, Processes and Controls in Place at BW for Asset Management			Asset Management Process and Policy Definition Adequacy Rating	Asset Management Performance Rating
	Including Recommendations				
Review of Asset Management System (continued)	<p>are reviewed annually. The asset register is updated in "Confirm" as assets are replaced, upgraded etc.;</p> <ul style="list-style-type: none"> <li>An independent review of the asset management system - covering the two year period to 31<sup>st</sup> March 2013, was undertaken by Cardno in 2013. During this current review – which covers the three years period from 1<sup>st</sup> April 2013 to the 31<sup>st</sup> March 2016, BW has essentially implemented all recommendations of the Cardno report. Also, further development and broadening the scope of the system has been undertaken by BW's Technical Officer, Asset and Risk Management, in consultation with the relevant software developers. In view of the number of "A" ratings awarded in this review, Reviewer considers a further period of three years would be appropriate;</li> <li>The individual procedures contained within supporting manuals often number in excess of twenty. At present, reviews and revision of these are noted within the procedure index, but the overall document is not noted as reviewed and frequently is not dated; and</li> <li>Overall the review intervals and documentation are appropriate as the major documents are reviewed as planned. However reviewer was confused by an inconsistency in the naming of documents and in some cases, which documents superseded, or were superseded by others. The term "Strategy" appears to have been used to describe differing document types eg, Asset Management Strategy Plans and Water Operating Strategy. The former are produced at three yearly intervals and the latter annually. The differing document titles make it difficult for the reader to confidently determine the relevance or, which document precedes or succeeds another.</li> </ul> <p><b>Recommendation 05/2016:</b></p> <ul style="list-style-type: none"> <li>All major asset management documents display the month and year of the latest revision on the front cover and that uniform titles be adopted for sequential documents;</li> <li>Superseded documents are to be identified as such and stored in a separate file from those which are current;</li> <li>An index of asset management files must be prepared and updated as documents are added or removed; and</li> <li>To help recognise many documents containing a large number of individual sub-documents of unchanged long standing, it is suggested that BW considers re-issuing the main document annually</li> </ul>				

<b>Table 17: Review Observations and Recommendations</b>				
<b>Asset Management System</b>	<b>Systems, Processes and Controls in Place at BW for Asset Management</b>		<b>Asset Management Process and Policy Definition Adequacy Rating</b>	<b>Asset Management Performance Rating</b>
	<b>Including Recommendations</b>			
<b>Review of Asset Management System (continued)</b>	with the month and date and a list of sub-documents and revisions on the front cover.			

**5.4 Current Review: Deficiencies and Recommendations**

Table 18: Current Review - Deficiencies and Recommendations			
Current Review: Deficiencies and Recommendations			
A. Resolved During Current Review Period			
Ref.	Asset Management System Effectiveness Rating	Date Resolved	Auditor's Comments
	Asset Management System Component	Management Action Taken	
	Criteria/Details of Asset Management System Deficiency		
No such instances occurred during the current Review period.			

Current Review: Issues and Recommendations			
B. Unresolved at End of Current Review Period			
Ref. (no./year)	Asset Management System Effectiveness Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Asset Management System Component		
	Criteria/Details of Asset Management System Issue		
01/2016	<ul style="list-style-type: none"> <li>Rating: B 1;</li> <li>Component: Asset Planning; and</li> <li>Details:                             <ul style="list-style-type: none"> <li>Supply pressures and flow rates stipulated in its WSOL, are set out in BW's Customer Charter. Although stated in Section 6.5 – "Operational Planning" in its 2016 Asset Management Strategy, the information is not sufficiently prominent and (as for water quality), should also be addressed in its Policy and Procedure manuals.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>It is recommended that BW include details of its WSOL <i>maximum</i> and minimum pressure and minimum flow rates in its Policy and Procedures manuals.</li> </ul>	
02/2016	<ul style="list-style-type: none"> <li>Rating: A 2;</li> <li>Component: Asset Management Information System; and</li> <li>Details:                             <ul style="list-style-type: none"> <li>Servers "B", "C", and "D" are all located in the treatment plant No.2 communications room;</li> <li>The close proximity of servers "B", "C" and "D" introduces a significant risk that all could be lost in the event of a fire, flood or similar event. Reviewer understands that BW is considering the competing options of re-locating the final server "D" to an area external to the plant, or to storing the final backup to a cloud system. Reviewer considers action to mitigate this risk is both pressing and essential; and</li> <li>Although not previously implemented, the "Data Check" facility in "Confirm" was operated during the review and indicated no errors. Business Services Manager advised this facility will be implemented weekly in future.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>That BW urgently investigate and implement options of housing computers "B", "C" and "D" separately - including relocating the final backup server "D" away from the No.2 Plant site or to store the final back-up on a cloud system; and</li> <li>That BW ensures that the "Data Check" facility in "Confirm" be implemented weekly.</li> </ul>	

Current Review: Issues and Recommendations			
B. Unresolved at End of Current Review Period			
Ref. (no./year)	Asset Management System Effectiveness Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Asset Management System Component		
	Criteria/Details of Asset Management System Issue		
03/2016	<ul style="list-style-type: none"> <li>Rating: B 1;</li> <li>Component: Risk Management; and</li> <li>Details:                             <ul style="list-style-type: none"> <li>The consequence of Risk No.71 - Reticulation Failure is noted only as "loss of supply" and the initial risk as "high". Reviewer considers the consequence could also extend to flooding of residences, flooding and undermining of roads, intersections, power poles and street furniture. The controls stated relate only to restoration of supply, which is inadequate for the flooding situation.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>That BW assesses the risk associated with a major distribution or reticulation pipe burst which in addition to loss of supply, could cause flooding of residences, flooding and undermining of roads, intersections, power poles and street furniture.</li> </ul>	
04/2016	<ul style="list-style-type: none"> <li>Rating: B 2;</li> <li>Component: Contingency Planning; and</li> <li>Details:                             <ul style="list-style-type: none"> <li>The plans do not address a situation where a major distribution or reticulation pipe burst can cause flooding of residences, flooding and undermining of roads, intersections, power poles and street furniture. Reviewer considers this emergency should be included in the emergency plans; and</li> <li>The emergency response plans are considered (with the exception of a pipe burst) very good. However it is considered they could in many cases be simplified by avoiding repetition. Also, there may be benefit in allocating response activity and protocol response to different team members in each emergency area. Also, a wider spread of in-house tests is necessary in order to ensure a better staff knowledge of the procedures.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>It is recommended that:                             <ul style="list-style-type: none"> <li>An emergency response plan be prepared for a situation where a major distribution or reticulation pipe burst causes flooding of residences, flooding and undermining of roads, intersections, power poles and street furniture;</li> <li>Consideration is given to simplifying the plans by amalgamation (e.g. the Treatment Plant sites) and avoidance of repetition. Also to allocating response activity and protocol response to different team members in each emergency area; and</li> <li>Initiate a wider regular spread of in-house tests in order to ensure a better relevant staff knowledge of the procedures.</li> </ul> </li> </ul>	

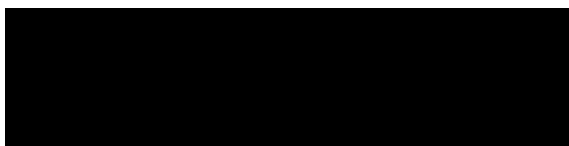
Current Review: Issues and Recommendations			
B. Unresolved at End of Current Review Period			
Ref. (no./year)	Asset Management System Effectiveness Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Asset Management System Component		
	Criteria/Details of Asset Management System Issue		
05/2016	<ul style="list-style-type: none"> <li>• Rating: B 2;</li> <li>• Component: Review of Asset Management System; and</li> <li>• Details:               <ul style="list-style-type: none"> <li>• The individual procedures contained within supporting manuals often number in excess of twenty. At present, reviews and revision of these are noted within the procedure index, but the overall document is not noted as reviewed and frequently is not dated; and</li> <li>• Overall the review intervals and documentation are appropriate as the major documents are reviewed as planned. However reviewer was confused by an inconsistency in the naming of documents and in some cases, which documents superseded, or were superseded by others. The term "Strategy" appears to have been used to describe differing document types eg, Asset Management Strategy Plans and Water Operating Strategy. The former are produced at three yearly intervals and the latter annually. The differing document titles make it difficult for the reader to confidently determine the relevance or, which document precedes or succeeds another.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• All major asset management documents display the month and year of the latest revision on the front cover and that uniform titles be adopted for sequential documents;</li> <li>• Superseded documents are to be identified as such and stored in a separate file from those which are current;</li> <li>• An index of asset management files must be prepared and updated as documents are added or removed; and</li> <li>• To help recognise many documents containing a large number of individual sub-documents of unchanged long standing, it is suggested that BW considers re-issuing the main document annually with the month and date and a list of sub-documents and revisions on the front cover.</li> </ul>	



## 6 Audit Opinion

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To the best of my knowledge, this report is based on true representation of the audit findings and opinions.



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Date: 12 July 2016

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