

Bunbury Water Corporation
(trading as Aqwest)

Water Services (Operating) Licence

Operational Audit and Asset
Management System
Effectiveness Review

Report
6 March 2018

PAXON GROUP

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1 Executive Summary

1.1 Operational Audit

Audit Objective

The operational audit (“Audit”) was conducted to assess Bunbury Water Corporation’s (trading as Aqwest) (“Aqwest”) level of compliance with the conditions of its licence.

The Audit covered the period from the 1st October 2013 to the 30th September 2017 (“Audit Period”) inclusive.

Licence, Business and Major Changes

Aqwest provides water services under the provisions of a Water Services (Operating) Licence issued by the Economic Regulation Authority (“ERA”).

Aqwest was granted a Water Services Operating Licence (“WSOL”) by the ERA. The WSOL commenced on the 17th January 1997 and authorises Aqwest 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 On 18 November 2013, the Act repealed and replaced the licensing provisions in the Water Services Licensing Act 1995.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 Aqwest took place during the Audit Period.

Aqwest’s Actions on Previous Audit Report Recommendations

The previous Audit was conducted by PWC in 2013. The 2013 Report, dated December 2013, identified no issues and consequently provided no recommendations regarding Aqwest’s operating licence compliance obligations.

In view of the lack of recommendations in the PWC Report, Table 7 entitled: “*Previous Audit: Non-compliances and Recommendations*” as in section 3 of this report has no content.

Summary of Non-Compliances and Recommendations Arising from the Current Audit

The Audit identified a few instances of non-compliance with the conditions of Aqwest’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 Aqwest 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 11 entitled: “*Audit Observations and Recommendations: Water Services Act 2012*”; and
- Table 12 entitled: “*Audit Observations and Recommendations: Water Services Licensing Act 1995*”

Both these tables can be found in section 4 of this Report.

Licence Compliance

In the auditor’s professional view, apart from the instances of non-compliance with the conditions of Aqwest’s WSOL referred to above, Aqwest complied with the conditions of its Licence during the Audit Period.

The following Table provides a summary of the Audit findings from the perspective of the Audit priority applied across each individual compliance obligation. 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*” as in section 4 of this Report; and
 - Table 10 entitled: “*Audit: Obligation Ratings Summary – Water Services Licensing Act 1995*” as in section 4 of this Report.
- Detailed findings, including observations and recommendations, per obligation are disclosed in:
 - Table 11 entitled: “*Audit Observations and Recommendations: Water Services Act 2012*”; and
 - Table 12 entitled: “*Audit Observations and Recommendations: Water Services Licensing Act 1995*”.

Audit Priority Applied	Adequacy of Controls Rating						Compliance Rating					
	Adequate Controls A	Generally Adequate Controls B	Inadequate Controls C	No Controls Evident D	Not Performed NP	Not Applicable NA	Compliant 1	Non-compliant – Minor Impact 2	Non-compliant – Moderate Impact 3	Non-compliant – Major Impact 4	Not Rated NR	Not Applicable NA
1 (Highest)												
2	22					7	13			9	7	
3												
4	58	2		3	2	4	45	14		6	4	
5 (Lowest)	69			5	8	1	30	2		50	1	
Not applicable						4						4
Not used							5					5
Total	149	2		8	10	21	88	16		65	21	

Table 1: Summary of Audit Findings

1.2 Asset Management System Effectiveness Review

Review Objective

The Water Services Licensing Act 1995 and the Act each requires Aqwest provides for and maintains an asset management system. The system should set out the processes to be taken by Aqwest 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 Aqwest provides the ERA with a report by an independent expert on the effectiveness of the system.

This asset management system effectiveness review (“Review”) will provide the ERA with an independent opinion on whether or not Aqwest 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 1st October 2013 to the 30th September 2017 (“Review Period”) inclusive.

Summary of conclusions

This review concludes that Aqwest operates all areas of its underground water extraction, treatment, and potable water distribution system to a high standard and in a professional and competent manner. Aqwest's computer-based asset management system is broad ranging and practical.

Aqwest is consistently achieving or exceeding the standards required of its customer commitments and the various licences and agreements related to groundwater extraction, treatment, and delivery of a safe potable water supply.

Aqwest's personnel are a well-trained, focussed and cooperative team.

This review, having identified no issues of consequence, awarded the highest "A1" rating to all twelve of the key processes reviewed. Accordingly, no recommendations are made as a result of this review.

Bunbury Water Corporation's Actions on Previous Review Report Recommendations

The previous Review was conducted by PWC in 2013. The 2013 Review Report, dated December 2013, identified no issues and consequently provided no recommendations regarding Aqwest's asset management procedures or operations.

In view of the lack of recommendations in the PWC Review, Table 7 entitled: "*Previous Review: Deficiencies and Recommendations*" as in section 3 of this report has no content.

Licence Compliance

Tables 8 & 9 of the ERA'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 Aqwest's Asset Management System is summarised in Table 2 entitled: "Summary of Review Findings" on the next page:

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
Component	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

2 Scope of Work

2.1 Objectives

2.1.1 Operational Audit

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

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 Aqwest provide for and maintain an asset management system. The system should set out the processes to be taken by Aqwest to ensure the proper planning, operation, financing, maintenance, repair and renewal of its assets and for monitoring of its water services. The Act requires Aqwest to provide the ERA with a report by an independent expert on the effectiveness of the system.

This review will provide the ERA with an independent opinion on whether Aqwest 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 Licence. The scope of the Audit included the adequacy and effectiveness of performance against the requirements of the Licence 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 Licence 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 ERA; and

- **Compliance with any individual licence conditions** – the requirements imposed on the specific licensee by the ERA or specific issues that are advised by the ERA.

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 Aqwest for the proper operation and maintenance of assets. The plans must convey Aqwest'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 Plan

A risk-based approach was used to develop an Audit and Review Plan, to assess the appropriate risk factors 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 Aqwest and reviewed processes to obtain an understanding of procedures, systems and controls which were 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 License 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 Water Quality Supervisor 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 the Tech. Water Treatment Plant and bores, storage, together with adjacent pumping station and emergency control centre;
- 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
- Aqwest's response to the recommendations made in previous reviews.

2.3.3 Audit Reporting

- Provided a draft Audit and Review Report to the ERA for review. The ERA forwarded the draft Audit and Review Report to Aqwest for their comment;
- The ERA provided comments (as compiled by the ERA and Aqwest) on the Draft Audit and Review Report to Paxon. Paxon considered the comments received and made amendments to the Draft Audit and Review Report, as appropriate; and
- Paxon provided the final Audit and Review Report to the ERA.

The ERA will procure the post-audit implementation plan from Aqwest.

2.4 Time Interval Covered in Audit/Review

The Audit/Review covered the period from the 1st October 2013 to the 30th November 2017. The previous Audit/Review covered the period from the 1st October 2010 to the 30th September 2013.

2.5 Audit/Review Dates

The Audit/Review fieldwork was conducted during October 2017.

2.6 Licensee's Representatives

Aqwest employees who participated in the Audit were as follows:

Staff Member	Position
Gary Hallsworth	Manager Water Services
Joe Smith	Manager Corporate Services
Amanda Caunt	Project Management Officer

Table 3: Aqwest Employees Who Participated in the Audit

Aqwest employees who participated in the Review were as follows:

Staff Member	Position
Gary Hallsworth	Manager – Water Services
Joe Smith	Manager – Corporate Services
Kristian Laskowski	Asset Management Coordinator
Caleb Maguire	Coordinator – Water Treatment
Karl Woods	Water Quality Supervisor
Adam Gornall	Team Leader (Acting Coordinator) Water Distribution
Amanda Caunt	Project Management Officer
Kieran Treloar	Technical Support Officer
Kim Leard	Contract & Procurement Officer
Robert Allan	Safety Training & Compliance Officer

Table 4: Aqwest Employees Who Participated in the Review

2.7 Key Documents and Other Information Sources

2.7.1 Operational Audit

Details of key documents and other information sources examined during 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 Act 2012 – July 2016;
- Water Compliance Reporting Manual – Water Services Licensing Act 1995 – July 2012;
- Water Services Operating Licence – Aqwest - Bunbury Water Board – WL2, Version 7, 28 August 2013;
- Water Services Operating Licence – Bunbury Water Corporation (t/a Aqwest) – WL2, Version 8, 18 November 2013;
- Water Services Licence – Bunbury Water Corporation (trading as Aqwest) – WL2, Version 9, 1 July 2016;
- Bunbury Water Corporation (trading as Aqwest) – Audit and Review Plan – Operational Audit and Asset Management System Effectiveness Review of the Water Services (Operating) Licence for 2013 - 2017;
- Operating Licence and Asset Management Review – Performance Audit Report – Bunbury Water Board – December 2013 – PWC;
- Aqwest – Annual Report – 2015;
- Aqwest – Annual Report 2016;
- Aqwest – Annual Report 2017;
- Aqwest – Asset Management Plan – June 2017;
- Compliance Report – 01/07/2013 to 30/06/2014;
- Compliance Report – 01/07/2014 to 30/06/2015;
- Compliance Report – 01/07/2015 to 30/06/2016;
- Compliance Report – 01/07/2016 to 30/06/2017;
- Aqwest – Complaints Handling Manual – Revision 5 – February 2016;
- Policy - Finance – Policy NO: 1.34 – Customer Complaints;
- Register of Complaints 2013/2014;
- Commitment to Customers – January 2017 – Aqwest;
- Customer Service Charter – May 2010 to May 2013 – Final Version – Aqwest;
- Communication with the ERA over the period 1 October 2013 to 30 September 2017;
- Aqwest – Customer Account Reviews;
- Aqwest – Policy NO: 1.36 – Ex Gratia Allowances for Water Lost Through Hidden Leaks and Bursts;
- Aqwest – Financial Hardship Policy Guidelines – May 2014;

- Aqwest – Policy-Finance – Policy NO: 1.32 – Reducing the Rate of Flow of Drinking Water;
- Aqwest – Memorandum of Understanding – between the Department of Health and Aqwest-Bunbury Water Board for Drinking Water;
- Aqwest - Water Services Act Obligations Register;
- Water Services Regulations 2013 obligations spread sheet;
- Water Services Code of Conduct (Customer Service Standards) 2013 obligations spread sheet;
- Operating Licence Conditions - Obligations Analysis spread sheet;
- Performance Reporting Data Sheets – 2013-2014;
- Performance Reporting Data Sheets – 2014-2015;
- Performance Reporting Data Sheets – 2015-2016; and
- Performance Reporting Data Sheets – 2016-2017.

2.7.2 Asset Management Information System

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

- Water Services Operating Licence – Aqwest - Bunbury Water Board – WL2, Version 7, 28 August 2013;
- Water Services Operating Licence – Bunbury Water Corporation (t/a Aqwest) – WL2, Version 8, 18 November 2013;
- Water Services Licence – Bunbury Water Corporation (trading as Aqwest) – WL2, Version 9, 1 July 2016;
- Aqwest – Memorandum of Understanding – between the Department of Health and Aqwest-Bunbury Water Board for Drinking Water;
- Audit and Review Guidelines: Water Licences – July 2014;
- Operating Licence and Asset Management Review – Performance Audit Report – Bunbury Water Board – December 2013 – PWC;
- Compliance Report – 01/07/2013 to 30/06/2014;
- Compliance Report – 01/07/2014 to 30/06/2015;
- Compliance Report – 01/07/2015 to 30/06/2016;
- Aqwest - Water Services Act Obligations Register;
- Operating Licence Conditions - Obligations Analysis spread sheet;
- Commitment to Customers – January 2017 – Aqwest;
- Department of Water – Groundwater Extraction Licence Nos. GWL 150896(2) – 2009;
- Bunbury Water Corporation - Annual Reports for 2013/14, 2014/15 and 2015/16 (including summaries of Annual Water Quality Reports);
- Bunbury Water Corporation – Ten-year Financial Plan – 2017/18;
- Bunbury Water Corporation – Ten-year Capital Expenditure Plan 2017/18;
- Bunbury Water Corporation – Asset Management Plan 2017;
- Bunbury Water Corporation – Asset Management Strategy – 2017;

- Bunbury Water Corporation – Asset Risk and Criticality Framework – 2017;
- Bunbury Water Corporation – Risk Matrix - Non-operational Events;
- Bunbury Water Corporation – Asset and Condition Register;
- ERA – Blank Reporting Data Sheets;
- Department of Water - Bunbury Water Corporation Groundwater Extraction Licence and letter confirming licence extension;
- Bunbury Water Corporation – Water Quality Emergency Exercise Report – 2016;
- Bunbury Water Corporation – Natural Disasters and Aqwest Business Continuity at Water Services Centre – 2012;
- Bunbury Water Corporation – Business Continuity Plans;
- Bunbury Water Corporation – Incident Response Plan;
- Bunbury Water Corporation – Emergency Response Plan – Chlorine Gas;
- Bunbury Water Corporation – Pandemic Influenza Plan;
- Bunbury Water Corporation – Records Management Disaster Plans;
- Operations and Maintenance Manuals for:
 - Reticulation;
 - City Water Link;
 - Reservoir Inspections;
 - Operation and Maintenance Manual – Water Treatment Plants – General; and
 - Operation & Maintenance Manuals (Individual Treatment Plants) for: Robertson, Tech School, Spencer, Hastie, Irwin and Skewes.
- Asset Management;
- Operating Manual for Water Treatment Plant Automation;
- Bunbury Water Corporation – Employee Training Data Base;
- Bunbury Water Corporation – Five-year Training Budget - (Staff Training 2018 to 2023);
- Bunbury Water Corporation – 2017/2018 Training Schedule;
- Rockwater - Annual Groundwater Licence Reports – 2014, 2015 and 2016;
- Bunbury Water Corporation - Policy Nos. 4.1 - *Plant & Vehicle Purchases*, 4.15 - *Purchasing* and 4.2 - *Tender Procedures*;
- Bunbury Water Corporation – Glen Iris Pumping Station Commissioning Report;
- Bunbury Water Corporation – Strategic Asset Plan Budget Bid Report for 2019/2020 delivery – Manifold Replacement - Hastie Booster Pumping Station;
- Bunbury Water Corporation – Blank and Completed Job Order Cards; and
- Bunbury Water Corporation – Strategic Asset Committee Meeting Minutes – 18/9/2017.

2.8 Audit/Review Team Members and Hours Utilised

Team Member	Hours
Cameron Palassis – Executive Director	8
Anton Prinsloo – Senior Consultant	56
Barry Robbins- Barry Robbins Engineering and Project Management	56
TOTAL	120

Table 5: Audit/Review Team Members and Hours Utilised

3 Licensee’s Response to Previous Recommendations

3.1 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 the Issue		Details of Further Action Required (Including Current Recommendation Reference if Applicable)			
There is no content in Part A.							

Table 6: Previous Audit: Non-compliances and Recommendations (Part A)

Previous Audit: Non-Compliances and Recommendations				
B. Resolved During Current Audit Period				
Reference (no./year)	Compliance and Control Rating	Auditor's Recommendation	Date Resolved	Further Action Required (FAR) (Yes/No/Not Applicable)
	Legislative Obligation and			Details of Further Action Required (Including Current Recommendation Reference if Applicable)
	Details of the Issue			
The previous Audit did not identify any areas of non-compliance.				

Table 6: Previous Audit: Non-compliances and Recommendations (Part B)

Previous Audit: Non-Compliances and Recommendations			
C. Unresolved at End of Current Audit Period			
Reference (no./year)	Compliance Rating	Auditor's Recommendation	Further Action Required (FAR) (Yes/No/Not Applicable)
	Legislative Obligation and		Details of Further Action Required
	Details of the Issue		
The previous Audit did not identify any areas of non-compliance.			

Table 6: Previous Audit: Non-compliances and Recommendations (Part C)

3.2 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	Asset Management System Component	Reviewer's Recommendation or Action Taken	Date Resolved	Further Action Required (Yes/No/Not Applicable)	
	Criteria/Details of Asset Management System Deficiency				Details of Further Action Required (Including Current Recommendation Reference if Applicable)	
There is no content in Part A.						

Table 7: Previous Review: Deficiencies and Recommendations (Part A)

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 (FAR) (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			
The previous Review did not identify any issues.				

Table 7: Previous Review: Deficiencies and Recommendations (Part B)

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 (FAR) (Yes/No/Not Applicable)	
	Asset Management System Component		Details of Further Action Required	
	Criteria/Details of Asset Management System Deficiency			
The previous Review did not identify any issues.				

Table 7: Previous Review: Deficiencies and Recommendations (Part C)

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 ERA’s document entitled: “*Audit and Review Guidelines: Water Licences – July 2014*” (“ERA’s Guidelines”).

Audit Compliance and Controls Rating Scales ERA’s Guidelines: Table No. 6 (as amended)

Operational 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		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 ERA’s Guidelines: Table number 6 were amended to include the following ratings:

- Adequacy of controls rating: “NP”;
- Adequacy of controls rating: “NA”;
- Compliance rating: “NR”; and
- Compliance rating: “NA”.

4.2 Audit: Obligation Ratings Summary – Water Services Act 2012

No. ¹	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 6-point rating scale in Table 8 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 8 for details)					
	Water Services Act 2012 Section Number	Water Services Licence – Version 9 Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
1	21(1)(a)	3.3.1 (a)		2	✓									✓		
2	21(1)(b)	3.3.1 (b)	Duty to provide services and do works	2	✓									✓		
3	21(1)(c)	3.1.1 & 3.5		2	✓									✓		
4	22	3.4.1	Provision of water services outside operating areas	2	✓											✓
5	23	3.5	Works holding arrangements	2	✓									✓		
6	24(1)(a) & 24 (2)	4.1.1		4	✓									✓		
7	24(1)(b)	4.1.1 & 4.1.2	Asset management system	4	✓											✓
8	24(1)(c)	4.1.3		5	✓									✓		
9	25	4.3.1	Operational audit	5	✓									✓		
10	26(3)	3.1.1	Compliance with codes of practice made by Minister	n/a										✓		✓
11	27	3.1.1	Compliance with code of conduct made by Authority	4										✓		✓

¹ The ‘No.’ refers to the compliance obligation reference number, as per the ERA’s document entitled: “Water Compliance Reporting Manual – Water Services Act 2012 – July 2016”

No. ¹	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 6-point rating scale in Table 8 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 8 for details)						
	Water Services Act 2012	Water Services Licence – Version 9			A	B	C	D	NP	NA	1	2	3	4	NR	NA	
	Section Number	Clause Number															
12	29	3.1.1	Licensee must comply with duties under Act	4										✓			✓
13	36	3.1.1	Provision of a water service ceasing – duty to leave system in safe condition	2	✓												✓
14	60	5.6.1	Duty to perform functions of supplier of last resort	4						✓							✓
15	66	5.5.1	Water Services Ombudsman Scheme	4	✓												✓
16	77(3)	3.1.1	Interruption of water services generally	5	✓												✓
17	82(4) & (5)	3.1.1	Notification of and requirements as to building work	5	✓												✓
18	84(2)	3.1.1	Ensuring water service works are done	2	✓												✓
19	87(2)	3.1.1	Review of certain decisions under or relating to this division	2	✓												✓
20	90(7)	3.1.1	Construction over or in vicinity of water service works of licensee	2	✓												✓
21	95(3)	3.1.1	Disconnection or reduction in rate of flow	2	✓												✓
22	96(1)	3.1.1	Fire hydrants	2	✓												✓
23	96(5)	3.1.1		2	✓												✓
24	98(3)	3.1.1	Minister may require connection to sewerage works	2										✓			✓
25	106(2)	3.1.1	Compliance notices (discharge or wastewater inlet)	2										✓			✓

No. ¹	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 6-point rating scale in Table 8 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 8 for details)								
	Water Services Act 2012	Water Services Licence – Version 9			A	B	C	D	NP	NA	1	2	3	4	NR	NA			
	Section Number	Clause Number																	
26	110(3)	3.1.1	Minister may require connection to drainage works	2										✓					✓
27	112(5)	3.1.1	Requirement to maintain or modify drainage assets	2										✓					✓
28	119(2)	3.1.1	Compliance notices (non-compliance with specific sections of Act)	2										✓					✓
29	122(2)	3.1.1	Review of decisions relating to giving compliance notices	5	✓														✓
30	125(2)	3.1.1	Supplying groups of dwellings	5	✓										✓				
31	128(4)	3.1.1	Prohibition on dealings in land	5	✓														✓
32	129(5)	3.1.1	Reading meters, routine inspection and maintenance	5	✓										✓				
33	139(3)	3.1.1	Ancillary works powers	5	✓														✓
34	141(1)	3.1.1	Special provisions applicable to road works	5	✓										✓				
35	142	3.1.1	Prerequisites to provision of major works	5	✓														✓
36	143 (2)	3.1.1	Licensee to prepare plans and publish and give notice of major works	5	✓														✓
37	143 (3)	3.1.1		5	✓														
38	144(3)	3.1.1	Objections and submissions	5	✓														✓
39	145(2)	3.1.1	Licensee may amend proposal	5	✓														✓

No. ¹	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 6-point rating scale in Table 8 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 8 for details)					
	Water Services Act 2012	Water Services Licence – Version 9			A	B	C	D	NP	NA	1	2	3	4	NR	NA
	Section Number	Clause Number														
40	147(3)	3.1.1	Powers of Minister in respect of proposal	5	✓											✓
41	147(4)	3.1.1		5	✓											✓
42	151(1)	3.1.1	Licensee to prepare plans and give notice of general works	5	✓							✓				
43	151(2)	3.1.1		5	✓									✓		
44	152(3)	3.1.1	Objections and submissions	5	✓							✓				
45	153(3)	3.1.1	Licensee may amend proposal	5	✓							✓				
46	166(5)	3.1.1	Taking an interest in land for purposes of licensee	5	✓											✓
47	166(6)	3.1.1		5	✓											✓
48	170	3.1.1	Sale of land	5	✓											✓
49	173(4)	3.1.1	Entry with consent or under notice or warrant	5						✓						✓
50	174(1)	3.1.1	Notice of entry	5						✓						✓
51	174(3)	3.1.1		5							✓					✓
52	175(2)	3.1.1	Rights of occupier of dwelling	5						✓						✓
53	175(5)	3.1.1		5							✓					✓

No. ¹	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 6-point rating scale in Table 8 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 8 for details)					
	Water Services Act 2012	Water Services Licence – Version 9			A	B	C	D	NP	NA	1	2	3	4	NR	NA
	Section Number	Clause Number														
54	176(1)	3.1.1		5					✓					✓		
55	176(3)	3.1.1	When authorised person must leave	5	✓						✓					
56	176(4)	3.1.1		5					✓					✓		
57	181	3.1.1	Actions of authorised persons and others	5				✓						✓		
58	186	3.1.1	Contents of application (warrant to enter)	5	✓									✓		
59	187(1) – (3)	3.1.1	How application to be made (warrant to enter)	5	✓									✓		
60	190(4)	3.1.1	Execution of warrant	5	✓									✓		
61	190(5)	3.1.1		5	✓									✓		
62	210(5)	3.1.1	Designation of inspectors and compliance officers	5	✓						✓					
63	218(2)	3.1.1	Liability of certain persons for damage caused in exercise of powers	5	✓						✓					
64	218(3)	3.1.1		5	✓						✓					

Table 9: Audit: Obligation Ratings Summary – Obligations as per ERA’s: “Water Compliance Reporting Manual – Water Services Act 2012 – July 2016” (Numbers 1 to 64)

No. ¹	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 Licence – Version 9			(Refer to the 6-point rating scale in Table 8 for details)						(Refer to the 6-point rating scale in Table 8 for details)						
	Regulation Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA	
65	23(2)	3.1.1	Installation of certain meters	4	✓									✓			
66	24(4)	3.1.1	Access to meters	4	✓									✓			
67	26(3)	3.1.1	Testing water meters	4		✓								✓			
68	26(5)	3.1.1		4	✓												✓
69	29(2)	3.1.1	Subdivision: deferring infrastructure contributions	5	✓												✓
70	42(2)	3.1.1	Backflow prevention devices: installation	5	✓												✓
71	43(3)	3.1.1	Backflow prevention devices: testing and maintenance	5	✓								✓				
72	43(6)	3.1.1		5	✓									✓			
73	53(3)	3.1.1	Diagrams of drainage plumbing	2								✓					✓
74	60(2)	3.1.1	Altering position of service infrastructure in roads	5	✓												✓
75	63	3.1.1	Roads broken up to be reinstated	5	✓								✓				
76	65(1)	3.1.1	Records	5	✓								✓				
77	65(2)	3.1.1		5	✓									✓			
78	65(4)	3.1.1		5	✓												✓

No. ¹	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 Licence – Version 9			(Refer to the 6-point rating scale in Table 8 for details)						(Refer to the 6-point rating scale in Table 8 for details)					
	Regulation Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
79	67	3.1.1	Records to be basis for water service charges	5	✓							✓				
80	68(5)	3.1.1	Objections to entries in records	5	✓											✓
81	68(6)	3.1.1		5	✓											✓
82	68(7)	3.1.1		5	✓											✓
83	68(8)	3.1.1	Objections to entries in records	5	✓											✓
84	69(3)	3.1.1	State Administrative Tribunal review of licensee’s decision on objection	5				✓								✓
85	70(2)	3.1.1	SAT review: licensee’s decision not to extend time for objection/review	5				✓								✓
86	74(1)	3.1.1	Amending records after objection or review	5				✓								✓
87	74(2)	3.1.1		5				✓								✓
88	75(1)	3.1.1	Certain information to be available to tenants and others	5	✓							✓				
89	85	3.1.1	Compliance notices	5	✓											✓
90	86(6)	3.1.1	Clause only applies to licensees which are Water Corporations	5								✓				✓
91	86(9)	3.1.1	Clause only applies to licensees which are Water Corporations	5	✓											✓

Table 9: Audit: Obligation Ratings Summary – Obligations as per ERA’s: “Water Compliance Reporting Manual – Water Services Act 2012 – July 2016” (Numbers 65 to 91)

No. ¹	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 6-point rating scale in Table 8 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 8 for details)					
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Licence – Version 6			Clause Number	Clause Number	A	B	C	D	NP	NA	1	2	3	4
92	7	3.1.1	Information about connections	4	✓							✓				
93	8	3.1.1	Minimum performance standards: standard water supply connections	4	✓							✓				
94	9	3.1.1	Bills other than for quantities supplied, discharged	4	✓							✓				
95	10(2)	3.1.1	Bills for quantities supplied, discharged	4	✓							✓				
96	10(3)	3.1.1		4	✓								✓			
97	10(4)	3.1.1		4	✓								✓			
98	10(5)	3.1.1		4	✓								✓			
99	11	3.1.1		Sending bills	4	✓							✓			
100	12(1)	3.1.1	Information on bills	4	✓								✓			
101	12(2)	3.1.1		4	✓								✓			
102	12(3)	3.1.1		4	✓									✓		
103	13(1)	3.1.1		Estimates: Licensees' obligations	4				✓				✓			

No. ¹	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 Licence – Version 6			(Refer to the 6-point rating scale in Table 8 for details)						(Refer to the 6-point rating scale in Table 8 for details)					
	Clause Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
104	13(2)	3.1.1		4				✓			✓					
105	14(1)	3.1.1	Requested meter readings, revised bills: Licensee's obligations	4				✓			✓					
106	15	3.1.1	Leaks	4	✓						✓					
107	16(2)	3.1.1		4	✓						✓					
108	16(3)	3.1.1	Undercharging in bills	4	✓						✓					
109	16(4)	3.1.1		4	✓						✓					
110	16(5)	3.1.1		4	✓								✓			
111	17(1)	3.1.1	Overcharging in bills	4	✓							✓				
112	17(2)	3.1.1		4	✓								✓			
113	18(1)	3.1.1		4	✓						✓					
114	18(2)	3.1.1	Review of bills	4	✓						✓					
115	18(3) & (6)	3.1.1		4	✓						✓					

No. ¹	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 6-point rating scale in Table 8 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 8 for details)					
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Licence – Version 6			A	B	C	D	NP	NA	1	2	3	4	NR	NA
116	18(4)	3.1.1		4	✓								✓			
117	18(5)	3.1.1		4	✓								✓			
118	20	3.1.1	When payment due if not set under regulations	4	✓								✓			
119	21(1)	3.1.1	Payment methods	4	✓								✓			
120	21(2)	3.1.1		4	✓										✓	
121	22	3.1.1	Consent for direct debits	4	✓								✓			
122	23(1)	3.1.1	Payment in advance	4	✓								✓			
123	24	3.1.1	Free redirection in absence, illness	4	✓								✓			
124	25	3.1.1	Assistance for customers experiencing payment difficulties	4	✓								✓			
125	26(1) & (2)	3.1.1 & 5.4.1	Financial hardship policy	4					✓				✓			
126	26(3)	3.1.1		4						✓			✓			
127	26(4)	3.1.1		4						✓						✓

No. ¹	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 6-point rating scale in Table 8 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 8 for details)					
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Licence – Version 6			A	B	C	D	NP	NA	1	2	3	4	NR	NA
128	26(5)	3.1.1		4	✓									✓		
129	26(6)	3.1.1		4	✓										✓	
130	27(2)	3.1.1		4	✓									✓		
131	27(3)	3.1.1	Assistance for customers experiencing financial hardship	4	✓									✓		
132	28(1)	3.1.1	Matters relating to customers experiencing payment difficulties or financial hardship	4	✓								✓			
133	28(4) & (5)	3.1.1		4	✓									✓		
134	29	3.1.1	No debt collection in certain cases	4	✓										✓	
135	30(1)	3.1.1	Restoration of drinking water supply	5	✓									✓		
136	30(2)	3.1.1	Restoration of drinking water supply	5	✓									✓		
137	31	3.1.1	Preliminary action	5	✓									✓		
138	32	3.1.1	No reduction in certain cases	5	✓									✓		
139	33	3.1.1	Water flow not to be reduced below minimum rate	2	✓									✓		

No. ¹	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 6-point rating scale in Table 8 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 8 for details)					
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Licence – Version 6			A	B	C	D	NP	NA	1	2	3	4	NR	NA
140	34(2)	3.1.1	Clause only applies to the Water Corporation	n/a											✓	
141	34(3)	3.1.1		n/a												✓
142	34(4)	3.1.1	Minimum performance standards for restoration of water supply	2	✓										✓	
143	34(5)	3.1.1	Clause only applies to the Water Corporation	n/a											✓	
144	34(6)	3.1.1	Minimum performance standards for restoration of water supply	4		✓									✓	
145	35(1)	3.1.1	Procedure for dealing with complaints about water services	4	✓										✓	
146	35(2)	3.1.1		4	✓										✓	
147	35(3)	3.1.1		4	✓										✓	
148	35(4)	3.1.1		4	✓										✓	
149	35(6)	3.1.1		4	✓										✓	
150 - 1	36(1)	3.1.1	Services to be provided without charge	4	✓										✓	

No. ¹	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 Licence – Version 6			(Refer to the 6-point rating scale in Table 8 for details)						(Refer to the 6-point rating scale in Table 8 for details)					
	Clause Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
152	36(2)	3.1.1	Services to be provided without charge	4	✓						✓					
153	37(1)	3.1.1	Information to be publicly available - bills	4	✓						✓					
154	12 [37(2)]	3.1.1		4	✓						✓					

Table 9: Audit: Obligation Ratings Summary – Obligations as per ERA's: "Water Compliance Reporting Manual – Water Services Act 2012 – July 2016" (Numbers 92 to 154)

No. ¹	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 Licence – Version 9			(Refer to the 6-point rating scale in Table 8 for details)						(Refer to the 6-point rating scale in Table 8 for details)					
	Section Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
155	12	3.2.1	Fees	5	✓						✓					
156	12	3.1.1	Compliance with applicable legislation	2						✓						✓
157	Not used															
158	Not used															
159	12	3.1.2	Compliance with applicable legislation	5					✓							✓
160	12	3.6.1	Accounting records	5	✓						✓					
161	12	4.2.1	Individual performance standards	4	✓							✓				
162	12	4.3.4	Operational audit	5	✓						✓					
163	12	3.7.1 (a), (b), (c)	Reporting a change in circumstances	5	✓											✓
164	Not used															
165	12	3.8.1	Provision of information	4	✓											✓
166	12	3.8.2		4	✓							✓				
167	12	3.8.3	Provision of information	4	✓							✓				
168	12	2.8.1 & 2.8.2	Publishing information	5	✓											✓

No. ¹	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 Section Number	Water Services Licence – Version 9 Clause Number			(Refer to the 6-point rating scale in Table 8 for details)						(Refer to the 6-point rating scale in Table 8 for details)						
					A	B	C	D	NP	NA	1	2	3	4	NR	NA	
169	12	2.7.1	Notices	5	✓						✓						
170	Not used																
171	12	4.1.2	Asset management system	5	✓											✓	
172	12	4.1.6		5	✓							✓					
173	12	5.5.1	Water Services Ombudsman Scheme	5	✓						✓						
174	Not used																
175	12	5.1.1	Customer contract	5	✓											✓	
176	12	5.1.2		5	✓												✓
177	12	5.1.3		5	✓												✓
178	12	5.1.5		5	✓												✓
179	12	5.3.1 & 5.3.2		5	✓												✓
180	12	5.3.4	Non-standard terms and conditions of service	5	✓											✓	
181	12	5.6.1	Supplier of last resort	2	✓											✓	
182	12	3.4.1 (b)	Provision of water services outside operating area	2	✓											✓	

No. ¹	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 Licence – Version 9			(Refer to the 6-point rating scale in Table 8 for details)						(Refer to the 6-point rating scale in Table 8 for details)						
	Section Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA	
183	12	5.4.3	Hardship policy	5	✓						✓						
184	12	6.1.1		2	✓											✓	
185	12	6.1.2		2	✓							✓					
186	12	6.1.3		2	✓							✓					
187	12	6.1.4		2	✓							✓					
188	12	6.1.5		2	✓												✓
189	12	6.1.6		2	✓							✓					
190	12	Schedule 2	Performance standards	4	✓							✓					

Table 9: Audit: Obligation Ratings Summary – Obligations as per ERA’s: “Water Compliance Reporting Manual – Water Services Act 2012 – July 2016” (Numbers 92 to 190)

4.3 Audit: Obligation Ratings Summary – Water Services Licensing Act 1995

This Summary only lists obligations under Water Services Operating Licence (“WSOL”) – Version 7, which were discontinued under Water Services Operating Licence – Version 8. Obligations included in WSOL – Version 7 and carried forward in WSOL – Version 8, are disclosed in section 4.4.

No. ²	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 6-point rating scale in Table 8 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 8 for details)					
	Water Services Licensing Act 1995 Section Number	Water Services Operating Licence – Version 7 Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
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		Customer complaints	2		✓									✓
19	N/A	Cl. 7.1	Customer Service Charter	4	✓								✓			

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

No. ²	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 6-point rating scale in Table 8 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 8 for details)					
	Water Services Licensing Act 1995 Section Number	Water Services Operating Licence – Version 7 Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
20	N/A	Sch. 3 Cl. 2.5		4		✓								✓		
21	N/A	Sch. 3 Cl. 2.6		4		✓								✓		
22	N/A	Sch. 3 Cl. 2.7	Customer Service Charter	4		✓								✓		
23	N/A	Cl. 8		4		✓								✓		
24	N/A	Sch. 3 Cl. 4.1	Customer consultation	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										✓		✓

Table 10: Audit: Obligation Ratings Summary – Obligations as per the ERA’s: “Water Compliance Reporting Manual – Water Services Licensing Act 1995 – July 2012”

4.4 Audit Observations and Recommendations: Water Services Act 2012

No. ³	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Operating Licence – Versions 8 and 9				Including Recommendations	Controls
	Section Number	Clause Number					
1	21(1)(a)	27.1 / 3.3.1 (a)	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	<ul style="list-style-type: none"> Aqwest has stated it did provide potable water supply services to persons entitled to the service under the Act; Aqwest did compile a “Water Services Obligations Register” after April 2017. This register identifies its compliance obligations in terms of the Act - as referenced in the ERA’s: “Water Compliance Reporting Manual – Water Services Act 2012 – July 2016”. This register records, amongst others, controls Aqwest has developed in the past or are currently implementing to help it to comply with its obligations in terms of the Act. However, this supporting information does not provide conclusive evidence Aqwest had sufficient controls in place throughout the Audit Period to ensure compliance with its obligations in terms of the Act; and 	A	1

³ The ‘No.’ refers to the compliance obligation reference number, as per the ERA’s document entitled: “Water Compliance Reporting Manual – Water Services Act 2012 – July 2016”

No. ³	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012 Section Number	Water Services Operating Licence – Versions 8 and 9 Clause Number				Controls	Compliance
1 (cont.)					<ul style="list-style-type: none"> Aqwest’s “Water Services Act Obligations Register” records compliance with this obligation is a management responsibility and lists controls therefore. 	A	1
2	21(1)(b)	27.1 / 3.3.1 (b)	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	<ul style="list-style-type: none"> Aqwest has stated it did not refuse to provide a service to any applicant during the Audit Period; and Aqwest’s “Water Services Act Obligations Register” records compliance with this obligation is a management responsibility and lists a control therefore. 	A	1
3	21(1)(c)	27.1 / 3.1.1 & 3.5	The licensee must provide, operate and maintain the water service works specified by the ERA in the licence.	2	<ul style="list-style-type: none"> Aqwest has stated it did provide, operated and maintained the water service works as specified in the licence during the Audit Period; The provision, operation and maintenance of water service works are covered in comprehensive detail in the Review section of this report. The reviewer has rated the asset management system across all 12-key asset management system processes as being, in respect of the: <ul style="list-style-type: none"> Asset Management Process and Policy Definition Adequacy: as “A” meaning it is 	A	1

No. ³	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)		
	Water Services Act 2012	Water Services Operating Licence – Versions 8 and 9				Including Recommendations	Controls	Compliance
	Section Number	Clause Number						
3 (cont.)					<p>“Adequately Defined”; and</p> <ul style="list-style-type: none"> • Asset Management Performance: as “1” meaning it is “Performing Effectively”. • Paxon has noted the “Aqwest – Asset Management Plan – June 2017” in section 6.1 entitled: “Current Assets Condition” covers both the operation and maintenance of assets; and • Paxon has noted the “Aqwest – Asset Management Strategy – June 2017” in section 5.1.5 entitled: “Operations and Maintenance Manuals” states: “A suite of O&M Manuals have been developed which documents the processes and procedures associated with the operational and maintenance activities of Aqwest assets. To keep up to date and relevant, the O&M Manuals are to be reviewed annually.” 	A	1	
4	22	28.1 / 3.4.1	The licensee must notify the ERA as soon as practicable before commencing to provide the water service outside of the operating area of the license.	2	<ul style="list-style-type: none"> • Aqwest has stated it did not provide any water services outside of the operating area of the licence during the Audit Period; and • The “Water Services Act Obligations Register” classifies this as a “rare event – response only”. Paxon agrees specific systems, processes and controls are only expected to be put in place 	A	NR	

No. ³	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012 Section Number	Water Services Operating Licence – Versions 8 and 9 Clause Number				Controls	Compliance
4 (cont.)					when the stipulations of this clause are applicable.	A	NR
5	23	29.1 / 3.5	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 a works holding arrangement.	2	<ul style="list-style-type: none"> Aqwest has stated it did own all water service works used by it for the provision of water services during the Audit Period; and Aqwest’s “Water Services Act Obligations Register” records compliance with this obligation is a management responsibility and lists a control therefore. 	A	1
6	24(1)(a) & 24(2)	20.1 / 4.1.1	The licensee must have an asset management system that provides for the operation and maintenance of the water service works.	4	<ul style="list-style-type: none"> Aqwest does have an “Aqwest – Asset Management Plan – June 2017”; Paxon notes this Plan in section 6.1 entitled: “Current Assets Condition” covers both the operation and maintenance of assets; Paxon has noted the “Aqwest – Asset Management Strategy – June 2017” in section 5.1.5 entitled: “Operations and Maintenance Manuals” states: “A suite of O&M Manuals have been developed which documents the processes and procedures associated with the operational and maintenance activities of Aqwest assets. To keep up to date and relevant, the O&M Manuals are to be reviewed annually.”; and 	A	1

No. ³	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Operating Licence – Versions 8 and 9				Controls	Compliance
	Section Number	Clause Number					
6 (cont.)					<ul style="list-style-type: none"> Aqwest’s “Water Services Act Obligations Register” records compliance with this obligation is a management responsibility and lists controls therefore. 	A	1
7	24(1)(b)	20.2 / 4.1.1 & 4.1.2	The licensee must give details of the asset management system and any changes to it to the ERA.	4	<ul style="list-style-type: none"> Aqwest has stated no changes to its asset management system took place during the Audit Period; and Aqwest’s “Water Services Act Obligations Register” records compliance with this obligation is a management responsibility and lists a control therefore. 	A	NR
8	24(1)(c)	20.3 / 4.1.3	A licensee must provide the ERA 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 ERA.	5	<ul style="list-style-type: none"> PWC performed an operational audit and asset management review for the period 1 October 2010 to 30 September 2013; Paxon Group has been appointed to perform an operational audit and asset management system effectiveness review for the period 1 October 2013 to 30 September 2017; <p>Paxon has noted the “Aqwest – Asset Management Plan – June 2017” in section 4.1 entitled: “Reporting and Management Requirements” refers to this compliance obligation; and</p>	A	1

No. ³	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012 Section Number	Water Services Operating Licence – Versions 8 and 9 Clause Number				Controls	Compliance
8 (cont.)					<ul style="list-style-type: none"> Aqwest’s “Water Services Act Obligations Register” records compliance with this obligation is a management responsibility. 	A	1
9	25	14.1 / 4.3.1	A licensee must, not less than once every 24 months, or such longer period as determined by the ERA, provide the ERA with an operational audit conducted by an independent expert appointed by the ERA.	5	<ul style="list-style-type: none"> PWC performed an operational audit and asset management review for the period 1 October 2010 to 30 September 2013; Paxon Group has been appointed to perform an operational audit and asset management system effectiveness review for the period 1 October 2013 to 30 September 2017; and Aqwest’s “Water Services Act Obligations Register” records compliance with this obligation is a management responsibility. 	A	1
10	26(3)	5.2 / 3.1.1	The licensee must comply with each code of practice made by the Minister to the extent to which it applies to the licensee.	n/a	<ul style="list-style-type: none"> As per the document entitled: “Bunbury Water Corporation (trading as Aqwest) - Audit and Review Plan”, as approved by the ERA, this obligation was not applicable to Aqwest during the Audit Period. 	NA	NA
11	27	5.3 / 3.1.1	The licensee must comply with the code of conduct that may be made by the ERA to the extent to which it applies to the licensee and is not inconsistent with the licence.	4	<ul style="list-style-type: none"> 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 	NA	NA

No. ³	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012 Section Number	Water Services Operating Licence – Versions 8 and 9 Clause Number				Controls	Compliance
11 (cont.)					below in which both controls and compliance is rated.	NA	NA
12	29	26.1 / 3.1.1	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.	4	<ul style="list-style-type: none"> 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 in which both controls and compliance is rated. 	NA	NA
13	36	5.1 / 3.1.1	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	<ul style="list-style-type: none"> Aqwest has stated instances did occur where it ceased to provide a water service in an area. Aqwest continued in such instances water service works were left in a safe condition; and Aqwest’s “Water Services Act Obligations Register” records compliance with this obligation is a management responsibility and lists a control therefore. 	A	1
14	60	25.1 / 5.6.1	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.	4	<ul style="list-style-type: none"> Aqwest has stated it was not a supplier of last resort during the Audit Period; and Aqwest’s “Water Services Act Obligations Register” records this compliance obligation but does not state it is a management responsibility. Paxon is satisfied specific systems, processes and controls are only expected to be put in place when the stipulations of this clause are applicable. 	NP	NR

No. ³	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012 Section Number	Water Services Operating Licence – Versions 8 and 9 Clause Number				Controls	Compliance
15	66	21.1 / 5.5.1	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.	4	<ul style="list-style-type: none"> Aqwest has stated it did agree to be bound by, and compliant with, any decision of direction of the water services ombudsman under the scheme during the Audit Period; and Aqwest’s “Water Services Act Obligations Register” records compliance with this obligation is a management responsibility and lists a control therefore. 	A	1
16	77(3)	5.1 / 3.1.1	The licensee must take reasonable steps to minimise the extent or duration of any interruption of water services it is responsible for.	5	<ul style="list-style-type: none"> Aqwest has stated it did take reasonable steps to minimise the extent or duration of any interruption of water services it was responsible for during the Audit Period. Aqwest has stated these steps involved appropriate inclusions in planning documents, discussion during design meetings and active management of such occurrences; and Aqwest’s “Water Services Act Obligations Register” records compliance with this obligation is a management responsibility and lists controls therefore. 	A	1

No. ³	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012 Section Number	Water Services Operating Licence – Versions 8 and 9 Clause Number				Controls	Compliance
17	82(4) & (5)	5.1 / 3.1.1	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.	5	<ul style="list-style-type: none"> Aqwest has stated that, during the Audit Period, no person gave notice to the licensee of any building work to be carried out on land in the operating area of a license; and Aqwest’s “Water Services Act Obligations Register” records compliance with this obligation is a management responsibility and lists controls therefore. 	A	NR
18	84(2)	5.1 / 3.1.1	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	<ul style="list-style-type: none"> Aqwest has stated no instances took place where it was required to give a person 21 days’ notice of its intention to commence works during the Audit Period; and Aqwest’s “Water Services Act Obligations Register” records compliance with this obligation is a management responsibility and lists a control therefore. 	A	NR
19	87(2)	5.1 / 3.1.1	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	2	<ul style="list-style-type: none"> Aqwest has stated it has no knowledge of any application made to the State Administrative Tribunal during the Audit Period; and The “Water Services Act Obligations Register” categorises this as a “rare event – response only”. 	A	NR

No. ³	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012 Section Number	Water Services Operating Licence – Versions 8 and 9 Clause Number				Controls	Compliance
19 (cont.)			works until the application has been finally dealt with, except in limited circumstances.		Paxon agrees specific systems, processes and controls are only expected to be put in place when the stipulations of this clause are applicable.	A	NR
20	90(7)	5.1 / 3.1.1	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	<ul style="list-style-type: none"> Aqwest has stated no compliance notices were given during the Audit Period; and Aqwest’s “Water Services Act Obligations Register” records compliance with this obligation is a management responsibility and lists a control therefore. 	A	NR
21	95(3)	5.1 / 3.1.1	The licensee cannot cut off the supply of water to an occupied dwelling unless the occupier agrees to that.	2	<ul style="list-style-type: none"> Aqwest has stated it did not cut off the supply of water to an occupied dwelling during the Audit Period; and Aqwest’s “Water Services Act Obligations Register” records compliance with this obligation is a management responsibility and lists controls therefore. 	A	NR
22	96(1)	5.1 / 3.1.1	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	2	<ul style="list-style-type: none"> Aqwest has stated it did install fire hydrants in accordance with applicable requirements during the Audit Period; and Aqwest’s “Water Services Act Obligations Register” records compliance with this obligation is a 	A	1

No. ³	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012 Section Number	Water Services Operating Licence – Versions 8 and 9 Clause Number				Controls	Compliance
22 (cont.)			relevant local government as to the location and type of hydrant.		management responsibility and lists a control therefore.	A	1
23	96(5)	5.1 / 3.1.1	The licensee must comply with requests made by FESA or a local government under sections 96(3) and 96(4) of the Act to the extent practicable and within a reasonable time.	2	<ul style="list-style-type: none"> Aqwest has stated it did comply with requests made by FESA or a local government under sections 96(3) and 96(4) of the Act to the extent practicable and within a reasonable time during the Audit period; and Aqwest’s “Water Services Act Obligations Register” records compliance with this obligation is a management responsibility and lists a control therefore. 	A	1
24	98(3)	5.1 / 3.1.1	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"> As per the document entitled: “Bunbury Water Corporation (trading as Aqwest) - Audit and Review Plan”, as approved by the ERA, this obligation was not applicable to Aqwest during the Audit Period. 	NA	NA
25	106(2)	5.1 / 3.1.1	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"> As per the document entitled: “Bunbury Water Corporation (trading as Aqwest) - Audit and Review Plan”, as approved by the ERA, this obligation was not applicable to Aqwest during the Audit Period. 	NA	NA

No. ³	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012 Section Number	Water Services Operating Licence – Versions 8 and 9 Clause Number				Controls	Compliance
26	110(3)	5.1 / 3.1.1	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"> As per the document entitled: “<i>Bunbury Water Corporation (trading as Aqwest) - Audit and Review Plan</i>”, as approved by the ERA, this obligation was not applicable to Aqwest during the Audit Period. 	NA	NA
27	112(5)	5.1 / 3.1.1	If required by the Minister, the licensee must modify the property drainage connection.	n/a	<ul style="list-style-type: none"> As per the document entitled: “<i>Bunbury Water Corporation (trading as Aqwest) - Audit and Review Plan</i>”, as approved by the ERA, this obligation was not applicable to Aqwest during the Audit Period. 	NA	NA
28	119(2)	5.1 / 3.1.1	The licensee must include the information specified in a compliance notice given in relation to the matters set out in section 119(1).	n/a	<ul style="list-style-type: none"> As per the document entitled: “<i>Bunbury Water Corporation (trading as Aqwest) - Audit and Review Plan</i>”, as approved by the ERA, this obligation was not applicable to Aqwest during the Audit Period. 	NA	NA
29	122(2)	5.1 / 3.1.1	If a person makes an application to the State Administrative Tribunal under section 122(1), the licensee cannot take, or continue to take, action against the person except in the circumstances specified.	5	<ul style="list-style-type: none"> Aqwest has stated no compliance notices were given, and as such no applications were made to the State Administrative Tribunal, during the Audit Period; and The “<i>Water Services Act Obligations Register</i>” categorises this as a “<i>rare event – response only</i>”. Paxon agrees specific systems, processes and controls are only expected to be put in place 	A	NR

No. ³	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012 Section Number	Water Services Operating Licence – Versions 8 and 9 Clause Number				Controls	Compliance
29 (cont.)					when the stipulations of this clause are applicable.	A	NR
30	125(2)	5.1 / 3.1.1	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> .	5	<ul style="list-style-type: none"> Aqwest has stated it did apportion fees during the Audit Period. Aqwest continued such apportionments were consistent with agreements related to such a provision of services, or section 66 of the <i>Strata Titles Act 1985</i>; Aqwest provided Paxon with details of one such instance which took place during the Audit Period. In this instance, both supply charges and consumption charges were levied against 2 residential and 2 commercial customers on a single property connection (via four individual assessments); and Aqwest’s “<i>Water Services Act Obligations Register</i>” records compliance with this obligation is a management responsibility and lists controls therefore. 	A	1
31	128(4)	5.1 / 3.1.1	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.	5	<ul style="list-style-type: none"> Aqwest has stated no circumstances necessitated the withdrawal of a memorial during the Audit Period; and Aqwest’s “<i>Water Services Act Obligations Register</i>” records compliance with this obligation is a 	A	NR

No. ³	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Operating Licence – Versions 8 and 9				Controls	Compliance
	Section Number	Clause Number					
31 (cont.)					management responsibility and lists a control therefore.	A	NR
32	129(5)	5.1 / 3.1.1	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.	5	<ul style="list-style-type: none"> Aqwest has stated 48 hours' notice was given to occupants in respect of proposed entry for purposes of routine inspections or maintenance during the Audit Period; Paxon examined a letter template which was sent to occupants of a place on 20 September 2017 in respect of the replacement of water meters. Paxon noted the letter stated the water meter replacements would occur "sometime over the next three months"; and Aqwest's "Water Services Act Obligations Register" records compliance with this obligation is a management responsibility and lists a control therefore. 	A	1
33	139(3)	5.1 / 3.1.1	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.	5	<ul style="list-style-type: none"> Aqwest has stated no fences or gates were removed or erected during the Audit Period and thus no notification of any owners was required; and Aqwest's "Water Services Act Obligations Register" records compliance with this obligation is a 	A	NR

No. ³	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)		
	Water Services Act 2012	Water Services Operating Licence – Versions 8 and 9				Including Recommendations	Controls	Compliance
	Section Number	Clause Number						
33 (cont.)					management responsibility and lists a control therefore.		A	NR
34	141(1)	5.1 / 3.1.1	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 must give at least 48 hours’ notice to the public authority managing the road.	5	<ul style="list-style-type: none"> • Aqwest has stated instances took place where a person authorised by the licensee carried out road work that involved breaking the surface of the road or caused major obstruction to road traffic during the Audit Period. Aqwest continued in such instances, at least 48 hours’ notice was given to the public authority managing the road; • Paxon examined a sample of notices given during the Audit Period to the public authority managing the road; and • Aqwest’s “Water Services Act Obligations Register” records compliance with this obligation is a management responsibility and lists a control therefore. 		A	1
35	142	5.1 / 3.1.1	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.	5	<ul style="list-style-type: none"> • Aqwest has stated no major works took place during the Audit Period; and • Aqwest’s “Water Services Act Obligations Register” records this compliance obligation and lists a control therefore. 		A	NR

No. ³	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012 Section Number	Water Services Operating Licence – Versions 8 and 9 Clause Number				Controls	Compliance
36	143 (2)	5.1 / 3.1.1	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.	5	<ul style="list-style-type: none"> Aqwest has stated no major works took place during the Audit Period; and Aqwest’s “Water Services Act Obligations Register” records this compliance obligation and lists a control therefore. 	A	NR
37	143 (3)	5.1 / 3.1.1	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.	5	<ul style="list-style-type: none"> Aqwest has stated no major works took place during the Audit Period; and Aqwest’s “Water Services Act Obligations Register” records this compliance obligation and lists a control therefore. 	A	NR
38	144(3)	5.1 / 3.1.1	The licensee must have regard to an objection or submission lodged within the relevant period.	5	<ul style="list-style-type: none"> Aqwest has stated no major works took place during the Audit Period; and Aqwest’s “Water Services Act Obligations Register” records this compliance obligation and lists a control therefore. 	A	NR
39	145(2)	5.1 / 3.1.1	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.	5	<ul style="list-style-type: none"> Aqwest has stated no major works took place during the Audit Period; and The “Water Services Act Obligations Register” classifies this as a “rare event – response only”. Paxon agrees specific systems, processes and controls are only expected to be put in place 	A	NR

No. ³	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Operating Licence – Versions 8 and 9				Controls	Compliance
	Section Number	Clause Number					
39 (cont.)					when the stipulations of this clause are applicable.	A	NR
40	147(3)	5.1 / 3.1.1	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).	5	<ul style="list-style-type: none"> Aqwest has stated no major works took place during the Audit Period; and The “<i>Water Services Act Obligations Register</i>” classifies this as a “<i>rare event – response only</i>”. Paxon agrees specific systems, processes and controls are only expected to be put in place when the stipulations of this clause are applicable. 	A	NR
41	147(4)	3.1.1	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.	5	<ul style="list-style-type: none"> Aqwest has stated no major works took place during the Audit Period; and The “<i>Water Services Act Obligations Register</i>” classifies this as a “<i>rare event – response only</i>”. Paxon agrees specific systems, processes and controls are only expected to be put in place when the stipulations of this clause are applicable. 	A	NR
42	151(1)	5.1 / 3.1.1	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.	5	<ul style="list-style-type: none"> Aqwest has stated that, during the Audit Period, only one set of works was defined as “general works”. Aqwest continued these works were in respect of the mains extension to Caltex in Gelorup. Aqwest continued that plans and 	A	1

No. ³	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Operating Licence – Versions 8 and 9				Including Recommendations	Controls
	Section Number	Clause Number					
42 (cont.)					<p>details of these works were published on its website;</p> <ul style="list-style-type: none"> • Paxon examined a document entitled: “Aqwest – Gelorup Boundary Mains Extension”. Paxon found this document included plans of existing assets, proposed works, dial before you dig, proposed details including bill of materials, Busselton Highway crossing details, 20mm service details and 40mm service installation detail; and • Aqwest’s “Water Services Act Obligations Register” records this compliance obligation and lists a control therefore. 	A	1
43	151(2)	5.1 / 3.1.1	The licensee must give a notice of general works setting out the matters referred to in section 151(3) to the persons and agencies specified.	5	<ul style="list-style-type: none"> • Aqwest has stated it did give notice of general works setting out the matters referred to in section 151(3) of the Act to the persons and agencies specified; • Paxon examined a document entitled: “Aqwest – Caltex Gelorup Main Extension”. Paxon found this document recorded: <ul style="list-style-type: none"> • Description of the works; • Area where those works were to be located; and • Purposes for which those works were required. 	A	2

No. ³	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Section Number	Clause Number				Including Recommendations	Controls
43 (cont.)	Water Services Act 2012	Water Services Operating Licence – Versions 8 and 9			<ul style="list-style-type: none"> • Paxon also examined a sample of letters written to stakeholders which disclosed: <ul style="list-style-type: none"> • Information as to how and where an objection to or submission in relation to the proposal may be lodged; and • Date by which any objections to or submissions in relation to the proposal are to be received by the licensee. <p>Paxon noted all the letters were dated 3 March 2017 and stated objections or submissions had to be lodged by 24 March 2017. Paxon noted the letters included in the sample were written to Main Roads WA, Telstra, Optus, Western Power and the Shire of Capel. Paxon noted none of the letters included in the sample were signed by the author;</p> • Paxon noted that neither the document entitled: “<i>Aqwest – Caltex Gelorup Main Extension</i>” nor the above-mentioned cover letters indicated the times when, and the places at which, the plans and details could have been inspected; and • Aqwest’s “<i>Water Services Act Obligations Register</i>” records compliance with this obligation is a 	A	2

No. ³	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Operating Licence – Versions 8 and 9				Controls	Compliance
	Section Number	Clause Number					
43 (cont.)					management responsibility and lists a control therefore. Recommendation 01/2017: <ul style="list-style-type: none"> The Shire should comply with its obligations in terms of section 151(3)(d) of the Act in respect of general works as defined in the Act; and The Shire should keep properly completed records (letters) to proof compliance with its obligations. 	A	2
44	152(3)	5.1 / 3.1.1	The licensee must have regard to an objection or submission lodged by the date specified in the notice given under section 151(2).	5	<ul style="list-style-type: none"> Aqwest has stated it did have regard to objections or submissions lodged by the date specified in the notice given under section 151(2); Paxon examined an objection received from the Satterley Property Group dated 20 March 2017. Paxon examined a letter dated 28 April 2017 in which Aqwest proposes a compromise to the objection lodged by the Satterley Property Group; and Aqwest’s “Water Services Act Obligations Register” records compliance with this obligation is a management responsibility and lists a control therefore. 	A	1

No. ³	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012 Section Number	Water Services Operating Licence – Versions 8 and 9 Clause Number				Controls	Compliance
45	153(3)	5.1 / 3.1.1	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.	5	<ul style="list-style-type: none"> Aqwest has stated it did give written notice of the alterations it made to plans or details referred to in section 151 to any person who was likely to be adversely affected by those alterations; and Paxon examined a document entitled: “Aqwest – Communications Plan – Caltex Gelorup – V2 Crystal Bend crossing – June 2017”. This document states that, because of objections received, the original plan for the works crossing at the Ferndale Avenue location was changed to the Crystal Bend location. The document contains three appendixes with template letters to be sent to stakeholders to inform them of the alterations; and Aqwest’s “Water Services Act Obligations Register” records compliance with this obligation is a management responsibility and lists a control therefore. 	A	1
46	166(5)	5.1 / 3.1.1	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.	5	<ul style="list-style-type: none"> Aqwest has stated the Minister did not advise it to acquire an interest in land during the Audit Period; and The “Water Services Act Obligations Register” categorises this as a “rare event – response only”. Paxon agrees specific systems, processes and 	A	NR

No. ³	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012 Section Number	Water Services Operating Licence – Versions 8 and 9 Clause Number				Controls	Compliance
46 (cont.)					controls are only expected to be put in place when the stipulations of this clause are applicable.	A	NR
47	166(6)	5.1 / 3.1.1	Any costs incurred in taking an interest in land are to be paid by the licensee.	5	<ul style="list-style-type: none"> Aqwest has stated no interest in land was taken during the Audit Period and thus no associated costs were incurred; and Aqwest’s “Water Services Act Obligations Register” records compliance with this obligation is a management responsibility and lists a control therefore. 	A	NR
48	170	5.1 / 3.1.1	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 Planning and Development Act 2005, unless the Minister permits the licensee to do so.	5	<ul style="list-style-type: none"> Aqwest has stated it did not sell an interest in land during the Audit Period; and The “Water Services Act Obligations Register” categorises this as a “rare event – response only”. Paxon agrees specific systems, processes and controls are only expected to be put in place when the stipulations of this clause are applicable. 	A	NR
49	173(4)	5.1 / 3.1.1	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,	5	<ul style="list-style-type: none"> Aqwest has stated that, during the Audit Period, its employees entered places to read water meters and to repair water meters. However, Aqwest has stated it did not give 48 hours’ notice of proposed entry to a place to the occupier or owner in either 	NP	NR

No. ³	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012 Section Number	Water Services Operating Licence – Versions 8 and 9 Clause Number				Controls	Compliance
49 (cont.)			as applicable, unless the occupier or owner agrees otherwise.		case. Paxon is of the opinion neither of these two above-mentioned activities would have: <ul style="list-style-type: none"> • Caused disruption to the occupants of the place; or • Adversely affected the place. Thus, no notice was required as stipulated in section 173(4) of the Act; and <ul style="list-style-type: none"> • The “Water Services Act Obligations Register” categorises this as a “rare event – response only”. Paxon agrees specific systems, processes and controls are only expected to be put in place when the stipulations of this clause are applicable. 	NP	NR
50	174(1)	5.1 / 3.1.1	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.	5	<ul style="list-style-type: none"> • See the findings for compliance obligation number 49 above. 	NP	NR
51	174(3)	5.1 / 3.1.1	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 reason for entry, give notice of entry to the occupier.	5	<ul style="list-style-type: none"> • See the findings for compliance obligation number 49 above. 	NP	NR

No. ³	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012 Section Number	Water Services Operating Licence – Versions 8 and 9 Clause Number				Controls	Compliance
52	175(2)	5.1 / 3.1.1	If an occupier is present when the licensee proposes to enter a dwelling, the licensee must perform the prescribed actions before entering the premises.	5	<ul style="list-style-type: none"> See the findings for compliance obligation number 49 above. Paxon believes neither the reading of a water meter nor fixing a water meter would have required Aqwest employees to enter a dwelling. 	NP	NR
53	175(5)	5.1 / 3.1.1	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.	5	<ul style="list-style-type: none"> See the findings for compliance obligation number 52 above. 	NP	NR
54	176(1)	5.1 / 3.1.1	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.	5	<ul style="list-style-type: none"> See the findings for compliance obligation number 49 above. 	NP	NR
55	176(3)	5.1 / 3.1.1	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 if they are not able to do so.	5	<ul style="list-style-type: none"> Aqwest has stated that, during the Audit Period, its employees always wore identity cards when they performed a function under the Act; Paxon examined a sample of identity cards and found these cards disclose: <ul style="list-style-type: none"> Recent passport-size photograph of the person; Person’s name; 	A	1

No. ³	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Operating Licence – Versions 8 and 9				Controls	Compliance
	Section Number	Clause Number					
55 (cont.)					<ul style="list-style-type: none"> • Statement to the effect that the person is a compliance officer for the purposes of this Act; and • The provisions under which the inspector or compliance officer may exercise powers (sections 115 and 116 of the Act). • Aqwest’s “Water Services Act Obligations Register” records compliance with this obligation is a management responsibility and lists a control therefore. 	A	1
56	176(4)	5.1 / 3.1.1	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.	5	<ul style="list-style-type: none"> • See the findings for compliance obligation number 55 above; and • The “Water Services Act Obligations Register” categorises this as a “rare event – response only”. Paxon agrees specific systems, processes and controls are only expected to be put in place when the stipulations of this clause are applicable. 	NP	NR
57	181	5.1 / 3.1.1	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.	5	<ul style="list-style-type: none"> • Aqwest has stated no requests were made of it to limit interference with the lawful activities of the owner or occupier; and • Paxon has noted Aqwest’s “Water Services Act Obligations Register” does not list this compliance 	D	NR

No. ³	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Operating Licence – Versions 8 and 9				Controls	Compliance
	Section Number	Clause Number					
57 (cont.)					obligation. Recommendation 2/2017: <ul style="list-style-type: none"> Aqwest should include an appropriate reference to compliance obligation 57 as included in the ERA’s <i>“Water Compliance Reporting Manual – Water Services Act 2012 - July 2016”</i> in its <i>“Water Services Act Obligations Register”</i> 	D	NR
58	186	5.1 / 3.1.1	If the licensee applies for a warrant, the application must contain the prescribed information.	5	<ul style="list-style-type: none"> Aqwest has stated no applications for warrants were made during the Audit Period; and The <i>“Water Services Act Obligations Register”</i> categorises this as a <i>“rare event – response only”</i>. Paxon agrees specific systems, processes and controls are only expected to be put in place when the stipulations of this clause are applicable. 	A	NR
59	187(1) – (3)	3.1.1	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.	5	<ul style="list-style-type: none"> Aqwest has stated no applications for warrants were made during the Audit Period; and The <i>“Water Services Act Obligations Register”</i> categorises this as a <i>“rare event – response only”</i>. Paxon agrees specific systems, processes and controls are only expected to be put in place 	A	NR

No. ³	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Operating Licence – Versions 8 and 9				Controls	Compliance
	Section Number	Clause Number					
59 (cont.)					when the stipulations of this clause are applicable.	A	NR
60	190(4)	5.1 / 3.1.1	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.	5	<ul style="list-style-type: none"> Aqwest has stated no applications for warrants were made during the Audit Period; and The “Water Services Act Obligations Register” categorises this as a “rare event – response only”. Paxon agrees specific systems, processes and controls are only expected to be put in place when the stipulations of this clause are applicable. 	A	NR
61	190(5)	5.1 / 3.1.1	On completing the execution of a warrant the licensee must record the prescribed information on that warrant.	5	<ul style="list-style-type: none"> Aqwest has stated no applications for warrants were made during the Audit Period; and The “Water Services Act Obligations Register” categorises this as a “rare event – response only”. Paxon agrees specific systems, processes and controls are only expected to be put in place when the stipulations of this clause are applicable. 	A	NR
62	210(5)	5.1 / 3.1.1	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.	5	<ul style="list-style-type: none"> See the findings for compliance obligation number 55 above. Paxon noted the identity cards did not indicate an expiry date; and Aqwest’s “Water Services Act Obligations Register” records compliance with this obligation is a 	A	1

No. ³	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012 Section Number	Water Services Operating Licence – Versions 8 and 9 Clause Number				Controls	Compliance
62 (cont.)					management responsibility and lists a control therefore.	A	1
63	218(2)	5.1 / 3.1.1	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.	5	<ul style="list-style-type: none"> Aqwest has stated it did not obstruct the free use of any place, and it caused as little damage, harm or inconvenience as was possible during the Audit Period; and The “Water Services Act Obligations Register” categorises this as a “rare event – response only”. Paxon agrees specific systems, processes and controls are only expected to be put in place when the stipulations of this clause are applicable. 	A	1
64	218(3)	5.1 / 3.1.1	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.	5	<ul style="list-style-type: none"> Aqwest has stated in instances where physical damage in the exercise of a works power or a power of entry was caused during the Audit period, it did perform restorations; Paxon was provided, upon specific request, with documentation of only one instance of physical damage made good during the Audit Period. Paxon noted the damage was recorded on a “Work Order Job Card” and a “Purchase Order” was subsequently issued for the required repairs; and 	A	1

No. ³	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)		
	Water Services Act 2012	Water Services Operating Licence – Versions 8 and 9				Including Recommendations	Controls	Compliance
	Section Number	Clause Number						
64 (cont.)					<ul style="list-style-type: none"> Aqwest’s “Water Services Act Obligations Register” categorises this as a “rare event – response only”. Paxon agrees specific systems, processes and controls are only expected to be put in place when the stipulations of this clause are applicable. 		A	1

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

[Obligations as per the ERA’s: “Water Compliance Reporting Manual – Water Services Act 2012 – July 2016” (Numbers 1 to 64)]

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Regulations 2013 Regulation Number	Water Services (Operating) Licence – Versions 8 and 9 Clause Number				Controls	Compliance
65	23(2)	5.1 / 3.1.1	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.	4	<ul style="list-style-type: none"> Aqwest has stated it did, on an owner's request, assess whether a meter was satisfactory for measuring the quantity or flow of water through a pipe supplying water to a unit during the Audit Period; Aqwest did compile a "Water Services Regulations 2013" obligations spread sheet after April 2017. This spread sheet identifies its compliance obligations in terms of the Water Services Regulations 2013 - as referenced in the ERA's: "Water Compliance Reporting Manual – Water Services Act 2012 – July 2016". This spread sheet records, amongst others, controls Aqwest has developed in the past or are currently implementing to help it to comply with its obligations in terms of the Water Services Regulations 2013. However, this supporting information does not provide conclusive evidence Aqwest had sufficient controls in place throughout the Audit Period to ensure compliance with its obligations in terms of the Water Services Regulations 2013; and Aqwest's "Water Services Regulations 2013" obligations spread sheet records compliance 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Regulations 2013 Regulation Number	Water Services (Operating) Licence – Versions 8 and 9 Clause Number				Controls	Compliance
65 (cont.)					with this obligation is a management responsibility and lists controls therefore.	A	1
66	24(4)	5.1 / 3.1.1	If the licensee gives a compliance notice to a person in respect of access to meters, the notice must specify the specified information.	4	<ul style="list-style-type: none"> • Aqwest has stated compliance notice issued in respect of access to meters did stipulate the specified information; • Paxon examined a sample of compliance notices issued during the Audit Period in respect of access to meters and is satisfied these notices disclosed: <ul style="list-style-type: none"> • The licensee was satisfied the person given the notice failed to comply with sub regulation (1) or (2); • What the person given the notice had to do to remedy the failure to comply; and • The time within which the person given the notice had to comply with the notice (which was in all instances stated as 10 working days). • Aqwest’s “Water Services Regulations 2013” obligations spread sheet records compliance with this obligation is a management responsibility and lists a control therefore. 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Regulations 2013 Regulation Number	Water Services (Operating) Licence – Versions 8 and 9 Clause Number				Controls	Compliance
67	26(3)	5.1 / 3.1.1	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 licensee must test the meter in accordance with the approved procedure.	4	<ul style="list-style-type: none"> Aqwest has stated it did test meters on request of owners or occupiers, in accordance with the approved procedure during the Audit Period; Paxon has examined a “Meter Testing Procedure” document. Paxon notes this document discloses the identity of the author but does not record whether the CEO approved it as stipulated in clause 26(3); and Aqwest’s “Water Services Regulations 2013” obligations spread sheet records compliance with this obligation is a management responsibility and lists a control therefore. <p>Recommendation 3/2017:</p> <ul style="list-style-type: none"> The CEO should approve Aqwest’s “Meter Testing Procedure” document as stipulated in regulation 26(3) of the Water Services Regulations 2013. 	B	1
68	26(5)	5.1 / 3.1.1	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).	4	<ul style="list-style-type: none"> Aqwest has stated only one meter test was conducted during the Audit Period and the test found the meter was within the prescribed tolerance; 	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Regulations 2013	Water Services (Operating) Licence – Versions 8 and 9				Controls	Compliance
	Regulation Number	Clause Number					
68 (cont.)					<ul style="list-style-type: none"> Paxon examined a document entitled: “<i>Meter Test Application</i>” completed in respect of the meter test conducted during the Audit Period. Paxon found the document recorded details of the: <ul style="list-style-type: none"> Applicant including the meter number and street address; and Test including the test date, the person who undertook the test and the test finding. Aqwest’s “<i>Water Services Regulations 2013</i>” obligations spread sheet records compliance with this obligation is a management responsibility and lists a control therefore. 	A	NR
69	29(2)	5.1 / 3.1.1	If the developer of a lot makes a request to the licensee to defer payment of an infrastructure contribution, the licensee must, subject to regulations 29(3) and 29(4), allow the payment to be deferred.	5	<ul style="list-style-type: none"> Aqwest has stated it does not recall any instances during the Audit Period where the developer of a lot made a request to the licensee to defer payment of an infrastructure contribution; and Aqwest’s “<i>Water Services Regulations 2013</i>” obligations spread sheet records compliance with this obligation is a management responsibility and lists the following control: “<i>Project Files – Sub divisions</i>”. Paxon also notes 	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Regulations 2013 Regulation Number	Water Services (Operating) Licence – Versions 8 and 9 Clause Number				Controls	Compliance
69 (cont.)					Aqwest has a “Recordkeeping Plan – 2014” to help guide it to maintain adequate records.	A	NR
70	42(2)	5.1 / 3.1.1	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).	5	<ul style="list-style-type: none"> Aqwest has stated no written orders were issued during the Audit Period which required the owner or occupier of land to install a backflow prevention device as Aqwest did not identify any contamination risks; Paxon examined a template Aqwest uses to require the owner or occupier of land to install a backflow prevention device. Paxon noted this template allows 30 days from the notice date for the installation of the backflow prevention device, and a further five days for the testing thereof; and Aqwest’s “Water Services Regulations 2013” obligations spread sheet records compliance with this obligation is a management responsibility and lists a control therefore. 	A	NR
71	43(3)	5.1 / 3.1.1	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	5	<ul style="list-style-type: none"> Aqwest has stated only one compliance notices was issued during the Audit Period which required the owner or occupier of land to have their backflow prevention device tested or 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Regulations 2013 Regulation Number	Water Services (Operating) Licence – Versions 8 and 9 Clause Number				Controls	Compliance
71 (cont.)			(which must be at least 7 days after the notice is given).		maintained in accordance with the standard; <ul style="list-style-type: none"> • Paxon examined this compliance notice dated 4 September 2017 which required the owner or land occupier to have their backflow prevention device tested within 30 days from receipt of the notice; and • Aqwest’s “Water Services Regulations 2013” obligations spread sheet records compliance with this obligation is a management responsibility and lists controls therefore. 	A	1
72	43(6)	5.1 / 3.1.1	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).	5	<ul style="list-style-type: none"> • Aqwest has stated compliance notices issued during the Audit Period which required the owner or occupier of land to have their backflow prevention device made good did contain the stipulated information. However, Aqwest has stated at present it communicates requests to repair backflow prevention device per e-mail or verbally; and • Aqwest’s “Water Services Regulations 2013” obligations spread sheet records compliance with this obligation is a management responsibility and lists a control therefore. 	A	2

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Regulations 2013 Regulation Number	Water Services (Operating) Licence – Versions 8 and 9 Clause Number				Controls	Compliance
72 (cont.)					Recommendation 4/2017: <ul style="list-style-type: none"> Aqwest should design and implement an appropriate compliance notice to require the owner of occupier of land to repair (make good) backflow prevention devices. This compliance notice should comply with the stipulations of regulation 43(6) of the Water Services Regulations 2013. 	A	2
73	53(3)	5.1 / 3.1.1	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	<ul style="list-style-type: none"> Aqwest has stated this compliance obligation is not applicable to its operations. 	NA	NA
74	60(2)	5.1 / 3.1.1	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 responsible for the infrastructure and may request that the person make the alterations within the time specified in the notice.	5	<ul style="list-style-type: none"> Aqwest has stated no instances took place during the Audit Period where it exercised a works power in a road and considered it necessary to alter the position of infrastructure; and Aqwest’s “Water Services Regulations 2013” obligations spread sheet records compliance with this obligation is a management responsibility and lists controls therefore. 	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Regulations 2013 Regulation Number	Water Services (Operating) Licence – Versions 8 and 9 Clause Number				Controls	Compliance
75	63	5.1 / 3.1.1	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.	5	<ul style="list-style-type: none"> • Aqwest has stated during the Audit Period, where it opened or broke up the surface of a road, it did complete the relevant work and did reinstate and made good the road, and took all reasonable measures to prevent that part of the road from being hazardous; and • Aqwest’s “Water Services Regulations 2013” obligations spread sheet records compliance with this obligation is a management responsibility and lists controls therefore. 	A	1
76	65(1)	5.1 / 3.1.1	The licensee must maintain records for all land in respect of which water service charges apply.	5	<ul style="list-style-type: none"> • Aqwest has stated it kept records for land in respect of which water service charges applied during the Audit Period in IntraMaps; and • Aqwest’s “Water Services Regulations 2013” obligations spread sheet records compliance with this obligation is a management responsibility and lists controls therefore. 	A	1
77	65(2)	5.1 / 3.1.1	The records for all land in respect of which water service charges apply must contain prescribed information.	5	<ul style="list-style-type: none"> • Aqwest has stated, during the Audit Period, it kept records for land in respect of which water service charges applied in IntraMaps; • Paxon examined IntraMaps and found it disclosed the following information in respect 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Regulations 2013 Regulation Number	Water Services (Operating) Licence – Versions 8 and 9 Clause Number				Controls	Compliance
77 (cont.)					of individual land records: <ul style="list-style-type: none"> • An assessment number; • The description and situation of the land; and • The name and address of the owner of the land. • Paxon examined a sample of “Supply and Water Consumption Notices” issued during the Audit Period which discloses assessment numbers and the amounts of any unpaid charges; and • Aqwest’s “Water Services Regulations 2013” obligations spread sheet records compliance with this obligation is a management responsibility and lists a control therefore. 	A	1
78	65(4)	5.1 / 3.1.1	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.	5	<ul style="list-style-type: none"> • Aqwest has stated it has no recollection of any such a request made during the Audit Period for an inspection of, or a copy of land records. Aqwest continued that if any such inspection requests would have been received during the Audit Period, it would have been recorded in their Record Management System and responded to by e-mail to customers (general 	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Regulations 2013 Regulation Number	Water Services (Operating) Licence – Versions 8 and 9 Clause Number				Controls	Compliance
78 (cont.)					practice); and <ul style="list-style-type: none"> Aqwest’s “Water Services Regulations 2013” obligations spread sheet records compliance with this obligation is a management responsibility and lists a control therefore. 	A	NR
79	67	5.1 / 3.1.1	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.	5	<ul style="list-style-type: none"> Aqwest has stated land records were the base for the annual supply charges it levied during the Audit Period; and Aqwest’s “Water Services Regulations 2013” obligations spread sheet records compliance with this obligation is a management responsibility and lists a control therefore. 	A	1
80	68(5)	5.1 / 3.1.1	The licensee must consider an objection to the records maintained by a licensee under regulation 65 as soon as practicable.	5	<ul style="list-style-type: none"> Aqwest has stated no objections were lodged to the land records it maintained during the Audit Period; and Aqwest’s “Water Services Regulations 2013” obligations spread sheet records compliance with this obligation is a management responsibility and lists controls therefore. 	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Regulations 2013 Regulation Number	Water Services (Operating) Licence – Versions 8 and 9 Clause Number				Controls	Compliance
81	68(6)	5.1 / 3.1.1	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.	5	<ul style="list-style-type: none"> • Aqwest has stated no objections were lodged to the land records it maintained during the Audit Period; and • Aqwest’s “Water Services Regulations 2013” obligations spread sheet records compliance with this obligation is a management responsibility and lists controls therefore. 	A	NR
82	68(7)	5.1 / 3.1.1	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.	5	<ul style="list-style-type: none"> • Aqwest has stated no objections were lodged to the land records it maintained during the Audit Period; and • Aqwest’s “Water Services Regulations 2013” obligations spread sheet records compliance with this obligation is a management responsibility and lists controls therefore. 	A	NR
83	68(8)	5.1 / 3.1.1	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.	5	<ul style="list-style-type: none"> • Aqwest has stated no objections were lodged to the land records it maintained during the Audit Period; and • Aqwest’s “Water Services Regulations 2013” obligations spread sheet records compliance with this obligation is a management responsibility and lists controls therefore. 	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Regulations 2013	Water Services (Operating) Licence – Versions 8 and 9				Controls	Compliance
	Regulation Number	Clause Number					
84	69(3)	5.1 / 3.1.1	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.	5	<ul style="list-style-type: none"> Aqwest has stated no objections were lodged to the land records it maintained during the Audit Period; and Aqwest’s “Water Services Regulations 2013” obligations spread sheet records that this obligation is not relevant as it refers to property valuations. However, Aqwest has stated land records were the base for the annual supply charges it levied during the Audit Period. Thus, regulations 69(3), 70(2), 74(1) and 74(2) were applicable to Aqwest’s operations during the Audit Period <p>Recommendation 5/2017:</p> <ul style="list-style-type: none"> The Aqwest “Water Services Regulations 2013” obligations spread sheet should record these obligations as a management responsibility and list controls therefore. 	D	NR
85	70(2)	5.1 / 3.1.1	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.	5	<ul style="list-style-type: none"> See the findings for compliance obligation number 84 above. 	D	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Regulations 2013 Regulation Number	Water Services (Operating) Licence – Versions 8 and 9 Clause Number				Controls	Compliance
86	74(1)	5.1 / 3.1.1	The licensee must make any amendment of the records necessary as a consequence of an allowance, wholly or in part, of an objection under the Act or the <i>Valuation of Land Act 1978</i> or as a consequence of a review by the State Administrative Tribunal.	5	<ul style="list-style-type: none"> See the findings for compliance obligation number 84 above. 	D	NR
87	74(2)	5.1 / 3.1.1	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.	5	<ul style="list-style-type: none"> See the findings for compliance obligation number 84 above. 	D	NR
88	75(1)	5.1 / 3.1.1	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.	5	<ul style="list-style-type: none"> Aqwest has stated “<i>Supply and Water Consumption Notices</i>” were used to inform customers of water service charges during the Audit Period; Paxon examined a sample of “<i>Supply and Water Consumption Notices</i>” issued during the Audit Period and is satisfied it discloses all information necessary to assess liability; and Aqwest’s “<i>Water Services Regulations 2013</i>” obligations spread sheet records compliance with this obligation is a management responsibility and lists a control therefore. 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Regulations 2013 Regulation Number	Water Services (Operating) Licence – Versions 8 and 9 Clause Number				Controls	Compliance
89	85	5.1 / 3.1.1	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.	5	<ul style="list-style-type: none"> • Aqwest has stated no compliance notices were given during the Audit Period; and • Aqwest’s “Water Services Regulations 2013” obligations spread sheet records compliance with this obligation is a management responsibility and lists a control therefore. 	A	NR
90	86(6)	5.1 / 3.1.1	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.	5	<ul style="list-style-type: none"> • Aqwest has stated this compliance obligation is not applicable to its operations as it does not issue infringement notices. 	NA	NA
91	86(9)	5.1 / 3.1.1	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 principally assisting in the administration of the <i>Criminal Procedure Act 2004</i> .	5	<ul style="list-style-type: none"> • Aqwest has stated it did not appoint persons as authorised or approved officers for the purposes of the <i>Criminal Procedure Act 2004</i> Part 2 during the Audit Period; and • Aqwest’s “Water Services Regulations 2013” obligations spread sheet records compliance with this obligation is a management responsibility and lists a control therefore. 	A	NR

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

[Obligations as per the ERA’s: “Water Compliance Reporting Manual – Water Services Act 2012 – July 2016” (Numbers 65 to 91)]

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 8 and 9				Controls	Compliance
	Clause Number	Clause Number					
92	7	5.3 / 3.1.1	The licensee must have written information for customers about the prescribed matters.	4	<ul style="list-style-type: none"> The Aqwest document entitled: <i>“Commitment to Customers – January 2017”</i> states: <i>“We will: Supply drinking water that is safe to all of our customers.”</i> Paxon does not regard this statement as indicative of persons’ entitlement to services under the Act as stipulated in section 73 of the Act; The Aqwest document entitled: <i>“Commitment to Customers – January 2017”</i> states: <i>“We will: Install or activate a standard water service within 10 business days, or on an agreed day, once the conditions for connection (including fees and charges) have been met.”;</i> However, the Aqwest document entitled: <i>“Commitment to Customers – January 2017”</i> does not disclose: <ul style="list-style-type: none"> How to apply for a connection; 	A	2

No.	Obligation Under:	Summary Description of Obligation	Audit Priority Applied	Systems, Processes and Controls in Place at Aqwest 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 8 and 9	(Rated as: 1 – High to 5 – Low)	Including Recommendations	Controls	Compliance
92 (cont.)				<ul style="list-style-type: none"> • The things that a customer must do, and the things that must be complied with, before a connection is made; and • The fees that apply in relation to connections and when the fees are payable. • Paxon has noted the “Commitment to Customers – January 2017” is available on Aqwest’s website; • Aqwest did compile a “Water Services Code of Conduct (Customer Service Standards) 2013” obligations spread sheet after April 2017. This spread sheet identifies its compliance obligations in terms of the Water Services Code of Conduct (Customer Service Standards) 2013 - as referenced in the ERA’s: “Water Compliance Reporting Manual – Water Services Act 2012 – July 2016”. This spread sheet records, amongst others, controls Aqwest has developed in the past or are currently implementing to help it to comply with its obligations in terms of the Water Services Code of Conduct (Customer Service Standards) 2013. However, this supporting information does not provide 	A	2

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest 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 8 and 9				Including Recommendations	Controls
	Clause Number	Clause Number					
92 (cont.)					<p>conclusive evidence Aqwest had sufficient controls in place throughout the Audit Period to ensure compliance with its obligations in terms of the Water Services Code of Conduct (Customer Service Standards) 2013; and</p> <ul style="list-style-type: none"> Aqwest’s “Water Services Code of Conduct (Customer Service Standards) 2013” obligations spread sheet records this obligation but does not list a control therefore. <p>Recommendation 6/2017:</p> <ul style="list-style-type: none"> Aqwest should provide written information to customers in respect of the stipulations of the clauses 2(a)(i) and 2(d), 2 (e) and 2(f) of the Water Services Code of Conduct (Customer Service Standards) 2013. 	A	2
93	8	5.3 / 3.1.1	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 requirements.	4	<ul style="list-style-type: none"> Aqwest has stated all connections made during the Audit Period were completed within 10 business days from when the customers complied with their obligations; Paxon examined a document entitled: “Connections made during the 12 month period from 01/01/2015 to 31/12/2015”. Based on the 	A	2

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest 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 8 and 9				Including Recommendations	Controls
	Clause Number	Clause Number					
93 (cont.)					<p>“Start Date” and “End Date” included in this document, less than 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; and</p> <ul style="list-style-type: none"> Aqwest’s “Water Services Code of Conduct (Customer Service Standards) 2013” obligations spread sheet records this obligation and lists a control therefore. <p>Recommendation 7/2017:</p> <ul style="list-style-type: none"> Aqwest should comply with its obligations in terms of the stipulations of clause 8 of the Water Services Code of Conduct (Customer Service Standards) 2013. 	A	2
94	9	5.3 / 3.1.1	The licensee must issue a bill for non-quantity charges to each customer at least once in every 12-month period.	4	<ul style="list-style-type: none"> Aqwest has stated it did levy supply charges on an annual basis during the Audit Period; Paxon examined a sample of “Supply and Water Consumption Notices” issued during the Audit Period which specifically stated it was, amongst others an “annual supply charge” account; and 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest 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 8 and 9				Including Recommendations	Controls	Compliance
	Clause Number	Clause Number						
94 (cont.)					<ul style="list-style-type: none"> Aqwest’s “Water Services Code of Conduct (Customer Service Standards) 2013” obligations spread sheet records this obligation and lists a control therefore. 		A	1
95	10(2)	5.3 / 3.1.1	The licensee must issue a bill for usage to each customer at least once in every 6-month period.	4	<ul style="list-style-type: none"> Aqwest has stated bills for water consumption were issued three times per annum during the Audit Period; Paxon examined a sample of “Supply and Water Consumption Notices” issued during the Audit Period which discloses consumption history at a four-monthly interval; and Aqwest’s “Water Services Code of Conduct (Customer Service Standards) 2013” obligations spread sheet records this obligation and lists a control therefore. 		A	1
96	10(3)	5.3 / 3.1.1	The licensee must ensure a bill for usage is based on a meter reading to ascertain the quantity supplied or discharged.	4	<ul style="list-style-type: none"> Aqwest has stated bills for water consumption levied during the Audit Period were based on meter readings; Paxon examined a sample of “Supply and Water Consumption Notices” issued during the Audit 		A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest 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 8 and 9				Including Recommendations	Controls	Compliance
	Clause Number	Clause Number						
96 (cont.)					<p>Period which discloses consumption charges based on meter readings; and</p> <ul style="list-style-type: none"> • Aqwest’s “Water Services Code of Conduct (Customer Service Standards) 2013” obligations spread sheet records this obligation and lists a control therefore. 		A	1
97	10(4)	5.3 / 3.1.1	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.	4	<ul style="list-style-type: none"> • Aqwest has stated in cases where accurate meter readings were not possible during the Audit Period, bills for consumption were based on estimates of consumption; • Paxon examined a sample of “Supply and Water Consumption Notices” which categorically stated it was estimates; and • Aqwest’s “Water Services Code of Conduct (Customer Service Standards) 2013” obligations spread sheet records this obligation and lists a control therefore. 		A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest 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 8 and 9				Including Recommendations	Controls
	Clause Number	Clause Number					
98	10(5)	5.3 / 3.1.1	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.	4	<ul style="list-style-type: none"> Aqwest has stated in cases where accurate meter readings were not possible during the Audit Period, bills for consumption were based on a historical three years average of usage (as per regulation 10(5)(a); and Aqwest's "Water Services Code of Conduct (Customer Service Standards) 2013" obligations spread sheet records this obligation and lists a control therefore. 	A	1
99	11	5.3 / 3.1.1	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.	4	<ul style="list-style-type: none"> Aqwest has stated it did send bills to the water service delivery address, or a nominated address during the Audit Period; Paxon examined a sample of tax invoices issued during the Audit Period and is satisfied it discloses appropriate address details; and Aqwest's "Water Services Code of Conduct (Customer Service Standards) 2013" obligations spread sheet records this obligation and lists a control therefore. 	A	1

No.	Obligation Under:	Summary Description of Obligation	Audit Priority Applied	Systems, Processes and Controls in Place at Aqwest 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 8 and 9	(Rated as: 1 – High to 5 – Low)				
	Clause Number	Clause Number		Including Recommendations	Controls Compliance		
100	12(1)	5.3 / 3.1.1	Each bill must contain the prescribed information.	4	<ul style="list-style-type: none"> This clause came into operation on 18 November 2015; Paxon examined a sample of “Supply and Water Consumption Notices” issued after this date and found these notices, with one exception, complied with the stipulations of regulation 12(1). The notices did not state the website contains information about estimates, meter readings and complaints (regulation 12(1)(p)); Paxon found references to estimates, meter readings and complaints in the Aqwest document entitled: “Commitment to Customers – January 2017” which is available on the Aqwest website; and Aqwest’s “Water Services Code of Conduct (Customer Service Standards) 2013” obligations spread sheet records this obligation and lists a control therefore. <p>Recommendation 8/2017:</p> <ul style="list-style-type: none"> Aqwest should ensure that bills refer to the fact the website contains information about estimates, meter readings and complaints. 	A	2

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest 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 8 and 9				Including Recommendations	Controls
	Clause Number	Clause Number					
101	12(2)	5.3 / 3.1.1	Each bill for usage for a metered water service must, in addition to the requirements of clause 12(1), contain the specified information.	4	<ul style="list-style-type: none"> This clause came into operation on 18 November 2015; Paxon examined a sample of “Supply and Water Consumption Notices” issued after this date and found these notices complied with the stipulations of regulation 12(2); and Aqwest’s “Water Services Code of Conduct (Customer Service Standards) 2013” obligations spread sheet records this obligation and lists a control therefore. 	A	1
102	12(3)	5.3 / 3.1.1	Each bill must inform the customer of the specified information and where further details can be obtained.	4	<ul style="list-style-type: none"> This clause came into operation on 18 November 2015; Paxon examined a sample of “Supply and Water Consumption Notices” issued after this date and found these notices, with one exception, complied with the stipulations of regulation 12(3). The notices did not state complaints about the provision of a water service by the licensee or a failure by the licensee to provide a water service can be made in accordance with the licensee’s complaints procedure; and 	A	2

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest 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 8 and 9				Including Recommendations	Controls
	Clause Number	Clause Number					
102 (cont.)					<ul style="list-style-type: none"> Aqwest's "Water Services Code of Conduct (Customer Service Standards) 2013" obligations spread sheet records this obligation and lists a control therefore. <p>Recommendation 9/2017:</p> <ul style="list-style-type: none"> Aqwest should ensure that bills refer to the fact complaints about the provision of a water service by the licensee or a failure by the licensee to provide a water service can be made in accordance with the licensee's complaints procedure 	A	2
103	13(1)	5.3 / 3.1.1	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.	4	<ul style="list-style-type: none"> Aqwest has stated on occasion during the Audit Period, bills for consumption were based on estimates of usage. Aqwest continued in such instances the basis for the estimate and the reason for the estimate were provided to customers on request; and Paxon examined a sample of "Supply and Water Consumption Notices" which disclose the reason for the estimate, and with one exception the basis for the estimate; 	D	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest 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 8 and 9				Including Recommendations	Controls
	Clause Number	Clause Number					
103 (cont.)					<ul style="list-style-type: none"> Aqwest's "Water Services Code of Conduct (Customer Service Standards) 2013" obligations spread sheet records this obligation but does not list a control therefore. <p>Recommendation 10/2017:</p> <ul style="list-style-type: none"> Aqwest should develop and implement controls to ensure compliance with clause 13(1) of the Water Services Code of Conduct (Customer Service Standards) 2013. 	D	1
104	13(2)	5.3 / 3.1.1	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.	4	<ul style="list-style-type: none"> Aqwest has stated during the Audit Period adjustments were made to the next bill after an estimate to correct unreasonable estimates having regard to subsequent and accurate meter readings; Paxon examined Aqwest policy number 1.17 entitled: "Water Meters – Out of Commission". This policy document provides detail as to the method of calculation and period of estimates. However, policy number 1.17 does not address an adjustment to the next bill to take into account the extent to which the estimate was 	D	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest 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 8 and 9				Including Recommendations	Controls
	Clause Number	Clause Number					
104 (cont.)					<p>not reasonable having regard to a subsequent and accurate meter reading; and</p> <ul style="list-style-type: none"> Aqwest's "Water Services Code of Conduct (Customer Service Standards) 2013" obligations spread sheet records this obligation but does not list a control therefore. <p>Recommendation 11/2017:</p> <ul style="list-style-type: none"> Aqwest should consider amending policy number 1.17 to take account of the stipulations of clause 13(2) of the Water Services Code of Conduct (Customer Service Standards) 2013. 	D	1
105	14(1)	5.3 / 3.1.1	The licensee must provide to the customer on request a meter reading and a bill in the prescribed circumstances.	4	<ul style="list-style-type: none"> Aqwest has stated during the Audit Period, it did provide customers on request with a meter reading and a bill in the following instances: <ul style="list-style-type: none"> For a period that was different from the usual billing cycle; and In a case where the customer disputed an estimate on which a bill was based. Paxon examined Aqwest policy number 1.15 entitled: "Water Consumption Charges for Incoming Tenants". However, as the title 	D	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest 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 8 and 9				Including Recommendations	Controls
	Clause Number	Clause Number					
105 (cont.)					<p>indicates, its application is limited to incoming tenants and not customers in general; and</p> <ul style="list-style-type: none"> • Aqwest’s “Water Services Code of Conduct (Customer Service Standards) 2013” obligations spread sheet records this obligation but does not list a control therefore. <p>Recommendation 12/2017:</p> <ul style="list-style-type: none"> • Aqwest should develop and implement controls to ensure compliance with clause 14(1) of the Water Services Code of Conduct (Customer Service Standards) 2013. 	D	1
106	15	5.3 / 3.1.1	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.	4	<ul style="list-style-type: none"> • Aqwest does have a policy number 1.36 entitled: “Ex Gratia Allowance for Water Lost through Hidden Leaks and Bursts” which states: “A special ex-gratia allowance may be granted to customers who have experienced an increase in water consumption which is subsequently found to have resulted from a hidden leak or burst.”; • Paxon examined policy number 1.36 which includes specific procedures to be followed in such circumstances; and 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest 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 8 and 9				Including Recommendations	Controls
	Clause Number	Clause Number					
106 (cont.)					<ul style="list-style-type: none"> Aqwest's "Water Services Code of Conduct (Customer Service Standards) 2013" obligations spread sheet records this obligation and refers to policy number 1.36. 	A	1
107	16(2)	5.3 / 3.1.1	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.	4	<ul style="list-style-type: none"> Aqwest has stated instances did occur where customers were undercharged during the Audit Period. Aqwest continued in such instances, recovery of undercharged amounts from customers was limited to water services provided in the 12-month period ending on the day on which the licensee informed the customers of the undercharging; Paxon examined details of the undercharging, as provided by Aqwest, and found it related to a single customer with 2 units with separate water meters at the same street address. Aqwest recorded transaction against separate account numbers for these two units. The customer specifically requested a revision of charges as from August 2013 when consumption started. Paxon found Aqwest revised charges as from August 2013 to April 2015 (revision period). Paxon found Aqwest 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest 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 8 and 9				Including Recommendations	Controls
	Clause Number	Clause Number					
107 (cont.)					<p>calculated and recorded both undercharges and overcharges for both units in respect of the revision period. Thus, Aqwest levied undercharges across both units for a period which started earlier than the 12-month period ending on the day on which the licensee informed the customer of the undercharging. However, this is regarded as academic in nature due to the customer’s specific revision period request; and</p> <ul style="list-style-type: none"> • Aqwest’s “Water Services Code of Conduct (Customer Service Standards) 2013” obligations spread sheet records this obligation and lists a control therefore. 	A	1
108	16(3)	5.3 / 3.1.1	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 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.	4	<ul style="list-style-type: none"> • Aqwest has stated during the Audit Period undercharged amounts were explained in a bill; • Paxon examined Aqwest’s accounting records and found the undercharging across both units was disclosed on specific bills (see reference number 107 above for a detailed description of this matter); and 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest 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 8 and 9				Including Recommendations	Controls	Compliance
	Clause Number	Clause Number						
108 (cont.)					<ul style="list-style-type: none"> Aqwest's "Water Services Code of Conduct (Customer Service Standards) 2013" obligations spread sheet records this obligation and lists a control therefore. 		A	1
109	16(4)	5.3 / 3.1.1	The licensee must not charge interest or late payment fees on an undercharged amount.	4	<ul style="list-style-type: none"> Aqwest has stated interest was incorrectly charged against both units because of the undercharging; Paxon examined Aqwest's accounting records and found the interest levied because of the undercharging has now been reversed (see reference number 107 above for a detailed description of this matter); and Aqwest's "Water Services Code of Conduct (Customer Service Standards) 2013" obligations spread sheet records this obligation and lists a control therefore. 		A	1
110	16(5)	5.3 / 3.1.1	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.	4	<ul style="list-style-type: none"> Aqwest has stated it did allow customers to pay undercharged amounts by way of a repayment plan during the Audit Period. Aqwest continued such plans were for the shorter of the prescribed periods; 		A	2

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	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 8 and 9	(Rated as: 1 – High to 5 – Low)	Including Recommendations	Controls	Compliance
110 (cont.)				<ul style="list-style-type: none"> • Paxon examined Aqwest’s accounting records and found the undercharged amounts were paid as follows: <ul style="list-style-type: none"> • Unit 1: 5 months later; and • Unit 2; more than 2 months later. <p>These periods are shorter than the 12 months stipulated. Notwithstanding a specific request, Aqwest did not provide Paxon with copies of the payment plans entered with the customer in respect of the undercharges. Thus, Paxon could not determine whether the customers’ payments followed a payment plan or not;</p> • Aqwest’s “Water Services Code of Conduct (Customer Service Standards) 2013” obligations spread sheet records this obligation and lists a control therefore. <p>Recommendation 13/2017:</p> <ul style="list-style-type: none"> • Aqwest should ensure it keeps proper records to proof it complies with clause 16(5) of the Water Services Code of Conduct (Customer Service Standards) 2013. 	A	2

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	Clause Number	Clause Number				Including Recommendations	Controls
111	17(1)	5.3 / 3.1.1	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.	4	<ul style="list-style-type: none"> Aqwest has stated instances occurred where customers were overcharged during the Audit Period. Aqwest continued in such instances, customers' accounts were credited, and customers were informed of the overcharging and recommended options for refunding or crediting the overcharged amount; and Paxon examined details of the overcharging, as provided by Aqwest, and found only two such instances occurred during the Audit Period. Paxon found in both cases: <ul style="list-style-type: none"> Letters were written to the customers to inform them of the overcharging; and Amended assessments were issued. However, these letters did not inform the customers of options for refunding or crediting the overcharged amounts; and Aqwest's "Water Services Code of Conduct (Customer Service Standards) 2013" obligations spread sheet records this obligation and lists a control therefore. 	A	2

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest 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 8 and 9				Including Recommendations	Controls	Compliance
	Clause Number	Clause Number						
111 (cont.)					Recommendation 14/2017: • Aqwest should ensure it informs overcharged customers of options for refunding or crediting overcharged amounts in compliance with clause 17(1) of the Water Services Code of Conduct (Customer Service Standards) 2013.		A	2
112	17(2)	5.3 / 3.1.1	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.	4	<ul style="list-style-type: none"> • Aqwest has stated during the Audit Period it did, in accordance with customers' instructions, refunded or credited customers' accounts within 15 business days from starting on the day the licensee received their instructions; and • Paxon examined letters written to overcharged customers and found it did not inform the customers of options for refunding or crediting the overcharged amounts; • A recommendation (14/2017) was made in this regard (see reference number 111 above); and • Aqwest's "Water Services Code of Conduct (Customer Service Standards) 2013" obligations spread sheet records this obligation and lists a control therefore. 		A	2

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest 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 8 and 9				Including Recommendations	Controls
	Clause Number	Clause Number					
113	18(1)	5.3 / 3.1.1	The licensee must review a bill on the customer's request.	4	<ul style="list-style-type: none"> Aqwest has stated it did review bills on customers' request during the Audit Period; Paxon examined a sample of "Workflow Cover Sheets" used during the Audit Period to record details of such reviews. Paxon noted all the "Workflow Cover Sheets" examined included supporting documentation indicative of the review process followed; and Aqwest's "Water Services Code of Conduct (Customer Service Standards) 2013" obligations spread sheet records this obligation but does not list a control therefore. However, Paxon has noted the Aqwest website does contain a procedure entitled: "Customer Account Reviews". 	A	1
114	18(2)	5.3 / 3.1.1	The license must have a written procedure for the review of a bill on the customer's request.	4	<ul style="list-style-type: none"> The Aqwest website does contain a document entitled: "Aqwest – Customer Account Reviews"; and Aqwest's "Water Services Code of Conduct (Customer Service Standards) 2013" obligations spread sheet records this obligation. 	A	1

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	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 8 and 9				Including Recommendations	Controls
	Clause Number	Clause Number					
115	18(3) & (6)	5.3 / 3.1.1	The review procedure in clause 18(2) must include the specified information and be publicly available.	4	<ul style="list-style-type: none"> The Aqwest website does contain a document entitled: <i>“Aqwest – Customer Account Reviews”</i>; Paxon examined this document and is satisfied it complies with the stipulations of regulation 18(3); and Aqwest’s <i>“Water Services Code of Conduct (Customer Service Standards) 2013”</i> obligations spread sheet records this obligation. 	A	1
116	18(4)	5.3 / 3.1.1	The review procedure must state that the customer may, but does not have to, use the licensee’s complaints procedure mentioned in 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.	4	<ul style="list-style-type: none"> The Aqwest website does contain a document entitled: <i>“Aqwest – Customer Account Reviews”</i> which states: <i>“If the matter still has not been resolved to your satisfaction within 15 business days, you can refer the matter to the Energy and Water Ombudsman, Western Australia”</i> <p>Thus, the document does not explicitly state the customer has the option to apply to the water services ombudsman - it makes such an application dependent on the customer first approaching Aqwest; and</p>	A	2

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	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 8 and 9				Including Recommendations	Controls
	Clause Number	Clause Number					
116 (cont.)					<ul style="list-style-type: none"> Aqwest's "Water Services Code of Conduct (Customer Service Standards) 2013" obligations spread sheet records this obligation. <p>Recommendation 15/2017:</p> <ul style="list-style-type: none"> The document entitled: "Aqwest – Customer Account Reviews" should explicitly disclose the customer's options in respect of the review of a bill as stipulated in regulation 18(4). 	A	2
117	18(5)	5.3 / 3.1.1	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.	4	<ul style="list-style-type: none"> Aqwest has stated it did inform customers of the outcome of a review of their bills during the Audit Period. Aqwest continued such notification took place as soon as practicable or otherwise less than 15 business days from the day the customers' requests for review were received; Paxon examined a sample of letters and e-mails sent to customers who, during the Audit Period, requested bill reviews. Paxon found in all instances examined, Aqwest responded within 15 business days to the customers' requests for bill reviews; 	A	1

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	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 8 and 9				Including Recommendations	Controls
	Clause Number	Clause Number					
117 (cont.)					<ul style="list-style-type: none"> The document entitled: "Aqwest – Customer Account Reviews" states: <i>"If during a review we find you have been charged incorrectly, we will fix the error within 15 business days."</i>; and Aqwest's "Water Services Code of Conduct (Customer Service Standards) 2013" obligations spread sheet records this obligation. 	A	1
118	20	5.3 / 3.1.1	The time set by the licensee for the payment of a bill must be after 14 days from when the bill is issued.	4	<ul style="list-style-type: none"> Aqwest has stated its bill payment terms were after 14 days from when bills were issued during the Audit period; Paxon examined a sample of "Supply and Water Consumption Notices" issued during the Audit Period and found in all instances the due date was at least one calendar month after the issue date; and Aqwest's "Water Services Code of Conduct (Customer Service Standards) 2013" obligations spread sheet records this obligation and lists a control therefore. 	A	1

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	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 8 and 9				Including Recommendations	Controls
	Clause Number	Clause Number					
119	21(1)	5.3 / 3.1.1	The licensee must allow a customer to pay a bill using any of the prescribed methods selected by the customer.	4	<ul style="list-style-type: none"> Aqwest has stated it did allow customers to pay bills using any of the prescribed methods selected by the customers during the Audit Period; Paxon examined a sample of "Supply and Water Consumption Notices" issued during the Audit Period and found notices issued in August 2015 did not include the Centrepay payment option. However, notices issued in August 2017 did include all the prescribed payment methods stipulated in regulation 21(1); and Aqwest's "Water Services Code of Conduct (Customer Service Standards) 2013" obligations spread sheet records this obligation and lists a control therefore. 	A	2
120	21(2)	5.3 / 3.1.1	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.	4	<ul style="list-style-type: none"> Aqwest has stated it did not levy fees or charges for the different bill payment methods offered to customers during the Audit Period; Paxon examined a sample of "Supply and Water Consumption Notices" issued during the Audit Period and found no reference to fees and/or charges associated with each bill payment 	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest 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 8 and 9				Including Recommendations	Controls	Compliance
	Clause Number	Clause Number						
120 (cont.)					method offered to customers; and <ul style="list-style-type: none"> Aqwest's "Water Services Code of Conduct (Customer Service Standards) 2013" obligations spread sheet records this obligation and lists a control therefore. 		A	NR
121	22	5.3 / 3.1.1	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.	4	<ul style="list-style-type: none"> Aqwest has stated it did receive bill payments by direct debit during the Audit Period. Aqwest continued in such instances it did obtain the express consent of the account holder and of the customer prior to actual receipt of such payment; Paxon examined a sample of "Direct Debit Request Forms" completed during the Audit Period, and found account holders authorised direct debits against their bank accounts; and Aqwest's "Water Services Code of Conduct (Customer Service Standards) 2013" obligations spread sheet records this obligation and lists a control therefore. 		A	1

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	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 8 and 9				Including Recommendations	Controls
	Clause Number	Clause Number					
122	23(1)	5.3 / 3.1.1	The licensee must accept payment in advance from a customer on a customer's request.	4	<ul style="list-style-type: none"> Aqwest has stated it did accept payment in advance from a customer on a customer's request during the Audit Period; and Aqwest's "Water Services Code of Conduct (Customer Service Standards) 2013" obligations spread sheet records this obligation and lists a control therefore. 	A	1
123	24	5.3 / 3.1.1	The licensee must on request and at no charge redirect a customer's bills because of the customer's absence or illness.	4	<ul style="list-style-type: none"> Aqwest has stated it did on request and at no charge redirected a customer's bills because of the customer's absence or illness during the Audit Period. Aqwest continued that all such instances during the Audit Period, were recorded in their Record Management System (file W02314); Paxon found Aqwest used a "Change of Ownership/Address" form to capture such instances during the Audit Period; and Aqwest's "Water Services Code of Conduct (Customer Service Standards) 2013" obligations spread sheet records this obligation and lists a control therefore. 	A	1

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	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 8 and 9				Including Recommendations	Controls
	Clause Number	Clause Number					
124	25	5.3 / 3.1.1	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 pay the bill or to pay arrears if the customer is assessed by the licensee as experiencing payment difficulties.	4	<ul style="list-style-type: none"> Aqwest has stated, during the Audit Period, it did allow customers more time to pay bills or to pay arrears, in cases where it assessed the customer as experiencing payment difficulties; Paxon examined a sample of “Supply and Water Consumption Notices” issued during the Audit Period and found it did request customers to contact Aqwest, or visit its website, in instances where customers were unable to pay their accounts by the due date; Paxon examined a sample of letters Aqwest sent to customers during the Audit Period in respect of payment plans. All letters examined included the customer’s agreement to the payment plan contained in the letter; and Aqwest’s “Water Services Code of Conduct (Customer Service Standards) 2013” obligations spread sheet records this obligation and lists a control therefore. 	A	1
125	26(1) & (2)	5.3 / 3.1.1 & 5.4.1	The licensee must have a written policy in relation to financial hardship that is approved by the ERA.	4	<ul style="list-style-type: none"> Aqwest does have a financial hardship policy entitled: “Aqwest – Financial Hardship Policy Guidelines – May 2014”; 	NP	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest 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 8 and 9				Including Recommendations	Controls
	Clause Number	Clause Number					
125 (cont.)					<ul style="list-style-type: none"> The ERA approved Aqwest’s financial hardship policy on 16 May 2014; and Review of the policy is addressed in clause 26(6) of the “Water Services Code of Conduct (Customer Service Standards) 2013” (see reference number 129 below). 	NP	1
126	26(3)	5.3 / 3.1.1	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.	4	<ul style="list-style-type: none"> Aqwest’s Water Services Licence commenced on 17 January 1997. As such, it was in place before the commencement of the Act; The “Water Services Code of Conduct (Customer Service Standards) 2013” took effect on 18 November 2013. As such, Aqwest’s financial hardship policy must have been finalised by 17 May 2014; Paxon has noted the ERA approved Aqwest’s financial hardship policy on 16 May 2014. Thus, Aqwest complied with clause 26(3) in the “Water Services Code of Conduct (Customer Service Standards) 2013”; and This compliance obligation was a once-off requirement and does not require any systems, processes and controls on a perpetual basis. 	NA	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest 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 8 and 9				Including Recommendations	Controls
	Clause Number	Clause Number					
127	26(4)	5.3 / 3.1.1	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.	4	<ul style="list-style-type: none"> • Aqwest’s Water Services Licence commenced on 17 January 1997. As such, it was in place before the commencement of the Act; and • Thus, this clause was not applicable to Aqwest during the Audit Period. 	NA	NA
128	26(5)	5.3 / 3.1.1	The licensee's financial hardship policy must be publicly available.	4	<ul style="list-style-type: none"> • The “<i>Aqwest – Financial Hardship Policy Guidelines – May 2014</i>” is available on the Aqwest website; and • Aqwest’s “<i>Water Services Code of Conduct (Customer Service Standards) 2013</i>” obligations spread sheet records this obligation and lists a control therefore. 	A	1
129	26(6)	5.3 / 3.1.1	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.	4	<ul style="list-style-type: none"> • Aqwest’s financial hardship policy is dated May 2014. Thus, a review of the document is only required by May 2019; and • Aqwest’s “<i>Water Services Code of Conduct (Customer Service Standards) 2013</i>” obligations spread sheet records this obligation and lists a control therefore. 	A	NA

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest 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 8 and 9				Including Recommendations	Controls
	Clause Number	Clause Number					
130	27(2)	5.3 / 3.1.1	A 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.	4	<ul style="list-style-type: none"> Aqwest has stated, during the Audit Period it allowed customers experiencing financial hardship more time to pay bills or pay arrears without charging interest or a fee; The “Aqwest – Financial Hardship Policy Guidelines – May 2014” states: <i>“If you are in financial hardship, we will offer you more time to pay your water bill or a payment plan. We will not charge you any fees or interest as part of your extension or payment plan.”</i>; Paxon examined a sample of payment plan letters and “Payment Plan Owner” forms completed during the Audit Period and found it contained no references to interest or fees payable (except interest on overdue amounts – in terms of the payment plan) and allowed customers more time to pay arrears; and Aqwest’s “Water Services Code of Conduct (Customer Service Standards) 2013” obligations spread sheet records this obligation and lists a control therefore. 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest 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 8 and 9				Including Recommendations	Controls
	Clause Number	Clause Number					
131	27(3)	5.3 / 3.1.1	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.	4	<ul style="list-style-type: none"> • Aqwest has stated it did consider reducing the amount owed during the Audit Period, where the customer was experiencing financial hardship. However, Aqwest continued that in no case during the Audit Period did it reduce an amount owned; • The “Aqwest – Financial Hardship Policy Guidelines – May 2014” states: <ul style="list-style-type: none"> • “If you are in financial hardship, we will consider reducing the amount you owe us.”; • “If appropriate, we will review and revise your extension or payment plan.”; • “Redirection of water bill: We will advise you of your right to have your account redirected to another person free of charge if you are absent or ill.”; • “Payment options: You may pay your account by direct debit, Centrepay, internet, telephone or post.”; • “Concessions and other financial relief and assistance: 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest 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 8 and 9				Including Recommendations	Controls
	Clause Number	Clause Number					
131 (cont.)					<p><i>You may be eligible for the Pensioner and Senior concession(s) and/or financial relief.”; and</i></p> <ul style="list-style-type: none"> • <i>“Financial counselling: Financial counsellors offer free, independent information to help you take control of your financial situation.”; and</i> • Aqwest’s “Water Services Code of Conduct (Customer Service Standards) 2013” obligations spread sheet records this obligation and lists a control therefore. 	A	1
132	28(1)	5.3 / 3.1.1	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.	4	<ul style="list-style-type: none"> • Aqwest has stated, during the Audit Period, it did ensure the owner was aware of proposed payment plans or arrangements prior to entering such instruments with customers who were not the owners of the land in respect of which the water service was provided; • Paxon has examined a sample of payment plans entered with tenants during the Audit Period. Aqwest has stated copies of these plans were provided to land owners. However, Paxon could not determine from the information provided how and when the land 	A	2

No.	Obligation Under:	Summary Description of Obligation	Audit Priority Applied	Systems, Processes and Controls in Place at Aqwest 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 8 and 9	(Rated as: 1 – High to 5 – Low)	Including Recommendations	Controls Compliance
132 (cont.)				<p>owners were made aware of the payment plans entered with their tenants;</p> <ul style="list-style-type: none"> The “Aqwest – Financial Hardship Policy Guidelines – May 2014” states: <p>“If you are a tenant, we must make sure that the land owner is aware of us giving you an extension or entering into a payment plan with you before we do so. We can agree that you notify the land owner of the proposed extension or payment plan (and provide us with evidence that you have done so), or you can give us permission to notify the land owner.”; and</p> Aqwest’s “Water Services Code of Conduct (Customer Service Standards) 2013” obligations spread sheet records this obligation and lists a control therefore. <p>Recommendation 16/2017:</p> <ul style="list-style-type: none"> Aqwest should keep adequate records to proof its compliance with clause 28(1) of the Water Services Code of Conduct (Customer Service Standards) 2013. 	<p>A 2</p>

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest 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 8 and 9				Including Recommendations	Controls
	Clause Number	Clause Number					
133	28(4) & (5)	5.3 / 3.1.1	The licensee must have publicly available written information regarding the payment plans, arrangements and other assistance that is available to customers.	4	<ul style="list-style-type: none"> The “Aqwest – Financial Hardship Policy Guidelines – May 2014” is available on the Aqwest website; The Aqwest document entitled: “Commitment to Customers – January 2017” is also available on the Aqwest website. This document also refers to “Billing and Payment Assistance”; and Aqwest’s “Water Services Code of Conduct (Customer Service Standards) 2013” obligations spread sheet records this obligation and lists a control therefore. 	A	1
134	29	5.3 / 3.1.1	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.	4	<ul style="list-style-type: none"> Aqwest has stated it did not commence or continue proceedings to recover a debt from a customer in the stipulated circumstances during the Audit Period; and Aqwest’s “Water Services Code of Conduct (Customer Service Standards) 2013” obligations spread sheet records this obligation and lists a control therefore. 	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest 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 8 and 9				Including Recommendations	Controls
	Clause Number	Clause Number					
135	30(1)	5.3 / 3.1.1	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.	5	<ul style="list-style-type: none"> Aqwest has stated on occasions during the Audit Period where it did reduce the rate of flow of drinking water to land, it did restore the supply of water in the stipulated circumstances; Paxon examined an example of a reduction in the rate of flow of drinking water and the subsequent restoration of a water supply during the Audit Period. Paxon found the restoration took place on the business day when payment was received. Paxon found Aqwest recorded both “service restriction” and “service unrestricted” on the same work order; and Aqwest’s “Water Services Code of Conduct (Customer Service Standards) 2013” obligations spread sheet records this obligation and lists a control therefore. 	A	1
136	30(2)	5.3 / 3.1.1	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	5	<ul style="list-style-type: none"> Aqwest has stated on occasions during the Audit Period where it reduced the rate of flow of drinking water, it restored the supply of 	A	1

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	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 8 and 9				Including Recommendations	Controls
	Clause Number	Clause Number					
136 (cont.)			reason for the disconnection or reduction no longer applies.		<p>water if it was satisfied the reason for the disconnection or reduction no longer applied;</p> <ul style="list-style-type: none"> • Aqwest has stated during the Audit Period it was not its policy to cut off the supply of drinking water; • Paxon examined a document entitled: “<i>Work Orders Task Details</i>” in respect of one such cut off which occurred during the Audit Period. Paxon found the document recorded the specific request, assessment number (to link to a specific address) and the date the work was performed; and • Aqwest’s “<i>Water Services Code of Conduct (Customer Service Standards) 2013</i>” obligations spread sheet records this obligation and lists a control therefore. 	A	1
137	31	5.3 / 3.1.1	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 person of its intention to do so if the amount owing is not paid.	5	<ul style="list-style-type: none"> • Aqwest has stated during the Audit Period, it did not reduce the rate of flow of drinking water to a customer without having first used its best endeavours to inform the customer in person of its intention to do so if the amount owing was not paid; 	A	1

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	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 8 and 9				Including Recommendations	Controls
	Clause Number	Clause Number					
137 (cont.)					<ul style="list-style-type: none"> • Paxon examined a sample of letters issued during the Audit Period in which Aqwest informed customers the non-payment of outstanding amounts would result in a reduction in the rate of flow of water; and • Aqwest’s “Water Services Code of Conduct (Customer Service Standards) 2013” obligations spread sheet records this obligation and lists a control therefore. 	A	1
138	32	5.3 / 3.1.1	The licensee must not reduce the rate of flow of drinking water under the Act if the specified circumstances apply.	5	<ul style="list-style-type: none"> • Aqwest has stated during the Audit Period, it did not reduce the rate of flow of drinking water under the Act when the specified circumstances applied; • Paxon examined an Excel spread sheet which discloses payment dates and water service restoration dates for a period of approximately 11 months during the Audit Period. Paxon found an entry within the register for a water service which was not restricted. The following comment was recorded: “Not restricted - deemed unsafe to do so”; and 	A	1

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	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 8 and 9				Including Recommendations	Controls
	Clause Number	Clause Number					
138 (cont.)					<ul style="list-style-type: none"> Aqwest's "Water Services Code of Conduct (Customer Service Standards) 2013" obligations spread sheet records this obligation and lists a control therefore. 	A	1
139	33	5.3 / 3.1.1	The licensee must not reduce the rate of flow of water to a customer to below 2.3 litres each minute.	2	<ul style="list-style-type: none"> Aqwest has stated during the Audit Period, it did not reduce the rate of flow of water to a customer to below 2.3 litres each minute; and Aqwest's "Water Services Code of Conduct (Customer Service Standards) 2013" obligations spread sheet records this obligation and lists a control therefore. 	A	1
140	34(2)	5.3 / 3.1.1	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"> As per the document entitled: "Bunbury Water Corporation (trading as Aqwest) - Audit and Review Plan", as approved by the ERA, this obligation was not applicable to Aqwest during the Audit Period. 	NA	NA
141	34(3)	5.3 / 3.1.1	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"> As per the document entitled: "Bunbury Water Corporation (trading as Aqwest) - Audit and Review Plan", as approved by the ERA, this obligation was not applicable to Aqwest during the Audit Period. 	NA	NA

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	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 8 and 9				Including Recommendations	Controls
	Clause Number	Clause Number					
142	34(4)	5.3 / 3.1.1	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.	2	<ul style="list-style-type: none"> Aqwest has stated during the Audit Period, it did restore a water supply to land within the specified timeframe; Paxon examined an example of the restoration of a water supply during the Audit Period and found the restoration took place on the business day when payment was received. Paxon found Aqwest recorded both “service restriction” and “service unrestricted” on the same work order; and Aqwest’s “Water Services Code of Conduct (Customer Service Standards) 2013” obligations spread sheet records this obligation and lists a task therefore. 	A	1
143	34(5)	5.3 / 3.1.1	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"> As per the document entitled: “Bunbury Water Corporation (trading as Aqwest) - Audit and Review Plan”, as approved by the ERA, this obligation was not applicable to Aqwest during the Audit Period. 	NA	NA

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest 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 8 and 9				Including Recommendations	Controls
	Clause Number	Clause Number					
144	34(6)	5.3 / 3.1.1	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.	4	<ul style="list-style-type: none"> Aqwest has stated during the Audit Period, it did achieve a 90% compliance rate with clause 34(4) in all 12-month periods ending on 30 June; Paxon examined an Excel spread sheet which discloses payment dates and water service restoration dates for a period of approximately 11 months during the Audit Period. Paxon found this record indicates in more than 90% of cases, services were restored on the actual payment date or before that date if the customer entered a payment plan with Aqwest (and made payments thereafter). However, as stated this record was only provided for a period of approximately 11 months during the Audit Period; and Aqwest's "Water Services Code of Conduct (Customer Service Standards) 2013" obligations spread sheet records this obligation and lists a task therefore. 	B	1

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	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 8 and 9				Including Recommendations	Controls	Compliance
	Clause Number	Clause Number						
144 (cont.)					Recommendation 17/2017: • Aqwest should keep records to proof its compliance with clause 34(6) of the Code of Conduct across the whole Audit Period (and not only a portion thereof).		B	1
145	35(1)	5.3 / 3.1.1	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.	4	<ul style="list-style-type: none"> • The Aqwest document entitled: “<i>Commitment to Customers – January 2017</i>” does include a section which deals with customer complaints; • Aqwest disclose a detailed “<i>Customer Complaints</i>” procedure on its website; • Aqwest also has a document entitled: “<i>Aqwest – Complaints Handling Manual – Revision 5 – February 2016</i>”; • Aqwest discloses its “<i>Policy - Finance – Policy NO: 1.34 – Customer Complaints</i>” on its website; • Aqwest provides a “<i>Customer Complaint Form</i>” on its website; and • Aqwest’s “<i>Water Services Code of Conduct (Customer Service Standards) 2013</i>” obligations spread sheet records this obligation and lists a task therefore. 		A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest 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 8 and 9				Including Recommendations	Controls
	Clause Number	Clause Number					
146	35(2)	5.3 / 3.1.1	The licensee's complaints procedure must be developed using as minimum standards the relevant provisions of the AS ISO 10002-2006 and the ERA's guidelines (if any).	4	<ul style="list-style-type: none"> Aqwest has stated it did develop its complaints procedure using as a minimum standard the relevant provisions of the AS ISO 10002-2006 and the ERA's guidelines; Aqwest's "Complaints Handling Manual – Revision 5 – February 2016" states: <i>Furthermore as per Part 6, section 35(1) & (2) of the Water Services Code of Conduct (Customer Services Standards) 2013, Aqwest is required to have in place a complaints management system that conforms to the principles of the Australian Standard on Complaints Handling (AS ISO 10002); and</i> Aqwest's "Water Services Code of Conduct (Customer Service Standards) 2013" obligations spread sheet records this obligation and lists a task therefore. 	A	1
147	35(3)	5.3 / 3.1.1	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.	4	<ul style="list-style-type: none"> Aqwest has a document entitled: "Aqwest – Complaints Handling Manual – Revision 5 – February 2016"; This manual does address: 	A	1

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	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 8 and 9		(Rated as: 1 – High to 5 – Low)			
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
147 (cont.)					<ul style="list-style-type: none"> • How complaints are to be lodged and recorded; • Time limits and methods for responding to complaints; • Dispute resolution arrangements; and • Resolving a complaint before the end of the period of 15 business days starting on the day the complaint was received. • Aqwest's "Water Services Code of Conduct (Customer Service Standards) 2013" obligations spread sheet records this obligation and lists a task therefore. 	A	1
148	35(4)	5.3 / 3.1.1	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 or instead of the procedures under the Act.	4	<ul style="list-style-type: none"> • The Aqwest website does inform customers of their choice to refer complaints to the Energy and Water Ombudsman; • The Aqwest website states: <i>"If you approach the Ombudsman with a complaint without first giving your Water Utility a chance to respond, the Ombudsman will ask you to take your complaint back to the Utility."</i>; and • Aqwest's "Water Services Code of Conduct 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest 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 8 and 9				Including Recommendations	Controls	Compliance
	Clause Number	Clause Number						
148 (cont.)					(Customer Service Standards) 2013” obligations spread sheet records this obligation and lists a task therefore.		A	1
149	35(6)	5.3 / 3.1.1	The licensee's complaints procedure must be publicly available.	4	<ul style="list-style-type: none"> • The Aqwest document entitled: “Commitment to Customers – January 2017” is disclosed on its website; • Aqwest discloses its “Policy - Finance – Policy NO: 1.34 – Customer Complaints” on its website; • Aqwest’s website also has a dedicated webpage entitled: “Customer Complaints” which discloses comprehensive information about the complaints process; • Aqwest also provides a “Customer Complaint Form” on its website; • However, these documents provide limited information in respect of Aqwest’s complaints procedure; and • Aqwest’s “Water Services Code of Conduct (Customer Service Standards) 2013” obligations spread sheet records this obligation and lists a task therefore. 		A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest 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 8 and 9				Including Recommendations	Controls
	Clause Number	Clause Number					
150	36(1)	5.3 / 3.1.1	The licensee must provide a customer with the specified services on request and at no charge.	4	<ul style="list-style-type: none"> • Aqwest’s website refers customers who are hearing or speech impaired to the National Relay Service; • Paxon examined a sample of “Supply and Water Consumption Notices” issued during the Audit Period and found these notices also referred customers who are hearing or speech impaired to the National Relay Service; • Aqwest’s website also refers customers to the national translating and interpreting service; • Aqwest has stated it did provide the above-mentioned services at no charge to the customer during the Audit Period; • Aqwest has stated during the Audit Period, no requests were received for large-print versions of any of the licensee’s publicly available documents; and • Aqwest’s “Water Services Code of Conduct (Customer Service Standards) 2013” obligations spread sheet records this obligation. 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest 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 8 and 9				Including Recommendations	Controls
	Clause Number	Clause Number					
151	36(1)	5.3 / 3.1.1	The licensee must provide a customer with the specified services on request and at no charge.	4	This reporting obligation is a duplication of Reference Number 150 above.	A	1
152	36(2)	5.3 / 3.1.1	The licensee must make available to each customer the customer's personal account information.	4	<ul style="list-style-type: none"> • Paxon examined a sample of "Supply and Water Consumption Notices" issued during the Audit Period and found customers' personal account information was disclosed thereon; and • Aqwest's "Water Services Code of Conduct (Customer Service Standards) 2013" obligations spread sheet records this obligation. 	A	1
153	37(1)	5.3 / 3.1.1	The licensee must make the prescribed information publicly available.	4	<ul style="list-style-type: none"> • Aqwest's website provides details (of the): <ul style="list-style-type: none"> • Fees and charges that will be imposed and collected by the licensee; • Licensee's bill payment method options; • Exemptions, discounts, rebates and concessions that are available to customers; • Services provided by the licensee under clause 36 (see reference number 150 above); • Power of an authorised person to enter a place without consent, notice or warrant to read a water meter; 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied	Systems, Processes and Controls in Place at Aqwest 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 8 and 9		(Rated as: 1 – High to 5 – Low)			
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
153 (cont.)					<ul style="list-style-type: none"> • Obligations of customers under the regulations to ensure that access to a meter is available; • That it will reduce the rate of flow of drinking water when other account recovery processes have been unsuccessful; • Quality of water and its management; • Sustainable use of water; and • Planned and unplanned interruptions of water supply. • Aqwest has stated during the Audit Period it was not its policy to cut off the supply of drinking water; and • Aqwest’s “Water Services Code of Conduct (Customer Service Standards) 2013” obligations spread sheet records this obligation. 	A	1
154	Notes – Clause 12 [clause 37(2)]	5.3 / 3.1.1	The licensee must ensure that the specified information about bill may be obtained from its website.	4	<ul style="list-style-type: none"> • Aqwest’s website provides details of: <ul style="list-style-type: none"> • Informing customers of the basis and reason for estimates; • Customers’ right to request meter readings and bills to determine outstanding charges 	A	1

No.	Obligation Under:	Summary Description of Obligation	Audit Priority Applied	Systems, Processes and Controls in Place at Aqwest 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 8 and 9	(Rated as: 1 – High to 5 – Low)		Including Recommendations	Controls	Compliance
154 (cont.)				for a different period to the usual billing cycle; <ul style="list-style-type: none"> • Customers’ right to request a meter reading if the customer disputes an estimate on which a bill is based; • Customers’ right to request a meter test and the fees payable therefore; • Review of a bill; and • Customer complaints. • Aqwest’s “Water Services Code of Conduct (Customer Service Standards) 2013” obligations spread sheet records this obligation and lists a task therefore.	A	1	

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

[Obligations as per the ERA’s: “Water Compliance Reporting Manual – Water Services Act 2012 – July 2016” (Numbers 92 to 154)]

No.	Obligation Under: Water Services Licence - (Versions 8 and 9) and Water Services Act (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8) Controls	Compliance
155	4 / 3.2.1	The licensee must pay the applicable fees and charges in accordance with the applicable Regulations.	5	<ul style="list-style-type: none"> • Aqwest has stated it paid annual licence charge in relation to the ERA (Licensing Funding) Regulations 2014 during the Audit Period; • Aqwest did compile an “Operating Licence Conditions - Obligations Analysis” spread sheet after April 2017. This spread sheet identifies its compliance obligations in terms of its Water Services Licence - as referenced in the ERA’s: “Water Compliance Reporting Manual – Water Services Act 2012 – July 2016”. This spread sheet records, amongst others, controls Aqwest has developed in the past or are currently implementing to help it to comply with its obligations in terms of its Water Services Licence. However, this supporting information does not provide conclusive evidence Aqwest had sufficient controls in place throughout the Audit Period to ensure compliance with its obligations in terms of its Water Services Licence; and • Aqwest’s “Operating Licence Conditions - Obligations Analysis” spread sheet records this obligation and lists a control therefore. 	A	1

No.	Obligation Under: Water Services (Operating) Licence - (Versions 8 and 9) and Water Services Act (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations		Ratings (as per Table 8)	
				Including Recommendations	Controls	Compliance	
156	5.1 / 3.1.1	Subject to any modifications or exemptions granted pursuant to the Act and this licence, the licensee must comply with any applicable legislation.	2	<ul style="list-style-type: none"> Aqwest’s compliance during the Audit Period, with the following is specifically addressed within this Report: <ul style="list-style-type: none"> Water Services Act 2012; Water Services Regulations 2013; Water Services Code of Conduct (Customer Service Standards) 2013; and Water Services (Operating) Licences, versions 8 and 9. 	NA	NA	
157	Not used	As per the ERA’s document entitled: “Water Compliance Reporting Manual - Water Services Act 2012 – July 2016” this number is not used.	Not used	Not used	Not used	Not used	
158	Not used	As per the ERA’s document entitled: “Water Compliance Reporting Manual - Water Services Act 2012 – July 2016” this number is not used.	Not used	Not used	Not used	Not used	
159	3.1.2	The licensee must comply with a direction from the ERA in relation to a breach of applicable legislation.	5	<ul style="list-style-type: none"> Aqwest has stated no breaches of applicable legislation took place during the Audit Period; and Specific systems, processes and controls are only expected to be put in place, to support this compliance obligation when this obligation is enforced. 	NP	NR	

No.	Obligation Under: Water Services (Operating) Licence - (Versions 8 and 9) and Water Services Act (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
				Including Recommendations	Controls	Compliance
160	12 / 3.6.1	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.	5	<ul style="list-style-type: none"> • Paxon examined financial statements for the years 2013-2014 to 2016-2017. The Auditor General's report across all four these financial years stated the financial report complied with Australian Accounting Standards; and • Aqwest's "Operating Licence Conditions - Obligations Analysis" spread sheet records this obligation and lists a control therefore. 	A	1
161	13.1 / 4.2.1	The licensee must comply with any individual performance standards prescribed by the ERA.	4	<ul style="list-style-type: none"> • Paxon has noted Aqwest's performance reports for the 2014-2015 and 2015-2016 reporting periods indicated that 100 percent of connected properties were supplied at a pressure and flow that met the standards set out in the licence; • Paxon has noted Aqwest's performance report for the 2016-2017 reporting period indicated: <ul style="list-style-type: none"> • 99.9 Percent of connected properties were supplied at a pressure and flow that met the standards set out in the licence; and • Details of any restrictions applied in accordance with the Water Services Regulations 2013 to a potable water supply. 	A	2

No.	Obligation Under: Water Services (Operating) Licence - (Versions 8 and 9) and Water Services Act (Section 12)	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations		Ratings (as per Table 8)	
				Including Recommendations	Controls	Compliance	
161 (cont.)				<ul style="list-style-type: none"> The performance data sheets provided for 2013-2014 was incomplete; and Aqwest's "Operating Licence Conditions - Obligations Analysis" spread sheet records this obligation and lists a control therefore. 	A	2	
162	14.4 / 4.3.4	The licensee must cooperate with the independent expert and comply with the ERA' standard audit guidelines dealing with the operational audit.	5	<ul style="list-style-type: none"> Aqwest did cooperate with Paxon during the performance of the operational audit and specifically complied with section 10.1 "Assistance provided by the Licensee" as included in the ERA's document entitled: "Audit and Review Guidelines: Water Licences – July 2014"; and Aqwest's "Operating Licence Conditions - Obligations Analysis" spread sheet records this obligation and lists a task therefore. 	A	1	
163	15.1(a), (b), (c) / 3.7.1 (a), (b), (c)	The licensee must report to the ERA, 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	<ul style="list-style-type: none"> Aqwest has stated 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 during the Audit Period; and Aqwest's "Operating Licence Conditions - Obligations Analysis" spread sheet records this obligation and lists a control therefore. 	A	NR	

No.	Obligation Under: Water Services (Operating) Licence - (Versions 8 and 9) and Water Services Act (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations		Ratings (as per Table 8)	
				Including Recommendations	Controls	Compliance	
164	Not used	As per the ERA’s document entitled: “Water Compliance Reporting Manual - Water Services Act 2012 – July 2016” this number is not used.	Not used	Not used		Not used	Not used
165	16.1 / 3.8.1	The licensee must provide the ERA specified information relevant to the operation of the licence or the licensing scheme, or the performance of the ERA’s functions under the Act in the manner and form specified by the ERA.	4	<ul style="list-style-type: none"> Aqwest has indicated the ERA did not require the provision of specified information relevant to the operation of the licence or the licensing scheme, or the performance of the ERA’s function under the Act during the Audit Period; and Aqwest’s “Operating Licence Conditions - Obligations Analysis” spread sheet records this obligation and lists a control therefore. 	A	NR	
166	16.2 / 3.8.2	The licensee must comply with any information reporting requirements prescribed by the ERA, including but not limited to the provisions of the Water Compliance Reporting Manual that apply to the licensee.	4	<ul style="list-style-type: none"> Aqwest’s Compliance Report for 2013-2014 stated there were no non-compliances to report. This report was submitted to the ERA on 21 August 2014; Aqwest’s Compliance Report for 2014-2015 stated there were no non-compliances to report. This report was submitted to the ERA on 25 August 2015; Aqwest’s Compliance Report for 2015-2016 stated there were no non-compliances to report. This report was submitted to the ERA on 26 August 2016; 	A	2	

No.	Obligation Under: Water Services Licence - (Versions 8 and 9) and Water Services Act (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	Controls	Compliance
166 (cont.)				<ul style="list-style-type: none"> • Aqwest’s Compliance Report for 2016-2017 stated Aqwest failed to provide 2016 data used to calculate the standing licence charge with NRP data by close of business on 24 October 2017. This report was submitted to the ERA on 24 August 2017; • Paxon is satisfied the information provided were in the manner and form specified by the ERA, except for the fact all the above-mentioned compliance reports refer to the “Water Services Licensing Act 1995 and not the Water Services Act 2012; and • Aqwest’s “Operating Licence Conditions - Obligations Analysis” spread sheet records this obligation and lists a control therefore. <p>Recommendation 18/2017:</p> <ul style="list-style-type: none"> • Aqwest should refer to the Water Services Act 2012 in the Compliance Reports its provides to the ERA. 	A	2	
167	16.3 / 3.8.3	The licensee must provide the ERA with the data required for performance reporting purposes that is specified in the Water, Sewerage and Irrigation Licence Performance Reporting Handbook, and the National Performance Framework that apply to the licensee.	4	<ul style="list-style-type: none"> • Paxon has noted Aqwest’s performance data for the 2013-2014 reporting period indicates the total number of customers (connected properties) was 16720; 	A	2	

No.	Obligation Under: Water Services (Operating) Licence - (Versions 8 and 9) and Water Services Act (Section 12)	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
Clause Number				Including Recommendations	Controls	Compliance
167 (cont.)				<ul style="list-style-type: none"> • This performance data for 2013-2014 did not disclose: <ul style="list-style-type: none"> • Number of connected properties that was supplied at a pressure and flow that met standards set out in the licence; and • Percentage of customers complaints resolved within 15 business days. • No records were provided to indicate when this report was submitted to the ERA; • Paxon has noted Aqwest’s Performance Report for the 2014-2015 reporting period indicated the: <ul style="list-style-type: none"> • Total number of customers (connected properties) was 16917; • Number of connected properties that was supplied at a pressure and flow that met the standards set out in the licence was 16915; and • Percentage of customers complaints resolved within 15 business days was 92.6%. This report was submitted to the ERA on 8 October 2015; • Paxon has noted Aqwest’s Performance Report for the 2015-2016 reporting period indicated the: 	A	2

No.	Obligation Under: Water Services (Operating) Licence - (Versions 8 and 9) and Water Services Act (Section 12)	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
				Including Recommendations	Controls	Compliance
167 (cont.)				<ul style="list-style-type: none"> Total number of customers (connected properties) was 17113; Number of connected properties that was supplied at a pressure and flow that met the standards set out in the licence was 17113; and Percentage of customers complaints resolved within 15 business days was 100%. This report was submitted to the ERA on 27 October 2016; Paxon has noted Aqwest’s Performance Report for the 2016-2017 reporting period indicated the: <ul style="list-style-type: none"> Total number of customers (connected properties) was 17273; Number of connected properties that was supplied at a pressure and flow that met the standards set out in the licence was 17257; and Percentage of customers complaints resolved within 15 business days was 96.6%. This report was submitted to the ERA on 28 September 2017; and 	A	2

No.	Obligation Under: Water Services (Operating) Licence - (Versions 8 and 9) and Water Services Act (Section 12)	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations		Ratings (as per Table 8)	
				Including Recommendations	Controls	Compliance	
167 (cont.)				<ul style="list-style-type: none"> Aqwest's "Operating Licence Conditions - Obligations Analysis" spread sheet records this obligation and lists a control therefore. 	A	2	
168	17.2 / 2.8.1 & 2.8.2	Subject to clause 2.8.3, the licensee must publish within the specified timeframe any information that the ERA has directed the licensee to publish under clause 2.8.1.	5	<ul style="list-style-type: none"> Aqwest has stated the ERA did not direct it to publish any information during the Audit Period; and Aqwest's "Operating Licence Conditions - Obligations Analysis" spread sheet records this obligation and lists a control therefore. 	A	NR	
169	18.1 / 2.7.1	Unless otherwise specified, all notices must be in writing.	5	<ul style="list-style-type: none"> Paxon has noted notices were given in writing during the Audit Period. Numerous examples, as referred to throughout this Audit Report, were sighted to support this statement; and Aqwest's "Operating Licence Conditions - Obligations Analysis" spread sheet records this obligation and lists a control therefore. 	A	1	
170	Not used	As per the ERA's document entitled: "Water Compliance Reporting Manual - Water Services Act 2012 – July 2016" this number is not used.	Not used	Not used	Not used	Not used	Not used

No.	Obligation Under: Water Services (Operating) Licence - (Versions 8 and 9) and Water Services Act (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
				Including Recommendations	Controls	Compliance
171	20.2 / 4.1.2	The licensee must notify the ERA of any material change to the asset management system within 10 business days of the change.	5	<ul style="list-style-type: none"> Aqwest has stated no material changes to the asset management system took place during the Audit Period; and Aqwest's "Operating Licence Conditions - Obligations Analysis" spread sheet records this obligation and lists a control therefore. 	A	NR
172	20.6 / 4.1.6	The licensee must cooperate with the independent expert and comply with the ERA's standard guidelines dealing with the asset management system review.	5	<ul style="list-style-type: none"> Aqwest did cooperate with Paxon during the performance of the asset management system review and specifically complied with section 10.1 "Assistance provided by the Licensee" as included in the ERA's document entitled: "Audit and Review Guidelines: Water Licences – July 2014"; and Aqwest's "Operating Licence Conditions - Obligations Analysis" spread sheet records this obligation and lists a task therefor. 	A	1
173	21.1 / 5.5.1	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	<ul style="list-style-type: none"> Aqwest has indicated it was a member of the water services ombudsman scheme during the Audit Period; and Aqwest's "Operating Licence Conditions - Obligations Analysis" spread sheet records this obligation and lists a control therefor. 	A	1

No.	Obligation Under: Water Services (Operating) Licence - (Versions 8 and 9) and Water Services Act (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations		Ratings (as per Table 8)	
				Including Recommendations	Controls	Compliance	
174	Not used	As per the ERA’s document entitled: “Water Compliance Reporting Manual - Water Services Act 2012 – July 2016” this number is not used.	Not used	Not used		Not used	Not used
175	23.1 / 5.1.1	If directed by the ERA, the licensee must submit a draft customer contract for approval.	5	<ul style="list-style-type: none"> Aqwest has stated the ERA did not direct it to submit a draft customer contract for approval during the Audit Period; and Aqwest’s “Operating Licence Conditions - Obligations Analysis” spread sheet records this obligation and lists a control therefor. 	A	NR	
176	23.2 / 5.1.2	The licensee must comply with any <i>Customer Contract Guidelines</i> that apply to the licensee.	5	<ul style="list-style-type: none"> Aqwest has stated no <i>Customer Contract Guidelines</i> were applicable to its operations during the Audit Period; and Aqwest’s “Operating Licence Conditions - Obligations Analysis” spread sheet records this obligation and lists a control therefor. 	A	NR	
177	23.3 / 5.1.3	The licensee may only amend the customer contract with the ERA’s approval.	5	<ul style="list-style-type: none"> Aqwest has stated it did not amend customer contracts during the Audit Period; and Aqwest’s “Operating Licence Conditions - Obligations Analysis” spread sheet records this obligation and lists a control therefor. 	A	NR	

No.	Obligation Under: Water Services (Operating) Licence - (Versions 8 and 9) and Water Services Act (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
				Including Recommendations	Controls	Compliance
178	23.6 / 5.1.5	The licensee must comply with any direction by the ERA to amend the customer contract.	5	<ul style="list-style-type: none"> Aqwest has stated the ERA did not direct it to amend a customer contract during the Audit Period; and Aqwest's "Operating Licence Conditions - Obligations Analysis" spread sheet records this obligation and lists a control therefor. 	A	NR
179	24.1 and 24.2 / 5.3.1 & 5.3.2	Unless clause 5.3.3 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>Code of Conduct</i> without the prior approval of the ERA.	5	<ul style="list-style-type: none"> Aqwest has stated it did not enter into an agreement with a customer to provide water services that excluded, modified or restricted the terms and conditions of the licence or the requirements of the <i>Code of Conduct</i> during the Audit Period; and Aqwest's "Operating Licence Conditions - Obligations Analysis" spread sheet records this obligation and lists a control therefor. 	A	NR
180	24.4 / 5.3.4	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>Code of Conduct</i> , the licensee must publish an annual report containing the information specified.	5	<ul style="list-style-type: none"> Aqwest has stated it did not enter into an agreement with a customer to provide water services that excluded, modified or restricted the terms and conditions of the licence or the requirements of the <i>Code of Conduct</i> during the Audit Period; and Aqwest's "Operating Licence Conditions - Obligations Analysis" spread sheet records this obligation and lists a control therefor. 	A	NR

No.	Obligation Under: Water Services (Operating) Licence - (Versions 8 and 9) and Water Services Act (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
				Including Recommendations	Controls	Compliance
181	25.1 / 5.6.1	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.	2	<ul style="list-style-type: none"> • Aqwest has stated it was not a supplier of last resort during the Audit Period; and • Aqwest’s “Operating Licence Conditions - Obligations Analysis” spread sheet records this obligation and lists a control therefor. 	A	NR
182	28.1(b) / 3.4.1 (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 ERA.	2	<ul style="list-style-type: none"> • Aqwest has stated it did not provide any water services outside of the operating area of the licence during the Audit Period; and • Aqwest’s “Operating Licence Conditions - Obligations Analysis” spread sheet records this obligation and lists a control therefor. 	A	NR
183	30.3 / 5.4.3	The licensee must comply with the ERA’s Financial Hardship Policy Guidelines as they apply to the licensee.	5	<ul style="list-style-type: none"> • Aqwest does have a financial hardship policy entitled: “Aqwest – Financial Hardship Policy Guidelines – May 2014” which was approved by the ERA on 16 May 2014; • Aqwest has stated it did comply with the ERA’s Financial Hardship Policy Guidelines as they applied to it during the Audit Period; and • Aqwest’s “Operating Licence Conditions - Obligations Analysis” spread sheet records this obligation and lists a control therefor. 	A	1

No.	Obligation Under: Water Services (Operating) Licence - (Versions 8 and 9) and Water Services Act (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
				Including Recommendations	Controls	Compliance
184	31.1 / 6.1.1	The licensee must enter into a Memorandum of Understanding with the Department of Health as soon as practicable after the commencement date or as otherwise agreed with Department of Health.	2	<ul style="list-style-type: none"> • Aqwest entered a “<i>Memorandum of Understanding</i>” with the Department of Health dated 18 August 2011; and • Aqwest’s “<i>Operating Licence Conditions - Obligations Analysis</i>” spread sheet records this obligation and lists a control therefor. 	A	NR
185	31.1 / 6.1.2	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.	2	<ul style="list-style-type: none"> • The “<i>Memorandum of Understanding</i>” states in section 17.1 entitled: “<i>MoU is Legally Binding</i>”: “<i>This MoU is executed pursuant to the Licensee’s Operating Licence and is legally binding between the Department and Licensee.</i>”; • The “<i>Memorandum of Understanding</i>” provides for: <ul style="list-style-type: none"> • Audit by the Department of Health on compliance by the licensee with its obligations under the MoU; • Audits to be conducted at least once every three years, or other such time as notified by the Department of Health; and • Provision of the audit report to the ERA. • Aqwest’s “<i>Operating Licence Conditions - Obligations Analysis</i>” spread sheet records this obligation and lists a control therefor. 	A	1

No.	Obligation Under: Water Services (Operating) Licence - (Versions 8 and 9) and Water Services Act (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
				Including Recommendations	Controls	Compliance
186	31.3 / 6.1.3	The licensee must comply with the terms of the Memorandum of Understanding.	2	<ul style="list-style-type: none"> • Aqwest has stated it did comply with the terms of the “<i>Memorandum of Understanding</i>” during the Audit Period; and • Aqwest’s “<i>Operating Licence Conditions - Obligations Analysis</i>” spread sheet records this obligation and lists a control therefor. 	A	1
187	31.4 / 6.1.4	The licensee must publish in the form agreed with the Department of Health, the Memorandum of Understanding and any amendments to the Memorandum of Understanding within one month of signing or making the amendment.	2	<ul style="list-style-type: none"> • Aqwest’s website discloses the “<i>Memorandum of Understanding</i>”; and • Aqwest’s “<i>Operating Licence Conditions - Obligations Analysis</i>” spread sheet records this obligation and lists a control therefor. 	A	1
188	31.5 / 6.1.5	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.	2	<ul style="list-style-type: none"> • Aqwest has stated no audits of its obligations in terms of the “<i>Memorandum of Understanding</i>” were conducted during the Audit Period; and • Aqwest’s “<i>Operating Licence Conditions - Obligations Analysis</i>” spread sheet records this obligation and lists a control therefor. 	A	NR
189	31.6 / 6.1.6	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	2	<ul style="list-style-type: none"> • Aqwest has stated it did publish reports required by the Department of Health or set out in the “<i>Memorandum of Understanding</i>” on its website on a quarterly basis during the Audit Period; 	A	1

No.	Obligation Under: Water Services (Operating) Licence - (Versions 8 and 9) and Water Services Act (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	Controls	Compliance
189 (cont.)		at a reporting frequency specified by the Department of Health.		<ul style="list-style-type: none"> Paxon has noted quarterly water quality reports for the period 10/2016 to 09/2017 are available on Aqwest’s website. Aqwest has stated reports prior to that period were archived in TRIM; and Aqwest’s “Operating Licence Conditions - Obligations Analysis” spread sheet records this obligation and lists a control therefor. 	A	1	
190	Schedule 3/ Schedule 2	The licensee must comply with the service and performance standards as set out in Schedule 3.	4	<ul style="list-style-type: none"> Paxon has noted Aqwest’s performance reports for the 2014-2015 and 2015-2016 reporting periods indicated that 100 percent of connected properties were supplied at a pressure and flow that met the standards set out in the licence; Paxon has noted Aqwest’s performance report for the 2016-2017 reporting period indicated: <ul style="list-style-type: none"> 99.9 Percent of connected properties were supplied at a pressure and flow that met the standards set out in the licence; and Details of any restrictions applied in accordance with the Water Services Regulations 2013 to a potable water supply. The performance data sheets provided for 2013-2014 was incomplete; and 	A	2	

No.	Obligation Under: Water Services Licence - (Versions 8 and 9) and Water Services Act (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	Controls	Compliance
190 (cont.)				<ul style="list-style-type: none"> Aqwest's "Operating Licence Conditions - Obligations Analysis" spread sheet records this obligation and lists a control therefore. 	A		2

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

[Obligations as per the ERA's: "Water Compliance Reporting Manual – Water Services Act 2012 – July 2016" (Numbers 155 to 190)]

4.5 Audit Observations and Recommendations: Water Services Licensing Act 1995

This Summary only lists obligations under Water Services Operating Licence (“WSOL”) – Version 7, which were discontinued under Water Services Operating Licence – Version 8. Obligations included in WSOL – Version 7 and carried forward in WSOL – Version 8, are disclosed in section 4.4.

No. ⁴	Obligation Under: Water Services Operating Licence - Version 7 Clause Number	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
				Including Recommendations	Controls	Compliance
9.	6.1	The licensee must establish customer complaints processes as set out in Schedule 3.	2	<ul style="list-style-type: none"> Aqwest maintained the following documents over the period 1 October 2013 to 17 November 2013: <ul style="list-style-type: none"> “Register of Complaints 2013/2014”; “Aqwest – Complaints Handling Manual – Revision 4 – December 2010”; and Aqwest - Policy NO: 1.34 – Customer Complaints”. 	A	1
10.	Sch. 3 Cl. 3.1	The licensee must resolve customer complaints within 15 business days of the receipt of complaint.	2	<ul style="list-style-type: none"> Paxon examined Aqwest’s “Register of Complaints 2013/2014” which records both the date the complaint was raised and the date the complaints was resolved. Based on entries in this register, all customer complaints were resolved within 15 business days during the period 1 October 2013 to 17 November 2013; and The current “Aqwest - Policy NO: 1.34 – Customer Complaints” states: <ul style="list-style-type: none"> “(iv) Resolution of complaints/disputes is required within fifteen (15) business days of being notified of its existence.” 	A	1

⁴ The ‘No.’ refers to the compliance obligation reference number, as per the ERA’s document entitled: “Water Compliance Reporting Manual – Water Services Licensing Act 1995 – July 2012”

No. ⁴	Obligation Under: Water Services Operating Licence - Version 7 Clause Number	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
				Including Recommendations	Controls	Compliance
12.	Sch. 3 Cl. 3.2 (b)	The licensee must provide appropriately trained staff to respond to complaints.	2	<ul style="list-style-type: none"> Aqwest has stated it did provide appropriately trained staff to respond to complaints over the period 1 October 2013 to 17 November 2013; The current “Aqwest - Policy NO: 1.34 – Customer Complaints” states: “(i) Designated officers must be trained to deal with customer complaints and be fully conversant with, the Water Services Code of Conduct, AS ISO 10002 - 2006 and Public Sector Commissioner’s Circular 2009-27 – Complaints Management.” 	A	1
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	<ul style="list-style-type: none"> Paxon examined Aqwest’s “Register of Complaints 2013/2014” which records, amongst others, the following information: <ul style="list-style-type: none"> Unique number for the complaint; Nature of the complaint; and Outcome to the complaint. The current “Aqwest – Complaints Handling Manual – Revision 4 – December 2010” states in section 5.1 entitled: “Recording of Complaints”: “... – each complaint is given its own unique identifier and recorded in Aqwests’ record management software as well as on a separate complaint register.” 	A	1

No. ⁴	Obligation Under: Water Services Operating Licence - Version 7 Clause Number	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
				Including Recommendations	Controls	Compliance
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	<ul style="list-style-type: none"> Aqwest has stated no disputed complaints were made during the period 1 October 2013 to 17 November 2013; The document entitled: “Customer Service Charter – Aqwest” states in the section entitled: “Dealing with complaints”: <i>“If you have a dispute with AQWEST regarding a provided or requested water service, you may refer your dispute to the Department of Water (DoW) at any stage. The DoW will respond with its opinion on the matter and suggest a solution to the parties involved.”</i>; and No specific systems, processes and controls are expected to be in place, beyond the above-mentioned reference included in the Customer Service Charter. 	A	NR
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	<ul style="list-style-type: none"> Aqwest has stated no disputed complaints were made during the period 1 October 2013 to 17 November 2013; and The document entitled: “Customer Service Charter – Aqwest”, in the section entitled: “Dealing with complaints” does not contain a reference to co-operating with the Department of Water in instances of disputed complaints. However, this compliance obligation, as included in Water Services Operating Licence version 7 is not 	B	NR

No. ⁴	Obligation Under: Water Services Operating Licence - Version 7	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations		Ratings (as per Table 8)	
				Including Recommendations	Controls	Compliance	
17 (cont.)				included in versions 8 and 9 of the licence. Thus, no recommendation is made as no current compliance obligation exists in respect thereof.			
18.	Schedule 3 Clause 3.7	The licensee must, on request, provide complaints details to the Department of Water.	2	<ul style="list-style-type: none"> Aqwest has stated no requests for complaints details were received from the Department of Water during the period 1 October 2013 to 17 November 2013; and The document entitled: “Customer Service Charter – Aqwest”, in the section entitled: “Dealing with complaints” does not contain a reference to providing complaints details to the Department of Water. However, this compliance obligation, as included in Water Services Operating Licence version 7 is not included in versions 8 and 9 of the licence. Thus, no recommendation is made as no current compliance obligation exists in respect thereof. 		B	NR
19.	Clause 7.1	The licensee must establish a Customer Service Charter as set out in Schedule 3.	4	<ul style="list-style-type: none"> Aqwest did have a “Customer Service Charter – Aqwest”, during the period 1 October 2013 to 17 November 2013; Paxon notes this Charter states on the front page: “May 2010 to May 2013.” However, the ERA, in a statement by its Chairman on 17 May 2013 provided a 12-month extension for the review of the Charter. Thus, the charter did not expire in 		A	1

No. ⁴	Obligation Under: Water Services Operating Licence - Version 7 Clause Number	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
				Including Recommendations	Controls	Compliance
19 (cont.)				<p>May 2013 and was valid during the period 1 October 2013 to 17 November 2013; and</p> <ul style="list-style-type: none"> No specific systems, processes and controls are expected to be in place, beyond the establishment and review of the Customer Service Charter. 		
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	<ul style="list-style-type: none"> Aqwest has stated its Customer Service Charter was made available to its customers, during the period 1 October 2013 to 17 November 2013, in the following ways: <ul style="list-style-type: none"> By prominently displaying it in those parts of the licensee's offices to which customers regularly had access; and By providing a copy, upon request, and at no charge, to the customer. Paxon could not find a specific control which managed compliance with this obligation during the period 1 October 2013 to 17 November 2013. However, this compliance obligation, as included in Water Services Operating Licence version 7 is not included in versions 8 and 9 of the licence. Thus, no recommendation is made as no current compliance obligation exists in respect thereof. 	B	1

No. ⁴	Obligation Under: Water Services Operating Licence - Version 7 Clause Number	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
				Including Recommendations	Controls	Compliance
21.	Schedule 3 Clause 2.6	The licensee must review its Customer Service Charter at least once in every three year period.	4	<ul style="list-style-type: none"> Paxon notes the “Customer Service Charter – Aqwest”, states on the front page: “May 2010 to May 2013.” However, the ERA, in a statement by its Chairman on 17 May 2013 provided a 12-month extension for the review of the Charter. Thus, no review of the charter was due during the period 1 October 2013 to 17 November 2013; and Paxon could not find a specific control which managed compliance with this obligation during the period 1 October 2013 to 17 November 2013. However, this compliance obligation, as included in Water Services Operating Licence version 7 is not included in versions 8 and 9 of the licence. Thus, no recommendation is made as no current compliance obligation exists in respect thereof. 	B	1
22.	Schedule 3 Clause 2.7	The licensee must provide its services consistent with its Customer Service Charter.	4	<ul style="list-style-type: none"> Aqwest has stated it did provide it services consistent with its Customer Service Charter during the period 1 October 2013 to 17 November 2013; and Paxon could not find a specific control which managed compliance with this obligation during the period 1 October 2013 to 17 November 2013. However, this compliance obligation, as included in Water Services Operating Licence version 7 is not included in versions 8 and 9 of the licence. 	B	1

No. ⁴	Obligation Under: Water Services Operating Licence - Version 7 Clause Number	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
				Including Recommendations	Controls	Compliance
22 (cont.)				Thus, no recommendation is made as no current compliance obligation exists in respect thereof.		
23	Clause 8	The licensee must establish customer consultation processes as set out in Schedule 3.	4	<ul style="list-style-type: none"> The “Customer Service Charter – Aqwest”, states the following in the section entitled: “Customer consultation”: <i>“The following opportunities exist for you to provide feedback about our services and to contribute to our decision-making process:</i> <ul style="list-style-type: none"> Monthly Board Meetings are open to the public and provide an opportunity for public questions. Please contact us for an up-to-date meeting schedule. We also hold an Annual Public Meeting, the time and date of which is advertised in local newspapers at least two weeks before the event. The agenda and minutes for each meeting are available on request. The Annual Report is also available on request and from our website at www.aqwest.wa.gov.au. The Annual Report details Key Performance Indicators, which allow you to track our efforts in a range of areas over several years. Information for some of these indicators is taken from an annual customer satisfaction survey. Four (4) times a year, we publish our ‘On Tap’ newsletter. We also host displays at external venues to promote Water Week and water conservation.” 	B	1

No. ⁴	Obligation Under: Water Services Operating Licence - Version 7	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
				Including Recommendations	Controls	Compliance
23 (cont.)				<ul style="list-style-type: none"> Paxon could not find a specific control which managed compliance with this obligation during the period 1 October 2013 to 17 November 2013. However, this compliance obligation, as included in Water Services Operating Licence version 7 is not included in versions 8 and 9 of the licence. Thus, no recommendation is made as no current compliance obligation exists in respect thereof. 		
24.	Schedule Clause 4.1	3 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	<ul style="list-style-type: none"> The <i>“Customer Service Charter – Aqwest”</i>, states the following in the section entitled: <i>“Customer consultation”</i>: <ul style="list-style-type: none"> <i>“We also hold an Annual Public Meeting, the time and date of which is advertised in local newspapers at least two weeks before the event.”</i>; and <i>“Four (4) times a year, we publish our ‘On Tap’ newsletter. We also host displays at external venues to promote Water Week and water conservation.”</i> Paxon could not find a specific control which managed compliance with this obligation during the period 1 October 2013 to 17 November 2013. However, this compliance obligation, as included in Water Services Operating Licence version 7 is not included in versions 8 and 9 of the licence. Thus, no recommendation is made as no current compliance obligation exists in respect thereof. 	B	1

No. ⁴	Obligation Under: Water Services Operating Licence - Version 7 Clause Number	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
				Including Recommendations	Controls	Compliance
25.	Schedule Clause 4.2	3 The licence must consult the Authority on the type and extent of consultation to be adopted by the licensee.	4	<ul style="list-style-type: none"> • Aqwest has stated it last consulted the ERA in October 2010 on the type and extent of consultation including changes of the format and frequency for the Newspaper spread; and • Paxon could not find a specific control which managed compliance with this obligation during the period 1 October 2013 to 17 November 2013. However, this compliance obligation, as included in Water Services Operating Licence version 7 is not included in versions 8 and 9 of the licence. Thus, no recommendation is made as no current compliance obligation exists in respect thereof. 	B	1
26.	Schedule Clause 4.3	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	<ul style="list-style-type: none"> • Aqwest has stated the ERA did not request it to establish other forums for consultation during the period 1 October 2013 to 17 November 2013; and • Paxon could not find a specific control which managed compliance with this obligation during the period 1 October 2013 to 17 November 2013. However, this compliance obligation, as included in Water Services Operating Licence version 7 is not included in versions 8 and 9 of the licence. Thus, no recommendation is made as no current compliance obligation exists in respect thereof. 	B	NR

No. ⁴	Obligation Under: Water Services Operating Licence - Version 7	Clause Number	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aqwest to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
					Including Recommendations	Controls	Compliance
32.	Schedule Clause 6	3	The licensee must conduct a customer survey if directed to by the Authority.	5	<ul style="list-style-type: none"> Aqwest has stated it was not directed by the ERA to conduct a customer survey during the period 1 October 2013 to 17 November 2013; and Specific systems, processes and controls were only expected to be put in place, when the ERA enforced this obligation. 	NA	NR

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

[Obligations as per the ERA’s: “Water Compliance Reporting Manual – Water Services Licensing Act 1995 – July 2012”]

4.6 Current Audit: Non-Compliances and Recommendations

Current Audit: Non-Compliances and Recommendations			
A. Resolved During Current Audit Period			
Manual Reference ⁵	Non-Compliance or Controls Inadequacy Rating	Date Resolved	Auditor's Comments
	Legislative Obligation	Management Action Taken	
	Details of Non-Compliance or Controls Inadequacy		
119	<ul style="list-style-type: none"> • Ratings: A 2; • Obligation: Water Services Code of Conduct (Customer Service Standards) - clause number 21(1); and • Detail: <ul style="list-style-type: none"> • Paxon examined a sample of "Supply and Water Consumption Notices" issued in August 2015 and found it did not include the Centrepay payment option. 	<ul style="list-style-type: none"> • Paxon examined a sample of "Supply and Water Consumption Notices" issued in August 2017 and found it did disclose all the prescribed payment methods stipulated in regulation 21(1). 	<ul style="list-style-type: none"> • No further action is required.
161, 167 and 190	<ul style="list-style-type: none"> • Ratings: A 2; • Obligations: Water Services Act – section 12 and Water Services Licence – clauses 4.2.1, 3.8.3 and schedule 2; and • Details: <ul style="list-style-type: none"> • The performance data sheets provided for 2013-2014 was incomplete and did not disclose: 	<ul style="list-style-type: none"> • The Performance Reports for the 2014-2015, 2015-2016 and 2016-2017 reporting periods did indicate: <ul style="list-style-type: none"> • Total number of customers (connected properties); • Number of connected properties that was supplied at a pressure and flow that met the standards set out in the licence; and 	<ul style="list-style-type: none"> • No further action is required.
5	The 'No.' refers to the compliance obligation reference number, as per the ERA's document entitled: "Water Compliance Reporting Manual – Water Services Act 2012 – July 2016"		

Current Audit: Non-Compliances and Recommendations			
A. Resolved During Current Audit Period			
Manual Reference ⁴	Non-Compliance or Controls Inadequacy Rating	Date Resolved	Auditor's Comments
	Legislative Obligation	Management Action Taken	
	Details of Non-Compliance or Controls Inadequacy		
161, 167 and 190 (continued)	<ul style="list-style-type: none"> Number of connected properties that was supplied at a pressure and flow that met standards set out in the licence; and Percentage of customers complaints resolved within 15 business days. No records were provided to indicate when this report was submitted to the ERA; 	<ul style="list-style-type: none"> Percentage of customers complaints resolved within 15 business days. Supporting documentation was also provided which indicated when these three Performance Reports were provided to the ERA. 	

Table 13: Current Audit: Non-Compliances and Recommendations (Part A)

Current Audit: Non-Compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
Reference ⁶ (no./year)	Compliance and Control Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation (LO)		
	Details for Compliance and/or Control Rating		
43 (1/2017)	<ul style="list-style-type: none"> • Ratings: A 2; • Obligations: Act – section 151(2) and Water Services Licence (“WSL”) – clause 3.1.1; and • Detail: <ul style="list-style-type: none"> • Aqwest has stated it did give notice of general works setting out the matters referred to in section 151(3) of the Act to the persons and agencies specified; • Paxon examined a document entitled: “<i>Aqwest – Caltex Gelorup Main Extension</i>”. Paxon also examined a sample of letters written to stakeholders. Paxon noted none of the letters included in the sample were signed by the author; and • Paxon noted that neither the document entitled: “<i>Aqwest – Caltex Gelorup Main Extension</i>” nor the above-mentioned cover letters indicated the times when, and the places at which, the plans and details could have been inspected. 	<ul style="list-style-type: none"> • The Shire should comply with its obligations in terms of section 151(3)(d) of the Act in respect of general works as defined in the Act; and • The Shire should keep properly completed records (letters) to proof compliance with its obligations. 	
6	The ‘No.’ refers to the compliance obligation reference number, as per the ERA’s document entitled: “ <i>Water Compliance Reporting Manual – Water Services Act 2012 – July 2016</i> ”		

Current Audit: Non-Compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
Reference ⁶ (no./year)	Compliance and Control Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation (LO)		
	Details for Compliance and/or Control Rating		
57 (2/2017)	<ul style="list-style-type: none"> • Ratings: D NR; • Obligations: Water Services Act 2012 – section 181 and Water Services Licence (“WSL”) – clause 3.1.1; and • Detail: <ul style="list-style-type: none"> • 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. Paxon has noted Aqwest’s “Water Services Act Obligations Register” does not list this compliance obligation. 	<ul style="list-style-type: none"> • Aqwest should include an appropriate reference to compliance obligation 57 as included in the ERA’s “Water Compliance Reporting Manual – Water Services Act 2012 - July 2016” in its “Water Services Act Obligations Register”. 	
67 (3/2017)	<ul style="list-style-type: none"> • Ratings: B 1; • Obligations: Water Services Regulations 2013 – clause 26(3) and WSL – clause 3.1.1; and • Details: <ul style="list-style-type: none"> • Paxon has examined a “Meter Testing Procedure” document. Paxon notes this document discloses the identity of the author but does not record whether the CEO approved it as stipulated in clause 26(3). 	<ul style="list-style-type: none"> • The CEO should approve Aqwest’s “Meter Testing Procedure” document as stipulated in regulation 26(3) of the Water Services Regulations 2013. 	

Current Audit: Non-Compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
Reference ⁶ (no./year)	Compliance and Control Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation (LO)		
	Details for Compliance and/or Control Rating		
72 (4/2017)	<ul style="list-style-type: none"> • Ratings: A 2; • Obligations: Water Services Regulations 2013 – clause 43(6) and WSL – clause 3.1.1; and • Details: <ul style="list-style-type: none"> • Aqwest has stated compliance notices issued during the Audit Period which required the owner or occupier of land to have their backflow prevention device made good did contain the stipulated information. However, Aqwest has stated at present it communicates requests to repair backflow prevention device per e-mail or verbally. 	<ul style="list-style-type: none"> • Aqwest should design and implement an appropriate compliance notice to require the owner or occupier of land to repair (make good) backflow prevention devices. This compliance notice should comply with the stipulations of regulation 43(6) of the Water Services Regulations 2013. 	
84-87 (5/2017)	<ul style="list-style-type: none"> • Ratings: D NR; • Obligations: Water Services Regulations 2013 – clauses 69(3), 70(2), 74(1) and 74(2) and WSL – clause 3.1.1; and • Details: <ul style="list-style-type: none"> • Aqwest has stated no objections were lodged to the land records it maintained during the Audit Period; and • Aqwest's "Water Services Regulations 2013" obligations spread sheet records that this 	<ul style="list-style-type: none"> • The Aqwest "Water Services Regulations 2013" obligations spread sheet should record these obligations as a management responsibility and list controls therefore. 	

Current Audit: Non-Compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
Reference ⁶ (no./year)	Compliance and Control Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation (LO)		
	Details for Compliance and/or Control Rating		
84-87 (5/2017) (continued)	obligation is not relevant as it refers to property valuations. However, Aqwest has stated land records were the base for the annual supply charges it levied during the Audit Period. Thus, regulations 69(3), 70(2), 74(1) and 74(2) were applicable to Aqwest's operations during the Audit Period.		
92 (6/2017)	<ul style="list-style-type: none"> • Ratings: D 2; • Obligations: Water Services Code of Conduct (Customer Service Standards) 2013 ("Code of Conduct") – clause 7 and WSL – clause 3.1.1; and • Details: <ul style="list-style-type: none"> • The Aqwest document entitled: "<i>Commitment to Customers – January 2017</i>" states: "We will: Supply drinking water that is safe to all of our customers." Paxon does not regard this statement as indicative of persons' entitlement to services /under the Act as stipulated in section 73 of the Act; 	<ul style="list-style-type: none"> • Aqwest should provide written information to customers in respect of the stipulations of the clauses 2(a)(i) and 2(d), 2 (e) and 2(f) of the Water Services Code of Conduct (Customer Service Standards) 2013. 	

Current Audit: Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

Reference ⁶ (no./year)	Compliance and Control Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
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Legislative Obligation (LO)

Details for Compliance and/or Control Rating

92
(6/2017)
(continued)

- The Aqwest document entitled: *“Commitment to Customers – January 2017”* states:
*“We will:
 Install or activate a standard water service within 10 business days, or on an agreed day, once the conditions for connection (including fees and charges) have been met.”;*
- However, the Aqwest document entitled: *“Commitment to Customers – January 2017”* does not disclose:
 - How to apply for a connection;
 - The things that a customer must do, and the things that must be complied with, before a connection is made; and
 - The fees that apply in relation to connections and when the fees are payable.
- Aqwest’s *“Water Services Code of Conduct (Customer Service Standards) 2013”* obligations spread sheet records this obligation but does not list a control therefore.

Current Audit: Non-Compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
Reference ⁶ (no./year)	Compliance and Control Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation (LO)		
	Details for Compliance and/or Control Rating		
93 (7/2017)	<ul style="list-style-type: none"> • Ratings: A 2; • Obligations: Code of Conduct – clause 8 and WSL – clause 3.1.1; and • Details: <ul style="list-style-type: none"> • Aqwest has stated all connections made during the Audit Period were completed within 10 business days from when the customers complied with their obligations; and • Paxon examined a document entitled: <i>“Connections made during the 12 month period from 01/01/2015 to 31/12/2015”</i>. Based on the <i>“Start Date”</i> and <i>“End Date”</i> included in this document, less than 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. 	<ul style="list-style-type: none"> • Aqwest should comply with its obligations in terms of the stipulations of clause 8 of the Water Services Code of Conduct (Customer Service Standards) 2013. 	
100 (8/2017)	<ul style="list-style-type: none"> • Ratings: A 2; • Obligations: Code of Conduct – clause 12(1) and WSL – clause 3.1.1; and • Details: 	<ul style="list-style-type: none"> • Aqwest should ensure that bills refer to the fact the website contains information about estimates, meter readings and complaints. 	

Current Audit: Non-Compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
Reference ⁶ (no./year)	Compliance and Control Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation (LO)		
	Details for Compliance and/or Control Rating		
100 (8/2017) (continued)	<ul style="list-style-type: none"> Paxon examined a sample of "Supply and Water Consumption Notices" issued after this date and found these notices, with one exception, complied with the stipulations of regulation 12(1). The notices did not state the website contains information about estimates, meter readings and complaints (regulation 12(1)(p)). 		
102 (9/2017)	<ul style="list-style-type: none"> Ratings: A 2; Obligations: Code of Conduct – clause 12(3) and WSL – clause 3.1.1; and Details: <ul style="list-style-type: none"> Paxon examined a sample of "Supply and Water Consumption Notices" issued after this date and found these notices, with one exception, complied with the stipulations of regulation 12(3). The notices did not state complaints about the provision of a water service by the licensee or a failure by the licensee to provide a water service can be made in accordance with the licensee's complaints procedure. 	<ul style="list-style-type: none"> Aqwest should ensure that bills refer to the fact complaints about the provision of a water service by the licensee or a failure by the licensee to provide a water service can be made in accordance with the licensee's complaints procedure. 	

Current Audit: Non-Compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
Reference ⁶ (no./year)	Compliance and Control Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation (LO)		
	Details for Compliance and/or Control Rating		
103 (10/2017)	<ul style="list-style-type: none"> • Ratings: D 1; • Obligations: Code of Conduct – clause 13(1) and WSL – clause 3.1.1; and • Details: <ul style="list-style-type: none"> • 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. Aqwest's "Water Services Code of Conduct (Customer Service Standards) 2013" obligations spread sheet records this obligation but does not list a control therefore; and • Aqwest's "Water Services Code of Conduct (Customer Service Standards) 2013" obligations spread sheet records this obligation but does not list a control therefore. 	<ul style="list-style-type: none"> • Aqwest should develop and implement controls to ensure compliance with clause 13(1) of the Water Services Code of Conduct (Customer Service Standards) 2013. 	
104 (11/2017)	<ul style="list-style-type: none"> • Ratings: D 1; • Obligations: Code of Conduct – clause 13(2) and WSL – clause 3.1.1; and • Details: <ul style="list-style-type: none"> • Paxon examined Aqwest policy number 1.17 entitled: "Water Meters – Out of Commission". This policy document provides detail as to the 	<ul style="list-style-type: none"> • Aqwest should consider amending policy number 1.17 to take account of the stipulations of clause 13(2) of the Water Services Code of Conduct (Customer Service Standards) 2013. 	

Current Audit: Non-Compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
Reference ⁶ (no./year)	Compliance and Control Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation (LO)		
	Details for Compliance and/or Control Rating		
104 (11/2017) (continued)	method of calculation and period of estimates. However, policy number 1.17 does not address an adjustment 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.		
105 (12/2017)	<ul style="list-style-type: none"> • Ratings: D 1; • Obligations: Code of Conduct – clause 14(1) and WSL – clause 3.1.1; and • Details: <ul style="list-style-type: none"> • Paxon examined Aqwest policy number 1.15 entitled: <i>“Water Consumption Charges for Incoming Tenants”</i>. However, as the title indicates, its application is limited to incoming tenants and not customers in general; and • Aqwest’s <i>“Water Services Code of Conduct (Customer Service Standards) 2013”</i> obligations spread sheet records this obligation but does not list a control therefore. 	<ul style="list-style-type: none"> • Aqwest should develop and implement controls to ensure compliance with clause 14(1) of the Water Services Code of Conduct (Customer Service Standards) 2013. 	
110 (13/2017)	<ul style="list-style-type: none"> • Ratings: A 2; • Obligations: Code of Conduct – clause 16(5) and WSL – clause 3.1.1; and 	<ul style="list-style-type: none"> • Aqwest should ensure it keeps proper records to proof it complies with clause 16(5) of the Water 	

Current Audit: Non-Compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
Reference ⁶ (no./year)	Compliance and Control Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation (LO)		
	Details for Compliance and/or Control Rating		
110 (13/2017) (continued)	<ul style="list-style-type: none"> • Details: <ul style="list-style-type: none"> • Aqwest has stated it did allow customers to pay undercharged amounts by way of a repayment plan during the Audit Period. Aqwest continued such plans were for the shorter of the prescribed periods; • Paxon examined Aqwest's accounting records and found the undercharged amounts were paid as follows: <ul style="list-style-type: none"> • Unit 1: 5 months later; and • Unit 2; more than 2 months later. <p>These periods are shorter than the 12 months stipulated. Notwithstanding a specific request, Aqwest did not provide Paxon with copies of the payment plans entered with the customer in respect of the undercharges. Thus, Paxon could not determine whether the customers' payments followed a payment plan or not.</p>	Services Code of Conduct (Customer Service Standards) 2013.	
111 (14/2017)	<ul style="list-style-type: none"> • Ratings: A 2; • Obligations: Code of Conduct – clause 17(1) and WSL – clause 3.1.1; and • Details: 	<ul style="list-style-type: none"> • Aqwest should ensure it informs overcharged customers of options for refunding or crediting overcharged amounts in compliance with clause 17(1) of the Water Services Code of Conduct (Customer Service Standards) 2013. 	

Current Audit: Non-Compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
Reference ⁶ (no./year)	Compliance and Control Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation (LO)		
	Details for Compliance and/or Control Rating		
111 (14/2017) (continued)	<ul style="list-style-type: none"> • Aqwest has stated instances occurred where customers were overcharged during the Audit Period. Aqwest continued in such instances, customers' accounts were credited, and customers were informed of the overcharging and recommended options for refunding or crediting the overcharged amount; and • Paxon examined details of the overcharging, as provided by Aqwest, and found only two such instances occurred during the Audit Period. Paxon found in both cases: <ul style="list-style-type: none"> • Letters were written to the customers to inform them of the overcharging; and • Amended assessments were issued. <p>However, these letters did not inform the customers of options for refunding or crediting the overcharged amounts.</p>		
116 (15/2017)	<ul style="list-style-type: none"> • Ratings: D 2; • Obligations: Code of Conduct – clause 18(4) and WSL – clause 3.1.1; and • Details: <ul style="list-style-type: none"> • The Aqwest website does contain a document 	<ul style="list-style-type: none"> • The document entitled: “Aqwest – Customer Account Reviews” should explicitly disclose the customer’s options in respect of the review of a bill as stipulated in regulation 18(4). 	

Current Audit: Non-Compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
Reference ⁶ (no./year)	Compliance and Control Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation (LO)		
	Details for Compliance and/or Control Rating		
116 (15/2017) (continued)	<p>entitled: "Aqwest – Customer Account Reviews" which states:</p> <p><i>"If the matter still has not been resolved to your satisfaction within 15 business days, you can refer the matter to the Energy and Water Ombudsman, Western Australia"</i></p> <p>Thus, the document does not explicitly state the customer has the option to apply to the water services ombudsman - it makes such an application dependent on the customer first approaching Aqwest.</p>		
132 (16/2017)	<ul style="list-style-type: none"> • Ratings: A 2; • Obligations: Code of Conduct – clause 28(1) and WSL – clause 3.1.1; and • Details: • Aqwest has stated, during the Audit Period, it did ensure the owner was aware of proposed payment plans or arrangements prior to entering such instruments with customers who were not the owners of the land in respect of which the water service was provided; and 	<ul style="list-style-type: none"> • Aqwest should keep adequate records to proof its compliance with clause 28(1) of the Water Services Code of Conduct (Customer Service Standards) 2013. 	

Current Audit: Non-Compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
Reference ⁶ (no./year)	Compliance and Control Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation (LO)		
	Details for Compliance and/or Control Rating		
132 (16/2017) (continued)	<ul style="list-style-type: none"> Paxon has examined a sample of payment plans entered with tenants during the Audit Period. Aqwest has stated copies of these plans were provided to land owners. However, Paxon could not determine from the information provided how and when the land owners were made aware of the payment plans entered with their tenants. 		
144 (17/2017)	<ul style="list-style-type: none"> Ratings: B 1; Obligations: Code of Conduct – clause 34(6) and WSL – clause 3.1.1; and Details: <ul style="list-style-type: none"> Aqwest has stated during the Audit Period, it did achieve a 90% compliance rate with clause 34(4) in all 12-month periods ending on 30 June; and Paxon examined an Excel spread sheet which discloses payment dates and water service restoration dates for a period of approximately 11 months during the Audit Period. Paxon found this record indicates in more than 90% of cases, services were restored on the actual payment date or before that date if the 	<ul style="list-style-type: none"> Aqwest should keep records to proof its compliance with clause 34(6) of the Code of Conduct across the whole Audit Period (and not only a portion thereof). 	

Current Audit: Non-Compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
Reference ⁶ (no./year)	Compliance and Control Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation (LO)		
	Details for Compliance and/or Control Rating		
144 (17/2017) (continued)	customer entered a payment plan with Aqwest (and made payments thereafter). However, as stated this record was only provided for a period of approximately 11 months during the Audit Period.		
166 (18/2017)	<ul style="list-style-type: none"> • Ratings: A 2; • Obligations: Water Services Act 2012 – section 12 and WSL – clause 3.8.2; and • Details: <ul style="list-style-type: none"> • Compliance reports for the period 2013-2014 to 2016-2017 refer to the “Water Services Licensing Act 1995” and not the Water Services Act 2012. 	<ul style="list-style-type: none"> • Aqwest should refer to the Water Services Act 2012 in the Compliance Reports its provides to the ERA. 	

Table 13: Current Audit: Non-Compliances and Recommendations (Part B)

5 Asset Management System Effectiveness Review: Comprehensive Report

5.1 Asset Management System Rating Scales

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

Asset Management Process and Policy Definition Adequacy Ratings ERA's Guidelines: Table No. 8

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

Table 14: Asset Management Process and Policy Definition Adequacy Ratings

Asset Management Performance Ratings
ERA’s Guidelines: Table No. 9

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

Table 15: Asset Management Performance Ratings

5.2 Asset Management System: Effectiveness Ratings Summary

The effectiveness ratings for prime components, together with the ratings of their relevant effectiveness criteria, are indicated in Table 17 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
Asset Planning	✓				✓			
• 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
Component								
Asset Creation and Acquisition	✓				✓			
• Full project evaluations are undertaken for new assets including comparative estimates of non-asset solutions;	✓				✓			
• Evaluations include all lifecycle costs;	✓				✓			
• Projects reflect sound engineering and business decisions;	✓				✓			
• Commissioning tests are documented and completed; and	✓				✓			
• On-going legal/environmental/safety obligations of the asset owner are assigned and understood.	✓				✓			
Asset Disposal	✓				✓			
• Under performing and underutilised assets are identified as part of a regular systematic review process;	✓				✓			
• The reasons for underutilisation or poor performance are critically examined and corrective action or disposal undertaken;	✓				✓			
• Disposal alternatives are evaluated; and	✓				✓			

Asset Management System Component	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
<ul style="list-style-type: none"> There is a replacement strategy for assets. 	✓				✓			
Environmental Analysis	✓				✓			
<ul style="list-style-type: none"> Opportunities and threats in the system are assessed; 	✓				✓			
<ul style="list-style-type: none"> Performance standards (availability of service, capacity, continuity, emergency response etc.) are measured and achieved; 	✓				✓			
<ul style="list-style-type: none"> Compliance with statutory and regulatory requirements; and 	✓				✓			
<ul style="list-style-type: none"> Achievement of customer service levels. 	✓				✓			
Asset Operations	✓				✓			
<ul style="list-style-type: none"> Operational procedures and policies are documented and linked to service levels required; 	✓				✓			
<ul style="list-style-type: none"> Risk management is applied to prioritise operations tasks; 	✓				✓			
<ul style="list-style-type: none"> 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; 	✓				✓			
<ul style="list-style-type: none"> Operational costs are measured and monitored; and 	✓				✓			

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
<ul style="list-style-type: none"> Staff resources are adequate, and staff receive training commensurate with their responsibilities. 	✓				✓			
Asset Maintenance	✓				✓			
<ul style="list-style-type: none"> Maintenance policies and procedures are documented and linked to service levels required; 	✓				✓			
<ul style="list-style-type: none"> Regular inspections are undertaken of asset performance and condition; 	✓				✓			
<ul style="list-style-type: none"> Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule; 	✓				✓			
<ul style="list-style-type: none"> Failures are analysed, and operation/maintenance plans are adjusted where necessary; 	✓				✓			
<ul style="list-style-type: none"> Risk management is applied to prioritise maintenance tasks; and 	✓				✓			
<ul style="list-style-type: none"> Maintenance costs are measured and monitored. 	✓				✓			
Asset Management Information System	✓				✓			
<ul style="list-style-type: none"> Adequate system documentation for users and IT operators; 	✓				✓			

Asset Management System Component	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
• Input controls include appropriate verification and validation of data entered into the system;	✓				✓			
• Logical access controls appear adequate such as passwords;	✓				✓			
• Physical security access controls appear adequate;	✓				✓			
• Data back-up procedures appear adequate and back-ups are tested;	✓				✓			
• Key computations related to Licensee performance reporting are materially accurate; and	✓				✓			
• Management reports appear adequate for the Licensee to monitor licence obligations.	✓				✓			
Risk Management	✓				✓			
• Risk management policies and procedures exist and are being applied to minimise internal and external risk associated with the asset management system;	✓				✓			
• Risks are documented in a risk register and treatment plans are actioned and monitored; and	✓				✓			
• The probability and consequences of asset failure are regularly assessed.	✓				✓			

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
Contingency Planning	✓				✓			
<ul style="list-style-type: none"> Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks. 	✓				✓			
Financial Planning	✓				✓			
<ul style="list-style-type: none"> The financial plan states the financial objectives and strategies and actions to achieve the objectives; 	✓				✓			
<ul style="list-style-type: none"> The financial plan identifies the source of funds for capital expenditure and recurrent costs; 	✓				✓			
<ul style="list-style-type: none"> The financial plan provides projections of operating statements (profit and loss) and financial position (balance sheet); 	✓				✓			
<ul style="list-style-type: none"> The financial plan provides firm predictions of income for the next five years and reasonable indicative predictions beyond this period; 	✓				✓			
<ul style="list-style-type: none"> The financial plan provides for the operation, maintenance, administration, and capital expenditure requirements of the services; and 	✓				✓			

Asset Management System Component	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
<ul style="list-style-type: none"> • Significant variances in actual/budget income and expenses are identified and corrective action taken where necessary. 	✓				✓			
Capital Expenditure Planning	✓				✓			
<ul style="list-style-type: none"> • There is a capital expenditure plan that covers issues to be addressed, actions proposed responsibilities and dates; 	✓				✓			
<ul style="list-style-type: none"> • The plan provides reasons for capital expenditure and timing of expenditure; 	✓				✓			
<ul style="list-style-type: none"> • The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan; and 	✓				✓			
<ul style="list-style-type: none"> • There is an adequate process to ensure that the capital expenditure plan is regularly updated and actioned. 	✓				✓			
Review of Asset Management System	✓				✓			
<ul style="list-style-type: none"> • A review process is in place to ensure that the asset management plan and the asset management system described therein are kept current; and 	✓				✓			
<ul style="list-style-type: none"> • Independent reviews (e.g., internal audit) are performed of the asset management system. 	✓				✓			

Table 16: Asset Management System: Effectiveness Ratings Summary

5.3 Review Observations and Recommendations

Asset Management System	Systems, Processes and Controls in Place at Aqwest for Asset Management Including Recommendations	Asset Management Process and Policy Definition Adequacy Rating	Asset Management Performance Rating
<p>Asset Planning</p>	<ul style="list-style-type: none"> • Bunbury Water Corporation (“Aqwest”) has a sophisticated and practical overall Asset Management System (“AMS”), 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; • The Asset Management Plan (“AMP”) thoroughly covers the key elements of Aqwest’s overall responsibilities, management, controls, reporting and delivery of a safe and reliable water supply; • The asset planning process includes assessment of future demand, asset development and finance, risk analysis of the likelihood and consequences of asset failure, and prevention. The age, remaining life expectancy and condition of existing and proposed assets, 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; • Aqwest employs its specialist staff and consultants to analyse projected development rates of the City to predict future demands growth and strategies. Whilst the current licensed allocation of groundwater extraction and production capacity is forecasted to be adequate until around the year 2040, salinity increases in the coastal located bores servicing the Hastie and Spencer treatment plants will eventually require their closure. To maintain water production and quality, a new treatment plant and bore field is being developed further inland at Glen Iris where an improved quality supply can be sourced. The first stage of the Glen Iris plant is expected to be operational in 2019 – allowing the Hastie and Spencer plants to be de-commissioned between 2019 and 2022. At present one bore has been constructed and tested at the Glen Iris site but has not been equipped as a production bore; • Aqwest prepares an annual Strategic Asset Management Plan including a rolling ten-year capital works program which feeds in to the Finance and Capital Expenditure plans of its annual budgets; • Aqwest staff - supported by consultants as required, are 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; • Proposed capital works are examined in accordance with written procedures, including the need for 	<p>A</p>	<p>1</p>

Asset Management System	Systems, Processes and Controls in Place at Aqwest for Asset Management Including Recommendations	Asset Management Process and Policy Definition Adequacy Rating	Asset Management Performance Rating
Asset Planning (continued)	<p>the works, available options, management solutions, “do nothing”, cost and risk. Proposals are prioritised for inclusion, or exclusion from budgets; in accordance with the Corporation’s Asset Risk and Criticality Framework, which assigns an overall risk value;</p> <ul style="list-style-type: none"> Limits for extraction of groundwater is detailed in a licence issued by the Department of Water and Environmental Regulation. The chemical/microbiological quality of water supplied is set out in Aqwest’s Memorandum of Understanding with the Department of Health. The requirements of the Licence and Memorandum are addressed in Aqwest’s Asset Management Plan; and Supply pressures and flow rates stipulated in its Water Services Operating Licence (“WSOL”), are set out in Aqwest’s “Commitment to Customers”. 	A	1
Asset Creation and Acquisition	<ul style="list-style-type: none"> When a project or new asset requirement is identified, a business case procedure referred to as a “budget bid” document is prepared and considered by a senior group of financial and operations staff - for subsequent inclusion on (or exclusion from) the long term financial forecast, annual budget, and annual capital works program; The completed “budget bid” and any accompanying documentation must compare all available options including non-asset and do-nothing solutions, together with an estimate of all costs over a ten-year period and a risk assessment for each option examined. Supporting documentation may include justification related to asset condition, age, performance enhancement and reports from staff or consultants; On acceptance of the “budget bid” and Board approval, the assets are procured in accordance with Aqwest’s “Policy No. 4.15 – Purchasing” and “Policy No. 4.2 – Tendering”. Tender/contract documents include engineering performance and materials specifications relevant to the intended use of the asset. Acquisition and delivery of the asset are recorded (on pro-forma “Project Design and Delivery” document) through its various stages including design, delivery, testing, inspections, commissioning, and inclusion in the asset register and other areas of “Authority”; Bunbury Water Corporation assigns relevant senior officers to each asset creation and acquisition process. The officers are well aware of the on-going legal/environmental aspects of the particular assets and their future use; and Reviewer inspected a recent budget bid document and pro-forma “Project Design and Delivery” document. 	A	1

Asset Management System	Systems, Processes and Controls in Place at Aqwest for Asset Management Including Recommendations	Asset Management Process and Policy Definition Adequacy Rating	Asset Management Performance Rating
Asset Disposal	<ul style="list-style-type: none"> Aqwest determines that an asset is no longer required due to planned replacement 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 examined and options for repair, operational, or process change are considered before a decision is made for disposal; Fig 5.3 of the Asset Management Plan sets out the disposal procedure. Essentially, consideration is given to either: <ul style="list-style-type: none"> Accept or reject options for retention of the asset for technical or other reasons; Sell the asset; Retain the asset in a non-functional state if say, disposal costs are excessive; and Decommission and dispose of the asset in an appropriate manner. Reviewer was advised that apart from motor vehicles, which are regularly turned over in “trade in” transactions, no asset have been sold; and Assets may be simply disposed of as scrap, or buried in landfill. Large items with no saleable value may be the subject of a remove and dispose tender. In the case of a buried Asbestos Cement (AC) pipe, the item is generally left in-situ to satisfy environmental requirements for safe disposal. Its replacement asset is then laid beside it or on a different alignment in the road reserve. 	A	1
Environmental Analysis	<ul style="list-style-type: none"> Aqwest technical staff continually monitor and sample all aspects of its operations, including groundwater extraction, treatment processes, storage, water quality, flow rates and pressures in the distribution system; Consulting hydro-geologists prepare annual reports on groundwater extraction aquifer drawdown and water quality - particularly salinity. Data is obtained for each production bore and the cumulative field totals; The legislative environment under which Aqwest operates is set out in its Asset Management Plan and its annual reports and associated documents i.e.: <ul style="list-style-type: none"> Aqwest’s Water Services Licence No. WL2, Water Services Act 2012 and associated legislation and reporting; Aqwest’s Memorandum of Understanding with the Department of Health regarding Aqwest’s water 	A	1

Asset Management System	Systems, Processes and Controls in Place at Aqwest for Asset Management Including Recommendations	Asset Management Process and Policy Definition Adequacy Rating	Asset Management Performance Rating
Environmental Analysis (continued)	<p>quality management and reporting; and</p> <ul style="list-style-type: none"> • Aqwest’s licence from the Department of Water to extract water from the Yarragadee aquifer and the provision of reports regarding monitoring of extraction, water quality and aquifer protection. • The monitoring and reporting associated with the above licences/agreements are detailed in written procedures and undertaken and reported on, strictly in accordance with the format and timing requirements of relevant licences/agreements; • Apart from the submission of an incomplete ERA data sheet for the 2013/14 year – assessed by the Auditor as having minor impact, during the review period Aqwest 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 • Aqwest notes and complies with other Acts and Regulations (relevant to its business) listed in its Asset Management Plan - including those related to Occupational Health and Safety, Human Resources, Environmental Protection etc. 	A	1
Asset Operations	<ul style="list-style-type: none"> • Operational policies and procedures are set out in twelve general and individual Operations and Maintenance Manuals - covering the six water treatment plants bore installations, reservoirs, distribution system and city water link. The manuals contain layout drawings of each facility, detail descriptions of processes, daily checks, operations and maintenance tasks and schedules, together with fault-finding procedures. Continuous and regular measurement and monitoring of performance and results allow continuous monitoring (and action if necessary) that Licence and Health standards are being achieved; • A multi-layer Asset and Asset Condition register is mounted on “<i>Authority</i>”. The various layers include asset type, location, purpose, material, age, condition, and criticality value; • Risk management is a major input to the documentation and prioritisation of normal operational procedures and ad hoc operational activities; • The Civica Pty Ltd asset management software “<i>Authority</i>” is the platform on which Aqwest’s operations, maintenance, asset register, and other activities are based. “<i>Authority</i>” has replaced the “<i>Confirm</i>” software, which was in use during the 2013 review. The Asset Register lists 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 	A	1

Asset Management System	Systems, Processes and Controls in Place at Aqwest for Asset Management Including Recommendations	Asset Management Process and Policy Definition Adequacy Rating	Asset Management Performance Rating
Asset Operations (continued)	<p>assets are recorded in “<i>Authority</i>” to provide an historical record for each asset or asset group. This information is also entered into the Civica financial software to facilitate overall cost control, staff, and accounts payments;</p> <ul style="list-style-type: none"> Operational costs are recorded and monitored to ensure they remain within the expected norm and to highlight discrepancies that could indicate a problem; Two Managers – for Water Services and Corporate Services, report to the Chief Executive Officer, who in turn reports to the Board. Staff numbers are in the order of 35 persons, which is considered adequate. Staff members are appropriately qualified and well trained for their tasks and level of responsibility. All staff interviewed demonstrated a sound knowledge of their responsibilities and enthusiasm for Aqwest’s wellbeing; All staff receive induction on appointment, followed by OHS training. Each department holds a copy of the OHS manual. Additional staff training is related to their duties and range from use of computer software to equipment operation. Staff involved in water treatment receive training for Water Certificate 2 and those involved in distribution train for Water Certificate 3; The Safety, Training and Compliance Officer maintains a computer-based matrix of all staff and their current certifications and expiry dates. The officer ensures that training of all staff is up to date and arranges for re-training on expiry, or if a change of duties requires additional training. Reviewer inspected the training matrix and spot checked that training and re-training information was current; Operation of bore pumps and treatment plants are automatic and – in order to minimise power costs, operate only at night during off peak power periods. Daily operations are programmed to ensure that at the end of each off-peak power period, the storage in all reservoirs is at or above pre-set minimum levels. Minimum daily reservoir levels are set based on seasonal daily water use and weather forecasts that may affect daily consumption i.e. demand will increase during unseasonal hot weather and decrease during unseasonal wet weather. An experienced officer selects daily pre-set reservoir levels for consecutive periods of seven days commencing after Friday. Reservoir levels 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 reservoirs, and booster pumps in the distribution system; Operations are monitored 24 hours per day via SCADA based water level, pressure, flow, temperature, chlorine residual etc. at all water source, treatment, and delivery systems. The SCADA backed visual 	<p>A</p>	<p>1</p>

Asset Management System	Systems, Processes and Controls in Place at Aqwest for Asset Management Including Recommendations	Asset Management Process and Policy Definition Adequacy Rating	Asset Management Performance Rating
<p>Asset Operations (continued)</p>	<p>displays of monitored values; together with diagrammatic flow/operating displays at each treatment site are monitored at and controlled from Aqwest’s head office. Operators can manually over-ride the programmed operation at each plant if necessary. Any faults shown on the display are also relayed to mobile telephones carried by each operational staff member;</p> <ul style="list-style-type: none"> • Data loggers located at four locations in the reticulation system record water pressure at 15-minute intervals. This data is downloaded weekly to “Authority”; • Pressure levels in the distribution system initiate the start and stop of pressure boosting pumps within the system. Low-pressure conditions initiate an alarm on the SCADA display and on the mobile telephones of operating staff; • Six water-sampling points - located at the storage reservoirs are sampled and tested weekly. A further eighteen sampling points are located throughout the distribution system. Six of these locations are sampled and tested in sequence on a weekly basis. i.e., each group of six is sampled and tested at three weekly intervals. Results are entered into Excel spread sheets for compilation and subsequent reports. Values outside performance parameters are noted and reported and investigated; • All scheduled operations are entered in “Authority” and tasks are given a specific alpha-numeric identity. The registration includes details of timing (weekly, monthly, annually etc.), the reason for and description of the task including target hours, material and equipment required. Each week a job sheet for the forthcoming week’s production task is produced from “Authority” and distributed to staff with responsibility for their completion. When completed, the job sheets are filled out by the staff member and entered into “Authority”. Completed sheets include details of time spent on the job, materials and equipment used, notes on condition, matters requiring attention etc.; • Jobs are undertaken in accordance with Aqwest’s Operation Manuals and Health and Safety procedures; • The significant input of risk assessment in Aqwest’s approach to its operations checking regime; and • Reviewer noted that while operation procedures and checks on bores are documented, there is no documentation regarding the maintenance and/or refurbishment of bore pumps. Advice was given that bore pumps are operated to failure and then replaced – as the cost of removal, refurbishment and re-installation far outweighs the cost of removal and replacement with a new unit. During the period that the bore is inoperable, storage in the system offsets the reduction in water extraction. 	<p>A</p>	<p>1</p>

Asset Management System	Systems, Processes and Controls in Place at Aqwest for Asset Management Including Recommendations	Asset Management Process and Policy Definition Adequacy Rating	Asset Management Performance Rating
Asset Maintenance	<ul style="list-style-type: none"> • Maintenance policies, procedures and schedules are well documented in the twelve Operation and Maintenance Manuals mentioned in “Asset Operations” above. Maintenance tasks and schedules are also mounted on “Authority”, as for “Asset Operations” above; • Operations staff undertakes regular asset condition inspections and performance investigations. Hydrogeological consultants provide annual reports on monthly and annual extraction from the Yarragadee aquifer, drawdown levels, water quality etc. as required by the Memorandum of Understanding with the Health Department, • Results are entered in “Authority”. Poor performance or asset failures are analysed, operation and/or maintenance procedures are amended to correct the fault, or the asset considered for repair or replacement; • Measurement and monitoring of performance and results allow on-going confirmation that Licence and Health standards are continuously achieved and that assets are operating to required levels; • Risk management practices are applied to the documentation and prioritisation of corrective and preventive maintenance tasks and emergency activities. Reviewer noted the significant staff awareness of risk considerations associated with operations and maintenance processes; • All scheduled maintenance tasks, including relevant information are entered in “Authority”. Maintenance works sheets generated from “Authority” are issued weekly to relevant staff to undertake the tasks and enter the required information and any comments on the work sheet. Completion of the job and comments are noted by the appropriate manager and entered into “Authority” as for Operations. Jobs not completed on time are highlighted by “Authority” and followed up with the responsible staff member; and • Jobs are undertaken in accordance with Aqwest’s Manuals and Standard Operating Procedures and in accordance with employees’ training. 	A	1
Asset Management Information System	<ul style="list-style-type: none"> • Aqwest has a well-developed, practical, asset management system. The AMP and a series of supporting 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 for its operations, maintenance activities, together quality, performance monitoring, asset condition and reporting requirements; 	A	1

Asset Management System	Systems, Processes and Controls in Place at Aqwest for Asset Management Including Recommendations	Asset Management Process and Policy Definition Adequacy Rating	Asset Management Performance Rating
Asset Management Information System (continued)	<ul style="list-style-type: none"> • The system’s operation, on-going review, development, upkeep, and integration with Aqwest’s core business are overseen by its Asset Management Coordinator and Asset Management Committee – the latter, which meets quarterly and more frequently as required. 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; • Operating manuals are held for the various software packages. Operators receive relevant training in software generally required for, or specific to their tasks; • Data is stored via multiple servers on Aqwest’s main computer at its head office (known also as the Water Service Centre). An identical computer - located at Aqwest’s Emergency Control Centre at the Tech treatment site, receives, and stores the same data. Both machines are contained in separate locked rooms at the respective locations. The office is locked outside business hours and the Emergency Control Centre is locked at all times. Copies of the servers are taken at 15-minute intervals and the whole system is backed up to both computers at the close of business daily. In addition, a tape copy of the backup is taken from the main machine. Each morning the backup tape is replaced with a blank tape and the backup tape is taken home by a senior staff member. Restoration of data to within the recent 24 hours can therefore be made from one or all three backups. Software within the system confirms the back up and indicates if data appears to be missing. In this event a manual check is made to determine what, if any data has not been backed up; • The Emergency Control Centre computer can operate the entire system in the event of a main computer crashing or being damaged; • Computation algorithms related to licence performance are relevant and accurate and resulting reports adequate to facilitate accurate monitoring of obligations under ERA and Department of Water licences and the Health Department Memorandum of Understanding; • The Asset Management system is based primarily on the following software: <ul style="list-style-type: none"> • Civitec’s Asset Management package: “<i>Authority Enterprise Management System</i>” which services Operations & Maintenance (asset and asset condition registers, scheduling and reporting). Financial Management (operations and maintenance costs, billing, rates, customer information and enquiries); 	A	1

Asset Management System	Systems, Processes and Controls in Place at Aqwest for Asset Management Including Recommendations	Asset Management Process and Policy Definition Adequacy Rating	Asset Management Performance Rating
<p>Asset Management Information System (continued)</p>	<ul style="list-style-type: none"> • HP Records Management (as constructed drawings, contract documents, business activities and project files); • “Clear SCADA” Monitoring and Remote Control (plant processes and logging of operating performance data); • “Risk Wizard” Risk Management (storage management and reporting); • “QGIS” and “IntraMaps” Spatial Information (GIS mapping system together with details of asset location and data, work order records and property data); and • “Microsoft Office” (word processing, spread sheets, power point presentation etc.). • Drawings are either digitised or scanned and stored electronically, where they can be viewed or printed as required. Paper copies are used for field and operational use as required; • System backups are confirmed (as successful or unsuccessful) from the software by email to the nominated IT Officer and are reported to management monthly; and • The main computers and servers are kept in permanently locked secure location within the Water Services Centre. The Water Services Centre is also locked outside business hours. The computer at the Emergency Control Centre is housed in a separately locked area within the Centre - which in turn is permanently locked and accessible only by key. User access to the computers is by password. Specific software packages are accessible only by selected staff members or groups. 	A	1
<p>Risk Management</p>	<ul style="list-style-type: none"> • Aqwest applies a comprehensive risk assessment and management system across all facets of its business. The corporation’s risk policy and its applications are detailed in the Asset Management Plan and a series of support documents associated with its overall <i>“Enterprise Risk Management”</i> program. The program embraces: <ul style="list-style-type: none"> • <i>“Business Continuity Plans”</i> which assess the risk and consequences of major events on elements of the system – and leads to adoption of levels of acceptance /rejection of assessed risk, strategies for maintenance and operation and restoration of all services. Annual team exercises are undertaken in predicting of the effects of various contrived natural and business scenarios and the application of existing procedures for correction of effects and restoration of the Corporations business systems. Business Continuity Plans are reviewed annually and amended or added to if necessary; and 	A	1

Asset Management System	Systems, Processes and Controls in Place at Aqwest for Asset Management Including Recommendations	Asset Management Process and Policy Definition Adequacy Rating	Asset Management Performance Rating
Risk Management (continued)	<ul style="list-style-type: none"> • An “<i>Asset Risk and Criticality Framework</i>” considers the consequence (criticality) of asset failure, the likelihood of such failure and the criticality of each asset or asset group in which it resides. In conjunction with the risk matrix values, the framework provides input to strategies for operation, maintenance, replacement, and acquisition of assets. Review of the framework is continuous. • The application of risk assessment is evident in Aqwest’s approach to its overall business continuity - particularly regarding maintenance, operations, and asset acquisition; and • Discussion with all staff associated with production and distribution demonstrated an awareness of the importance of risk considerations and working knowledge of the “<i>Enterprise Risk Management</i>” program. 	A	1
Contingency Planning	<ul style="list-style-type: none"> • Aqwest has prepared five extremely good contingency plans for a wide range of emergency incidents, including the following: <ul style="list-style-type: none"> • Emergency Response to incidents affecting the Water Services Centre, e.g. fire, earthquake, tsunami; • Business Continuity Plan; • Water Quality; • Chemical spill, chlorine spills; • Pandemic Influenza; and • Records Management Disaster and Recovery Plan. • The plans are thorough and detailed in their description of management responsibilities, response procedures, advice to relevant authorities, stakeholders and customers, and subsequent repair and recovery actions; • Water supply continuity and quality failure are predominant concerns, due to their possible resultant health and associated consequences. In-house tests of documented responses to a variety of scenarios, which could cause water quality emergencies, are undertaken annually. Following the test, participants discuss the application of documented responses and if appropriate recommend amendments or additions to the documented plans. Notes on the January 2017 test indicated that the tests were productive and seriously addressed by the participants; • The following tests /reviews were undertaken during the review period: 	A	1

Asset Management System	Systems, Processes and Controls in Place at Aqwest for Asset Management Including Recommendations	Asset Management Process and Policy Definition Adequacy Rating	Asset Management Performance Rating
Contingency Planning (continued)	<ul style="list-style-type: none"> • Emergency Response to incidents affecting the Service Centre. Tests - November 2013. Drills - April 2016 and October 2016; • Business Continuity Plan – tested November 2013, 2014, 2015 and 2016; • Water Quality - tested annually November 2013, 2014, 2015 and December 2016; • Chemical/Chlorine Spills – tested December 2013, August 2015, April & November 2016 and August 2017; • Pandemic Influenza – not tested during the review period. Last approved review took place during December 2016 and the next review by the Risk Management Committee is due in March 2018; and • Records Management Disaster and Recovery Plan – not tested during review period. Last approved review was undertaken during September 2017. Next review is due in September 2018 by Risk Management Committee. • Reviewer queried why the contingency plans do not address the provision of assistance in a situation where a pipe burst causes flooding and damage to residences, roads, and road reserve services. Reviewer accepts Aqwest’s advice that its insurance cover will be void if it admits responsibility for costs or actions resulting from such events. Consequently, any claimants are advised to refer the matter to their own insurers - who in turn, may progress any claim direct with Aqwest’s insurers. Reviewer noted Aqwest may make an ex gratia payment to a claimant without voiding its insurance policy; • Aqwest has engaged contractors (for construction/repair/maintenance and emergency tasks) who undertake work on a rates and/or tender basis; and • Three particular contingency actions were noted i.e.: <ul style="list-style-type: none"> • Establishment of the Emergency Control Centre at the Tech treatment plant site, together with the installation of the backup computer. In the event of loss of the Water Control Centre and/or the main computer, staff can operate the whole system from the Emergency Control Centre which houses (in addition to the computer) a large operations room, conference room, kitchen facilities, laboratory, and limited spares; • A standby generator - also located at the Tech plant site, which can support the prime areas of Aqwest’s business during emergencies; and 	A	1

Asset Management System	Systems, Processes and Controls in Place at Aqwest for Asset Management Including Recommendations	Asset Management Process and Policy Definition Adequacy Rating	Asset Management Performance Rating
Contingency Planning (continued)	<ul style="list-style-type: none"> A specific alert procedure (Level “0”) which is activated on advice of a pending event - such as a serious storm, which ensures all staff are in standby mode, all vehicles fuelled, emergency equipment etc. is ready to deal with the consequences of the event. 	A	1
Financial Planning	<ul style="list-style-type: none"> Aqwest’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; 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; Assets are independently valued at three to five yearly intervals. Depreciation is based on a range of rates depending on the type of assets; A rolling ten-year financial model of income and expenditure is prepared annually. The plan includes annual expenditure associated with the rolling ten-year capital expenditure plan presented annually in the Strategic Asset Plan; The financial plan confirms overall financial viability over the forthcoming ten-year period and includes projections of administration, operations, maintenance, capital expenditure, funding sources, together with profit and loss predictions. Discrepancies between predicted and actual expenditure including those due to changed circumstances are identified and corrected. The information contained allows financial position predictions to be produced if required; A financial package the “Civica” suite of software is used for entry and storage of all income and expenditure both of which are monitored at least monthly from “Civica” reports; Aqwest is part of the State Budget process: Government approves the capital program, fees and charges and operations and strategic asset plans rating subsidies; Aqwest 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; The Aqwest Board approves the budget. The Minister also approves the budget through the Government budget process; Aqwest 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, 	A	1

Asset Management System	Systems, Processes and Controls in Place at Aqwest for Asset Management Including Recommendations	Asset Management Process and Policy Definition Adequacy Rating	Asset Management Performance Rating
Financial Planning (continued)	<p>which also include budget figures, are work shopped with the Board. A Corporate Asset Plan (50 years) is also prepared;</p> <ul style="list-style-type: none"> • Aqwest’s Board approves both the SCI and SDP 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; • In 2014/15 the Government introduced Strategic Asset Plans (“SAPs”). Aqwest is now required to send a Board and Minister approved SAP to the Department of Treasury as part of its budget process; • Aqwest is also required to report quarterly to the Minister on its SCI including performance indicators and financial information; • Reviewer inspected the financial statements included in Aqwest’s Annual Reports for 2013/14, 2014/15 and 2015/16. Each of the financial statements clearly set out budgeted income and actual cost for the preceding year; and • Aqwest has various funds in reserve, including a fund for asset replacement. However, capital works are funded from income, reserves, or, (with government approval) borrowing. 	A	1
Capital Expenditure Planning	<ul style="list-style-type: none"> • “Asset Creation and Acquisition” sets out Aqwest’s procedure for identifying and evaluating capital expenditure projects; • Based on factors including the necessity for process upgrades, asset age, performance, risk, and budgeting limitations, capital projects are prioritised and a rolling ten-year program of capital works and expenditure is prepared. The senior executive group (Manager of Corporate Services, Management Accountant, and Accountant, together with the Manager Water Services and Coordinators of Treatment and Distribution) decides which proposed projects are included or excluded from the budget under consideration. The ten-year capital expenditure program is included in the ten-year financial plan discussed in “Financial Planning” above; • Annual budgets incorporate the relevant year of the ten-year capital program, together with adjustments such as capital works recently identified or currently incomplete. The ten-year capital plan is also extended by a further year to maintain the ten-year horizon; • Progress in implementation of capital works and associated costs are monitored monthly and adjustments to the program and/or budget expenditure are made if necessary; and 	A	1

Asset Management System	Systems, Processes and Controls in Place at Aqwest for Asset Management Including Recommendations	Asset Management Process and Policy Definition Adequacy Rating	Asset Management Performance Rating
Capital Expenditure Planning (continued)	<ul style="list-style-type: none"> Reviewer was provided with copies (and reviewed) both the 2018 /19 Annual and Ten-year Financial and Capital Expenditure Plans. 	A	1
Review of Asset Management System	<ul style="list-style-type: none"> The Asset Management Plan is reviewed and replaced at three yearly intervals and is retained in “<i>Authority</i>” as a controlled document. Amendments are made to the document only in accordance with document approval procedures. A list of amendments and dates are included on the controlled copy. Departments holding uncontrolled hard copies of the document are advised in writing of the amendments; The major elements of the Enterprise Risk Management System i.e. the Business Continuity Risks and the Asset Risk Criticality assessments are reviewed annually and continuously respectively. The overall Risk Matrix is also reviewed continuously. All are updated in “<i>Authority</i>”; Capital expenditure and financial plans are prepared annually for budget purposes; and Reviewer noted that the Operation and Maintenance manuals for water treatment plants and reservoirs were last written/reviewed in 2009. Aqwest acknowledges the extended period without review – but advised the manuals adequately represent the assets. Aqwest has received tenders and is currently negotiating for review, re-formatting, and integration of the manuals into its overall Business Management Framework. Reviewer accepts Aqwest’s advice that the work will be completed during the current financial year. 	A	1

Table 17: Review Observations and Recommendations

5.4 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.

Table 18: Current Review: Deficiencies and Recommendations (Part A)

Current Review: Issues and Recommendations			
B. Unresolved at End of Current Review Period			
Ref.	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		
No such instances occurred during the current Review period.			

Table 18: Current Review: Deficiencies and Recommendations (Part B)

6 Audit Opinion

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



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