

Shire of Lake Grace

Water Services Licence

2020 Operational Audit

Report
29 April 2021

PAXON GROUP

Private Client Services
Audit and Assurance
Taxation

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1 Executive Summary

1.1 Operational Audit

Audit Objective

The operational audit (Audit) was carried out to assess the Shire of Lake Grace's level of compliance with the conditions of its licence.

The Audit covered the period from 1 December 2017 to 30 November 2020 (Audit Period).

Licence, Water Services and Major Changes

The Shire of Lake Grace (Shire) provides water services under the provisions of a Water Services Licence (WL) issued by the Economic Regulation Authority (ERA).

The ERA granted the Shire WL22 which commenced on 29 April 1996. WL22 authorises the Shire to provide non-potable water supply services and sewerage services. WL22, version 5, dated 1 May 2020, was issued during the Audit Period.

The legislation which governs the licensing of water service providers is the Water Services Act 2012 (Act). The Act, except for some sections, commenced on 18 November 2013.

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

Shire's Response to Previous Audit Report Recommendations

The previous Audit was conducted by Paxon in respect of the period 1 December 2014 to 30 November 2017. The Paxon report, dated 27 March 2018, identified 16 instances of inadequate controls and/or non-compliance with individual obligations.

Paxon found only 1 of the 16 identified instances of inadequate controls and/or non-compliance with individual obligations is still unresolved. Comprehensive details of this instance are provided in Table 4 entitled: "*Previous Audit: Inadequate Controls, Non-Compliances and Recommendations (Part B)*" as included in section 3.1 of this Report.

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

The Shire was assessed to have:

- Had moderate controls during the Audit Period; and
- Complied with the majority of the legislative obligations applicable to its activities during the Audit Period.

Two separate assessments are provided in respect of the Shire's controls adequacy and compliance with obligations. These assessments disclose Paxon's findings for both controls and compliance:

- A summary of ratings for both controls and compliance per individual obligation is disclosed in Table 6 entitled: “*Audit: Obligation Ratings Summary*” as included in section 4.2 of this Report; and
- A detailed assessment of both controls and compliance per individual obligation is disclosed in Table 7 entitled: “*Audit Observations and Recommendations*” as included in section 4.3 of this Report.

Furthermore, specific detailed information for those individual obligations assessed as having inadequate controls or being non-compliant is disclosed in Table 8 entitled: “*Current Audit: Inadequate Controls, Non-Compliances and Recommendations*” as included in section 4.4 of this Report.

Auditor’s Opinion on the Control Environment

The Shire was assessed to have had moderate controls during the Audit Period. Paxon found:

- 7 obligations for which generally adequate controls were evident, but which needed improvement; and
- 45 obligations for which no controls were evident.

Auditor’s Opinion on Compliance

The Shire was assessed to have complied with the majority of the legislative obligations applicable to its activities during the Audit Period. Paxon assessed:

- 15 obligations as being non-compliant – minor effect on customers or third parties; and
- 2 obligation as being non-compliant – moderate effect on customers or third parties.

Where deemed necessary, recommendations were made for these instances of non-compliance. The recommendations are recorded in Table 8 entitled: “*Current Audit: Inadequate Controls, Non-Compliances and Recommendations*” as included in section 4.4 of this Report.

A summary of Audit ratings for both controls and compliance across all obligations is disclosed in Table 1 below:

		Compliance Rating						Total
		1	2	3	4	NR	NA	
Controls Rating	A	31	2	2		71		106
	B	1	3			3		7
	C							
	D	19	8			18		45
	NP		2			28		30
	NA						11	11
	Total		51	15	2		120	11

Table 1: Summary of Audit Ratings

2 Scope of Work

2.1 Audit Objectives

The objective of the Audit was to assess the effectiveness of measures taken by the Shire to meet the quality and performance standards required by WL22 in relation to the provision of the water services authorised by WL22.

The Audit was performed as a reasonable assurance engagement.

This Audit Report identifies areas where improvement is required and recommends corrective action (see Table 8 entitled: “*Current Audit: Inadequate Controls, Non-Compliances and Recommendations*” as included in section 4.4 of this Report).

2.2 Audit Scope

The Audit focused on the systems and effectiveness of processes used to ensure compliance with the standards, outputs and outcomes required by WL22. The Audit 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 WL22 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 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 during the Audit Period; and
- **Compliance with any individual licence conditions** – the requirements imposed on the Shire during the Audit Period by the ERA or specific issues advised by the ERA.

Further references to the Audit scope are included in this section of the Report.

2.3 Audit Methodology

2.3.1 Audit Plan

A risk-based approach was used to develop an Audit Plan. This approach assessed the appropriate risk factors and consequently the Audit fieldwork focused 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 the Shire 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 testing of higher risk areas to provide sufficient assurance and confirmed lower risk areas by discussion and observation;
- Assessed compliance with WL22 over the Audit Period as well as at the time of the Audit;
- Researched instances of inadequate controls and non-compliances with WL22 obligations as identified; and
- Developed appropriate recommendations for improvement for discussion with management.

2.3.3 Audit Reporting

The Audit reporting consisted of the following steps:

- Provided a draft Audit Report to the ERA for review. The ERA forwarded the draft Audit Report to the Shire for their comment;
- The ERA and the Shire provided comments on the draft Audit Report to Paxon. Paxon considered the comments received and made amendments to the draft Audit Report, as appropriate; and
- Paxon provided the final Audit Report to the ERA.

The ERA will procure the post-Audit implementation plan from the Shire.

2.4 Time Interval Covered in Audit

The Audit covered the period from 1 December 2017 to 30 November 2020.

2.5 Audit Dates

The Audit fieldwork was conducted during February 2021.

2.6 Licensee’s Representatives

Shire representatives who participated in the Audit are as follows:

Shire Representative	Position
Kevin Wilson	Manager Corporate Services
Craig Elefsen	Manager Infrastructure Services
Jason Lip	Technical Officer

Table 2: Licensee’s Representatives

2.7 Key Documents and Other Information Sources

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) 2018;
- Water Services Code of Conduct (Customer Service Standards) 2013 (repealed);
- Water Services Regulations 2013;
- ERA: Water Services Licence – Shire - WL22, version 4, 1 July 2016;
- ERA: Water Services Licence – Shire – WL22, version 5, 1 May 2020;
- ERA: 2019 Audit and Review Guidelines - Water Licences – March 2019;
- Paxon report: Shire - Operational Audit and Asset Management System Effectiveness Review - dated 27 March 2018;
- ERA: Water Compliance Reporting Manual – Water Services Act 2012 – October 2017;
- ERA: Water Compliance Reporting Manual – Water Services Act 2012 – May 2018;
- ERA: Water Compliance Reporting Manual – Water Services Act 2012 – May 2020;
- Shire’s compliance reports for 2017-2018, 2018-2019 and 2019-2020;
- Shire’s “Financial Hardship Policy for Water Service – February 2014”;
- Shire’s “Wastewater Asset Management – Compliance Obligation Procedure List” (revised February 2021); and
- Sample of rate notices/tax invoices.

2.8 Audit Team Members and Hours Utilised

The Audit team members and the hours utilised were as follows:

Audit Team Member	Hours
Cameron Palassis – Executive Director	7
Anton Prinsloo – Senior Consultant	63
TOTAL	70

Table 3: Audit Team Members and Hours Utilised

3 Licensee’s Response to Previous Recommendations

3.1 Previous Audit: Inadequate Controls, Non-Compliances and Recommendations

Previous Audit: Inadequate Controls, Non-Compliances and Recommendations				
A. Resolved During Current Audit Period				
Recommendation Reference (no./year)	Licence Obligation Reference Number	Auditor’s Recommendation	Date Resolved	Further Action Required (FAR) (Yes/No/Not Applicable)
	Controls and Compliance Rating			Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
	Legislative Obligation			
	Details of Inadequate Controls and/or Non-Compliance			
2/2017	<ul style="list-style-type: none"> • Number: 16; • Ratings: D 2; • Legislation: Act, section 77(3) and WL22 version 4, clause 3.1.1; and • Details: <ul style="list-style-type: none"> ○ Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, the Shire did take reasonable steps to minimise the extent or duration of any interruption of water services it was responsible for; ○ Paxon examined the Shire’s “Works Register” which was implemented in March 2016 and found it contained no references as to the extent or duration of any interruption of water services the 	The Shire should implement a register in which it records appropriate details of service interruptions to proof its compliance with section 77(3) of the Act.	11/02/2019	<ul style="list-style-type: none"> • Paxon examined a register which records appropriate details of sewerage services interruptions which occurred since 02/2019; and • Consequently, no further action is required.

Previous Audit: Inadequate Controls, Non-Compliances and Recommendations				
A. Resolved During Current Audit Period				
Recommendation Reference (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	Date Resolved	Further Action Required (FAR) (Yes/No/Not Applicable)
	<hr/> Controls and Compliance Rating <hr/> Legislative Obligation <hr/> Details of Inadequate Controls and/or Non-Compliance			<hr/> Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
2/2017 (continued)	<p>Shire was responsible for during the Audit Period; and</p> <ul style="list-style-type: none"> o Paxon found the Shire has no systems and controls in place to manage compliance with section 77(3) of the Act. A recommendation (2/2017) was made in this regard (see compliance obligation number 5 above). 			
3/2017	<ul style="list-style-type: none"> • Number: 32; • Ratings: D NR; • Legislation: Act, section 129(5) and WL22 version 4, clause 3.1.1; and • Details: <ul style="list-style-type: none"> o Paxon confirmed by interview of the Shire's Technical Officer that, during the Audit Period, no entry was made to a place for exercising a works power under the Act. Thus, it was not necessary for the Shire to give 48 hours' notice of proposed entry to the occupier of a place; o Paxon examined the Shire's "Works Register" which was implemented in 	<p>The Shire should update its "Wastewater Asset Management – Compliance Obligation Procedure List" to record its compliance obligation accurately and completely in terms of section 129(5) of the Act.</p>	02/2021	<ul style="list-style-type: none"> • Paxon found the Shire's "Wastewater Asset Management – Compliance Obligation Procedure List" (Controls Record) acknowledges the obligation recorded in section 129(5) of the Act; and • Consequently, no further action is required.

Previous Audit: Inadequate Controls, Non-Compliances and Recommendations				
A. Resolved During Current Audit Period				
Recommendation Reference (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	Date Resolved	Further Action Required (FAR) (Yes/No/Not Applicable)
	<hr/> Controls and Compliance Rating <hr/> Legislative Obligation <hr/> Details of Inadequate Controls and/or Non-Compliance			<hr/> Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
3/2017 (continued)	<p>March 2016 and found it contained no references to entry into private property; and</p> <ul style="list-style-type: none"> o Paxon examined the Shire's Customer Service Charter which states in section 3.1 entitled: "Entry to your Property": <i>"For planned work within a property, the Shire shall advise the occupier in advance."</i> <p>Paxon regards this reference as being too vague.</p>			
4/2017	<ul style="list-style-type: none"> • Number: 35; • Ratings: C NR; • Legislation: Act, section 129(5) and WL22 version 4, clause 3.1.1; and • Details: Paxon examined the document entitled: <i>"Wastewater Asset Management – Compliance Obligation Procedure List"</i> which specifically records the Shire's obligations in terms of sections 142, 143(2), 143(3) and 144(3) of the Act. However, Paxon has found the 	<p>The Shire should update its <i>"Wastewater Asset Management – Compliance Obligation Procedure List"</i> to record its compliance obligations in respect of major works accurately and completely, as stipulated in the Act.</p>	02/2021	<ul style="list-style-type: none"> • Paxon found the Shire's Controls Record acknowledges the obligations recorded in sections 145(2), 147(3) and 147(4) of the Act; and • Consequently, no further action is required.

Previous Audit: Inadequate Controls, Non-Compliances and Recommendations				
A. Resolved During Current Audit Period				
Recommendation Reference (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	Date Resolved	Further Action Required (FAR) (Yes/No/Not Applicable)
	Controls and Compliance Rating			Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
	Legislative Obligation			
	Details of Inadequate Controls and/or Non-Compliance			
4/2017 (continued)	references to these section of the Act, as contained in the above-mentioned procedure document to be incomplete. Paxon could find no references to sections 145(2), 147(3) and 147(4) of the Act in the above-mentioned procedure document.			
5/2017	<ul style="list-style-type: none"> • Number: 46; • Ratings: C NR; • Legislation: Act, section 166(5) and WL22 version 4, clause 3.1.1; and • Details: <ul style="list-style-type: none"> ○ Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, the Minister did not advise it to acquire an interest in land; and ○ Paxon examined the document entitled: "Wastewater Asset Management – Compliance Obligation Procedure List" which specifically records the Shire's obligations in terms of sections 166(5) and 166(6) of the Act. However, Paxon has found the above-mentioned procedure 	The Shire should update its "Wastewater Asset Management – Compliance Obligation Procedure List" to record its compliance obligations accurately and completely in terms of section 166(6) of the Act.	02/2021	<ul style="list-style-type: none"> • Paxon found the Shire's Controls Record acknowledges the obligation recorded in section 166(6) of the Act; and • Consequently, no further action is required

Previous Audit: Inadequate Controls, Non-Compliances and Recommendations				
A. Resolved During Current Audit Period				
Recommendation Reference (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	Date Resolved	Further Action Required (FAR) (Yes/No/Not Applicable)
	Controls and Compliance Rating			Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
	Legislative Obligation			
	Details of Inadequate Controls and/or Non-Compliance			
5/2017 (continued)		refers incorrectly to the recoupment of costs by the Shire from the State (and not the recoupment of cost incurred by the State from the Shire).		
6/2017	<ul style="list-style-type: none"> • Number: 49; • Ratings: D NR; • Legislation: Act, section 173(4) and WL22 version 4, clause 3.1.1; and • Details: <ul style="list-style-type: none"> ○ Paxon confirmed by interview of the Shire's Technical Officer that, during the Audit Period, no entry was made to a place for exercising a works power under the Act. Thus, it was not necessary for the Shire to give 48 hours' notice of proposed entry to the occupier of a place; and ○ Paxon examined the document entitled: "Wastewater Asset Management – Compliance Obligation Procedure List" which specifically records the Shire's obligations in terms of sections 173(4), 174(1), 174(3), 175(2), 175(5), 176(1), 176(3), 	The Shire should update its "Wastewater Asset Management – Compliance Obligation Procedure List" to record its compliance obligation accurately and completely in terms of section 173(4) of the Act.	02/2021	<ul style="list-style-type: none"> • Paxon found the Shire's Controls Record acknowledges the obligation recorded in section 173(4) of the Act; and • Consequently, no further action is required

Previous Audit: Inadequate Controls, Non-Compliances and Recommendations				
A. Resolved During Current Audit Period				
Recommendation Reference (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	Date Resolved	Further Action Required (FAR) (Yes/No/Not Applicable)
	<p>Controls and Compliance Rating</p> <p>Legislative Obligation</p> <p>Details of Inadequate Controls and/or Non-Compliance</p>			<p>Details of Further Action Required (Including Current Recommendation Reference, if Applicable)</p>
6/2017 (continued)	176(4) and 181 of the Act. However, Paxon has found the above-mentioned procedure refers only to informing the occupants and not the owner in the circumstances stipulated in section 173(4) of the Act.			
7/2017	<ul style="list-style-type: none"> Numbers: 100 and 102; Ratings: D 2; Legislation: 2013 Code of Conduct – clauses 12(1) and 12(3) and WL22 version 4, clause 3.1.1; and Details: <p>Paxon examined a sample of “Rate Notice/Tax Invoice(s)” issued after this date and found these notices, with two exceptions, complied with the stipulations of regulation 12(1). The notices did not state:</p> <ul style="list-style-type: none"> Contact details for account, payment and general enquiries for use by customers with hearing or speech impairment (regulation 12(1)(o)); and 	The Shire should amend its “Rate Notice/Tax Invoice(s)” to comply with the stipulations of clauses 12(1)(o) and (p) of the Code of Conduct.	03/09/2019	<ul style="list-style-type: none"> Paxon examined a rate notice /tax invoice issued for the 2019/2020 financial year which complies with the stipulations of clauses 13(6)(f) and 13(6)(h) of the 2018 Code of Conduct; and Consequently, no further action is required.

Previous Audit: Inadequate Controls, Non-Compliances and Recommendations				
A. Resolved During Current Audit Period				
Recommendation Reference (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	Date Resolved	Further Action Required (FAR) (Yes/No/Not Applicable)
	<ul style="list-style-type: none"> Controls and Compliance Rating Legislative Obligation Details of Inadequate Controls and/or Non-Compliance 			<ul style="list-style-type: none"> Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
7/2017 (continued)	<ul style="list-style-type: none"> o The website contains information about complaints and review (regulation 12(1)(p)). 			
8/2017	<ul style="list-style-type: none"> • Number: 107; • Ratings: D NR; • Legislation: 2013 Code of Conduct, clause 16(2) and WL22 version 4, clause 3.1.1; and • Details: <ul style="list-style-type: none"> o Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, the Shire did not undercharge customers; and o Paxon examined the Shire's Customer Service Charter which in section 2.6 entitled: "Charges and Accounts" states: <p><i>"If an error is made in the charges which results in the customer paying less than the correct amount, the customer may be required to pay the correct amount upon request."</i></p> 	<p>The Shire should update its Customer Service Charter to refer appropriately to the recovery period limitation stipulated in clause 16(2) of the Code of Conduct.</p>	07/2019	<ul style="list-style-type: none"> • Paxon examined the Shire's Customer Service Charter for Wastewater Services for the Lake Grace Townsite Sewerage Scheme" (Wastewater Charter). The Shire's Wastewater Charter provides in section 2.6 entitled: "Charges and Accounts" for compliance with clause 18(2) of the 2018 Code of Conduct; and • Consequently, no further action is required.

Previous Audit: Inadequate Controls, Non-Compliances and Recommendations				
A. Resolved During Current Audit Period				
Recommendation Reference (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	Date Resolved	Further Action Required (FAR) (Yes/No/Not Applicable)
	Controls and Compliance Rating Legislative Obligation Details of Inadequate Controls and/or Non-Compliance			Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
8/2017 (continued)	<p>Thus, no reference is made to limiting the recovery of undercharged amounts to water services provided in the 12-month period ending on the day on which the licensee informed the customer of the undercharging.</p>			
9/2017	<ul style="list-style-type: none"> • Number: 112; • Ratings: D NR; • Legislation: 2013 Code of Conduct, clause 17(2) and WL22 version 4, clause 3.1.1; and • Details: Paxon could not find any reference to the 15 business days response period limitation in the Shire's Customer Service Charter. 	The Shire should update its Customer Service Charter to refer appropriately to the 15 business days response period limitation stipulated in clause 17(2) of the Code of Conduct.	07/2019	<ul style="list-style-type: none"> • Paxon examined the Shire's Wastewater Charter which provides in section 2.6 entitled: "Charges and Accounts" for compliance with clause 19(3) of the 2018 Code of Conduct; and • Consequently, no further action is required.
10/2017	<ul style="list-style-type: none"> • Number: 113; • Ratings: B NR; • Legislation: 2013 Code of Conduct, clause 18(1) and WL22 version 4, clause 3.1.1; and • Details: 	The Shire should update its Customer Service Charter to refer appropriately to the review of bills as stipulated in clause 18(1) of the Code of Conduct.	07/2019	<ul style="list-style-type: none"> • Paxon examined the Shire's Wastewater Charter which provides in section 2.10 entitled: "Review of Bills" for compliance with clause 20(1) of the 2018 Code of Conduct; and

Previous Audit: Inadequate Controls, Non-Compliances and Recommendations				
A. Resolved During Current Audit Period				
Recommendation Reference (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	Date Resolved	Further Action Required (FAR) (Yes/No/Not Applicable)
	Controls and Compliance Rating			Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
	Legislative Obligation			
	Details of Inadequate Controls and/or Non-Compliance			
10/2017 (continued)	<ul style="list-style-type: none"> o Paxon examined the Shire's Customer Service Charter and could find no reference to the review of bills in either section 2.6 entitled: <i>"Charges and Accounts"</i> nor section 2.9 entitled: <i>"Enquiries, Suggestions, Complaints and Disputes"</i> which addresses complaints in general terms only; o The Shire's Customer Service Charter does state in section 2.6: <i>"Charges for services to customers shall comply with the relevant provisions and regulations of the Health Act 1911 and the Local Government Act 1995."</i> Thus, there is no reference to compliance with the Code of Conduct which contains several stipulations in respect of bills; and o Paxon examined the Shire's website and found a page entitled: <i>"Change of Ownership and Address"</i>. This page includes a section entitled: <i>"Rate reviews and dispute resolution"</i> which states: 			<ul style="list-style-type: none"> • Consequently, no further action is required.

Previous Audit: Inadequate Controls, Non-Compliances and Recommendations				
A. Resolved During Current Audit Period				
Recommendation Reference (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	Date Resolved	Further Action Required (FAR) (Yes/No/Not Applicable)
	Controls and Compliance Rating			Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
	Legislative Obligation			
	Details of Inadequate Controls and/or Non-Compliance			
10/2017 (continued)	<p><i>"If you believe there to be an error present in the wastewater services portion of your rates notice, you may request the Shire to review your notice."</i></p> <p>This section on the website also refers to contacting the Energy and Water Ombudsman and the State Administrative Tribunal whilst section 2.9 of the Shire's Customer Service Charter refers to contacting the Department of Water and an arbitrator in respect of complaints in general (it is assumed these complaints will include the review of bills). Thus, there are conflicting statements regarding the review of bills in two documents available on the Shire's website.</p>			
11/2017	<ul style="list-style-type: none"> • Number: 119; • Ratings: B 2; • Legislation: 2013 Code of Conduct, clause 21(1) and WL22 version 4, clause 3.1.1; and 	The Shire should allow customers to pay their bills using the Centrepay option as stipulated in clause 21(1)(b) of the Code of Conduct.	09/2019	<ul style="list-style-type: none"> • Paxon examined a "Rate Notice/Tax Invoice" which included sewerage charges for the 2019/2020 year. The tax invoice does record Centrepay as a payment option on the back page. Paxon was informed

Previous Audit: Inadequate Controls, Non-Compliances and Recommendations				
A. Resolved During Current Audit Period				
Recommendation Reference (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	Date Resolved	Further Action Required (FAR) (Yes/No/Not Applicable)
	<hr/> Controls and Compliance Rating <hr/> Legislative Obligation <hr/> Details of Inadequate Controls and/or Non-Compliance			<hr/> Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
11/2017 (continued)	<ul style="list-style-type: none"> Details: Paxon examined a sample of "Rate Notice/Tax Invoice(s)" issued during the Audit Period and found the front of these notices refer to all the prescribed payment methods except the Centrepay option. 			<p>by the Shire's Technical Officer that tax invoices for the 2020-2021 year do include the Centrepay option on the front page; and</p> <ul style="list-style-type: none"> Consequently, no further action is required.
12/2017	<ul style="list-style-type: none"> Number: 122; Ratings: D 1; Legislation: 2013 Code of Conduct, clause 23(1) and WL22 version 4, clause 3.1.1; and Details: <ul style="list-style-type: none"> Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, the Shire accepted payment in advance from a customer on a customer's request; and Paxon could not find any reference to the Shire accepting payments in advance in either the Shire Customer Service Charter nor on the Shire's website – on the 	The Shire should update its Customer Service Charter and the appropriate webpage on its website to refer appropriately to accepting payment in advance as stipulated in clause 23(1) of the Code of Conduct.	07/2019	<ul style="list-style-type: none"> Paxon examined the Shire's Wastewater Charter which provides in section 2.6 entitled: "Charges and Accounts" for compliance with clause 26(1) of the 2018 Code of Conduct; and Consequently, no further action is required.

Previous Audit: Inadequate Controls, Non-Compliances and Recommendations				
A. Resolved During Current Audit Period				
Recommendation Reference (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	Date Resolved	Further Action Required (FAR) (Yes/No/Not Applicable)
	<hr/> Controls and Compliance Rating <hr/> Legislative Obligation <hr/> Details of Inadequate Controls and/or Non-Compliance			<hr/> Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
12/2017 (continued)	webpage entitled: "Payment of Rate & Invoices".			
13/2017	<ul style="list-style-type: none"> • Number: 146; • Ratings: D 2; • Legislation: 2013 Code of Conduct, clause 35(2) and WL22 version 4, clause 3.1.1; and • Details: Paxon confirmed by interview of the Shire's Technical Officer that the Shire did not develop its complaints procedure using as minimum standards the relevant provisions of AS ISO 10002-2006 and the ERA's guidelines (if any). 	The Shire should review its customer complaints procedure using as minimum standards the relevant provisions of AS ISO 10002-2006 and the ERA's guidelines.		<ul style="list-style-type: none"> • The Shire's compliance report for 2018-2019 records a non-compliance with clause 46(2) of the 2018 Code of Conduct and stated: <i>"The Shire's complaints procedure was not developed to standards using AS ISO 10002-2006 and the ERA's guidelines."</i> A target date of October 2019 was set for correction of this instance of non-compliance; • Paxon was informed by the Shire's Manager Corporate Services that its complaints procedure was revised in February 2020; and • Consequently, no further action is required.

Previous Audit: Inadequate Controls, Non-Compliances and Recommendations				
A. Resolved During Current Audit Period				
Recommendation Reference (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	Date Resolved	Further Action Required (FAR) (Yes/No/Not Applicable)
	Controls and Compliance Rating Legislative Obligation Details of Inadequate Controls and/or Non-Compliance			Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
14/2017	<ul style="list-style-type: none"> Numbers: 150 and 153; Ratings: D 2 and B 2 respectively; Legislation: 2013 Code of Conduct, clauses 36(1) and 37(1) and WL22 version 4, clause 3.1.1; and Details: Paxon examined the document entitled: <i>"Compliments and Feedback form"</i>. Paxon could not find any reference to providing customers with a large-print version of any of the licensee's publicly available documents. 	The Shire should update its public documents to include an appropriate reference to the stipulations of clause 36(1)(c) of the Code of Conduct.		<ul style="list-style-type: none"> The Shire's Wastewater Charter specifically states a large print version of the document can be requested at the front desk <i>"free of charge"</i>; and Consequently, no further action is required.
15/2017	<ul style="list-style-type: none"> Number: 166; Ratings: A 2; Legislation: Act, section 12 and WL22 version 4, clause 3.8.2; and Details: Paxon was not provided with any documentation to proof the timely submission of the Shire's Compliance Report for 2014-2015 to the ERA. 	The Shire should keep proper records to proof its compliance with the reporting deadlines for the submission of compliance reports to the ERA.	28/08/2020	<ul style="list-style-type: none"> The Shire submitted its compliance report for 2017-2018 to the ERA by e-mail on 27/09/2018; The Shire submitted its compliance report for 2018-2019 to the ERA by e-mail on 02/09/2019;

Previous Audit: Inadequate Controls, Non-Compliances and Recommendations				
A. Resolved During Current Audit Period				
Recommendation Reference (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	Date Resolved	Further Action Required (FAR) (Yes/No/Not Applicable)
	<hr/> Controls and Compliance Rating <hr/> Legislative Obligation <hr/> Details of Inadequate Controls and/or Non-Compliance			<hr/> Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
15/2017 (continued)				<ul style="list-style-type: none"> The Shire submitted its compliance report for 2019-2020 to the ERA by e-mail on 28/08/2020; and Paxon does not make a recommendation for the late submission of compliance reports for the 2017-2018 and 2018-2019 financial years as the Shire submitted its compliance report for the 2019-2020 financial year in time.
16/2017	<ul style="list-style-type: none"> Number: 167; Ratings: A 2; Legislation: Act, section 12 and WL22 version 4, clause 3.8.3; and Details: Paxon was not provided with any documentation to proof the timely submission of the Shire's Performance Report for the 2014-2015 reporting period to the ERA. 	The Shire should keep proper records to proof its compliance with the reporting deadlines for the submission of performance reports to the ERA.	28/08/2020	<ul style="list-style-type: none"> The ERA acknowledged receipt of the 2017-2018 performance report by e-mail on 25/09/2018; The Shire submitted its performance report for 2018-2019 to the ERA by e-mail on 02/09/2019; The Shire submitted its performance report for 2019-

Previous Audit: Inadequate Controls, Non-Compliances and Recommendations				
A. Resolved During Current Audit Period				
Recommendation Reference (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	Date Resolved	Further Action Required (FAR) (Yes/No/Not Applicable)
	Controls and Compliance Rating			Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
	Legislative Obligation			
	Details of Inadequate Controls and/or Non-Compliance			
16/2017 (continued)				2020 to the ERA by e-mail on 28/08/2020; and <ul style="list-style-type: none"> Paxon does not make a recommendation for the late submission of performance reports for 2017-2018 and 2018-2019 as the Shire submitted its performance report for 2019-2020 in time.

Table 4: Previous Audit: Inadequate Controls, Non-Compliances and Recommendations (Part A)

Previous Audit: Inadequate Controls, Non-Compliances and Recommendations					
B. Unresolved at End of Current Audit Period					
Recommendation Reference (no./year)	Licence Number	Obligation	Reference	Auditor's Recommendation	Further Action Required (FAR) (Yes/No/Not Applicable)
	Controls and Compliance Rating				Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
	Legislative Obligation				
	Details of Inadequate Controls and/or Non-Compliance				
1/2017	<ul style="list-style-type: none"> Numbers: 5, 13, 15, 16, 25, 30, 33, 34, 62, 69, 70, 71, 72, 74, 75, 89, 92, 94, 99, 100, 108, 109, 110, 112, 146, 160, 162, 163, 168, 169, 172, 175, 176, 177, 178, 179 and 180; Ratings: recorded at individual compliance obligations in previous report; Obligations: recorded at individual compliance obligations in previous report; and Details: <ul style="list-style-type: none"> Paxon found the Shire has no systems and controls in place to manage compliance with section 23 of the Act. The Shire did provide Paxon with a document entitled: "Wastewater Asset Management – Compliance Schedule 2016/17". However, this document records an insignificant number of the Shire's compliance obligations in terms of the: <ul style="list-style-type: none"> Water Services Act 2012; 	<ul style="list-style-type: none"> The Shire should consider implementing a compliance register which records all its obligations in terms of the Water Legislation. This register should identify, per individual compliance obligation, appropriate policy and procedure documents and responsible employees. The ERA's document entitled: "Water Compliance Reporting Manual - Water Services Act 2012 – October 2017" may help the Shire to develop its own compliance register; and The Shire should update its Customer Service Charter to comply with the Water Legislation and where appropriate, to refer to the Water Services Act 2012. 	<ul style="list-style-type: none"> FAR: yes; and Details: <ul style="list-style-type: none"> Paxon examined a Shire document entitled: "Wastewater Asset Management – Compliance Obligation Procedure List" (Controls Record). The Controls Record: <ul style="list-style-type: none"> Was created in September 2017 and revised in February 2021; and Lists obligations in terms of: <ul style="list-style-type: none"> Water Services Act 2012; Water Services Regulations 2013; Water Services Code of Conduct (Customer Service Standards 2018); and WL22. Hereinafter referred to the Water Services Legislation; However, Paxon found the Controls Record: <ul style="list-style-type: none"> Does not cover all the Shire's obligations in terms of the Water Services Legislation (and specifically not the obligation recorded in section 21(1)(a) of the Act); Omits specific Water Services Legislation obligations when addressing a topic; and Includes references to WL22 version 4 which was replaced by version 5. 		

Previous Audit: Inadequate Controls, Non-Compliances and Recommendations					
B. Unresolved at End of Current Audit Period					
Recommendation Reference (no./year)	Licence Number	Obligation	Reference	Auditor's Recommendation	Further Action Required (FAR) (Yes/No/Not Applicable)
	Controls and Compliance Rating				Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
	Legislative Obligation				
	Details of Inadequate Controls and/or Non-Compliance				
1/2017 (continued)	<ul style="list-style-type: none"> Water Services Code of Conduct (Customer Service Standards) 2013; Water Services Regulations 2013; and Shire's Water Services Licence. <p>(hereinafter collectively referred to as the "Water Legislation");</p> <ul style="list-style-type: none"> Paxon examined the document entitled: "Shire of Lake Grace – Policy Manual – March 2017" ("Policy Manual") which records an insignificant number of the Shire's compliance obligations in terms of the Water Legislation; Paxon examined the Shire's Asset Management Plan which records an insignificant number of the Shire's compliance obligations in terms of the Water Legislation; Paxon examined the Shire's Customer Service Charter, as available on the Shire's website, which records an insignificant 				<ul style="list-style-type: none"> Paxon examined a Shire document entitled: "Compliance Register". This register records "Details of Non-Compliance" instances. However, the register includes a single entry referenced as "01/2016". Consequently, this register is not being maintained as evident from the instances of non-compliance reported in the Shire's compliance report for 2017-2018, 2018-2019 and 2019-2020. Current recommendation references are: <ul style="list-style-type: none"> 1/2021; and 2/2021. <p>These recommendations are disclosed in Table 8 entitled: "Current Audit: Inadequate Controls, Non-Compliances and Recommendations (Part B)" as included in section 4.4 of this Report.</p>

Previous Audit: Inadequate Controls, Non-Compliances and Recommendations					
B. Unresolved at End of Current Audit Period					
Recommendation Reference (no./year)	Licence Number	Obligation	Reference	Auditor's Recommendation	Further Action Required (FAR) (Yes/No/Not Applicable)
	Controls and Compliance Rating				Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
	Legislative Obligation				
	Details of Inadequate Controls and/or Non-Compliance				
1/2017 (continued)			number of the Shire's compliance obligations in terms of the Water Legislation. Paxon notes the Customer Service Charter in section 2.9 still informs dissatisfied customers to forward complaints to the Department of Water. Paxon notes this document was last revised in May 2009 and refers to the "Water Services Licensing Act 1995"; and		
			<ul style="list-style-type: none"> o Paxon examined the Shire's procedure documents and found a document entitled: "Wastewater Asset Management – Compliance Obligation Procedure List". This document specifically addresses several of the Shire's compliance obligations in terms of the Water Services Act 2012. However, it does not include any references to the other legislative instruments referred to above as being part of the Water Legislation. 		

Table 4: Previous Audit: Inadequate Controls, Non-Compliances and Recommendations (Part B)

4 Operational Audit: Comprehensive Report

4.1 Audit: Controls and Compliance Rating Scales

The controls and compliance ratings allocated to each obligation are set out in Table 6 - taken from the ERA’s document entitled: “2019 Audit and Review Guidelines - Water Licences – March 2019” (ERA’s Guidelines, Table 6).

Controls and Compliance Rating Scales (Audits)			
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 effect on customers or third parties
C	Inadequate controls – significant improvement required	3	Non-compliant – moderate effect on customers or third parties
D	No controls evident	4	Non-compliant – major effect on customers or third parties
NP	Not performed – a controls rating was not required	NR	Not rated - no activity took place during the Audit Period
NA	Obligation identified as not applicable during the Audit Period	NA	Obligation identified as not applicable during the Audit Period

Table 5: Audit: Controls and Compliance Rating Scales

The Controls and Compliance Rating Scales (Audit), as contained in the ERA’s Guidelines: Table 6 were amended to include the following ratings:

- Controls rating: “NA”; and
- Compliance rating: “NA”.

4.2 Audit: Obligation Ratings Summary

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Rating: (1 = High to 5 = Low)	Controls Rating						Compliance Rating					
	Water Services Act 2012	Water Services Licence – Version 5			(Refer to the 6-point rating scale in Table 5 for details)						(Refer to the 6-point rating scale in Table 5 for details)					
	Section Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
1*	21(1)(a)	4.3.1(a)		3											✓	
2	21(1)(b)	4.3.1(b)	Duty to provide services and do works	3												✓
3	21(1)(c)	4.1.1		1	✓											✓
4	22	4.4.1(a)	Provision of water services outside operating areas	3												✓
5	23	4.5.1	Works holding arrangements	3												✓
6	24(1)(a) & 24(2)	5.1.1	3	3	✓											✓
7	24(1)(b)	5.1.2 & 5.1.3	Asset management system	3												✓
8	24(1)(c)	5.1.4		3												✓
9	25	5.3.1	Operational audit	3												✓
11*	27	3.1.1	Compliance with applicable legislation	3												✓
12*	29	3.1.1		3												
13	36	4.1.1	Duty to perform functions of supplier of last resort	3	✓											✓
14	60	6.3.1	Perform functions of supplier of last resort	3												✓

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Rating: (1 = High to 5 = Low)	Controls Rating (Refer to the 6-point rating scale in Table 5 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 5 for details)					
	Water Services Act 2012	Water Services Licence – Version 5			A	B	C	D	NP	NA	1	2	3	4	NR	NA
	Section Number	Clause Number														
15	70(2)	6.2.1	Membership of approved scheme	3	✓							✓				
16	77(3)	4.1.1	Interruption of water services generally	3			✓					✓				
17	82(4) & (5)	4.1.1	Notification of and requirements as to building work	3	✓										✓	
18	84(2)	4.1.1	Ensuring water service works are done	3	✓										✓	
19	87(2)	4.1.1	Review of decisions under or relating to this Division	3	✓										✓	
20	90(7)	4.1.1	Construction etc over or in vicinity of water service works of licensee	5	✓										✓	
21	95(3)	4.1.1	Disconnection or reduction in rate of flow etc	1					✓						✓	
22	96(1)	4.1.1	Fire hydrants	3					✓						✓	
23	96(5)	4.1.1		5					✓						✓	
24	98(3)	4.1.1	Minister may require connection to sewerage works	3			✓								✓	
25	106(2)	4.1.1	Compliance notices	3	✓										✓	
28	119(2)	4.1.1	Compliance notice	3	✓										✓	
29	122(2)	4.1.1	Review of decisions relating to giving compliance notices	3	✓										✓	
30	125(2)	4.1.1	Supplying groups of dwellings	3	✓										✓	

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Rating: (1 = High to 5 = Low)	Controls Rating (Refer to the 6-point rating scale in Table 5 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 5 for details)					
	Water Services Act 2012	Water Services Licence – Version 5			A	B	C	D	NP	NA	1	2	3	4	NR	NA
	Section Number	Clause Number														
31	128(4)	4.1.1	Prohibition on dealings in land	3	✓										✓	
32	129(5)	4.1.1	Reading meters etc and routine inspection and maintenance	3	✓						✓					
33	139(3)	4.1.1	Ancillary works power	5	✓										✓	
34	141(1)	4.1.1	Special provisions applicable to road works	3	✓										✓	
35	142	4.1.1	Prerequisites to provision of major works	3	✓										✓	
36	143(2)	4.1.1	Licensee to prepare plans and publish and give notice of major works	3	✓										✓	
37	143(3)	4.1.1		3	✓										✓	
38	144(3)	4.1.1	Objections and submissions	3	✓										✓	
39	145(2)	4.1.1	Licensee may amend proposal	3	✓										✓	
40	147(3)	4.1.1	Powers of Minister in respect of proposal	3	✓										✓	
41	147(4)	4.1.1		3	✓										✓	
42	151(1)	4.1.1	Licensee to prepare plans and give notice of general works	3	✓										✓	
43	151(2)	4.1.1		3	✓										✓	
44	152(3)	4.1.1	Objections and submissions	3	✓										✓	

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Rating: (1 = High to 5 = Low)	Controls Rating (Refer to the 6-point rating scale in Table 5 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 5 for details)					
	Water Services Act 2012 Section Number	Water Services Licence – Version 5 Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
45	153(3)	4.1.1	Licensee may amend proposal	3	✓									✓		
46	166(5)	4.1.1	Taking of interest in land for purposes of licensee	3	✓									✓		
47	166(6)	4.1.1	Taking of interest in land for purposes of licensee	3	✓									✓		
48	170	4.1.1	Sale of land	3	✓									✓		
49	173(4)	4.1.1	Entry with consent or under notice or warrant	3	✓						✓					
50	174(1)	4.1.1	Notice of entry	3	✓						✓					
51	174(3)	4.1.1		3	✓										✓	
52	175(2)	4.1.1	Rights of occupier of dwelling	3	✓									✓		
53	175(5)	4.1.1		3	✓									✓		
54	176(1)	4.1.1		3	✓									✓		
55	176(3)	4.1.1	When authorised person must leave etc.	3	✓							✓				
56	176(4)	4.1.1		3	✓							✓				
57	181	4.1.1	Actions of authorised persons and others	5	✓									✓		
58	186	4.1.1	Contents of application	3	✓									✓		

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Rating: (1 = High to 5 = Low)	Controls Rating (Refer to the 6-point rating scale in Table 5 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 5 for details)					
	Water Services Act 2012	Water Services Licence – Version 5			A	B	C	D	NP	NA	1	2	3	4	NR	NA
59	187(1) – (3)	4.1.1	How application to be made	3	✓										✓	
60	190(4)	4.1.1	Execution of warrant	3	✓										✓	
61	190(5)	4.1.1	Execution of warrant	3	✓										✓	
62	210(5)	4.1.1	Designation of inspectors and compliance officers	3				✓							✓	
63	218(2)	4.1.1	Liability of certain persons for damage caused in exercise	5	✓										✓	
64	218(3)	4.1.1	of powers	3	✓										✓	

Table 6: Audit: Obligation Ratings Summary

[Obligations as per the ERA's: "Water Compliance Reporting Manual – Water Services Act 2012 - May 2020" (numbers 1 to 64, numbers 11 and 12 excluded)]

[*Obligations as per the ERA's: "Water Compliance Reporting Manual – Water Services Act 2012 – May 2018" (numbers 11 and 12)]

[†Obligation as per the ERA's: "Water Compliance Reporting Manual – Water Services Act 2012 – October 2017" (number 1)]

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Rating: (1 = High to 5 = Low)	Controls Rating						Compliance Rating					
	Water Services Regulations 2013	Water Services Licence – Version 5			(Refer to the 6-point rating scale in Table 5 for details)						(Refer to the 6-point rating scale in Table 5 for details)					
	Regulation Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
65	23(2)	4.1.1	Meters in multi-unit developments	3										✓		
66	24(4)	4.1.1	Access to meters and their associated fittings	3										✓		
67	26(3)	4.1.1	Testing water meters	3										✓		
68	26(5)	4.1.1		3										✓		
69	29(1)	4.1.1	Subdivision: deferring infrastructure contributions	3	✓										✓	
70	42(2)	4.1.1	Backflow prevention devices: installation	3	✓										✓	
71	43(3)	4.1.1	Backflow prevention devices: testing and maintenance	3	✓										✓	
72	43(6)	4.1.1		3	✓										✓	
74	60(2)	4.1.1	Altering position of service infrastructure in roads	3	✓										✓	
75	63	4.1.1	Roads broken up to be reinstated	3	✓										✓	
89	85	4.1.1	Compliance notices	3	✓										✓	

Table 6: Audit: Obligation Ratings Summary

[Obligations as per the ERA's: "Water Compliance Reporting Manual – Water Services Act 2012 - May 2020" (numbers 65 to 89)]

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Rating: (1 = High to 5 = Low)	Controls Rating (Refer to the 6-point rating scale in Table 5 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 5 for details)						
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5			Clause Number	Clause Number	A	B	C	D	NP	NA	1	2	3	4	NR
92	8(1) – (3)	4.1.1	Information about connections	1				✓				✓					
93*	9(2) & (4)	4.1.1	Minimum performance standards: standard supply connections	3					✓							✓	
94	10(2)	4.1.1	Bills other than for quantities supplied or discharged	3	✓							✓					
95	11(2)	4.1.1	Bills for quantities supplied or discharged	3					✓							✓	
96	11(3)	4.1.1		3						✓							✓
97	11(4)	4.1.1		3						✓							✓
98	11(5)	4.1.1		3						✓							✓
98A	11(6)	4.1.1		3						✓							✓
99	12	4.1.1		Sending bills	3	✓							✓				
100	13(1)	4.1.1	Information on bills	1					✓				✓				
100A	13(3)	4.1.1		3						✓							✓
101	13(4)	4.1.1		3						✓							✓

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Rating: (1 = High to 5 = Low)	Controls Rating (Refer to the 6-point rating scale in Table 5 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 5 for details)					
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5			Clause Number	Clause Number	A	B	C	D	NP	NA	1	2	3	4
101A	13(5)	4.1.1		3				✓								✓
102#	12(3)	3.1.1	Information on bills	1			✓					✓				
102A	13(6)	4.1.1		1			✓					✓				
103	14(1)	4.1.1	Estimates: Licensee's obligations	3				✓								✓
104	14(2)	4.1.1		3					✓							
104A	15(3)	4.1.1	Information on bills if charge per kL varies depending on volume supplied	3				✓								✓
105	16(1)	4.1.1	Requested meter readings, revised bills: licensee's obligations	3				✓								✓
106	17(2) & (3)	4.1.1	Leaks	3				✓								✓
107	18(2)	4.1.1	Undercharging in bills	3	✓											✓
108	18(3)	4.1.1		3	✓											✓
109	18(4)	4.1.1		3	✓											✓
110	18(5)	4.1.1		3	✓											✓

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Rating: (1 = High to 5 = Low)	Controls Rating						Compliance Rating					
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5			(Refer to the 6-point rating scale in Table 5 for details)						(Refer to the 6-point rating scale in Table 5 for details)					
	Clause Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
111#	17(1)	3.1.1		3	✓										✓	
111A	19(2)	4.1.1		3	✓										✓	
112#	17(2)	3.1.1	Overcharging in bills	3	✓										✓	
112A	19(3)	4.1.1		3	✓										✓	
112B	19(4)	4.1.1		3	✓										✓	
112C	19(5)	4.1.1		3	✓										✓	
113	20(1)	4.1.1		3	✓										✓	
114	20(2)	4.1.1		3	✓							✓				
115	20(3) & (6)	4.1.1	Review of bills	3	✓						✓					
116	20(4)	4.1.1		3	✓						✓					
117	20(5)	4.1.1		3	✓										✓	
117A	21	4.1.1	Notice of alterations to charges	3			✓				✓					
118	23	4.1.1	When payment due	3			✓				✓					

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Rating: (1 = High to 5 = Low)	Controls Rating						Compliance Rating					
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5			(Refer to the 6-point rating scale in Table 5 for details)						(Refer to the 6-point rating scale in Table 5 for details)					
	Clause Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
119	24(1)	4.1.1	Payment methods	1				✓				✓				
120	24(2)	4.1.1		3				✓				✓				
121	25(1)	4.1.1	Consent for direct debits	3	✓							✓				
122	26(1)	4.1.1	Payment in advance	3	✓							✓				
123	27	4.1.1	Free redirection in case of absence or illness	3				✓				✓				
124 [#]	25	3.1.1		3				✓				✓				
124A	28(2)	4.1.1	Assistance for customers experiencing payment difficulties	3				✓				✓				
124B	28(3)	4.1.1		3				✓				✓				
124C	28(4)	4.1.1		3				✓				✓				
125	29(1) & (2)	4.1.1 & Sch. 3, Cl. 1.1.1		3	✓								✓			
126 [#]	26(3)	3.1.1	Financial hardship policy	3												✓
126A	29(3)	4.1.1		3				✓				✓				

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Rating: (1 = High to 5 = Low)	Controls Rating (Refer to the 6-point rating scale in Table 5 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 5 for details)					
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5			A	B	C	D	NP	NA	1	2	3	4	NR	NA
126B	29(4)	4.1.1		3			✓			✓						
127	29(5)	4.1.1		3					✓					✓		
128	29(6)	4.1.1		3	✓					✓						
129 [#]	26(6)	3.1.1	Financial hardship policy	3					✓					✓		
129A	29(7)	4.1.1		3	✓					✓						
129B	29(8)	4.1.1		3			✓						✓			
129C	29(9)	4.1.1		3			✓			✓						
130 [#]	27(2)	3.1.1		3	✓								✓			
130A	30(2)	4.1.1		3	✓								✓			
130B	30(3)	4.1.1	Assistance for customers experiencing financial hardship	3	✓								✓			
131 [#]	27(3)	3.1.1		3		✓							✓			
131A	30(4)(a)	4.1.1		3	✓								✓			
131B	30(4)(b)	4.1.1	Assistance for customers experiencing financial hardship	3			✓						✓			

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Rating: (1 = High to 5 = Low)	Controls Rating (Refer to the 6-point rating scale in Table 5 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 5 for details)					
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5			Clause Number	Clause Number	A	B	C	D	NP	NA	1	2	3	4
131C	30(4)(c)	4.1.1		3		✓										✓
132 [#]	28(1)	3.1.1	Matters relating to customers experiencing payment difficulties or financial hardship	3	✓											✓
133	31(4) & (5)	4.1.1		3	✓							✓				
133A	32	4.1.1	No interest or charges for late payment in certain cases	3			✓									✓
134	33(1)(a)- (c)	4.1.1	No debt collection in certain cases	3		✓						✓				
134A	33(1)(d)- (e)	4.1.1		3			✓									
135 [#]	30(1)	3.1.1	Restoration of water supply	3					✓							✓
136 [#]	30(2)	3.1.1		3					✓							
137 [#]	31	3.1.1	Preliminary action	3					✓							✓
138 [#]	32	3.1.1	No water supply restriction in certain cases	3					✓							✓
139 [#]	33	3.1.1	Water flow not to be reduced below minimum rate	3					✓							✓
142 [#]	34(4)	3.1.1	Minimum performance standards for restoration of water supply	3					✓							✓

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Rating: (1 = High to 5 = Low)	Controls Rating (Refer to the 6-point rating scale in Table 5 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 5 for details)					
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5			A	B	C	D	NP	NA	1	2	3	4	NR	NA
144#	34(6)	3.1.1	Minimum performance standards for restoration of water supply	3						✓					✓	
144A	43(1)	4.1.1		3	✓										✓	
144B	43(2)	4.1.1		3	✓										✓	
144C	44(1)	4.1.1	Bursts, leaks, blockages and spills	3	✓						✓					
144D	44(2)	4.1.1		1		✓						✓				
144E	45	4.1.1	Licensee to have 24-hour information line	3	✓						✓					
145	46(1)	4.1.1	Procedure for dealing with complaints about water services	3	✓						✓					
146	46(2)	4.1.1		1			✓				✓					
147	46(3)	4.1.1		3	✓						✓					
148#	35(4)	3.1.1	Procedure for dealing with complaints about water services	3		✓							✓			
148A	46(4)	4.1.1		3	✓						✓					
149	46(5)	4.1.1	Procedure for dealing with complaints about water services	3	✓						✓					

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Rating: (1 = High to 5 = Low)	Controls Rating						Compliance Rating					
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5			(Refer to the 6-point rating scale in Table 5 for details)						(Refer to the 6-point rating scale in Table 5 for details)					
	Clause Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
149A	47	4.1.1	Licensee to advise customer of right to apply to Water Services Ombudsman for review of complaint	3	✓						✓					
150	48(1)	4.1.1		3	✓							✓				
151 [#]	36(1)	3.1.1	Services to be provided without charge	3	✓							✓				
152	48(2)	4.1.1		3	✓						✓					
153	49(1)	4.1.1		1				✓			✓					
154	49(2)	4.1.1	Information to be publicly available - bills	3	✓						✓					
154A	49(3)	4.1.1		1				✓			✓					

Table 6: Audit: Obligation Ratings Summary

[Obligations as per the ERA's: "Water Compliance Reporting Manual – Water Services Act 2012 - May 2020" (numbers 92 to 154A, except as indicated below)]

[*Obligation as per the ERA's: "Water Compliance Reporting Manual – Water Services Act 2012 – May 2018" (number 93)]

[[#]Obligations as per the ERA's: "Water Compliance Reporting Manual – Water Services Act 2012 – October 2017" (numbers 102, 111-2, 124, 126, 129, 130-2, 135-9, 142, 144, 148 and 151)]

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Rating: (1 = High to 5 = Low)	Controls Rating (Refer to the 6-point rating scale in Table 5 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 5 for details)					
	Water Services Act 2012	Water Services Licence – Version 5			A	B	C	D	NP	NA	1	2	3	4	NR	NA
	Section Number	Clause Number														
155	12	4.2.1	Fees	3						✓					✓	
156*	12	3.1.1	Compliance with applicable legislation	3	✓						✓					
159	12	4.1.2	Compliance with applicable legislation and licence conditions	3			✓								✓	
160	12	4.6.1	Accounting records	3	✓					✓						
161	12	5.2.1	Individual performance standards	3			✓								✓	
162	12	5.3.4	Operational audit	3	✓					✓						
163	12	4.7.1(a), (b), (c)	Reporting a change in circumstances	3	✓										✓	
165	12	4.8.1		1			✓				✓					
166*	12	3.8.2	Provision of information	1			✓				✓					
167	12	4.8.2		1			✓				✓					
168	12	3.8.1 and 3.8.2	Publishing information	3	✓										✓	
169	12	3.7.1	Notices	3	✓					✓						
170A	12	5.1.2		3						✓					✓	
171	12	5.1.3	Asset management system	3			✓								✓	
172	12	5.1.7		3	✓					✓						
172A	12	6.1.1	Standard terms and conditions of service	3			✓								✓	

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Rating: (1 = High to 5 = Low)	Controls Rating (Refer to the 6-point rating scale in Table 5 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 5 for details)					
	Water Services Act 2012	Water Services Licence – Version 5			A	B	C	D	NP	NA	1	2	3	4	NR	NA
	Section Number	Clause Number														
172B	12	6.1.2		3			✓							✓		
173*	12	5.5.1	Water services ombudsman scheme	3	✓					✓						
175*	12	5.1.1	Customer contract	3	✓									✓		
176*	12	5.1.2		3	✓									✓		
177*	12	5.1.3		3	✓									✓		
178*	12	5.1.5		3	✓									✓		
179*	12	5.3.1 & 5.3.2		Non-standard terms and conditions of service	3	✓									✓	
180*	12	5.3.4	3		✓									✓		
181	12	6.3.1	Supplier of last resort	3			✓							✓		
182	12	4.4.1(b)	Provision of water services outside operating area	3			✓							✓		
183*	12	5.4.3	Hardship policy	3	✓									✓		
184A	12	7.1.2	Memorandum of understanding	3						✓				✓		
184B	12	7.1.3		3						✓				✓		
185	12	7.1.4		3						✓				✓		

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Rating: (1 = High to 5 = Low)	Controls Rating (Refer to the 6-point rating scale in Table 5 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 5 for details)					
	Water Services Act 2012 Section Number	Water Services Licence – Version 5 Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
186	12	7.1.5		3											✓	
187	12	7.1.6	Memorandum of understanding	3											✓	
188	12	7.1.7		3											✓	
190	12	Schedule 2	Performance standards	3			✓								✓	

Table 6: Audit: Obligation Ratings Summary

[Obligations as per the ERA's: "Water Compliance Reporting Manual – Water Services Act 2012 - May 2020" (numbers 155 to 190, except as indicated below)]

[*Obligations as per the ERA's: "Water Compliance Reporting Manual – Water Services Act 2012 – May 2018" (numbers 156, 166, 173, 175-180 and 183)]

4.3 Audit Observations and Recommendations

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 5				Controls	Compliance
	Section Number	Clause Number					
1#	21(1)(a)	4.3.1(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.	3	<p>Applicable Period:</p> <p>The 2013 Code of Conduct was repealed by the 2018 Code of Conduct at 1/07/2018. Thus, the Shire’s compliance with section 21(1)(a) of the Act was only applicable during the period from 1/12/2017 to 30/06/2018.</p> <p>Audit Scope:</p> <ul style="list-style-type: none"> In terms of its “Water Services Licence – Shire of Lake Grace – WL22, Version 5, 1 May 2020” (WL22) the Shire was granted a licence for the operating area to provide both non-potable water supply services and sewerage services; Paxon examined a letter a previous CEO of the Shire wrote to the Department of Health, dated 3 June 2015, in which he stated the Shire had ceased the provision of non-potable water (wastewater) due to the absence of a disinfection process for the effluent water. Consequently, the provision of non-potable water supply services ceased prior to this Audit Period; Paxon confirmed by interview of the Shire’s Manager Infrastructure Services that, during the Audit Period, the Shire: 	D	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 5				Controls	Compliance
	Section Number	Clause Number					
1# (cont.)					<ul style="list-style-type: none"> ○ Did not provide non-potable water supply services; and ○ Was in the early stages of infrastructure planning to facilitate the future provision of non-potable water supply services (which will include making an application to the Department of Health). • Consequently, this Audit focused on assessing the status of controls and compliance with legislative obligations regarding the provision of sewerage services during the Audit Period; • The Shire’s Technical Officer was interviewed regarding the provision of sewerage services during the Audit Period. All observations which refer to information provided by the Technical Officer only refers to the provision of sewerage services (except where otherwise indicated); and • However, where deemed necessary: <ul style="list-style-type: none"> ○ Other Shire representatives were interviewed; ○ Audit evidence was obtained; and ○ Appropriate observations are recorded in this Report. <p>Controls:</p> <ul style="list-style-type: none"> • Paxon examined a Shire document entitled: <i>“Wastewater Asset Management – Compliance</i> 		

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 5				Controls	Compliance
	Section Number	Clause Number					
1# (cont.)					<p><i>Obligation Procedure List</i>” (Controls Record). The Controls Record:</p> <ul style="list-style-type: none"> ○ Was created in September 2017 and revised in February 2021; and ○ Lists obligations in terms of: <ul style="list-style-type: none"> • Water Services Act 2012; • Water Services Regulations 2013; • Water Services Code of Conduct (Customer Service Standards 2018); and • WL22. <p>Hereinafter referred to the Water Services Legislation;</p> <ul style="list-style-type: none"> • However, Paxon found the Controls Record: <ul style="list-style-type: none"> ○ Does not cover all the Shire’s obligations in terms of the Water Services Legislation (and specifically not the obligation recorded in section 21(1)(a) of the Act); ○ Omits specific Water Services Legislation obligations when addressing a topic; and ○ Includes references to WL22 version 4 which was replaced by version 5. • Paxon examined a Shire document entitled: <i>“Compliance Register”</i>. This register records <i>“Details of Non-Compliance”</i> instances. However, 		

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 5				Controls	Compliance
	Section Number	Clause Number					
1# (cont.)					<p>the register includes a single entry referenced as "01/2016". Consequently, this register is not being maintained as evident from the instances of non-compliance reported in the Shire's compliance report for 2017-2018, 2018-2019 and 2019-2020.</p> <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon confirmed by interview of the Shire's Technical Officer that, during the Applicable Period, the Shire provided sewerage services authorised by the licence to persons entitled to the service under the Act; • Paxon examined the Shire's "Customer Service Charter for Wastewater Services for the Lake Grace Townsite Sewerage Scheme" as revised in July 2019. This charter states: <i>"This charter sets out the broad philosophy of the Shire of Lake Grace in supplying sewerage services to the Lake Grace town site in accordance with the License issued to the Shire by the Economic Regulation Authority under the Water Services Act 2012."</i>; and • Consequently, this Charter acknowledges the Shire's obligations in terms of the Water Services Legislation. 		

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 5				Controls	Compliance
	Section Number	Clause Number					
1# cont.)					<p>Recommendation 1/2021:</p> <p>The Shire should update its Controls Record to:</p> <ul style="list-style-type: none"> • Include all the Shire’s obligations in terms of the Water Services Legislation; • Refer to current Water Services Legislation; • Identify, per individual compliance obligation, appropriate policy and procedure documents and responsible employees. <p>The ERA’s document entitled: <i>“Water Compliance Reporting Manual - Water Services Act 2012 – May 2020”</i> may help the Shire to develop its own compliance register.</p> <p>Recommendation 2/2021:</p> <p>The Shire should immediately record instances of non-compliance with its obligations in terms of the Water Services Legislation in its <i>“Compliance Register”</i>. This will help ensure the accuracy and completeness of the Shire’s annual compliance reports provided to the ERA.</p>		
2	21(1)(b)	4.3.1(b)	The licensee must if requested, offer to provide the water service authorised by the licence to any other person (not covered by section 21(1)(a) of the Act) within the operating area of the licence on reasonable terms, unless provision of the service is	3	<p>Controls:</p> <ul style="list-style-type: none"> • Paxon found the Controls Record does not acknowledge the obligation recorded in section 21(1)(b) of the Act; and 	D	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 5				Controls	Compliance
	Section Number	Clause Number					
2 (cont.)			not financially viable or is otherwise not practicable.		<ul style="list-style-type: none"> See Recommendation 1/2021 as recorded at obligation number 1 above. <p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of the Shire’s Technical Officer that, during the Audit Period, the Shire was not requested to provide sewerage services to any other person (not covered by section 21(1)(a) of the Act) within the operating area of the licence; and Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 21(1)(b) of the Act. 		
3	21(1)(c)	4.1.1	The licensee must provide, operate and maintain the water service works specified by the ERA in the licence for the purposes of section 11(3).	1	<p>Controls:</p> <ul style="list-style-type: none"> Paxon examined the Shire’s “<i>Sewerage Services – Asset Management Plan - 2020</i>” which includes the following sections: <ul style="list-style-type: none"> Section 4 – Asset Creation and Acquisition; Section 6 – Asset operations; and Section 7 – Asset Maintenance. These sections do provide for the provision, operation and maintenance of sewerage works. <p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of the Shire’s Manager Infrastructure Services that, during the 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 5				Controls	Compliance
	Section Number	Clause Number					
3 (cont.)					<p>Audit Period, the Shire did not compile reports as to the provision, operation and maintenance of sewerage assets;</p> <ul style="list-style-type: none"> • Paxon examined a Shire document entitled: <i>“Lake Grace Sewerage Scheme Asset Management Maintenance Program”</i>. This document records maintenance activities and the frequency thereof for different sewerage assets; and • Paxon examined a Shire document entitled: <i>“Works Register”</i> which records issues identified during the Audit Period and actions taken to resolve such issues. 		
4	22	4.4.1(a)	The licensee must notify the ERA as soon as practicable before commencing to provide the water service outside of the operating area of the licence.	3	<p>Controls:</p> <ul style="list-style-type: none"> • Paxon found the Controls Record does not acknowledge the obligation recorded in section 22 of the Act; and • See Recommendation 1/2021 as recorded at obligation number 1 above. <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon confirmed by interview of the Shire’s Technical Officer that, during the Audit Period, the Shire did not provide sewerage services outside of the operating area of the licence; and 	D	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 5				Controls	Compliance
	Section Number	Clause Number					
4 (cont.)					<ul style="list-style-type: none"> Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 22 of the Act. 		
5	23	4.5.1	All water service works used by the licensee in the provision of a water service must be held by the licensee, or must be covered by a works holding arrangement.	3	<p>Controls:</p> <ul style="list-style-type: none"> Paxon found the Controls Record does not acknowledge the obligation recorded in section 23 of the Act; and See Recommendation 1/2021 as recorded at obligation number 1 above. <p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of the Shire’s Manager Infrastructure Services that, during the Audit Period, the Shire owned all assets it used in the provision of the sewerage services; and Paxon examined the Shire’s audited financial report for the 2019-2020 financial year. Paxon could not find any recorded expenditure which relates to works holding arrangements. 	D	1
6	24(1)(a) & 24(2)	5.1.1	The licensee must provide for an asset management system in respect of the licensee’s water service works.	3	<p>Controls</p> <p>See the controls observations for obligation number 3 above.</p> <p>Compliance:</p> <p>See the compliance observations for obligation number 3 above.</p>	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 5				Controls	Compliance
	Section Number	Clause Number					
7	24(1)(b)	5.1.2 and 5.1.3	The licensee must give details of the asset management system and any changes to it to the ERA (the licence prescribes timeframes for providing this information to the ERA – see obligations 170A and 171).	3	<p>Controls:</p> <ul style="list-style-type: none"> Paxon found the Controls Record does not acknowledge the obligation recorded in section 24(1)(b) of the Act; and See Recommendation 1/2021 as recorded at obligation number 1 above. <p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of the Shire’s Technical Officer that, during the Audit Period, the Shire made no changes to the sewerage asset management system; and Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 24(1)(b) of the Act. 	D	NR
8	24(1)(c)	5.1.4	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.	3	<p>Controls:</p> <ul style="list-style-type: none"> Paxon found the Controls Record does not acknowledge the obligation recorded in section 24(1)(c) of the Act; and See Recommendation 1/2021 as recorded at obligation number 1 above. <p>Compliance:</p> <ul style="list-style-type: none"> Paxon performed a review of the Shire’s asset management system in 2017 which covered the period from 1/12/2014 to 30/11/2017; 	D	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 5				Controls	Compliance
	Section Number	Clause Number					
8 (cont.)					<ul style="list-style-type: none"> Paxon examined a report on a review of the Shire’s sewerage assets management system performed in 2019. The review covered the period from 1/12/2017 to 30/11/2019; and Consequently, the Shire complied with section 24(1)(c) of the Act during the Audit Period. 		
9	25	5.3.1	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.	3	<p>Controls:</p> <ul style="list-style-type: none"> Paxon found the Controls Record does not acknowledge the obligation recorded in section 25 of the Act; and See Recommendation 1/2021 as recorded at obligation number 1 above. <p>Compliance:</p> <ul style="list-style-type: none"> Paxon performed an operational audit of the Shire in 2017 which covered the period from 1/12/2014 to 30/11/2017; and Paxon was appointed by the ERA to conduct an operational audit of the Shire for the period 1/12/2017 to 30/11/2020. 	D	1
11*	27	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.	3	<p>Applicable Period:</p> <p>The ERA’s: “<i>Water Compliance Reporting Manual – Water Services Act 2012 – May 2020</i>” states obligation number 11 is “<i>Not used</i>”. Thus, this</p>	NP	2

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 5				Controls	Compliance
	Section Number	Clause Number					
11* (cont.)					<p>obligation was only applicable to the provision of sewerage services from 1/12/2017 to 30/04/2020.</p> <p>Controls:</p> <ul style="list-style-type: none"> • An assessment of controls to help ensure compliance with the code of conduct is included in this Report - see the controls observations for obligation numbers 92 to 154A below; and • Consequently, a controls rating was not required for the obligation recorded in section 27 of the Act. <p>Compliance:</p> <p>An assessment of compliance with the code of conduct is included in this Report - see the compliance observations for obligation numbers 92 to 154A below.</p> <p>Recommendations:</p> <p>Recommendations were made for Code of Conduct related:</p> <ul style="list-style-type: none"> • Control deficiencies; and • Instances of non-compliance <p>as identified by the Audit. These recommendations are disclosed in the:</p> <ul style="list-style-type: none"> • ‘Observations and Recommendations’ section of this Table, at the relevant individual obligations; 		

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 5				Controls	Compliance
	Section Number	Clause Number					
11* (cont.)					and <ul style="list-style-type: none"> Table 8 below entitled: 'Current Audit: Inadequate Controls, Non-Compliances and Recommendations'. 		
12*	29	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.	3	<p>Applicable Period:</p> <p>The ERA's: "Water Compliance Reporting Manual – Water Services Act 2012 – May 2020" states obligation number 12 is "Not used". Thus, this obligation was only applicable to the provision of sewerage services from 1/12/2017 to 30/04/2020.</p> <p>Controls:</p> <ul style="list-style-type: none"> An assessment of controls to help ensure compliance with the Act is included in this Report - see the controls observations for obligation numbers 1 to 64 and 155 to 190 above and below; and Consequently, a controls rating was not required for the obligation recorded in section 29 of the Act. <p>Compliance:</p> <p>An assessment of compliance with the Act is included in this Report - see the compliance observations for obligation numbers 1 to 64 and 155 to 190 above and below.</p>	NP	2

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 5				Controls	Compliance
	Section Number	Clause Number					
12* (cont.)					<p>Recommendations:</p> <p>Recommendations were made for Act related:</p> <ul style="list-style-type: none"> • Control deficiencies; and • Instances of non-compliance <p>as identified by the Audit. These recommendations are disclosed in the:</p> <ul style="list-style-type: none"> • ‘Observations and Recommendations’ section of this Table, at the relevant individual obligations; and • Table 8 below entitled: ‘Current Audit: Inadequate Controls, Non-Compliances and Recommendations’. 		
13	36	4.1.1	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.	3	<p>Controls:</p> <p>Paxon found the Controls Record acknowledges the obligation recorded in section 36 of the Act.</p> <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon confirmed by interview of the Shire’s Technical Officer that, during the Audit Period, the Shire did not cease to provide sewerage services in an area; and • Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 36 of the Act. 	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 5				Controls	Compliance
	Section Number	Clause Number					
14	60	6.3.1	If the licensee is the supplier of last resort for a designated area in relation to the provision of a particular water service, 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.	3	<p>Controls:</p> <ul style="list-style-type: none"> • Paxon found the Controls Record does not acknowledge the obligation recorded in section 60 of the Act; and • See Recommendation 1/2021 as recorded at obligation number 1 above. <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon confirmed by interview of the Shire’s Technical Officer that, during the Audit Period, the Shire was not the sewerage supplier of last resort for a designated area; and • Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 60 of the Act. 	D	NR
15	70(2)	6.2.1	<p>The licensee must not supply water services to customers unless the licensee:</p> <ul style="list-style-type: none"> • is a member of the water services ombudsman scheme; and • is bound by the scheme; and • will comply with any decision or direction of the water services ombudsman under the scheme. 	3	<p>Controls:</p> <p>Paxon found the Controls Record acknowledges the obligation recorded in section 70(2) of the Act.</p> <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon confirmed by interview of the Shire’s Technical Officer that, during the Audit Period: <ul style="list-style-type: none"> ○ The Shire was a member of the water services ombudsman scheme; and ○ As far as he is aware, the water services ombudsman did not inform the Shire of any 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 5				Controls	Compliance
	Section Number	Clause Number					
15 (cont.)					<p>decision or direction which required compliance.</p> <ul style="list-style-type: none"> Paxon examined a tax invoice issued by the Energy and Water Ombudsman (WA) Ltd regarding the annual levy for 2020/2021 as payable by the Shire. 		
16	77(3)	4.1.1	The licensee must take reasonable steps to minimise the extent or duration of any interruption of water services it is responsible for.	3	<p>Controls:</p> <ul style="list-style-type: none"> Paxon found the Controls Record does not acknowledge the obligation recorded in section 77(3) of the Act; and See Recommendation 1/2021 as recorded at obligation number 1 above. <p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of the Shire’s Technical Officer that, during the Audit Period, no interruption of sewerage services took place; and However, Paxon examined a register which records details of sewerage services interruptions which occurred since 02/2019. Based on the register entries, the Shire took reasonable steps to minimise the extent or duration of sewerage services interruptions. 	D	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 5				Controls	Compliance
	Section Number	Clause Number					
17	82(4) and (5)	4.1.1	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.	3	<p>Controls:</p> <p>Paxon found the Controls Record acknowledges the obligation recorded in sections 82(4) and 82(5) of the Act.</p> <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon confirmed by interview of the Shire’s Technical Officer that, during the Audit Period, the Shire did: <ul style="list-style-type: none"> ○ Receive notification of building works to be carried out on land in the operating area of WL22; a license; and ○ Not issue written directions about the proposed building work considered necessary to ensure the safety and efficacy of the provision of sewerage services. • Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with sections 82(4) and 82(5) of the Act. 	A	NR
18	84(2)	4.1.1	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.	3	<p>Controls:</p> <p>Paxon found the Controls Record acknowledges the obligation recorded in section 84(2) of the Act.</p> <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon confirmed by interview of the Shire’s Technical Officer that he is not aware of any 	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 5				Controls	Compliance
	Section Number	Clause Number					
18 (cont.)					<p>notices the Shire gave under section 83(3)(a) of the Act regarding sewerage services during the Audit Period; and</p> <ul style="list-style-type: none"> Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 84(2) of the Act. 		
19	87(2)	4.1.1	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 works until the application has been finally dealt with, except in limited circumstances.	3	<p>Controls:</p> <p>Paxon found the Controls Record acknowledges the obligation recorded in section 87(2) of the Act.</p> <p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of the Shire's Technical Officer that he is not aware of any application made with the State Administrative Tribunal for a review of a decision in respect of the Shire providing additional sewerage services during the Audit Period; and Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 87(2) of the Act. 	A	NR
20	90(7)	4.1.1	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	5	<p>Controls:</p> <p>Paxon found the Controls Record acknowledges the obligation recorded in section 90(7) of the Act.</p>	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 5				Controls	Compliance
	Section Number	Clause Number					
20 (cont.)			is located or the activity is taking place if the person to be given the notice is not the owner of the land.		<p>Compliance:</p> <ul style="list-style-type: none"> • Paxon confirmed by interview of the Shire’s Technical Officer that, during the Audit Period, the Shire did not issue compliance notices regarding construction or similar works carried out in the vicinity of sewerage works; and • Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 90(7) of the Act. 		
21	95(3)	4.1.1	The licensee cannot cut off the supply of water to an occupied dwelling unless the occupier agrees to that.	1	<p>Controls and Compliance:</p> <ul style="list-style-type: none"> • Paxon confirmed by interview of the Shire’s Manager Infrastructure Services that, during the Audit Period, the Shire did not provide non-potable water supply services; • Consequently, controls ratings were not required for the obligations recorded in sections 95(3), 96(1) and 96(5) of the Act; and • Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with sections 95(3), 96(1) and 96(5) of the Act. 	NP	NR
22	96(1)	4.1.1	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	3	<p>Controls:</p> <ul style="list-style-type: none"> • See the controls observations for obligation number 21 above. 	NP	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 5				Controls	Compliance
	Section Number	Clause Number					
22 (cont.)			relevant local government as to the location and type of hydrant.		<p>Compliance:</p> <ul style="list-style-type: none"> See the compliance observations for obligation number 21 above. 		
23	96(5)	4.1.1	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.	5	<p>Controls:</p> <ul style="list-style-type: none"> See the controls observations for obligation number 21 above. <p>Compliance:</p> <p>See the compliance observations for obligation number 21 above.</p>	NP	NR
24	98(3)	4.1.1	If required to by the Minister, the licensee must connect a wastewater inlet on land to the sewerage works of the licensee.	3	<p>Controls:</p> <ul style="list-style-type: none"> Paxon found the Controls Record does not acknowledge the obligation recorded in section 98(3) of the Act; and See Recommendation 1/2021 as recorded at obligation number 1 above. <p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of the Shire’s Technical Officer that, during the Audit Period, the Minister did not require the Shire to connect a wastewater inlet on land to its sewerage works; and Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 98(3) of the Act. 	D	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 5				Controls	Compliance
	Section Number	Clause Number					
25	106(2)	4.1.1	The licensee must include the information specified in a compliance notice given in relation to failure to maintain fittings, fixtures and pipes.	3	<p>Controls:</p> <p>Paxon found the Controls Record acknowledges the obligation recorded in section 106(2) of the Act.</p> <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon confirmed by interview of the Shire’s Technical Officer that, during the Audit Period, no compliance notice regarding sewerage works was given in relation to failure to maintain sewerage works fittings, fixtures and pipes; and • Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 106(2) of the Act. 	A	NR
28	119(2)	4.1.1	The licensee must include the information specified in a compliance notice given in relation to the matters set out in section 119(1).	3	<p>Controls:</p> <p>Paxon found the Controls Record acknowledges the obligation recorded in section 119(2) of the Act.</p> <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon confirmed by interview of the Shire’s Technical Officer that, during the Audit Period, the Shire did not give a compliance notice regarding sewerage works in relation to the matters set out in section 119(1) of the Act; and • Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 119(2) of the Act. 	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 5				Controls	Compliance
	Section Number	Clause Number					
29	122(2)	4.1.1	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.	3	<p>Controls: Paxon found the Controls Record acknowledges the obligation recorded in section 122(2) of the Act.</p> <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon confirmed by interview of the Shire’s Technical Officer that he is not aware of any application made with the State Administrative Tribunal under section 122(1) of the Act regarding sewerage works during the Audit Period; and • Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 122(2) of the Act. 	A	NR
30	125(2)	4.1.1	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> .	3	<p>Controls: Paxon found the Controls Record acknowledges the obligation recorded in section 125(2) of the Act.</p> <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon confirmed by interview of the Shire’s Technical Officer that, during the Audit Period, the Shire did not apportion fees for sewerage services provided; and • Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 125(2) of the Act. 	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 5				Controls	Compliance
	Section Number	Clause Number					
31	128(4)	4.1.1	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.	3	<p>Controls:</p> <p>Paxon found the Controls Record acknowledges the obligation recorded in section 128(4) of the Act.</p> <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon confirmed by interview of the Shire’s Technical Officer that he is not aware of any withdrawal of memorial lodged with the Registrar regarding sewerage services during the Audit Period; and • Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 128(4) of the Act. 	A	NR
32	129(5)	4.1.1	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.	3	<p>Controls:</p> <p>Paxon found the Controls Record acknowledges the obligation recorded in section 129(5) of the Act.</p> <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon confirmed by interview of the Shire’s Technical Officer that, during the Audit Period, the Shire: <ul style="list-style-type: none"> ○ Replaced a crushed junction at a vacant house (sewerage works); and ○ Performed CCTV inspection of sewerage works which required access to people's backyards. 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 5				Controls	Compliance
	Section Number	Clause Number					
32 (cont.)					<ul style="list-style-type: none"> Paxon examined a sample of letters sent out to occupants informing them of the "Sewerage Inspection Works" and found the letters were sent out more than 48 hours before the proposed entry. 		
33	139(3)	4.1.1	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	<p>Controls:</p> <p>Paxon found the Controls Record acknowledges the obligation recorded in section 139(3) of the Act.</p> <p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of the Shire's Technical Officer that, during the Audit Period, the Shire did not remove or erect a fence or gate when exercising a sewerage works power conferred by the Act; and Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 139(3) of the Act. 	A	NR
34	141(1)	4.1.1	A person authorised by the licensee may enter a road and exercise a works power of the licensee without consent, notice or warrant unless the exercise of the power involves opening or breaking up the surface of the road, or would cause a major obstruction of the road or disruption of the traffic, in which case the licensee must give at least 48 hours' notice to the public authority that has control or management of the road.	3	<p>Controls:</p> <p>Paxon found the Controls Record acknowledges the obligation recorded in section 141(1) of the Act.</p> <p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of the Shire's Technical Officer that, during the Audit Period, the Shire did not exercise a sewerage works power which: 	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 5				Controls	Compliance
	Section Number	Clause Number					
34 (cont.)					<ul style="list-style-type: none"> ○ Involved opening or breaking up the surface of the road; or ○ Caused a major obstruction of the road or disruption of the traffic. • Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 141(1) of the Act. 		
35	142	4.1.1	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 by section 148.	3	<p>Controls:</p> <p>Paxon found the Controls Record acknowledges the obligations recorded in sections 142, 143(2), 143(3), 144(3), 145(2), 147(3) and 147(4) of the Act.</p> <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon confirmed by interview of the Shire’s Manager Infrastructure Services that, during the Audit Period, the Shire: <ul style="list-style-type: none"> ○ Did not provide non-potable water supply services; and ○ Was in the early stages of infrastructure planning to facilitate the future provision of non-potable water supply services (which will include making an application to the Department of Health). • Paxon confirmed by interview of the Shire’s Technical Officer that, during the Audit Period, 	A	NR

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	Water Services Act 2012	Water Services Licence – Version 5				Controls	Compliance
	Section Number	Clause Number					
35 (cont.)					<p>the Shire did not undertake major sewerage works; and</p> <ul style="list-style-type: none"> Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 142, 143(2), 143(3), 144(3), 145(2), 147(3) and 147(4) of the Act. 		
36	143(2)	4.1.1	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.	3	<p>Controls:</p> <p>See the controls observations for obligation number 35 above.</p> <p>Compliance:</p> <p>See the compliance observations for obligation number 35 above.</p>	A	NR
37	143(3)	4.1.1	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.	3	<p>Controls:</p> <p>See the controls observations for obligation number 35 above.</p> <p>Compliance:</p> <p>See the compliance observations for obligation number 35 above.</p>	A	NR
38	144(3)	4.1.1	The licensee must have regard to an objection or submission lodged within the relevant period.	3	<p>Controls:</p> <p>See the controls observations for obligation number 35 above.</p>	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 5				Controls	Compliance
	Section Number	Clause Number					
38 (cont.)					Compliance: See the compliance observations for obligation number 35 above.		
39	145(2)	4.1.1	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.	3	Controls: See the controls observations for obligation number 35 above. Compliance: See the compliance observations for obligation number 35 above.	A	NR
40	147(3)	4.1.1	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).	3	Controls: See the controls observations for obligation number 35 above. Compliance: See the compliance observations for obligation number 35 above.	A	NR
41	147(4)	4.1.1	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.	3	Controls: See the controls observations for obligation number 35 above. Compliance: See the compliance observations for obligation number 35 above.	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 5				Controls	Compliance
	Section Number	Clause Number					
42	151(1)	4.1.1	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.	3	<p>Controls:</p> <p>Paxon found the Controls Record acknowledges the obligations recorded in sections 151(1), 151(2), 152(3) and 153(3) of the Act.</p> <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon confirmed by interview of the Shire’s Manager Infrastructure Services that, during the Audit Period, the Shire did not undertake general works regarding the provision of non-potable water supply services; • Paxon confirmed by interview of the Shire’s Technical Officer that, during the Audit Period, the Shire did not undertake general sewerage works; and • Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with sections 151(1), 151(2), 152(3) and 153(3) of the Act. 	A	NR
43	151(2)	4.1.1	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.	3	<p>Controls:</p> <p>See the controls observations for obligation number 42 above.</p> <p>Compliance:</p> <p>See the compliance observations for obligation number 42 above.</p>	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 5				Controls	Compliance
	Section Number	Clause Number					
44	152(3)	4.1.1	The licensee must have regard to an objection or submission lodged by the date specified in the notice given under section 151(2).	3	<p>Controls:</p> <p>See the controls observations for obligation number 42 above.</p> <p>Compliance:</p> <p>See the compliance observations for obligation number 42 above.</p>	A	NR
45	153(3)	4.1.1	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.	3	<p>Controls:</p> <p>See the controls observations for obligation number 42 above.</p> <p>Compliance:</p> <p>See the compliance observations for obligation number 42 above.</p>	A	NR
46	166(5)	4.1.1	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.	3	<p>Controls:</p> <p>Paxon found the Controls Record acknowledges the obligations recorded in sections 166(5) and 166(6) of the Act.</p> <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon confirmed by interview of both the Shire’s Manager Infrastructure Services and Technical Officer that, during the Audit Period, the Minister did not advise the Shire to acquire an interest in land; and 	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 5				Controls	Compliance
	Section Number	Clause Number					
46 (cont.)					<ul style="list-style-type: none"> Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with sections 166(5) and 166(6) of the Act. 		
47	166(6)	4.1.1	Any costs incurred in taking an interest in land are to be paid by the licensee.	3	<p>Controls: See the controls observations for obligation number 46 above.</p> <p>Compliance: See the compliance observations for obligation number 46 above.</p>	A	NR
48	170	4.1.1	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 <i>Planning and Development Act 2005</i> , unless the Minister permits the licensee to do so.	3	<p>Controls: Paxon found the Controls Record acknowledges the obligation recorded in section 170 of the Act.</p> <p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of the Shire’s Technical Officer that, during the Audit Period, the Shire: <ul style="list-style-type: none"> Only sold one industrial lot; and The sale did not result in the purchaser holding a parcel of land that did not comply with the minimum lot size and zoning requirements under the <i>Planning and Development Act 2005</i>; and 	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 5				Controls	Compliance
	Section Number	Clause Number					
48 (cont.)					<ul style="list-style-type: none"> Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 170 of the Act. 		
49	173(4)	4.1.1	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, as applicable, unless the occupier or owner agrees otherwise.	3	<p>Controls:</p> <p>Paxon found the Controls Record acknowledges the obligation recorded in section 173(4) of the Act.</p> <p>Compliance:</p> <p>See the compliance observations for obligation number 32 above.</p>	A	1
50	174(1)	4.1.1	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.	3	<p>Controls:</p> <p>Paxon found the Controls Record acknowledges the obligation recorded in section 174(1) of the Act.</p> <p>Compliance:</p> <p>See the compliance observations for obligation number 32 above.</p>	A	1
51	174(3)	4.1.1	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.	3	<p>Controls:</p> <p>Paxon found the Controls Record acknowledges the obligation recorded in section 174(3) of the Act.</p> <p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of the Shire’s Technical Officer that, during the Audit Period, the Shire did not enter a place under the Act for 	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 5				Controls	Compliance
	Section Number	Clause Number					
51 (cont.)					sewerage works without having to give notice of proposed entry to the occupant; and <ul style="list-style-type: none"> Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 174(3) of the Act. 		
52	175(2)	4.1.1	If an occupier is present when the licensee proposes to enter a dwelling, the licensee must perform the prescribed actions before entering the premises.	3	<p>Controls:</p> <p>Paxon found the Controls Record acknowledges the obligations recorded in sections 175(2) and 175(5) of the Act.</p> <p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of the Shire’s Technical Officer that, during the Audit Period, the Shire did not enter a dwelling for sewerage works; and Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with sections 175(2) and 175(5) of the Act. 	A	NR
53	175(5)	4.1.1	If the licensee enters a dwelling that is unoccupied, the licensee must leave a notice, which includes the prescribed information, or a copy of the warrant (as applicable) in a prominent position in the dwelling before leaving the dwelling.	3	<p>Controls:</p> <p>See the controls observations for obligation number 52 above.</p> <p>Compliance:</p> <p>See the compliance observations for obligation number 52 above.</p>	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 5				Controls	Compliance
	Section Number	Clause Number					
54	176(1)	4.1.1	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.	3	<p>Controls:</p> <p>Paxon found the Controls Record acknowledges the obligation recorded in section 176(1) of the Act.</p> <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon confirmed by interview of the Shire’s Technical Officer that he is not aware of any occasion during the Audit Period, where the owner or occupier refused or withdrawn their consent for an Aqwest representative to be present within a place for sewerage works; and • Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 176(1) of the Act. 	A	NR
55	176(3)	4.1.1	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.	3	<p>Controls:</p> <p>Paxon found the Controls Record acknowledges the obligations recorded in sections 176(3) and 176(4) of the Act.</p> <p>Compliance:</p> <p>Paxon confirmed by interview of the Shire’s Technical Officer that, during the Audit Period, no Shire representatives performing sewerage works carried certificates of authority.</p>	A	3

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 5				Controls	Compliance
	Section Number	Clause Number					
54 (cont.)					Recommendation 3/2021: The Shire must issue its representatives with certificates of authority. These certificates should: <ul style="list-style-type: none"> Record the full name of the representative; and Refer to sections 115 and 116 of the Act. 		
56	176(4)	4.1.1	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.	3	Controls: See the controls observations for obligation number 55 above. Compliance: See the compliance observations for obligation number 55 above.	A	3
57	181	4.1.1	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	Controls: Paxon found the Controls Record acknowledges the obligation recorded in section 181 of the Act. Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of the Shire’s Technical Officer that he is not aware of any occasion during the Audit Period, where an owner or occupier made a request of a Shire representative performing sewerage works which was intended to limit interference with the lawful activities of the owner or occupier; and 	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 5				Controls	Compliance
	Section Number	Clause Number					
57 (cont.)					<ul style="list-style-type: none"> Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 181 of the Act. 		
58	186	4.1.1	If the licensee applies for a warrant, the application must contain the prescribed information.	3	<p>Controls:</p> <p>Paxon found the Controls Record acknowledges the obligations recorded in sections 186, 187(1)-(3), 190(4) and 190(5) of the Act.</p> <p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of both the Shire’s Manager Infrastructure Services and Technical Officer they are not aware of any application made for or execution of a warrant during the Audit Period; and Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with sections 186, 187(1)-(3), 190(4) and 190(5) of the Act. 	A	NR
59	187(1) – (3)	4.1.1	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.	3	<p>Controls:</p> <p>See the controls observations for obligation number 58 above.</p> <p>Compliance:</p> <p>See the compliance observations for obligation number 58 above.</p>	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 5				Controls	Compliance
	Section Number	Clause Number					
60	190(4)	4.1.1	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.	3	<p>Controls:</p> <p>See the controls observations for obligation number 58 above.</p> <p>Compliance:</p> <p>See the compliance observations for obligation number 58 above.</p>	A	NR
61	190(5)	4.1.1	On completing the execution of a warrant the licensee must record the prescribed information on that warrant.	3	<p>Controls:</p> <p>See the controls observations for obligation number 58 above.</p> <p>Compliance:</p> <p>See the compliance observations for obligation number 58 above.</p>	A	NR
62	210(5)	4.1.1	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.	3	<p>Controls:</p> <ul style="list-style-type: none"> • Paxon found the Controls Record does not acknowledge the obligation recorded in section 210(5) of the Act; and • See Recommendation 1/2021 as recorded at obligation number 1 above. <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon confirmed by interview of the Shire’s Technical Officer that, during the Audit Period, the Shire did not designate a person as an 	D	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 5				Controls	Compliance
	Section Number	Clause Number					
62 (cont.)					inspector or compliance officer to perform sewerage works; and • Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 210(5) of the Act.		
63	218(2)	4.1.1	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	Controls: Paxon found the Controls Record acknowledges the obligation recorded in section 218(2) of the Act. Compliance: • Paxon confirmed by interview of the Shire’s Technical Officer that, during the Audit Period, the Shire whilst performing sewerage works, ensured the free use of any place was not obstructed, and that as little damage, harm or inconvenience was caused as was possible; and • Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 218(2) of the Act.	A	NR
64	218(3)	4.1.1	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.	3	Controls: Paxon found the Controls Record acknowledges the obligation recorded in section 218(3) of the Act. Compliance: • Paxon confirmed by interview of the Shire’s Technical Officer that, during the Audit Period,	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 5				Controls	Compliance
64 (cont.)					the Shire did not cause physical damage in the exercise of a sewerage works power or a sewerage related power of entry; and <ul style="list-style-type: none"> Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 218(3) of the Act. 		

Table 7: Audit Observations and Recommendations

[Obligations as per the ERA’s: “Water Compliance Reporting Manual – Water Services Act 2012 - May 2020” (numbers 1 to 64, numbers 1, 11 and 12 excluded)]

[*Obligations as per the ERA’s: “Water Compliance Reporting Manual – Water Services Act 2012 – May 2018” (numbers 11 and 12)]

[#Obligation as per the ERA’s: “Water Compliance Reporting Manual – Water Services Act 2012 – October 2017” (number 1)]

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Regulations 2013	Water Services Licence – Version 5				Controls	Compliance
	Regulation Number	Clause Number					
65	23(2)	4.1.1	If the licensee provides a water supply service in respect of a multi-unit development, the licensee must, on the request of the owner or the strata company, assess whether a meter is satisfactory for measuring the quantity or flow of water passing through a pipe supplying water to the unit.	3	<p>Controls and Compliance:</p> <ul style="list-style-type: none"> • Paxon confirmed by interview of the Shire’s Technical Officer that, during the Audit Period, the Shire did not use meters to measure sewerage flows; • Consequently, controls ratings were not required for the obligations recorded in regulations 23(2), 24(4), 26(3) and 26(5) of the 2013 Regulations; and • Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with regulations 23(2), 24(4), 26(3) and 26(5) of the 2013 Regulations. 	NP	NR
66	24(4)	4.1.1	If the licensee gives a compliance notice to a person in respect of access to meters, the notice must specify the specified information.	3	<p>Controls: See the controls observations for obligation number 65 above.</p> <p>Compliance: See the compliance observations for obligation number 65 above.</p>	NP	NR
67	26(3)	4.1.1	If the owner or occupier requests the licensee to test a meter and pays the charge (if any) for testing that type of meter, the licensee must test the meter in accordance with a procedure	3	<p>Controls: See the controls observations for obligation number 65 above.</p>	NP	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Regulations – 2013	Water Services Licence – Version 5				Controls	Compliance
	Regulation Number	Clause Number					
67 (cont.)			approved by the CEO for the purpose of this regulation.		Compliance: See the compliance observations for obligation number 65 above.		
68	26(5)	4.1.1	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).	3	Controls: See the controls observations for obligation number 65 above. Compliance: See the compliance observations for obligation number 65 above.	NP	NR
69	29(1)	4.1.1	The licensee must, on the written request of a developer who is required to pay the licensee an infrastructure contribution in respect of a subdivided lot, defer the payment of the contribution unless regulations 29(3) or 29(4) applies.	3	Controls: Paxon found the Controls Record acknowledges the obligation recorded in regulation 29(1) of the 2013 Regulations. Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of both the Shire’s Manager Infrastructure Services and Technical Officer that, during the Audit Period, the Shire did not receive any written request from a developer who was required to pay the Shire an infrastructure contribution in respect of a subdivided lot; and Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with regulation 29(1) of the 2013 	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Regulations 2013	Water Services Licence – Version 5				Controls	Compliance
	Regulation Number	Clause Number					
69 (cont.)					Regulations.		
70	42(2)	4.1.1	The written order requiring the owner or occupier of land to install a backflow prevention device must set out the date by which the device must be installed and tested (which must be at least 7 days after the day on which the order is given to the owner or occupier).	3	<p>Controls:</p> <p>Paxon found the Controls Record acknowledges the obligations recorded in regulations 42(2), 43(3) and 43(6) of the 2013 Regulations.</p> <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon confirmed by interview of the Shire’s Technical Officer that, during the Audit Period, the Shire did not use backflow prevention devices in the provision of sewerage services; and • Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with regulations 42(2), 43(3) and 43(6) of the 2013 Regulations. 	A	NR
71	43(3)	4.1.1	The compliance notice given by the licensee to the owner or occupier of land must specify that the backflow prevention device be tested or maintained in accordance with the standard and the date by which the testing or maintenance is required to be done (which must be at least 7 days after the day the notice is given to the owner or occupier).	3	<p>Controls:</p> <p>See the controls observations for obligation number 70 above.</p> <p>Compliance:</p> <p>See the compliance observations for obligation number 70 above.</p>	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Regulations – 2013	Water Services Licence – Version 5				Controls	Compliance
	Regulation Number	Clause Number					
72	43(6)	4.1.1	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 day the notice is given to the owner or occupier).	3	<p>Controls:</p> <p>See the controls observations for obligation number 70 above.</p> <p>Compliance:</p> <p>See the compliance observations for obligation number 70 above.</p>	A	NR
74	60(2)	4.1.1	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.	3	<p>Controls:</p> <p>Paxon found the Controls Record acknowledges the obligation recorded in regulation 60(2) of the 2013 Regulations.</p> <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon confirmed by interview of the Shire’s Technical Officer that, during the Audit Period, the Shire when proposing to exercise a sewerage works power in a road did not consider it necessary to alter the position of infrastructure; and • Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with regulation 60(2) of the 2013 Regulations. 	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Regulations – 2013	Water Services Licence – Version 5				Controls	Compliance
	Regulation Number	Clause Number					
75	63	4.1.1	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.	3	<p>Controls:</p> <p>Paxon found the Controls Record acknowledges the obligation recorded in regulation 63 of the 2013 Regulations.</p> <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon confirmed by interview of the Shire’s Technical Officer that, during the Audit Period, the Shire did not open or broke up the surface of a road when exercising a sewerage works power; and • Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with regulation 63 of the 2013 Regulations. 	A	NR
89	85	4.1.1	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.	3	<p>Controls:</p> <p>Paxon found the Controls Record acknowledges the obligation recorded in regulation 85 of the 2013 Regulations.</p> <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon confirmed by interview of the Shire’s Technical Officer that, during the Audit Period, the Shire did not issue compliance notices in relation to sewerage works; and 	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Regulations 2013	Water Services Licence – Version 5				Controls	Compliance
	Regulation Number	Clause Number					
89 (cont.)					<ul style="list-style-type: none"> Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with regulation 85 of the 2013 Regulations. 		

Table 7: Audit Observations and Recommendations

[Obligations as per the ERA’s: “Water Compliance Reporting Manual – Water Services Act 2012 - May 2020” (numbers 65 to 91)]

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
92	8(1) – (3)	4.1.1	The licensee must have written information for customers about the prescribed matters regarding connections and the information must be publicly available. (Note: the information required by clause 8(2)(a) applies to the Water Corporation, Bunbury Water Corporation and Busselton Water Corporation only and the information required by clause 8(2)(g) applies only to licensees that supply potable water).	1	<p>Controls:</p> <ul style="list-style-type: none"> • Paxon found the Controls Record does not acknowledge the obligations recorded in clauses 8(1) to 8(3) of the Water Services Code of Conduct (Customer Service Standards) 2018 (2018 Code of Conduct); and • See Recommendation 1/2021 as recorded at obligation number 1 above. <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon examined the Shire’s website and found the Shire’s: “Customer Service Charter for Wastewater Services for the Lake Grace Townsite Sewerage Scheme” (Wastewater Charter); • The Wastewater Charter addresses: <ul style="list-style-type: none"> ○ Entitlement under section 73 of the Act to the provision of sewerage services; ○ Shire’s functions under section 21 of the Act concerning the provision of sewerage services; ○ Regulations that prescribe requirements for the purpose of sections 21(2)(c) or (3)(c) of 	D	2

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
92 (cont.)					<p>the Act;</p> <ul style="list-style-type: none"> ○ How to apply for a sewerage connection; ○ Things a customer must do, and the things that must be complied with before a sewerage connection is made; and ○ Fact an administration fee and installation inspection charge are payable for sewerage service connections. <ul style="list-style-type: none"> • Paxon could not find any reference to the amounts of the administration fee and installation inspection charge payable for sewerage service connections in either the Wastewater Charter or in other documents found on the Shire’s website; and • Regulation 8(2)(g) of the 2018 Code of Conduct is only applicable to metered water supply service connections to an existing main. Thus, it is not applicable to the provision of sewerage services. <p>Recommendation 4/2021:</p> <p>The Shire must comply with the stipulations of regulation 8(2)(f) of the 2018 Code of Conduct by</p>		

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
92 (cont.)					having publicly available written information for customers regarding the amounts of the administration fee and installation inspection charge for sewerage service connections.		
93*	9(2) & (4)	4.1.1	The licensee must ensure that, in any 12-month period, 90% of water supply service 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.	3	<p>Applicable Period:</p> <p>The scope of application for obligation number 93 was limited to potable water suppliers as from 1/05/2020 (as per the ERA's: "Water Compliance Reporting Manual – Water Services Act 2012 – May 2020"). Thus, it was only applicable to the provision of non-potable water supply services from 1/12/2017 to 30/04/2020.</p> <p>Controls and Compliance:</p> <ul style="list-style-type: none"> • Paxon confirmed by interview of the Shire's Manager Infrastructure Services that, during the Applicable Period, the Shire did not provide non-potable water supply services; • Consequently, a controls rating was not required for the obligation recorded in clauses 9(2) and (4) of the 2018 Code of Conduct; and • Thus, as no activity took place during the Audit Period, Paxon was unable to test 	NP	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
93* (cont.)					compliance with clauses 9(2) and (4) of the 2018 Code of Conduct.		
94	10(2)	4.1.1	If the licensee charges a fixed charge, the licensee must issue a bill for a fixed charge to each customer at least once in every 12-month period.	3	<p>Controls:</p> <p>Paxon found the Controls Record acknowledges the obligation recorded in clause 10(2) of the 2018 Code of Conduct.</p> <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon was informed by the Shire’s Manager Corporate Services that, during the Audit Period, sewerage charges were: <ul style="list-style-type: none"> ◦ Set at a rate in the dollar; ◦ Applied to GRV values as determined by Landgate and were consequently not fixed; and ◦ Disclosed on annual rates notices. • Paxon examined a sample of rate notices/tax invoices issued across the Audit Period, which record annual sewerage charges. The sampled tax invoices confirm the Shire issued bills for sewerage charges to customers on an annual basis. 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
95	11(2)	4.1.1	If the licensee charges a quantity charge, the licensee must issue a bill -for a quantity charge to each customer at least once in every 4-month period.	3	<p>Controls and Compliance:</p> <ul style="list-style-type: none"> • Paxon confirmed by interview of the Shire’s Manager Infrastructure Services that, during the Audit Period, the Shire did not provide non-potable water supply services; • Paxon was informed by the Shire’s Manager Corporate Services that, during the Audit Period, no quantity charges were levied for sewerage services; • Consequently, controls ratings were not required for the obligations recorded in clauses 11(2) to 11(6), 13(3) to 13(5), 14(1) to 14(2), 15(3), 16(1) and 17(2) to 17(3) of the 2018 Code of Conduct; and • Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with clauses 11(2) to 11(6), 13(3) to 13(5), 14(1) to 14(2), 15(3), 16(1) and 17(2) to 17(3) of the 2018 Code of Conduct. 	NP	NR
96	11(3)	4.1.1	A bill for usage must be based on a meter reading to ascertain the quantity supplied or discharged.	3	<p>Controls:</p> <p>See the controls observations for obligation number 95 above.</p>	NP	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
96 (cont.)					Compliance: See the compliance observations for obligation number 95 above.		
97	11(4)	4.1.1	If an accurate meter reading is not possible, a bill for usage must be based on an estimate, in accordance with the prescribed regulations (if any), of the quantity of water supplied or wastewater discharged.	3	Controls: See the controls observations for obligation number 95 above. Compliance: See the compliance observations for obligation number 95 above.	NP	NR
98	11(5)	4.1.1	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.	3	Controls: See the controls observations for obligation number 95 above. Compliance: See the compliance observations for obligation number 95 above.	NP	NR
98A	11(6)	4.1.1	Despite subclauses 11(4) and (5), a bill for usage based on a meter reading must be issued at least once in every 12-month period.	3	Applicable Period: This obligation was introduced by the 2018 Code of Conduct which came into operation on 1/07/2018. Thus, the Shire’s compliance with clause 11(6) of the 2018 Code of Conduct was	NP	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
98A (cont.)					only applicable during the period from 1/07/2018 to 30/11/2020. Controls: See the controls observations for obligation number 95 above. Compliance: See the compliance observations for obligation number 95 above.		
99	12	4.1.1	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.	3	Controls: Paxon found the Controls Record acknowledges the obligation recorded in clause 12 of the 2018 Code of Conduct. Compliance: Paxon examined a sample of rate notices/tax invoices issued across the Audit Period, which record annual sewerage charges. The sampled tax invoices record: <ul style="list-style-type: none">• The address of the place where the sewerage services were provided; and• Nominated postal addresses.	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
100	13(1)	4.1.1	Each bill must contain the prescribed information.	1	<p>Controls:</p> <ul style="list-style-type: none"> • Paxon found the Controls Record does not acknowledge the obligation recorded in clause 13(1) of the 2018 Code of Conduct; and • See Recommendation 1/2021 as recorded at obligation number 1 above. <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon examined a sample of rate notices/tax invoices issued across the Audit Period, which record annual sewerage charges. The sampled tax invoices issued after 30/06/2018 record the information referred to in clause 13(1) of the 2018 Code of Conduct (as applicable). The sampled tax invoice issued before 1/7/2018 record the information referred to in clause 12(1) of the Water Services Code of Conduct (Customer Service Standards) 2013 (2013 Code of Conduct) (as applicable) except for: <ul style="list-style-type: none"> ○ Clause 12(1)(m) - Shire’s website address; ○ Clause 12(1)(o) - contact details for account, payment and general enquiries for use by 	D	2

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
100 (cont.)					<p>customers with hearing or speech impairment; and</p> <ul style="list-style-type: none"> o Clause 12(1)(p) - a statement that the website contains information about estimates, meter reading and testing, complaints and review. • Paxon notes the 2018 Code of Conduct in clause 13(6) contain similar stipulations to clauses 12(1)(m), (o) and (p) of the 2013 Code of Conduct. Compliance with clause 13(6) of the 2018 Code of Conduct is addressed in obligation number 102A below. Consequently, no recommendation is made at obligation number 100 for the above-mentioned instances of non-compliance with obligations included in the 2013 Code of Conduct. 		
100A	13(3)	4.1.1	A bill issued for 2 or more water services must specify the charge payable for each water service.	3	<p>Applicable Period:</p> <p>This obligation was introduced by the 2018 Code of Conduct which came into operation on 1/07/2018. Thus, the Shire’s compliance with clause 13(3) of the 2018 Code of Conduct was only applicable during the period from 1/07/2018 to 30/11/2020.</p>	NP	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
100A (cont.)					Controls and Compliance: See the controls and compliance observations for obligation number 95 above.		
101	13(4)	4.1.1	Each bill for usage for a metered water service must contain the specified information.	3	Controls: See the controls observations for obligation number 95 above. Compliance: See the compliance observations for obligation number 95 above.	NP	NR
101A	13(5)	4.1.1	If a bill for usage for a metered water service was based on an estimate, the bill must inform the customer that the licensee will tell the customer the prescribed information on request.	3	Applicable Period: This obligation was introduced by the 2018 Code of Conduct which came into operation on 1/07/2018. Thus, the Shire’s compliance with clause 13(5) of the 2018 Code of conduct was only applicable during the period from 1/07/2018 to 30/11/2020. Controls: See the controls observations for obligation number 95 above.	NP	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
101A (cont.)					<p>Compliance: See the compliance observations for obligation number 95 above.</p>		
102#	12(3)	3.1.1	Each bill must inform the customer of the specified information and where further details can be obtained.	1	<p>Applicable Period: The 2013 Code of Conduct was repealed by the 2018 Code of Conduct at 1/07/2018. Thus, the Shire’s compliance with clause 12(3) of the 2013 Code of Conduct was only applicable during the period from 1/12/2017 to 30/06/2018.</p> <p>Scope of Application: The Shire only levied annual charges for sewerage services during the Audit Period (see the compliance observations for obligations numbers 94 and 95 above). Consequently, no activity took place during the period 1/12/2017 to 30/06/2018 regarding the stipulations of clauses 12(3)(a) to (d).</p> <p>Controls:</p> <ul style="list-style-type: none"> • Paxon found the Controls Record does not acknowledge the obligation recorded in clauses 12(3)(e) and 12(3)(f) of the 2013 Code of Conduct; and 	D	2

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
102* (cont.)					<ul style="list-style-type: none"> Paxon notes the 2018 Code of Conduct in clause 13(6) contains similar stipulations to clauses 12(3)(e) and (f) of the 2013 Code of Conduct. Controls for and compliance with clause 13(6) of the 2018 Code of Conduct are addressed in obligation number 102A below. Consequently, no recommendations are made at obligation number 102 for the: <ul style="list-style-type: none"> Above-mentioned control deficiency; and Below mentioned instance of non-compliance with clauses 12(3)(e) and 12(3)(f) of the 2013 Code of Conduct. <p>Compliance:</p> <p>Paxon examined a rates notice/tax invoice issued before 1/07/2018 which records annual sewerage charges. The sampled tax invoice does not record the following information:</p> <ul style="list-style-type: none"> Clause 12(3)(e) - that the bill can be reviewed in accordance with the Shire’s review procedure mentioned in clause 18; and Clause 12(3)(f) - that complaints about the provision of a water service by the Shire or a 		

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
102* (cont.)					failure by the Shire to provide a water service can be made in accordance with the Shire’s complaints procedure mentioned in clause 35.		
102A	13(6)	4.1.1	Each bill must contain the prescribed information.	1	<p>Applicable Period:</p> <p>This obligation was introduced by the 2018 Code of Conduct which came into operation on 1/07/2018. Thus, the Shire’s compliance with clause 13(6) of the 2018 Code of Conduct was only applicable during the period from 1/07/2018 to 30/11/2020.</p> <p>Controls:</p> <ul style="list-style-type: none"> • Paxon found the Controls Record does not acknowledge the obligation recorded in clause 13(6) of the 2018 Code of Conduct; and • See Recommendation 1/2021 as recorded at obligation number 1 above. <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon examined a sample of rates notices/tax invoices issued across the Audit Period, which record annual sewerage charges. The sampled tax invoices issued after 30/06/2018 (for 2018-2019 and 2019-2020) only record a telephone 	D	2

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
102A (cont.)					<p>number for account, payment and general enquiries (as per clause 13(6)(b) of the 2018 Code of Conduct;</p> <ul style="list-style-type: none"> • A sampled rate notice/tax invoice for the 2018/2019 financial year does not disclose the following information which is disclosed on a sampled rate notice/tax invoice for the 2019/2020 financial year: <ul style="list-style-type: none"> ○ Clause 13(6)(a) - Shire’s website address; ○ Clause 13(6)(c) - a telephone number for complaints; ○ Clause 13(6)(d) - a Freecall telephone number for the office of the water services ombudsman; ○ Clause 13(6)(e) - the telephone number of the 24-hour information line provided in accordance with clause 45; ○ Clause 13(6)(f) - contact details for account, payment and general enquiries for use by customers with hearing or speech impairment; 		

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
102A (cont.)					<ul style="list-style-type: none"> o Clause 13(6)(g) - for a residential customer, the telephone number for interpreter services together with the National Interpreter Symbol and the words “Interpreter Services”; o Clause 13(6)(h) - a statement that the website contains information about complaints and review; and o Clause 13(6)(i) - a statement that the bill can be reviewed in accordance with the licensee’s review procedure mentioned in clause 20. • Paxon does not make a recommendation for these instances of non-compliance with clause 13(6) in the sampled rate notice/tax invoice for the 2018/2019 financial year which were corrected in the 2019/2020 financial year. 		
103	14(1)	4.1.1	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.	3	<p>Controls:</p> <p>See the controls observations for obligation number 95 above.</p>	NP	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
103 (cont.)					Compliance: See the compliance observations for obligation number 95 above.		
104	14(2)	4.1.1	If a bill is based on an estimate, 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.	3	Controls: See the controls observations for obligation number 95 above. Compliance: See the compliance observations for obligation number 95 above.	NP	NR
104A	15(3)	4.1.1	Each bill for usage to which clause 15 applies must, in addition to the requirements of clause 13, contain the prescribed information.	3	Applicable Period: This obligation was introduced by the 2018 Code of Conduct which came into operation on 1/07/2018. Thus, the Shire’s compliance with clause 15(3) of the 2018 Code of Conduct was only applicable during the period from 1/07/2018 to 30/11/2020. Controls: See the controls observations for obligation number 95 above.	NP	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
104A (cont.)					Compliance: See the compliance observations for obligation number 95 above.		
105	16(1)	4.1.1	The licensee must provide to the customer on request a meter reading and a bill (or revised bill if applicable) for outstanding charges outside of the usual bill cycle, or in case the customer disputes an estimate.	3	Controls: See the controls observations for obligation number 95 above. Compliance: See the compliance observations for obligation number 95 above.	NP	NR
106	17(2) & (3)	4.1.1	The licensee must have a written policy, standard or set of guidelines (available on the licensee’s website and a hardcopy provided to a customer upon request at no charge) 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 from the customer’s system.	3	Controls: See the controls observations for obligation number 95 above. Compliance: See the compliance observations for obligation number 95 above.	NP	NR
107	18(2)	4.1.1	The licensee cannot recover an undercharged amount from a customer unless it is for water services provided in the 12-month period ending	3	Controls: Paxon examined the Shire’s: <i>“Customer Service Charter for Wastewater Services for the Lake Grace Townsite Sewerage Scheme”</i> (Wastewater Charter).	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
107 (cont.)			on the day on which the licensee informed the customer of the undercharging.		<p>This charter provides in section 2.6 entitled: “Charges and Accounts” for compliance with clause 18(2) of the 2018 Code of Conduct.</p> <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon was informed by the Shire’s Manager Corporate Services that, during the Audit Period, sewerage charges were: <ul style="list-style-type: none"> ○ Set at a rate in the dollar; ○ Applied to GRV values as determined by Landgate and were consequently not fixed; and ○ Disclosed on annual rates notices. • Consequently, it is reasonable to conclude no undercharging of customers took place regarding the annual sewerage charges; and • Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with clauses 18(2) to 18(5) of the 2018 Code of Conduct. 		

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
108	18(3)	4.1.1	An undercharged amount must be the subject of, and explained in, a special bill or a separate item in the next bill.	3	<p>Controls:</p> <p>Paxon examined the Shire’s Wastewater Charter which provides in section 2.6 entitled: <i>“Charges and Accounts”</i> for compliance with clause 18(3) of the 2018 Code of Conduct.</p> <p>Compliance:</p> <p>See the compliance observations for obligation number 107 above.</p>	A	NR
109	18(4)	4.1.1	The licensee must not charge interest or late payment fees on an undercharged amount.	3	<p>Controls:</p> <p>Paxon examined the Shire’s Wastewater Charter which provides in section 2.6 entitled: <i>“Charges and Accounts”</i> for compliance with clause 18(4) of the 2018 Code of Conduct.</p> <p>Compliance:</p> <p>See the compliance observations for obligation number 107 above.</p>	A	NR
110	18(5)	4.1.1	The licensee must allow a customer to pay an undercharged amount by way of a repayment plan that has effect for the duration of the shorter of the prescribed periods starting on the day that the bill in clause 18(3) is issued.	3	<p>Controls:</p> <p>Paxon examined the Shire’s Wastewater Charter which provides in section 2.6 entitled: <i>“Charges and Accounts”</i> for compliance with clause 18(5) of the 2018 Code of Conduct.</p>	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
110 (cont.)					the 2018 Code of Conduct. Compliance: See the compliance observations for obligation number 107 above.		
111 [#]	17(1)	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.	3	Applicable Period: <ul style="list-style-type: none"> The 2013 Code of Conduct was repealed by the 2018 Code of Conduct at 1/07/2018. Thus, the Shire's compliance with clauses 17(1) and 17(2) of the 2013 Code of Conduct was only applicable during the period from 1/12/2017 to 30/06/2018; and Obligations 111A and 112A to 112C were introduced by the 2018 Code of Conduct which came into operation on 1/07/2018. Thus, the Shire's compliance with clauses 19(2) to 19(5) of the 2018 Code of Conduct was only applicable during the period from 1/07/2018 to 30/11/2020. Controls: Paxon examined the Shire's Wastewater Charter which provides in section 2.6 entitled: "Charges and Accounts" for compliance with:	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
111* (cont.)					<ul style="list-style-type: none"> • Clause 17(2) of the 2013 Code of Conduct; and • Clauses 19(2) to 19(5) of the 2018 Code of Conduct. <p>Paxon found the Wastewater Charter does not specifically provide for compliance with clause 17(1) of the 2013 Code of Conduct. However, as the Wastewater Charter provides for compliance with clause 19(2) of the 2018 Code of Conduct no recommendation is made.</p> <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon was informed by the Shire’s Manager Corporate Services that, during the Audit Period, sewerage charges were: <ul style="list-style-type: none"> ○ Set at a rate in the dollar; ○ Applied to GRV values as determined by Landgate and were consequently not fixed; and ○ Disclosed on annual rates notices. • Consequently, it is reasonable to conclude no overcharging of customers took place regarding the annual sewerage charges; and 		

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
111* (cont.)					<ul style="list-style-type: none"> Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with: <ul style="list-style-type: none"> Clauses 17(1) and 17(2) of the 2013 Code of Conduct; and Clauses 19(2) to 19(5) of the 2018 Code of Conduct. 		
111A	19(2)	4.1.1	The licensee must, within 15 business days of becoming aware of an overcharge, credit the overcharged amount to the customer’s account or send the customer a notice informing the customer of the overcharging and recommending options for how the overcharged amount may be refunded or credited to the customer’s account.	3	<p>Controls: See the controls observations for obligation number 111 above.</p> <p>Compliance: See the compliance observations for obligation number 111 above.</p>	A	NR
112*	17(2)	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.	3	<p>Controls: See the controls observations for obligation number 111 above.</p> <p>Compliance: See the compliance observations for obligation number 111 above.</p>	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
112A	19(3)	4.1.1	If the licensee sends the customer an overcharging notice and receives instructions from the customer about the refunding or crediting of the overcharged amount, the licensee must refund the overcharged amount, or credit the overcharged amount to the customer’s account within 15 business days of the licensee receiving the instructions.	3	<p>Controls: See the controls observations for obligation number 111 above.</p> <p>Compliance: See the compliance observations for obligation number 111 above.</p>	A	NR
112B	19(4)	4.1.1	If instructions from the customer about the refunding or crediting of the overcharged amount have not been received by the licensee at the end of the period of 10 business days starting on the day an overcharging notice is sent, the licensee must credit the overcharged amount to the customer’s account before the end of the period of the next 15 business days.	3	<p>Controls: See the controls observations for obligation number 111 above.</p> <p>Compliance: See the compliance observations for obligation number 111 above.</p>	A	NR
112C	19(5)	4.1.1	The licensee must notify the customer immediately after crediting the overcharged amount to the customer’s account under subclause (2)(a), (3) or (4).	3	<p>Controls: See the controls observations for obligation number 111 above.</p>	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
112C (cont.)					<p>Compliance: See the compliance observations for obligation number 111 above.</p>		
113	20(1)	4.1.1	The licensee must review a bill on the customer's request.	3	<p>Controls:</p> <ul style="list-style-type: none"> Paxon examined the Shire's: "Customer Service Charter for Wastewater Services for the Lake Grace Townsite Sewerage Scheme" (Wastewater Charter; and This charter includes in section 2.10 entitled: "Review of Bills" a procedure for the examination of bills regarding sewerage charges. <p>Compliance:</p> <ul style="list-style-type: none"> Paxon was informed by the Shire's Manager Corporate Services that, during the Audit Period, no customer requested a review of sewerage charges as disclosed on a rate notice/tax invoice; and Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with clause 20(1) of the 2018 Code of Conduct. 	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
114	20(2)	4.1.1	The license must have a written procedure for the review of a bill on the customer’s request.	3	<p>Controls:</p> <p>See the controls observations for obligation number 113 above.</p> <p>Compliance:</p> <p>See the compliance observations for obligation number 113 above.</p>	A	1
115	20(3) & (6)	4.1.1	The review procedure in clause 20(2) must include the specified information and be available on the licensee’s website and a hardcopy provided to a customer upon request at no charge.	3	<p>Controls and Compliance:</p> <ul style="list-style-type: none"> • Paxon found the Wastewater Charter includes appropriate references to clauses 20(3)(b) and (c) of the 2018 Code of Conduct; • Paxon found the Wastewater Charter on the Shire’s website; and • Paxon was informed by the Shire’s Manager Corporate Services that, during the Audit Period, the Wastewater Charter was available to customers upon request at no charge. 	A	1
116	20(4)	4.1.1	The review procedure must state that the customer may, but does not have to, use the licensee’s complaints procedure mentioned in clause 46 before or instead of applying to the water services ombudsman or, if available,	3	<p>Controls and Compliance:</p> <p>Paxon found the Wastewater Charter includes an appropriate reference to the Energy and Water Ombudsman as being an alternative compliance bill review approach for a customer regarding</p>	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
116 (cont.)			making an appeal from, or applying for a review of, the decision under regulations mentioned in section 222(2)(k) of the Act.		sewerage services. This charter in section 2.10 entitled: <i>“Review of Bills”</i> : <i>“You may submit your rates notice to the Ombudsman before or instead of going through the Shire’s complaints procedure.”</i>		
117	20(5)	4.1.1	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.	3	<p>Controls:</p> <p>Paxon found the Wastewater Charter states in section 2.10 entitled: <i>“Review of Bills”</i>: <i>“The review and possible investigation can take up to of 15 business days, within which you will be advised of the outcome.”</i></p> <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon was informed by the Shire’s Manager Corporate Services that, during the Audit Period, no customer requested a review of sewerage charges as disclosed on a rate notice/tax invoice; and • Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with clause 20(5) of the 2018 Code of Conduct. 	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
117A	21	4.1.1	The licensee must notify each of its customers of any change to the amount or rate of a water service charge in accordance with the requirements in clause 21(2).	3	<p>Applicable Period:</p> <p>This obligation was introduced by the 2018 Code of Conduct which came into operation on 1/07/2018. Thus, the Shire’s compliance with clause 21 of the 2018 Code of Conduct was only applicable from 1/07/2018 to 30/11/2020.</p> <p>Controls:</p> <ul style="list-style-type: none"> • Paxon found the Controls Record does not acknowledge the obligation recorded in clause 21 of the 2018 Code of Conduct; and • See Recommendation 1/2021 as recorded at obligation number 1 above. <p>Compliance:</p> <p>Paxon was informed by the Shire’s Manager Corporate Services that, during the Applicable Period, sewerage charges were adopted by Council, advertised on the Shire’s website and were disclosed on rate notices/tax invoices issued.</p>	D	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
118	23	4.1.1	The time set by the licensee for the payment of a bill must be after 14 days from when the bill is issued.	3	<p>Controls:</p> <ul style="list-style-type: none"> Paxon found the obligation recorded in clause 23 of the 2018 Code of Conduct is not acknowledged in either the: <ul style="list-style-type: none"> Controls Record; and Shire’s Wastewater Charter. See Recommendation 1/2021 as recorded at obligation number 1 above. <p>Compliance:</p> <p>Paxon examined a sample of rate notices/tax invoices issued during the Audit Period which included sewerage charges. The sampled tax invoices provided for payment of charges at least 35 days after the recorded issue date.</p>	D	1
119	24(1)	4.1.1	The licensee must allow a customer to pay a bill using any of the prescribed methods selected by the customer.	1	<p>Controls:</p> <ul style="list-style-type: none"> Paxon found the obligation recorded in clause 24(1) of the 2018 Code of Conduct is not acknowledged in either the: <ul style="list-style-type: none"> Controls Record; and Shire’s Wastewater Charter. 	D	2

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
119 (cont.)					<ul style="list-style-type: none"> See Recommendation 1/2021 as recorded at obligation number 1 above. <p>Compliance:</p> <ul style="list-style-type: none"> Paxon examined a sample of rate notices/tax invoices issued during the Audit Period which included sewerage charges. The sampled tax invoices provided for payment of charges by means of several methods including: <ul style="list-style-type: none"> Internet; Telephone; and Mail. Paxon noted the sampled rate notice/tax invoice for the 2019/2020 year does record Centrepay as a payment option on the back page. Paxon was informed by the Shire’s Technical Officer that tax invoices for the 2020-2021 year do include the Centrepay option on the front page. 		
120	24(2)	4.1.1	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.	3	<p>Controls:</p> <ul style="list-style-type: none"> Paxon found the obligation recorded in clause 24(2) of the 2018 Code of Conduct is not 	D	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
120 (cont.)					<p>acknowledged in either the:</p> <ul style="list-style-type: none"> ○ Controls Record; and ○ Shire’s Wastewater Charter. <ul style="list-style-type: none"> ● See Recommendation 1/2021 as recorded at obligation number 1 above. <p>Compliance:</p> <p>Paxon examined a sample of rate notices/tax invoices issued during the Audit Period. The sampled rate notices/tax invoices record the charges applicable to payments made in instalments.</p>		
121	25(1)	4.1.1	Before receiving a bill payment by direct debit the licensee must obtain the express consent of the customer or of an adult person nominated by the customer to give consent.	3	<p>Controls:</p> <p>Paxon examined the Shire’s Wastewater Charter which provides in section 2.6 entitled: “Charges and Accounts” for compliance with clause 25(1) of the 2018 Code of Conduct.</p> <p>Compliance:</p> <p>Paxon was informed by the Shire’s Manager Corporate Services that, during the Audit Period, direct debit forms were completed by property owners.</p>	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
122	26(1)	4.1.1	The licensee must accept payment in advance from a customer on a customer's request.	3	<p>Controls:</p> <p>Paxon examined the Shire's Wastewater Charter which provides in section 2.6 entitled: "Charges and Accounts" for compliance with clause 26(1) of the 2018 Code of Conduct.</p> <p>Compliance:</p> <p>Paxon was informed by the Shire's Manager Corporate Services that, during the Audit Period, the Shire accepted payment in advance for sewerage services from a customer on a customer's request.</p>	A	1
123	27	4.1.1	The licensee must on request and at no charge redirect a customer's bills because of the customer's absence or illness.	3	<p>Controls:</p> <ul style="list-style-type: none"> • Paxon found the obligation recorded in clause 27 of the 2018 Code of Conduct is not acknowledged in either the: <ul style="list-style-type: none"> ◦ Controls Record; and ◦ Shire's Wastewater Charter. • See Recommendation 1/2021 as recorded at obligation number 1 above. 	D	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
123 (cont.)					<p>Compliance:</p> <p>Paxon was informed by the Shire’s Manager Corporate Services that, during the Audit Period, the Shire redirected bills on request and at no charge because of the customer’s absence or illness.</p>		
124#	25	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.	3	<p>Applicable Period:</p> <p>The 2013 Code of Conduct was repealed by the 2018 Code of Conduct at 1/07/2018. Thus, the Shire’s compliance with clause 25 of the 2013 Code of Conduct was only applicable during the period from 1/12/2017 to 30/06/2018.</p> <p>Controls:</p> <ul style="list-style-type: none"> • Paxon found the obligation recorded in clause 25 of the 2013 Code of Conduct is not acknowledged in either the: <ul style="list-style-type: none"> ◦ Controls Record; and ◦ Shire’s Wastewater Charter. • Paxon notes the 2018 Code of Conduct in clause 28(2) contains similar stipulations to clause 25 of the 2013 Code of Conduct. Controls for and compliance with clause 28(2) of the 	D	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
124* (cont.)					<p>2018 Code of Conduct are addressed in obligation number 124A below. Consequently, no recommendations are made at obligation number 124 for the above-mentioned control deficiency.</p> <p>Compliance:</p> <p>Paxon was informed by the Shire’s Manager Corporate Services that, during the Audit Period:</p> <ul style="list-style-type: none"> • A few customers proposed payment of outstanding debts over a set period; • CEO approved the proposals received; and • Customers signed direct debit forms for the approved proposals for payment plans. 		
124A	28(2)	4.1.1	The licensee must advise a customer who has been assessed as experiencing payment difficulties that they have a right to pay the bill under a payment plan or other arrangement under which the customer is given more time to pay the bill or arrears, and the licensee must offer to enter into an appropriate plan or arrangement with the customer.	3	<p>Applicable Period:</p> <p>This obligation was introduced by the 2018 Code of Conduct which came into operation on 1/07/2018. Thus, the Shire’s compliance with clause 28(2) of the 2018 Code of Conduct was only applicable during the period 1/07/2018 to 30/11/2020.</p>	D	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
124A (cont.)					<p>Controls:</p> <ul style="list-style-type: none"> • Paxon found the obligations recorded in clauses 28(2) and 28(3) of the 2018 Code of Conduct is not acknowledged in either the: <ul style="list-style-type: none"> ◦ Controls Record; and ◦ Shire’s Wastewater Charter. • See Recommendation 1/2021 as recorded at obligation number 1 above. <p>Compliance:</p> <p>See the compliance observations for obligation number 124 above.</p>		
124B	28(3)	4.1.1	When formulating a payment plan or other arrangement for a customer that the licensee has assessed as experiencing payment difficulties, the licensee must take the customer’s capacity to pay the bill into account. In the case of a bill for usage, the licensee must also take into account how much water has been supplied or wastewater has been discharged in previous billing periods.	3	<p>Applicable Period:</p> <p>This obligation was introduced by the 2018 Code of Conduct which came into operation on 1/07/2018. Thus, the Shire’s compliance with clause 28(3) of the 2018 Code of Conduct was only applicable during the period 1/07/2018 to 30/11/2020.</p> <p>Controls:</p> <p>See the controls observations for obligation number 124A above.</p>	D	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
124B (cont.)					<p>Compliance: See the compliance observations for obligation number 124 above.</p>		
124C	28(4)	4.1.1	The licensee must consider and decide whether or not the payment plan or other arrangement for a customer who has been assessed as experiencing payment difficulties should be interest-free, or fee-free, or both.	3	<p>Applicable Period: This obligation was introduced by the 2018 Code of Conduct which came into operation on 1/07/2018. Thus, the Shire’s compliance with clause 28(4) of the 2018 Code of Conduct was only applicable during the period 1/07/2018 to 30/11/2020.</p> <p>Controls:</p> <ul style="list-style-type: none"> • Paxon found the obligation recorded in clause 28(4) of the 2018 Code of Conduct is not acknowledged in either the: <ul style="list-style-type: none"> ◦ Controls Record; and ◦ Shire’s Wastewater Charter. • See Recommendation 1/2021 as recorded at obligation number 1 above. <p>Compliance: Paxon was informed by the Shire’s Manager Corporate Services that, during the Applicable</p>	D	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
124C (cont.)					Period, interest accrued on outstanding amounts in accordance with the Local Government Act 1995.		
125	29(1) & (2)	4.1.1 & Sch. 3, Cl. 1.1.1	The licensee must have a written policy in relation to financial hardship that is approved by the ERA.	3	Controls and Compliance: <ul style="list-style-type: none"> Paxon examined the Shire’s “Financial Hardship Policy for Water Services” (Financial Hardship Policy), dated February 2014; The Financial Hardship Policy states in section 8 entitled: “Approval and review” that it was approved by the ERA; and Paxon was informed by the Shire’s Manager Corporate Services that the ERA endorsed the Shire’s Financial Hardship Policy during 2019. 	A	1
126 [#]	26(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.	3	Applicable Period: The 2013 Code of Conduct was repealed by the 2018 Code of Conduct at 1/07/2018. Thus, the Shire’s compliance with clause 26(3) of the 2013 Code of Conduct was only applicable during the period from 1/12/2017 to 30/06/2018.	NA	NA

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
126 ^r (cont.)					<p>Controls and Compliance:</p> <p>Section 27 of the Act addresses the Code of Conduct. The 2013 Code of Conduct was gazetted on 26/07/2013 and took effect on 18/11/2013. As such, the Shire’s financial hardship policy must have been finalised by 17/05/2014. This date precedes the current Audit Period which is 1/12/2017 to 30/11/2020. Thus, the Shire did not need to comply with obligation number 126.</p>		
126A	29(3)	4.1.1	Unless the ERA approves otherwise, the licensee’s financial hardship policy must comply with the ERA’s guidelines (if any) in relation to financial hardship policies.	3	<p>Applicable Period:</p> <p>This obligation was introduced by the 2018 Code of Conduct which came into operation on 1/07/2018. Thus, the Shire’s compliance with clause 29(3) of the 2018 Code of Conduct was only applicable during the period 1/07/2018 to 30/11/2020.</p> <p>Controls:</p> <ul style="list-style-type: none"> • Paxon found the obligation recorded in clause 29(3) of the 2018 Code of Conduct is not acknowledged in either the: <ul style="list-style-type: none"> ○ Controls Record; 	D	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
126A (cont.)					<ul style="list-style-type: none"> o Shire’s Wastewater Charter; and o Financial Hardship Policy. • See Recommendation 1/2021 as recorded at obligation number 1 above. <p>Compliance:</p> <p>Paxon was informed by the Shire’s Manager Corporate Services that the ERA endorsed the Shire’s Financial Hardship Policy during 2019.</p>		
126B	29(4)	4.1.1	Unless the ERA approves otherwise, amendments to the licensee’s financial hardship policy must be approved by the ERA and comply with the ERA’s guidelines (if any) in relation to financial hardship policies.	3	<p>Applicable Period:</p> <p>This obligation was introduced by the 2018 Code of Conduct which came into operation on 1/07/2018. Thus, the Shire’s compliance with clause 29(4) of the 2018 Code of Conduct was only applicable during the period 1/07/2018 to 30/11/2020.</p> <p>Controls:</p> <ul style="list-style-type: none"> • Paxon found the obligation recorded in clause 29(3) of the 2018 Code of Conduct is not acknowledged in either the: <ul style="list-style-type: none"> o Controls Record; o Shire’s Wastewater Charter; and 	D	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
126B (cont.)					<ul style="list-style-type: none"> ○ Financial Hardship Policy. ● See Recommendation 1/2021 as recorded at obligation number 1 above. <p>Compliance:</p> <p>Paxon was informed by the Shire’s Manager Corporate Services that after the 2019 endorsement of the Shire’s Financial Hardship Policy by the ERA, no further amendments were made to the policy.</p>		
127	29(5)	4.1.1	The licensee’s financial hardship policy must be in effect within 6 months of the day of the grant of the license.	3	<p>Controls and Compliance:</p> <p>The Shire’s water services licence commenced on 29/04/1996. The 2013 Code of Conduct which creates the obligation for the Shire to have a financial hardship policy, was gazetted on 26/07/2013 and took effect on 18/11/2013. As such, the Shire’s financial hardship policy must have been finalised by 17/05/2014. This date precedes the current Audit Period which is 1/12/2017 to 30/11/2020. Thus, the Shire did not need to comply with obligation number 127.</p>	NA	NA

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
128	29(6)	4.1.1	The licensee's financial hardship policy must be available on the licensee's website and a hardcopy provided to a customer upon request at no charge.	3	<p>Controls:</p> <p>Paxon examined the Shire's Wastewater Charter which provides in section 2.6 entitled: "Charges and Accounts" for compliance with clause 29(6) of the 2018 Code of Conduct.</p> <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon examined the Shire's Financial Hardship Policy, dated February 2014 as available on the Shire's website; and • Paxon was informed by the Shire's Manager Corporate Services that, during the Audit Period, hard copies of the Shire's Financial Hardship Policy were available at the front counter of the Shire's Administration Office. 	A	1
129 [#]	26(6)	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.	3	<p>Applicable Period:</p> <p>The 2013 Code of Conduct was repealed by the 2018 Code of Conduct at 1/07/2018. Thus, the Shire's compliance with clause 26(6) of the 2013 Code of Conduct was only applicable during the period from 1/12/2017 to 30/06/2018. The Shire's Financial Hardship Policy is dated February 2014. Consequently, it should only have been</p>	NA	NA

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
129# (cont.)					reviewed in February 2019 which is after the period from 1/12/2017 to 30/06/2018. Thus, the Shire did not need to comply with obligation number 129 during the applicable period.		
129A	29(7)	4.1.1	The licensee must review its financial hardship policy at least once in every 5-year period.	3	<p>Applicable Period:</p> <p>This obligation was introduced by the 2018 Code of Conduct which came into operation on 1/07/2018. Thus, the Shire’s compliance with clause 29(7) of the 2018 Code of Conduct was only applicable during the period 1/07/2018 to 30/11/2020.</p> <p>Controls:</p> <p>The Financial Hardship Policy states in in section 8 entitled: <i>“Approval and review”</i>: <i>“We will review our policy at least every five years to ensure it remains up-to-date and relevant.”</i></p> <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon examined the Shire’s Financial Hardship Policy, dated February 2014 as available on the Shire’s website. Consequently, the Shire should have reviewed its Financial Hardship Policy by February 2019; and 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
129A (cont.)					<ul style="list-style-type: none"> Paxon was informed by the Shire’s Manager Corporate Services that the Shire reviewed its Financial Hardship Policy in January 2018 (thus prior to the Applicable Period). 		
129B	29(8)	4.1.1	The licensee must review its financial hardship policy if directed to do so by the ERA.	3	<p>Applicable Period:</p> <p>This obligation was introduced by the 2018 Code of Conduct which came into operation on 1/07/2018. Thus, the Shire’s compliance with clause 29(8) of the 2018 Code of Conduct was only applicable during the period 1/07/2018 to 30/11/2020.</p> <p>Controls:</p> <ul style="list-style-type: none"> Paxon examined the Shire’s Financial Hardship Policy which does not provide for compliance with clause 29(8) of the 2018 Code of Conduct in section 8 entitled: “Approval and review”; and See Recommendation 1/2021 as recorded at obligation number 1 above. <p>Compliance:</p> <ul style="list-style-type: none"> Paxon was informed by the Shire’s Manager Corporate Services that, during the Applicable 	D	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
129B (cont.)					<p>Period, the Shire was not directed by the ERA to review its Financial Hardship Policy; and</p> <ul style="list-style-type: none"> Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with clause 29(8) of the 2018 Code of Conduct. 		
129C	29(9)	4.1.1	The licensee must consult with relevant consumer organisations when formulating or reviewing its financial hardship policy.	3	<p>Applicable Period:</p> <p>This obligation was introduced by the 2018 Code of Conduct which came into operation on 1/07/2018. Thus, the Shire’s compliance with clause 29(9) of the 2018 Code of Conduct was only applicable during the period 1/07/2018 to 30/11/2020.</p> <p>Controls:</p> <ul style="list-style-type: none"> Paxon examined the Shire’s Financial Hardship Policy which does not provide for compliance with clause 29(9) of the 2018 Code of Conduct in section 8 entitled: “Approval and review”; and See Recommendation 1/2021 as recorded at obligation number 1 above. 	D	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
129C (cont.)					<p>Compliance:</p> <p>Paxon was informed by the Shire’s Manager Corporate Services that the Shire:</p> <ul style="list-style-type: none"> • Reviewed its Financial Hardship Policy in January 2018 (thus prior to the Applicable Period); and • Consulted the Financial Counselling Association of WA for purposes of the Review. 		
130 [#]	27(2)	3.1.1	The licensee must allow a customer experiencing financial hardship to pay a bill under an interest-free or fee-free payment plan or other arrangement under which the customer is given more time to pay the bill or to pay arrears.	3	<p>Applicable Period:</p> <p>The 2013 Code of Conduct was repealed by the 2018 Code of Conduct at 1/07/2018. Thus, the Shire’s compliance with clause 27(2) of the 2013 Code of Conduct was only applicable during the period from 1/12/2017 to 30/06/2018.</p> <p>Controls:</p> <p>Paxon examined the Shire’s Financial Hardship Policy which provides for compliance with clause 27(2) of the 2013 Code of Conduct in section 4 entitled: “<i>Payment plans</i>”.</p>	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
130* (cont.)					<p>Compliance:</p> <ul style="list-style-type: none"> • Paxon was informed by the Shire’s Manager Corporate Services that, during the Applicable Period, the Shire did not enter into any payment plans or other arrangements with customers assessed as suffering from financial hardship; and • Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with clause 27(2) of the 2013 Code of Conduct. 		
130A	30(2)	4.1.1	The licensee must advise a customer who has been assessed as experiencing financial hardship that they have a right to pay the bill under an interest-free and fee-free payment plan or other arrangement under which the customer is given more time to pay the bill or arrears, and the licensee must offer to enter into an appropriate plan or arrangement with the customer.	3	<p>Applicable Period:</p> <p>This obligation was introduced by the 2018 Code of Conduct which came into operation on 1/07/2018. Thus, the Shire’s compliance with clause 30(2) of the 2018 Code of Conduct was only applicable during the period 1/07/2018 to 30/11/2020.</p> <p>Controls:</p> <p>Paxon examined the Shire’s Financial Hardship Policy which provides for compliance with clauses 30(2) and 30(3) of the 2018 Code of</p>	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
130A (cont.)					<p>Conduct in section 4 entitled: “<i>Payment plans</i>”.</p> <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon was informed by the Shire’s Manager Corporate Services that, during the Applicable Period, the Shire did not enter into any payment plans or other arrangements with customers assessed as suffering from financial hardship; and • Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with clauses 30(2) and 30(3) of the 2013 Code of Conduct. 		
130B	30(3)	4.1.1	When formulating a payment plan or other arrangement for a customer that the licensee has assessed as experiencing financial hardship, the licensee must take the customer’s capacity to pay the bill into account. In the case of a bill for usage, the licensee must also take into account how much water has been supplied or wastewater has been discharged in previous billing periods.	3	<p>Applicable Period:</p> <p>This obligation was introduced by the 2018 Code of Conduct which came into operation on 1/07/2018. Thus, the Shire’s compliance with clause 30(3) of the 2018 Code of Conduct was only applicable during the period 1/07/2018 to 30/11/2020.</p> <p>Controls:</p> <p>See the controls observations for obligation number 130A above.</p>	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
130B (cont.)					<p>Compliance: See the compliance observations for obligation number 130A above.</p>		
131 [#]	27(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.	3	<p>Applicable Period: The 2013 Code of Conduct was repealed by the 2018 Code of Conduct at 1/07/2018. Thus, the Shire’s compliance with clause 27(3) of the 2013 Code of Conduct was only applicable during the period from 1/12/2017 to 30/06/2018.</p> <p>Controls:</p> <ul style="list-style-type: none"> • Paxon examined the Shire’s Financial Hardship Policy which provides for compliance with the following clauses of the 2013 Code of Conduct: <ul style="list-style-type: none"> ○ Clause 27(3)(a) - in section 5 entitled: “Debt reduction and collection”; and ○ Clause 27(3)(c)(i) to (iii) - in section 6 entitled: “Useful information”. • However, the Shire’s Financial Hardship Policy does not provide for compliance with the following clauses of the 2013 Code of 	B	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
131* (cont.)					<p>Conduct:</p> <ul style="list-style-type: none"> o Clause 27(3)(b); and o Clause 27(3)(c)(iv) and (v). <ul style="list-style-type: none"> • Paxon notes the 2018 Code of Conduct in clause 30(4) contains similar stipulations to clauses 27(3)(b) and 27(3)(c)(iv) and (v) of the 2013 Code of Conduct. Controls for and compliance with clause 30(4) of the 2018 Code of Conduct are addressed in obligation number 131A to 131C below. Consequently, no recommendations are made at obligation number 131 for the above-mentioned control deficiency. <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon was informed by the Shire’s Manager Corporate Services that, during the Applicable Period, the Shire did not enter into any payment plans or other arrangements with customers assessed as suffering from financial hardship; and • Thus, as no activity took place during the Audit Period, Paxon was unable to test 		

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
131 (cont.)					compliance with clause 27(3) of the 2013 Code of Conduct.		
131A	30(4)(a)	4.1.1	The licensee must consider reducing the amount owing by the customer.	3	<p>Applicable Period:</p> <p>This obligation was introduced by the 2018 Code of Conduct which came into operation on 1/07/2018. Thus, the Shire’s compliance with clause 30(4)(a) of the 2018 Code of Conduct was only applicable during the period 1/07/2018 to 30/11/2020.</p> <p>Controls:</p> <p>Paxon examined the Shire’s Financial Hardship Policy which provides for compliance with clause 30(4)(a) of the 2018 Code of Conduct in section 5 entitled: “Debt reduction and collection”.</p> <p>Compliance:</p> <ul style="list-style-type: none"> Paxon was informed by the Shire’s Manager Corporate Services that, during the Applicable Period, the Shire did not enter into any payment plans or other arrangements with customers assessed as suffering from financial hardship; and 	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
131A (cont.)					<ul style="list-style-type: none"> Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with clause 30(4)(a) of the 2018 Code of Conduct. 		
131B	30(4)(b)	4.1.1	The licensee must review, upon request, how a customer is paying a bill under clause 30(2) and (3) and revise the payment plan or arrangement if the review indicates the customer is unable to meet the obligations.	3	<p>Applicable Period:</p> <p>This obligation was introduced by the 2018 Code of Conduct which came into operation on 1/07/2018. Thus, the Shire’s compliance with clause 30(4)(b) of the 2018 Code of Conduct was only applicable during the period 1/07/2018 to 30/11/2020.</p> <p>Controls:</p> <ul style="list-style-type: none"> Paxon examined the Shire’s Financial Hardship Policy which does not provide for compliance with clause 30(4)(b) of the 2018 Code of Conduct in section 5 entitled: “<i>Debt reduction and collection</i>”; and See Recommendation 1/2021 as recorded at obligation number 1 above. <p>Compliance:</p> <ul style="list-style-type: none"> Paxon was informed by the Shire’s Manager Corporate Services that, during the Applicable 	D	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
131B (cont.)					<p>Period, the Shire did not enter into any payment plans or other arrangements with customers assessed as suffering from financial hardship; and</p> <ul style="list-style-type: none"> • Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with clause 30(4)(b) of the 2018 Code of Conduct. 		
131C	30(4)(c)	4.1.1	The licensee must provide the specified written information to a customer.	3	<p>Applicable Period:</p> <p>This obligation was introduced by the 2018 Code of Conduct which came into operation on 1/07/2018. Thus, the Shire’s compliance with clause 30(4)(c) of the 2018 Code of Conduct was only applicable during the period 1/07/2018 to 30/11/2020.</p> <p>Controls:</p> <ul style="list-style-type: none"> • Paxon examined the Shire’s Financial Hardship Policy which does not provide for compliance with clause 30(4)(c)(v) of the 2018 Code of Conduct in section 6 entitled: “Useful information”; and 	B	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
131C (cont.)					<ul style="list-style-type: none"> See Recommendation 1/2021 as recorded at obligation number 1 above. <p>Compliance:</p> <ul style="list-style-type: none"> Paxon was informed by the Shire’s Manager Corporate Services that, during the Applicable Period, the Shire did not enter into any payment plans or other arrangements with customers assessed as suffering from financial hardship; and Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with clause 30(4)(c) of the 2018 Code of Conduct. 		
132#	28(1)	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.	3	<p>Applicable Period:</p> <p>The 2013 Code of Conduct was repealed by the 2018 Code of Conduct at 1/07/2018. Thus, the Shire’s compliance with clause 28(1) of the 2013 Code of Conduct was only applicable during the period from 1/12/2017 to 30/06/2018.</p> <p>Controls:</p> <p>Paxon examined the Shire’s Financial Hardship Policy which provides for compliance with</p>	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
132 [#]					<p>clause 28(1) of the 2013 Code of Conduct in section 4 entitled: “<i>Payment plans</i>”.</p> <p>Compliance:</p> <p>Paxon was informed by the Shire’s Manager Corporate Services that, during the Applicable Period, the Shire did not enter into a payment plan or other similar arrangement with a customer who was not the owner of the land in respect of which the water service was provided.</p>		
133	31(4) & (5)	4.1.1	The licensee must have written information regarding the payment schemes and other assistance that is available to customers. The information must be available on the licensee’s website and a hardcopy provided to a customer upon request at no charge.	3	<p>Controls and Compliance:</p> <ul style="list-style-type: none"> • Paxon examined the Shire’s Financial Hardship Policy, dated February 2014 as available on the Shire’s website; and • Paxon examined the Shire’s webpage entitled: “<i>Payment of Rates & Invoices</i>” which includes a section entitled: “<i>Difficulty paying your rates?</i>” which refers to “<i>appropriate payment solution(s)</i>”. 	A	1
133A	32	4.1.1	The licensee must not charge interest or fees for late payment of a bill by a customer in the specified circumstances.	3	<p>Applicable Period:</p> <p>This obligation was introduced by the 2018 Code of Conduct which came into operation on</p>	D	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
133A (cont.)					<p>1/07/2018. Thus, the Shire’s compliance with clause 32 of the 2018 Code of Conduct was only applicable during the period 1/07/2018 to 30/11/2020.</p> <p>Controls:</p> <ul style="list-style-type: none"> • Paxon examined the Shire’s Financial Hardship Policy which provides for compliance with clause 32(1)(a) of the 2018 Code of Conduct in section 4 entitled: “<i>Payment plans</i>”; • However, Paxon found the obligations recorded in clauses 32(1)(b) and (c) of the 2018 Code of Conduct is not acknowledged in either the: <ul style="list-style-type: none"> ○ Controls Record; ○ Shire’s Wastewater Charter; and ○ Shire’s Financial Hardship Policy. • See Recommendation 1/2021 as recorded at obligation number 1 above. <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon was informed by the Shire’s Manager Corporate Services that, during the Applicable 		

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
133A (cont.)					<p>Period, the Shire did not enter into any payment plans or other arrangements with customers assessed as suffering from financial hardship; and</p> <ul style="list-style-type: none"> • Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with clause 30(4)(c) of the 2018 Code of Conduct. 		
134	33(1)(a)-(c)	4.1.1	The licensee must not commence or continue proceedings to recover a debt from a customer if the customer is complying with a payment plan or other arrangement, is being assessed for payment difficulties or is being assessed for financial hardship.	3	<p>Controls:</p> <ul style="list-style-type: none"> • Paxon examined the Shire’s Financial Hardship Policy which provides for compliance with clauses 33(1)(a) and (c) of the 2018 Code of Conduct in section 5 entitled: <i>“Debt reduction and collection”</i>; • However, Paxon found the obligation recorded in clause 33(1)(b) of the 2018 Code of Conduct is not acknowledged in either the: <ul style="list-style-type: none"> ○ Controls Record; ○ Shire’s Wastewater Charter; and ○ Shire’s Financial Hardship Policy. • See Recommendation 1/2021 as recorded at obligation number 1 above. 	B	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
134 (cont.)					<p>Compliance:</p> <ul style="list-style-type: none"> Paxon was informed by the Shire’s Manager Corporate Services that, during the Audit Period, the Shire did not initiate debt recovery procedures if a customer entered a payment and was meeting their obligations. 		
134A	33(1)(d)-(e)	4.1.1	The licensee must not commence or continue proceedings to recover a debt from a customer if a complaint made by the customer to the licensee or water services ombudsman, which directly relates to the water service charge to which the debt relates, is not resolved by the licensee (or is not determined or is upheld by the ombudsman).	3	<p>Applicable Period:</p> <p>This obligation was introduced by the 2018 Code of Conduct which came into operation on 1/07/2018. Thus, the Shire’s compliance with clauses 33(1)(d)-(e) of the 2018 Code of Conduct was only applicable during the period 1/07/2018 to 30/11/2020.</p> <p>Controls:</p> <ul style="list-style-type: none"> Paxon found the obligations recorded in clauses 33(1)(d)-(e) of the 2018 Code of Conduct are not acknowledged in either the: <ul style="list-style-type: none"> Controls Record; Shire’s Wastewater Charter; and Shire’s Financial Hardship Policy. See Recommendation 1/2021 as recorded at 	D	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
134A (cont.)					obligation number 1 above. Compliance: <ul style="list-style-type: none"> Paxon was informed by the Shire’s Manager Corporate Services that, during the Applicable Period, no instances occurred where the Shire had to comply with the stipulations of clauses 33(1)(d)-(e) of the 2018 Code of Conduct; and Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with clauses 33(1)(d)-(e) of the 2018 Code of Conduct. 		
135#	30(1)	3.1.1	If the licensee has cut off or reduced the rate of flow of 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.	3	Applicable Period: The 2013 Code of Conduct was repealed by the 2018 Code of Conduct at 1/07/2018. Thus, the Shire’s compliance with clauses 30(1), 30(2), 31, 32, 33, 34(4) and 34(6) of the 2013 Code of Conduct was only applicable during the period from 1/12/2017 to 30/06/2018. Controls and Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of the Shire’s Manager Infrastructure Services that, during 	NP	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
135# (cont.)					<p>the Applicable Period, the Shire did not provide non-potable water supply services;</p> <ul style="list-style-type: none"> • Consequently, controls ratings were not required for the obligations recorded in clauses 30(1), 30(2), 31, 32, 33, 34(4) and 34(6) of the 2013 Code of Conduct; and • Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with clauses 30(1), 30(2), 31, 32, 33, 34(4) and 34(6) and 33 of the 2013 Code of Conduct. 		
136#	30(2)	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 water, the licensee must restore the supply of water if the licensee is satisfied that the reason for the disconnection or reduction no longer applies.	3	<p>Controls: See the controls observations for obligation number 135 above.</p> <p>Compliance: See the compliance observations for obligation number 135 above.</p>	NP	NR
137#	31	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	3	<p>Controls: See the controls observations for obligation number 135 above.</p>	NP	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
137# (cont.)			its intention to do so if the amount owing is not paid.		Compliance: See the compliance observations for obligation number 135 above.		
138#	32	3.1.1	The licensee must not start a water supply restriction if the specified circumstances apply.	3	Controls: See the controls observations for obligation number 135 above. Compliance: See the compliance observations for obligation number 135 above.	NP	NR
139#	33	3.1.1	The licensee must not, under section 95(1)(b) or (2) of the Act, reduce the rate of flow of water to a customer to below 2.3 litres each minute.	3	Controls: See the controls observations for obligation number 135 above. Compliance: See the compliance observations for obligation number 135 above.	NP	NR
142#	34(4)	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.	3	Controls: See the controls observations for obligation number 135 above.	NP	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
142# (cont.)					<p>Compliance: See the compliance observations for obligation number 135 above.</p>		
144#	34(6)	3.1.1	The licensee (other than the Water Corporation) must ensure that there is a 90% compliance rate with clause 41(4) in any 12-month period ending on 30 June	3	<p>Controls: See the controls observations for obligation number 135 above.</p> <p>Compliance: See the compliance observations for obligation number 135 above.</p>	NP	NR
144A	43(1)	4.1.1	The licensee must give notice of any planned service interruption to each customer that will be affected by the service interruption.	3	<p>Applicable Period: This obligation was introduced by the 2018 Code of Conduct which came into operation on 1/07/2018. Thus, the Shire’s compliance with clause 43(1) of the 2018 Code of Conduct was only applicable during the period 1/07/2018 to 30/11/2020.</p> <p>Controls: Paxon examined the Shire’s Wastewater Charter which provides in section 3.3 entitled: “Service Interruptions” for compliance with clauses 43(1)</p>	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
144A (cont.)					and 43(2) of the 2018 Code of Conduct. Compliance: <ul style="list-style-type: none"> • Paxon confirmed by interview of the Shire’s Manager Infrastructure Services that, during the Applicable Period, the Shire did not provide non-potable water supply services; • Paxon confirmed by interview of the Shire’s Technical Officer that, during the Applicable Period, customers were not affected by any service interruptions; and • Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with clauses 43(1) and 43(2) of the 2018 Code of Conduct. 		
144B	43(2)	4.1.1	The notice of any planned service interruption must be given within the prescribed timeframes.	3	Controls: See the controls observations for obligation number 144A above. Compliance: See the compliance observations for obligation number 144A above.	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
144C	44(1)	4.1.1	The licensee must have policies, practices and procedures for dealing with and minimising the impact of a burst, leak or blockage in its water supply works or sewerage works.	3	<p>Applicable Period:</p> <p>This obligation was introduced by the 2018 Code of Conduct which came into operation on 1/07/2018. Thus, the Shire’s compliance with clause 44(1) of the 2018 Code of Conduct was only applicable during the period 1/07/2018 to 30/11/2020.</p> <p>Controls and Compliance:</p> <p>Paxon examined a Shire document entitled: “Wastewater Asset Management – Contingency Planning”. This document addresses bursts, leaks and blockages in sewerage assets.</p>	A	1
144D	44(2)	4.1.1	The policies, practices and procedures under clause 44(1) must deal with the prescribed matters.	1	<p>Applicable Period:</p> <p>This obligation was introduced by the 2018 Code of Conduct which came into operation on 1/07/2018. Thus, the Shire’s compliance with clause 44(2) of the 2018 Code of Conduct was only applicable during the period 1/07/2018 to 30/11/2020.</p> <p>Controls and Compliance:</p> <ul style="list-style-type: none"> • Paxon examined a Shire document entitled: “Wastewater Asset Management – Contingency 	B	2

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
144D (cont.)					<p><i>Planning</i>” (Contingency Plan). The Contingency Plan addresses bursts, leaks and blockages in sewerage assets and provides for compliance with the stipulations of clauses 44(2)(a) and (b); and</p> <ul style="list-style-type: none"> • However, the Contingency Plan does not provide for compliance with the stipulations of: <ul style="list-style-type: none"> ○ Clause 44(2)(c) - the action or actions that must be taken to ensure that, in the event of a wastewater spill from the sewerage works of the Shire onto a customer’s property, damage and inconvenience to the customer and other persons or entities are minimised; and ○ Clause 44(2)(d) - the action or actions that must be taken to ensure that, in the event of a wastewater spill from the sewerage works of the Shire, the spill is promptly cleaned, and the affected area is disinfected. <p>Recommendation 5/2021: The Shire should ensure its Contingency Plan addresses the event of a wastewater spill from its</p>		

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
144D (cont.)					sewerage works. The Contingency Plan should provide for compliance with the stipulations of clauses 44(2)(c) and (d) of the 2018 Code of Conduct.		
144E	45	4.1.1	The licensee must provide a 24-hour information line by means of which, at the cost of a local telephone call (excluding mobile telephones), a customer can notify the licensee of emergencies and faults, and get information about the reason for, and the expected duration of, any unplanned service interruption.	3	<p>Applicable Period:</p> <p>This obligation was introduced by the 2018 Code of Conduct which came into operation on 1/07/2018. Thus, the Shire’s compliance with clause 45 of the 2018 Code of Conduct was only applicable during the period 1/07/2018 to 30/11/2020.</p> <p>Controls and Compliance:</p> <p>Paxon examined the Shire’s Wastewater Charter, revised in July 2019 which lists in section 1.5 entitled: “Emergency Assistance” 2 mobile numbers for after-hours emergency assistance.</p>	A	1
145	46(1)	4.1.1	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.	3	<p>Controls and Compliance:</p> <p>Paxon examined the Shire’s Wastewater Charter which in section 2.9 entitled: “Enquiries, Suggestions, Complaints and Disputes” a</p>	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
145 (cont.)					complaints procedure in relation to investigating and dealing with customer complaints.		
146	46(2)	4.1.1	The licensee's complaints procedure must be developed using as minimum standards the relevant provisions of AS/NZS 10002-2014 and the ERA's guidelines (if any).	1	<p>Controls:</p> <ul style="list-style-type: none"> Paxon found the obligation recorded in clause 46(2) of the 2018 Code of Conduct is not acknowledged in the Controls Record; and See Recommendation 1/2021 as recorded at obligation number 1 above. <p>Compliance:</p> <ul style="list-style-type: none"> The Shire' compliance report for 2018-2019 records a non-compliance with clause 46(2) of the 2018 Code of Conduct and stated: <i>"The Shire's complaints procedure was not developed to standards using AS ISO 10002-2006 and the ERA's guidelines."</i> A target date of October 2019 was set for correction of this instance of non-compliance; and Paxon was informed by the Shire's Manager Corporate Services that its complaints procedure was revised in February 2020. 	D	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
147	46(3)	4.1.1	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.	3	<p>Controls and Compliance:</p> <p>Paxon examined the Shire's Wastewater Charter which addresses in section 2.9 entitled: <i>"Enquiries, Suggestions, Complaints and Disputes"</i>:</p> <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. 	A	1
148 [#]	35(4)	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 the use the complaint resolution procedure or instead of the procedures under the Act.	3	<p>Applicable Period:</p> <p>The 2013 Code of Conduct was repealed by the 2018 Code of Conduct at 1/07/2018. Thus, the Shire's compliance with clause 35(4) of the 2013 Code of Conduct was only applicable during the period from 1/12/2017 to 30/06/2018.</p> <p>Controls and Compliance:</p> <p>Paxon examined the Shire's Wastewater Charter which in section 2.9 entitled: <i>"Enquiries,</i></p>	B	2

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
148 ^a (cont.)					<p><i>Suggestions, Complaints and Disputes”:</i></p> <ul style="list-style-type: none"> • Informs customers they do not have to use the licensee’s complaints procedure; and • Provides details of procedures under the Act, being complaint referral to the Energy and Water Services Ombudsman and the State Administrative Tribunal. • However, the Shire’s Wastewater Charter does not set out set out the costs and benefits to the customer of using the complaint resolution procedure or instead of the procedures under the Act (regulation 35(4)(c) of the 2013 Code of Conduct); • Paxon found the 2018 Code of Conduct does not include the stipulation included in clause 35(4)(c) of the 2013 Code of Conduct (in this regard see clause 46(4) of the 2018 Code of Conduct as assessed in obligation number 148A below. Thus, no recommendation is made. 		

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
148A	46(4)	4.1.1	The licensee's complaints procedure must list the procedures available to the customer under the Act as to applying to the water services ombudsman or making an appeal from, or applying for a review of, the decision that gave rise to the complaint, if an appeal or review is available under regulations mentioned in section 222(2)(k).	3	<p>Applicable Period:</p> <p>This obligation was introduced by the 2018 Code of Conduct which came into operation on 1/07/2018. Thus, the Shire's compliance with clause 46(4) of the 2018 Code of Conduct was only applicable during the period 1/07/2018 to 30/11/2020.</p> <p>Controls and Compliance:</p> <p>Paxon examined the Shire's Wastewater Charter, revised in July 2019, which in section 2.9 entitled: "Enquiries, Suggestions, Complaints and Disputes" provides details of procedures under the Act, being complaint referral to the:</p> <ul style="list-style-type: none"> • Energy and Water Services Ombudsman; and • State Administrative Tribunal. 	A	1
149	46(5)	4.1.1	The licensee's complaints procedure must be available on the licensee's website and a hardcopy provided to a customer upon request at no charge.	3	<p>Controls and Compliance:</p> <ul style="list-style-type: none"> • Paxon confirmed the Shire's Wastewater Charter: <ul style="list-style-type: none"> ○ Is available on the Shire's website; and 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
149 (cont.)					<ul style="list-style-type: none"> Specifically states on the front page a copy of the document can be requested at the front desk "free of charge". 		
149A	47	4.1.1	When the licensee considers that a customer's complaint has been resolved the licensee must advise the customer accordingly, inform the customer that the customer has a right to apply to the water services ombudsman for a review of the complaint, and provide a Freecall telephone number for the water services ombudsman.	3	<p>Applicable Period:</p> <p>This obligation was introduced by the 2018 Code of Conduct which came into operation on 1/07/2018. Thus, the Shire's compliance with clause 47 of the 2018 Code of Conduct was only applicable during the period 1/07/2018 to 30/11/2020.</p> <p>Controls and Compliance:</p> <p>Paxon examined the Shire's Wastewater Charter, revised in July 2019, which in section 2.9 entitled: "Enquiries, Suggestions, Complaints and Disputes" provides (for):</p> <ul style="list-style-type: none"> Informing the customer once a complaint has been resolved; Inform the customer of the right to apply to the Energy and Water Services Ombudsman; and Freecall telephone number for the Energy and Water Services Ombudsman 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
150	48(1)	4.1.1	The licensee must provide a customer with the specified services on request and at no charge.	3	<p>Controls:</p> <ul style="list-style-type: none"> Paxon found the obligation recorded in clause 48(1) of the 2018 Code of Conduct is not acknowledged in the Shire’s: <ul style="list-style-type: none"> Controls Record; and Shire’s Wastewater Charter. See Recommendation 1/2021 as recorded at obligation number 1 above. <p>Compliance:</p> <ul style="list-style-type: none"> Paxon examined a sample of rate notices/tax invoices issued across the Audit Period. Paxon found only rate notices/tax invoices issued for the 2019-2020 financial year record contact details for: <ul style="list-style-type: none"> Services for account, payment and general enquiries for use by customers with hearing or speech impairment; and Interpreter services for account, payment and general enquiries. Paxon does not make a recommendation for these instances of non-compliance with clause 	A	2

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
150 (cont.)					<p>48(1) in sampled rate notices/tax invoices for the 2017/2018 and 2018/2019 financial year which were corrected in the 2019/2020 financial year.</p> <ul style="list-style-type: none"> The Shire’s Wastewater Charter specifically states a large print version of the document can be requested at the front desk “free of charge”. 		
151#	36(1)	3.1.1	The licensee must provide a customer with the specified services on request and at no charge.	3	<p>Applicable Period:</p> <p>The 2013 Code of Conduct was repealed by the 2018 Code of Conduct at 1/07/2018. Thus, the Shire’s compliance with clause 36(1) of the 2013 Code of Conduct was only applicable during the period from 1/12/2017 to 30/06/2018.</p> <p>Controls and Compliance:</p> <p>See the controls observations and compliance observations for obligation number 150 above.</p>	A	2
152	48(2)	4.1.1	The licensee must make available to each customer, at no charge, the customer’s personal account information including information about bills previously issued to the customer and about the quantity of water supplied to, or wastewater	3	<p>Controls:</p> <p>Paxon found the Shire’s Wastewater Charter acknowledges the obligation recorded in clause 48(2) of the 2018 Code of Conduct.</p>	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
152 (cont.)			discharged by, the customer in previous billing periods.		Compliance: Paxon examined a sample of rate notices/tax invoices issued across the Audit Period for sewerage charges. The sampled tax invoices contain the information referred to in clause 48(2) of the 2018 Code of Conduct.		
153	49(1)	4.1.1	The licensee must make the prescribed information publicly available.	1	Limited Application: <ul style="list-style-type: none"> Paxon confirmed by interview of the Shire’s Manager Infrastructure Services that, during the Audit Period, the Shire did not provide non-potable water supply services; Paxon was informed by the Shire’s Manager Corporate Services that, during the Audit Period, no quantity charges were levied for sewerage services; and Consequently, control and compliance ratings were not required for the obligations recorded in clauses 49(1)(e) to 49(1)(k) of the 2018 Code of Conduct. Controls: <ul style="list-style-type: none"> Paxon found the obligation recorded in clause 49(1) of the 2018 Code of Conduct is not 	D	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
153 (cont.)					<p>acknowledged in the Shire’s:</p> <ul style="list-style-type: none"> o Controls Record; and o Shire’s Wastewater Charter. <ul style="list-style-type: none"> • See Recommendation 1/2021 as recorded at obligation number 1 above. <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon examined the Shire’s website and found it provides details of: <ul style="list-style-type: none"> o Fees and charges that will be imposed and collected by the Shire (dedicated webpage entitled: “<i>Fees and Charges</i>”); o The Shire’s bill payment method options (dedicated webpage entitled: “<i>Payment of Rates & Invoices</i>”); o Concessions available to customers (dedicated webpage entitled: “<i>Payment of Rates & Invoices</i>”); o A link to a large-print version of the Shire’s Wastewater Charter; and o Planned and unplanned interruptions of sewerage services to customers (dedicated 		

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
153 (cont.)					<p>webpage entitled: “Sewerage & Drainage – Wastewater Service Charter”).</p> <ul style="list-style-type: none"> • Paxon found rate notices/tax invoices issued for the 2019-2020 financial year record contact details for: <ul style="list-style-type: none"> ○ Services for account, payment and general enquiries for use by customers with hearing or speech impairment; and ○ Interpreter services for account, payment and general enquiries. 		
154	49(2)	4.1.1	The licensee must ensure that the specified information about bills may be obtained from its website.	3	<p>Limited Application:</p> <ul style="list-style-type: none"> • Paxon confirmed by interview of the Shire’s Manager Infrastructure Services that, during the Audit Period, the Shire did not provide non-potable water supply services; • Paxon was informed by the Shire’s Manager Corporate Services that, during the Audit Period, no quantity charges were levied for sewerage services; and • Consequently, control and compliance ratings were not required for the obligations recorded 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
154 (cont.)					<p>in clauses 49(2)(a) to 49(2)(d) of the 2018 Code of Conduct.</p> <p>Controls and Compliance:</p> <p>The Shire’s Wastewater Charter, as available on the Shire’s website includes in:</p> <ul style="list-style-type: none"> • Section 2.10 entitled: “Review of Bills” a procedure for the examination of bills regarding sewerage charges; and • Section 2.9 entitled: “Enquiries, Suggestions, Complaints and Disputes” a procedure for lodging complaints. 		
154A	49(3)	4.1.1	The licensee must ensure that its website contains a link to the current version of this code appearing on the website that is maintained by or on behalf of the Western Australian Government and that provides public access to electronic versions of Western Australian legislation.	1	<p>Applicable Period:</p> <p>This obligation was introduced by the 2018 Code of Conduct which came into operation on 1/07/2018. Thus, the Shire’s compliance with clause 49(3) of the 2018 Code of Conduct was only applicable during the period 1/07/2018 to 30/11/2020.</p> <p>Controls:</p> <ul style="list-style-type: none"> • Paxon found the obligation recorded in clause 49(3) of the 2018 Code of Conduct is not 	D	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
154A (cont.)					<p>acknowledged in the Shire’s:</p> <ul style="list-style-type: none"> o Controls Record; and o Shire’s Wastewater Charter. <ul style="list-style-type: none"> • See Recommendation 1/2021 as recorded at obligation number 1 above. <p>Compliance:</p> <p>Paxon examined the Shire’s website which provides a direct link to the 2018 Code of Conduct (dedicated webpage entitled: “<i>Sewerage & Drainage – Wastewater Service Charter</i>”).</p>		

Table 7: Audit Observations and Recommendations
 [Obligations as per the ERA’s: “*Water Compliance Reporting Manual – Water Services Act 2012 - May 2020*” (numbers 92 to 154A, except as indicated below)]
 [*Obligation as per the ERA’s: “*Water Compliance Reporting Manual – Water Services Act 2012 – May 2018*” (number 93)]
 [#Obligations as per the ERA’s: “*Water Compliance Reporting Manual – Water Services Act 2012 – October 2017*” (numbers 102, 111-2, 124, 126, 129, 130-2, 135-9, 142, 144, 148 and 151)]

No.	Obligation Under: Water Services Licence - Version 5 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
					Controls	Compliance
155	4.2.1	The licensee must pay the applicable fees and charges in accordance with the <i>Economic Regulation Authority (Licensing Funding) Regulations 2014</i> .	3	<p>Controls:</p> <ul style="list-style-type: none"> • Paxon found the Controls Record does not acknowledge the obligation recorded in clause 4.2.1 of WL22, version 5; and • See Recommendation 1/2021 as recorded at obligation number 1 above. <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon was informed by the Shire’s Technical Officer that the Minister granted an exemption to the Shire regarding the payment of annual licence charges and quarterly standing charges (as per section 10 of the Economic Regulation Authority (Licensing Funding) Regulation 2014); • Paxon examined a government gazette dated 7/07/2015 in which an exemption for an indefinite period from payment of the above-mentioned charges was provided to the Shire by the Minister; and • Consequently, the Shire did not need to comply with obligation number 155 during the Audit Period. 	NA	NA

No.	Obligation Under: Water Services Licence - Version 5 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
					Controls	Compliance
156*	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.	3	<p>Applicable Period:</p> <p>The ERA's: "Water Compliance Reporting Manual – Water Services Act 2012 – May 2020" states obligation number 156 is "Not used". Thus, this obligation was only applicable to the provision of sewerage services from 1/12/2017 to 30/04/2020.</p> <p>Controls:</p> <ul style="list-style-type: none"> • An assessment of controls to help ensure compliance with the Act and WL22 version 4 is included in this Report - see the controls observations for obligation numbers 1 to 190 above and below; and • Consequently, a controls rating was not required for the obligation recorded in clause 3.1.1 of WL22 version 4. <p>Compliance:</p> <ul style="list-style-type: none"> • The Shire's compliance during the Audit Period, with the following legislative instruments is specifically addressed within this Report: <ul style="list-style-type: none"> ○ Water Services Act 2012 	B	2

No.	Obligation Under: Water Services Licence - Version 5 and the Water Services Act 2012 (Section 12)	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
					Controls	Compliance
156* (cont.)				<p>(see obligation numbers within the range from 1 to 64 and 155 to 190);</p> <ul style="list-style-type: none"> o Water Services Regulations 2013 (see obligation numbers within the range from 65 to 89); o 2018 Code of Conduct and 2013 Code of Conduct (see obligation numbers within the range from 92 to 154A); and o Water Services Licence, WL22 version 4. (see obligation numbers within the range from 155 to 190). <p>Recommendations: Recommendations were made for Act related:</p> <ul style="list-style-type: none"> • Control deficiencies; and • Instances of non-compliance <p>as identified by the Audit. These recommendations are disclosed in the:</p> <ul style="list-style-type: none"> • ‘Observations and Recommendations’ section of this Table, at the relevant individual obligations; and 		

No.	Obligation Under: Water Services Licence - Version 5 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
					Controls	Compliance
156* (cont.)				<ul style="list-style-type: none"> Table 8 below entitled: 'Current Audit: Inadequate Controls, Non-Compliances and Recommendations'. 		
159	4.1.2	The licensee must comply with a direction from the ERA in relation to a breach of applicable legislation.	3	<p>Controls:</p> <ul style="list-style-type: none"> Paxon found the Controls Record does not acknowledge the obligation recorded in clause 4.1.2 of WL22, version 5; and See Recommendation 1/2021 as recorded at obligation number 1 above. <p>Compliance:</p> <ul style="list-style-type: none"> Paxon was informed by the Shire's Manager Corporate Services that, during the Audit Period, the Shire did not receive any direction from the ERA in relation to a breach of applicable legislation; and Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with clause 4.1.2 of WL22, version 5. 	D	NR

No.	Obligation Under: Water Services Licence - Version 5 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
					Controls	Compliance
160	4.6.1	The licensee and any related body corporate must maintain accounting records that comply with standards issued by the Australian Accounting Standards Board or equivalent International Accounting Standards.	3	<p>Controls:</p> <p>Paxon found the Controls Record acknowledges the obligation recorded in clause 4.6.1 of WL22, version 5.</p> <p>Compliance:</p> <p>Paxon examined the <i>“Independent Auditor’s Report”</i> for the 2017-2018, 2018-2019 and 2019-2020 financial years. The <i>“Independent Auditor’s Report”</i> across all three these financial years stated the financial report complied with Australian Accounting Standards.</p>	A	1
161	5.2.1	The licensee must comply with any individual performance standards prescribed by the ERA.	3	<p>Controls:</p> <ul style="list-style-type: none"> • Paxon found the Controls Record does not acknowledge the obligation recorded in clause 5.2.1 of WL22, version 5; and • See Recommendation 1/2021 as recorded at obligation number 1 above. <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon examined WL22, version 4 which in <i>“Schedule 2 - Performance standards”</i> records no performance standards for either non-potable 	D	NR

No.	Obligation Under: Water Services Licence - Version 5 and the Water Services Act 2012 (Section 12)	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
					Controls	Compliance
161 (cont.)				<p>water nor sewerage services. does not include any performance standards;</p> <ul style="list-style-type: none"> • Paxon examined WL22, version 5 which in “Schedule 2 - Performance standards” records no performance standards for either non-potable water nor sewerage services; and • Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with clause 5.2.1 of WL22, version 5. 		
162	5.3.4	The licensee must cooperate with the independent expert and comply with the ERA’s audit and review guidelines dealing with the operational audit.	3	<p>Controls:</p> <p>Paxon found the Controls Record acknowledges the obligation recorded in clause 5.3.4 of WL22, version 5.</p> <p>Compliance:</p> <p>The Shire cooperated with Paxon during the performance of the operational audit.</p>	A	1
163	4.7.1(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 change in the circumstances upon which the licence was granted which may affect a licensee’s ability to meet its obligations.	3	<p>Controls:</p> <p>Paxon found the Controls Record acknowledges the obligations recorded in clauses 4.7.1(a), (b) and (c) of WL22, version 5.</p>	A	NR

No.	Obligation Under: Water Services Licence - Version 5 and the Water Services Act 2012 (Section 12)	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
					Controls	Compliance
163 (cont.)				<p>Compliance:</p> <ul style="list-style-type: none"> Paxon was informed by the Shire’s Manager Corporate Services that, during the Audit Period, the Shire: <ul style="list-style-type: none"> Was not under external administration; and No change took place in the circumstances upon which the licence was granted which affected the Shire’s ability to meet its obligations. Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with clauses 4.7.1(a) to 4.7.1(c) of WL22, version 5. 		
165	4.8.1	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 function under the Act in the manner and form specified by the ERA.	1	<p>Controls:</p> <ul style="list-style-type: none"> Paxon found the Controls Record does not acknowledge the obligation recorded in clause 4.8.1 of WL22, version 5; and See Recommendation 1/2021 as recorded at obligation number 1 above. <p>Compliance:</p> <ul style="list-style-type: none"> Paxon was informed by the Shire’s Manager Corporate Services that, during the Audit 	D	2

No.	Obligation Under: Water Services Licence - Version 5 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
					Controls	Compliance
165 (cont.)				<p>Period, the Shire provided to the ERA:</p> <ul style="list-style-type: none"> ○ Compliance reports - see the observations for obligation number 166 below; and ○ Performance data - see the observations for obligation number 167 below. • The Shire’s compliance report for 2018-2019 records the Shire did not submit the standing charge data requested by the ERA by 30 September 2018; and • The Shire’s compliance report for 2019-2020 records the Shire did not submit the standing charge data requested by the ERA by 30 September 2019. <p>Recommendation 6/2021:</p> <p>The Shire must timely provide the ERA with specified information relevant to the operation of WL22 version 5 or the licensing scheme, or the performance of the ERA’s function under the Act in the manner and form specified by the ERA.</p>		

No.	Obligation Under: Water Services Licence - Version 5 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
					Controls	Compliance
166*	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 <i>Water Compliance Reporting Manual</i> that apply to the licensee.	1	<p>Applicable Period:</p> <ul style="list-style-type: none"> The ERA's: "<i>Water Compliance Reporting Manual – Water Services Act 2012 – May 2020</i>" (2020 Manual) states obligation number 166 is "<i>Not used</i>". Thus, it appears this obligation was only applicable to the provision of sewerage services from 1/12/2017 to 30/04/2020; and However, section 5 of the manual specifically addresses compliance reporting as being a continuing obligation. <p>Controls:</p> <ul style="list-style-type: none"> Paxon found the Controls Record does not acknowledge the obligation recorded in clause 3.8.2 of WL22, version 4; and See Recommendation 1/2021 as recorded at obligation number 1 above. <p>Compliance:</p> <ul style="list-style-type: none"> Paxon examined the Shire's compliance report for 2017-2018 which records several instances of non-compliance, regarding: 	D	2

No.	Obligation Under: Water Services Licence - Version 5 and the Water Services Act 2012 (Section 12)	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
					Controls	Compliance
166* (cont.)				<ul style="list-style-type: none"> ○ Obligation 3 – operation and maintenance of water service works; ○ Obligation 100 – disclosure of prescribed information on bills; ○ Obligation 102 – disclosure of prescribed information on bills; ○ Obligation 119 – customer discretion to pay a bill using any of the prescribed methods; ○ Obligation 146 - minimum standards for complaints procedure; ○ Obligation 153 – publicly available prescribed information; and ○ Obligation 156 – compliance with applicable legislation. ● The Shire submitted its compliance report for 2017-2018 to the ERA by e-mail on 27/09/2018; ● Paxon examined the Shire’s compliance report for 2018-2019 which records several instances of non-compliance, regarding: <ul style="list-style-type: none"> ○ Obligation 3 – operation and maintenance of water service works; 		

No.	Obligation Under: Water Services Licence - Version 5 and the Water Services Act 2012 (Section 12)	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
					Controls	Compliance
166* (cont.)				<ul style="list-style-type: none"> ○ Obligation 92 – disclosure of written information about prescribed matters; ○ Obligation 100 – disclosure of prescribed information on bills; ○ Obligation 102A – disclosure of prescribed information on bills; ○ Obligation 119 – customer discretion to pay a bill using any of the prescribed methods; ○ Obligation 144D – prescribed matters to be addressed in procedure for burst, leak or blockage in sewerage works; ○ Obligation 146 - minimum standards for complaints procedure; ○ Obligation 153 – publicly available prescribed information; ○ Obligation 154A – website link to 2018 Code of Conduct; ○ Obligation 156 – compliance with applicable legislation; ○ Obligation 165 – providing the ERA with specified information; 		

No.	Obligation Under: Water Services Licence - Version 5 and the Water Services Act 2012 (Section 12)	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
					Controls	Compliance
166* (cont.)				<ul style="list-style-type: none"> ○ Obligation 166 - late submission of 2017-2018 compliance report; and ○ Obligation 167 - late submission of 2017-2018 performance report. ● The Shire submitted its compliance report for 2018-2019 to the ERA by e-mail on 02/09/2019; ● The Shire submitted its compliance report for 2019-2020 to the ERA by e-mail on 28/08/2020; and ● Paxon does not make a recommendation for the late submission of compliance reports for 2017-2018 and 2018-2019 as the Shire submitted its compliance report for 2019-2020 in time. 		
167	4.8.2	The licensee must provide the ERA with the data required for performance reporting purposes that is specified in the <i>Water, Sewerage and Irrigation Licence Performance Reporting Handbook</i> , and the National Performance Framework that apply to the licensee.	1	<p>Controls:</p> <ul style="list-style-type: none"> ● Paxon found the Controls Record does not acknowledge the obligation recorded in clause 4.8.2 of WL22, version 5; and ● See Recommendation 1/2021 as recorded at obligation number 1 above. 	D	2

No.	Obligation Under: Water Services Licence - Version 5 and the Water Services Act 2012 (Section 12)	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
					Controls	Compliance
167 (cont.)				<p>Compliance:</p> <ul style="list-style-type: none"> • See the compliance observations for obligation number 161 above; • The ERA acknowledged receipt of the 2017-2018 performance report by e-mail on 25/09/2018; • The Shire submitted its performance report for 2018-2019 to the ERA by e-mail on 02/09/2019; • The Shire submitted its performance report for 2019-2020 to the ERA by e-mail on 28/08/2020; and • Paxon does not make a recommendation for the late submission of performance reports for 2017-2018 and 2018-2019 as the Shire submitted its performance report for 2019-2020 in time. 		
168	3.8.1 and 3.8.2	Subject to clause 3.8.3, the licensee must publish within the specified timeframe any information that the ERA has directed the licensee to publish under clause 3.8.1.	3	<p>Controls:</p> <p>Paxon found the Controls Record acknowledges the obligations recorded in clause 3.8.1 and 3.8.2 of WL22, version 5.</p>	A	NR

No.	Obligation Under: Water Services Licence - Version 5 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
					Controls	Compliance
167 (cont.)				<p>Compliance:</p> <ul style="list-style-type: none"> • Paxon was informed by the Shire’s Manager Corporate Services that, during the Audit Period, the Shire was not directed by the ERA to publish any information under clause 3.8.1; and • Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with clauses 3.8.1 and 3.8.2 of WL22, version 5. 		
169	3.7.1	Unless otherwise specified, all notices must be in writing.	3	<p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in clause 3.7.1 of WL22, version 5.</p> <p>Compliance:</p> <p>Paxon found notices were given in writing during the Audit Period. Numerous examples, as referred to throughout this Audit Report, were sighted to support this statement.</p>	A	1

No.	Obligation Under: Water Services Licence - Version 5 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
					Controls	Compliance
170A	5.1.2 (a) & (b)	The licensee must notify the ERA of the details of the asset management system within five business days from the later of: a) the commencement date; or b) the completion of construction of the licensee’s water service works.	3	Applicable Period: The ERA’s “ <i>Water Compliance Reporting Manual – Water Services Act 2012 – May 2020</i> ”, in generic terms makes clause 5.1.2 in water services licenses applicable to all licensees. However, WL22 version 5, the Shire’s licence issued on 1/5/2020 specifically records clause 5.1.2 is “ <i>Not used</i> ”.	NA	NA
171	5.1.3	The licensee must notify the ERA of any material change to the asset management system within 10 business days of the change.	3	Controls: See the controls observations for obligation number 7 above. Compliance: See the compliance observations for obligation number 7 above.	D	NR
172	5.1.7	The licensee must cooperate with the independent expert and comply with the ERA’s audit and review guidelines dealing with the asset management system review.	3	Controls: Paxon found the Controls Record acknowledges the obligation recorded in clause 5.1.7 of WL22, version 5. Compliance: • Paxon examined a report issued regarding a review of the Shire’s asset management	A	1

No.	Obligation Under: Water Services Licence - Version 5 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
					Controls	Compliance
172 (cont.)				<p>system which was performed in 2019 (2019 Review Report). The review covered the period from 1/12/2017 to 30/11/2019; and</p> <ul style="list-style-type: none"> Based on the contents of the 2019 Review Report, the Shire cooperated with the independent expert during the performance of the asset management system review. 		
172A	6.1.1	<p>If the ERA considers that one or more of a licensee's standard terms and conditions of service is no longer in the public interest, the ERA may direct the licensee:</p> <p>a) to amend:</p> <ul style="list-style-type: none"> i) the standard term or condition of service; or ii) the standard term or condition of service in accordance with a term proposed by the ERA; and <p>b) to do so within a specified period.</p>	3	<p>Applicable Period:</p> <p>These obligations were introduced by WL22, version 5 dated 1/05/2020. Thus, the Shire's compliance with clauses 6.1.1 and 6.1.2 of WL22, version 5 was only applicable during the period 1/05/2020 to 30/11/2020.</p> <p>Controls:</p> <ul style="list-style-type: none"> Paxon found the Controls Record does not acknowledge the obligations recorded in clauses 6.1.1 and 6.1.2 of WL22, version 5; and See Recommendation 1/2021 as recorded at obligation number 1 above. <p>Compliance:</p> <ul style="list-style-type: none"> Paxon was informed by the Shire's Manager Corporate Services that, during the Audit 	D	NR

No.	Obligation Under: Water Services Licence - Version 5 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
					Controls	Compliance
172A (cont.)				<p>Period, the Shire the ERA did not direct the Shire to amend a standard term or condition of service; and</p> <ul style="list-style-type: none"> Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with clauses 6.1.1 and 6.1.2 of WL22, version 5. 		
172B	6.1.2	The licensee must comply with a direction given to the licensee under clause 6.1.1.	3	<p>Controls: See the controls observations for obligation number 172A above.</p> <p>Compliance: See the compliance observations for obligation number 172A above.</p>	D	NR
173*	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.	3	<p>Applicable Period: The ERA's: "Water Compliance Reporting Manual – Water Services Act 2012 – May 2020" states obligation number 173 is "Not used". Thus, this obligation was only applicable to the provision of sewerage services from 1/12/2017 to 30/04/2020.</p>	A	1

No.	Obligation Under: Water Services Licence - Version 5 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
					Controls	Compliance
173* (cont.)				<p>Controls: See the controls observations for obligation number 15 above.</p> <p>Compliance: See the compliance observations for obligation number 15 above.</p>		
175*	5.1.1	If directed by the ERA, the licensee must submit a draft customer contract for approval.	3	<p>Applicable Period: The ERA's: "Water Compliance Reporting Manual – Water Services Act 2012 – May 2020" states obligation numbers 175 to 180 are "Not used". Thus, these obligations were only applicable to the provision of sewerage services from 1/12/2017 to 30/04/2020.</p> <p>Controls: Paxon found the Controls Record acknowledges the obligations recorded in clauses 5.1.1, 5.1.2, 5.1.3, 5.1.5, 5.3.1, 5.3.2 and 5.3.4 of WL22, version 4.</p> <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon confirmed by interview of the Shire's Manager Corporate Services that, during the Applicable Period, the Shire did not enter or 	A	NR

No.	Obligation Under: Water Services Licence - Version 5 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
					Controls	Compliance
175 (cont.)				maintain any customer contracts or agreements; and • Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with clauses 5.1.1, 5.1.2, 5.1.3, 5.1.5, 5.3.1, 5.3.2 and 5.3.4 of WL22, version 4.		
176*	5.1.2	The licensee must comply with any <i>Customer Contract Guidelines</i> that apply to the licensee.	3	Controls: See the controls observations for obligation number 175 above. Compliance: See the compliance observations for obligation number 175 above.	A	NR
177*	5.1.3	The licensee may only amend the customer contract with the ERA's approval.	3	Controls: See the controls observations for obligation number 175 above. Compliance: See the compliance observations for obligation number 175 above.	A	NR
178*	5.1.5	The licensee must comply with any direction by the ERA to amend the customer contract.	3	Controls: See the controls observations for obligation number 175 above.	A	NR

No.	Obligation Under: Water Services Licence - Version 5 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
					Controls	Compliance
178* (cont.)				Compliance: See the compliance observations for obligation number 175 above.		
179*	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.	3	Controls: See the controls observations for obligation number 175 above. Compliance: See the compliance observations for obligation number 175 above.	A	NR
180*	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.	3	Controls: See the controls observations for obligation number 175 above. Compliance: See the compliance observations for obligation number 175 above.	A	NR
181	6.3.1	If the licensee is appointed as the supplier of last resort for a designated area in relation to the provision of a particular water service, 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	3	Controls See the controls observations for obligation number 14 above.	D	NR

No.	Obligation Under: Water Services Licence - Version 5 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
					Controls	Compliance
181 (cont.)		under or for the purpose of the last resort plan in accordance with the Act.		Compliance: See the compliance observations for obligation number 14 above.		
182	4.4.1(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.	3	Controls See the controls observations for obligation number 4 above. Compliance: See the compliance observations for obligation number 4 above.	D	NR
183*	5.4.3	The licensee must comply with the ERA's Financial Hardship Policy Guidelines as they apply to the licensee.	3	The ERA's: "Water Compliance Reporting Manual – Water Services Act 2012 – May 2020" states obligation number 183 is "Not used". Thus, this obligation was only applicable to the provision of sewerage services from 1/12/2017 to 30/04/2020. Controls: See the controls observations for obligation numbers 130 to 134 above. Compliance: See the compliance observations for obligation numbers 130 to 134 above.	B	NR

No.	Obligation Under: Water Services Licence - Version 5 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
					Controls	Compliance
184A	7.1.2	Where the licensee provides sewerage services, 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.	3	Applicable Period: The ERA's "Water Compliance Reporting Manual – Water Services Act 2012 – May 2020", in generic terms makes clauses 7.1.2 to 7.1.7 in water services licenses applicable to providers of sewerage services. However, WL22 version 5, the Shire's licence issued on 1/5/2020 specifically records clause 7.1 is "Not used".	NA	NA
184B	7.1.3	If the licensee provides both potable water and sewerage services, the licensee must enter into a separate Memorandum of Understanding with the Department of Health in respect of each of the potable water service and sewerage service.	3	Controls and compliance: See the controls observations and compliance observations for obligation number 184A above.	NA	NA
185	7.1.4	A 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.	3	Controls and compliance: See the controls observations and compliance observations for obligation number 184A above.	NA	NA
186	7.1.5	The licensee must comply with the terms of a Memorandum of Understanding.	3	Controls and compliance: See the controls observations and compliance observations for obligation number 184A above.	NA	NA

No.	Obligation Under: Water Services Licence - Version 5 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
					Controls	Compliance
187	7.1.6	The licensee must publish in the form agreed with the Department of Health, a Memorandum of Understanding and any amendments to a Memorandum of Understanding within one month of signing or making the amendment.	3	Controls and compliance: See the controls observations and compliance observations for obligation number 184A above.	NA	NA
188	7.1.7	The licensee must publish the audit report on compliance with its obligations under a Memorandum of Understanding on its website within one month of the completion of the audit.	3	Controls and compliance: See the controls observations and compliance observations for obligation number 184A above.	NA	NA
190	Schedule 2	The licensee must comply with the standards set out in Schedule 2 of the licence.	3	Controls: See the controls observations for obligation number 161 above. Compliance: See the compliance observations for obligation number 161 above.	D	NR

Table 7: Audit Observations and Recommendations

[Obligations as per the ERA’s: “Water Compliance Reporting Manual – Water Services Act 2012 - May 2020” (numbers 155 to 190, except as indicated below)]

[*Obligations as per the ERA’s: “Water Compliance Reporting Manual – Water Services Act 2012 – May 2018” (numbers 156, 166, 173, 175-180 and 183)]

4.4 Current Audit: Inadequate Controls, Non-Compliances and Recommendations

Current Audit: Inadequate Controls, Non-Compliances and Recommendations			
A. Resolved During Current Audit Period			
Obligation Number and Recommendation Reference (no./year)	Licence Obligation Reference Number <hr/> Controls and Compliance Rating <hr/> Legislative Obligation <hr/> Details of Inadequate Controls and/or Non-Compliance	Date Resolved and Action Taken by the Shire	Paxon's Comments
102 Not applicable	<ul style="list-style-type: none"> • Number: 102; • Ratings: controls – C and compliance - 2; • Obligations: 2013 Code of Conduct, clause 12(3) and WL22 version 4, clause 3.1.1; and • Details: <ul style="list-style-type: none"> ○ Paxon found the Controls Record does not acknowledge the obligation recorded in clauses 12(3)(e) and 12(3)(f) of the 2013 Code of Conduct; ○ The Shire only levied annual charges for sewerage services during the Audit Period. Consequently, no activity took place during the period 1/12/2017 to 30/06/2018 regarding the stipulations of clauses 12(3)(a) to (d); ○ Paxon examined a rate notice/tax invoice issued before 1/07/2018 which records annual sewerage charges. The sampled tax invoice does not record the following information: 	A sampled rate notice/tax invoice for the 2019/2020 financial year complies with clause 13(6) of the 2018 Code of Conduct.	<p>Paxon notes the 2018 Code of Conduct in clause 13(6) contain similar stipulations to clauses 12(3)(e) and (f) of the 2013 Code of Conduct. Controls for and compliance with clause 13(6) of the 2018 Code of Conduct are addressed in obligation number 102A below. Consequently, no recommendations are made at obligation number 102 for the:</p> <ul style="list-style-type: none"> • Identified control deficiency (see Recommendation 1/2021 as recorded at obligation number 1 above); and • Instances of non-compliance with clauses 12(3)(e) and 12(3)(f) of the 2013 Code of Conduct.

Current Audit: Inadequate Controls, Non-Compliances and Recommendations			
A. Resolved During Current Audit Period			
Obligation Number and Recommendation Reference (no./year)	Licence Obligation Reference Number Controls and Compliance Rating Legislative Obligation Details of Inadequate Controls and/or Non-Compliance	Date Resolved and Action Taken by the Shire	Paxon's Comments
102 (continued)	<ul style="list-style-type: none"> • Clause 12(3)(e) - that the bill can be reviewed in accordance with the Shire's review procedure mentioned in clause 18; and • Clause 12(3)(f) - that complaints about the provision of a water service by the Shire or a failure by the Shire to provide a water service can be made in accordance with the Shire's complaints procedure mentioned in clause 35. 		
102A Not applicable	<ul style="list-style-type: none"> • Number: 102A; • Ratings: controls – C and compliance - 2; • Obligations: 2018 Code of Conduct, clause 13(6) and WL22 version 5, clause 4.1.1; and • Details: <ul style="list-style-type: none"> ○ Paxon examined a sample of rate notices/tax invoices issued across the Audit Period, which record annual sewerage charges. The sampled tax invoices issued after 30/06/2018 (for 2018-2019 and 2019-2020) only record a 	A sampled rate notice/tax invoice for the 2019/2020 financial year complies with clause 13(6) of the 2018 Code of Conduct.	Paxon does not make a recommendation for these instances of non-compliance with clause 13(6) in a sampled rate notice/tax invoice for the 2018/2019 financial year which were corrected in the 2019/2020 financial year.

Current Audit: Inadequate Controls, Non-Compliances and Recommendations

A. Resolved During Current Audit Period

Obligation Number and Recommendation Reference (no./year)	Licence Obligation Reference Number Controls and Compliance Rating Legislative Obligation Details of Inadequate Controls and/or Non-Compliance	Date Resolved and Action Taken by the Shire	Paxon's Comments
102A (continued)	<p>telephone number for account, payment and general enquiries (as per clause 13(6)(b) of the 2018 Code of Conduct;</p> <ul style="list-style-type: none"> ○ A rate notice/tax invoice for the 2018/2019 financial year does not disclose the following information which is disclosed on a rate notice/tax invoice for the 2019/2020 financial year: <ul style="list-style-type: none"> • Clause 13(6)(a) - Shire's website address; • Clause 13(6)(c) - a telephone number for complaints; • Clause 13(6)(d) - a Freecall telephone number for the office of the water services ombudsman; • Clause 13(6)(e) - the telephone number of the 24-hour information line provided in accordance with clause 45; • Clause 13(6)(f) - contact details for account, payment and general enquiries for use by 		

Current Audit: Inadequate Controls, Non-Compliances and Recommendations			
A. Resolved During Current Audit Period			
Obligation Number and Recommendation Reference (no./year)	Licence Obligation Reference Number Controls and Compliance Rating Legislative Obligation Details of Inadequate Controls and/or Non-Compliance	Date Resolved and Action Taken by the Shire	Paxon's Comments
102A (continued)	<p>customers with hearing or speech impairment;</p> <ul style="list-style-type: none"> • Clause 13(6)(g) - for a residential customer, the telephone number for interpreter services together with the National Interpreter Symbol and the words "Interpreter Services"; • Clause 13(6)(h) - a statement that the website contains information about complaints and review; and • Clause 13(6)(i) - a statement that the bill can be reviewed in accordance with the licensee's review procedure mentioned in clause 20. 		
111 Not applicable	<ul style="list-style-type: none"> • Number: 111; • Ratings: controls – A and compliance - NR; • Obligations: 2013 Code of Conduct, clause 17(1) and WL22 version 4, clause 3.1.1; and 	<p>Paxon examined the Shire's Wastewater Charter which provides in section 2.6 entitled: "Charges and Accounts" for compliance with:</p> <ul style="list-style-type: none"> • Clause 17(2) of the 2013 Code of Conduct; and • Clauses 19(2) to 19(5) of the 2018 Code of Conduct. 	<p>As the Wastewater Charter provides for compliance with clause 19(2) of the 2018 Code of Conduct no recommendation is made.</p>

Current Audit: Inadequate Controls, Non-Compliances and Recommendations			
A. Resolved During Current Audit Period			
Obligation Number and Recommendation Reference (no./year)	Licence Obligation Reference Number Controls and Compliance Rating Legislative Obligation Details of Inadequate Controls and/or Non-Compliance	Date Resolved and Action Taken by the Shire	Paxon's Comments
111 (continued)	<ul style="list-style-type: none"> Details: Paxon found the Shire's: "Customer Service Charter for Wastewater Services for the Lake Grace Townsite Sewerage Scheme" (Wastewater Charter) does not specifically provide for compliance with clause 17(1) of the 2013 Code of Conduct. 		
119 Not applicable	<ul style="list-style-type: none"> Number: 119; Ratings: controls – D and compliance - 2; Obligations: 2018 Code of Conduct, clause 24(1) and WL22 version 5, clause 4.1.1; and Details: Paxon examined a sample of rate notices/tax invoices issued during the Audit Period which included sewerage charges. The sampled tax invoices provided for payment of charges by means of several methods including: <ul style="list-style-type: none"> Internet; Telephone; and 	Paxon noted the sampled rate notice/tax invoice for the 2019/2020 year does record Centrepay as a payment option on the back page. Paxon was informed by the Shire's Technical Officer that tax invoices for the 2020-2021 year do include the Centrepay option on the front page.	Paxon does not make a recommendation for these instances of non-compliance with clause 24(1) in the sampled rate notice/tax invoice for the 2017-2018 and 2018-2019 years which were corrected in the 2019/2020 year.

Current Audit: Inadequate Controls, Non-Compliances and Recommendations			
A. Resolved During Current Audit Period			
Obligation Number and Recommendation Reference (no./year)	Licence Obligation Reference Number Controls and Compliance Rating Legislative Obligation Details of Inadequate Controls and/or Non-Compliance	Date Resolved and Action Taken by the Shire	Paxon's Comments
119 (continued)	<ul style="list-style-type: none"> o Mail. 		
150 Not applicable	<ul style="list-style-type: none"> • Number: 150; • Ratings: controls – A and compliance - 2; • Obligations: 2018 Code of Conduct, clause 48(1) and WL22 version 5, clause 4.1.1; and • Details: Paxon examined a sample of rate notices/tax invoices issued across the Audit Period. Paxon found only rate notices/tax invoices issued for the 2019-2020 financial year record contact details for: <ul style="list-style-type: none"> o Services for account, payment and general enquiries for use by customers with hearing or speech impairment; and o Interpreter services for account, payment and general enquiries. 	Sampled rate notices/tax invoices for the 2019/2020 financial year comply with clause 48(1) of the 2018 Code of Conduct.	Paxon does not make a recommendation for these instances of non-compliance with clause 48(1) in sampled rate notices/tax invoices for the 2017/2018 and 2018/2019 financial years which were corrected in the 2019/2020 financial year

Current Audit: Inadequate Controls, Non-Compliances and Recommendations			
A. Resolved During Current Audit Period			
Obligation Number and Recommendation Reference (no./year)	Licence Obligation Reference Number Controls and Compliance Rating Legislative Obligation Details of Inadequate Controls and/or Non-Compliance	Date Resolved and Action Taken by the Shire	Paxon's Comments
166 Not applicable	<ul style="list-style-type: none"> • Number: 166; • Ratings: controls – D and compliance - 2; • Obligations: Act, section 12 and WL22 version 4, clause 3.8.2; and • Details: <ul style="list-style-type: none"> ○ The Shire submitted its compliance report for 2017-2018 to the ERA by e-mail on 27/09/2018; and ○ The Shire submitted its compliance report for 2018-2019 to the ERA by e-mail on 02/09/2019. 	The Shire submitted its compliance report for 2019-2020 to the ERA by e-mail on 28/08/2020.	Paxon does not make a recommendation for the late submission of compliance reports for 2017-2018 and 2018-2019 as the Shire submitted its compliance report for 2019-2020 in time.
167 Not applicable	<ul style="list-style-type: none"> • Number: 167; • Ratings: controls – D and compliance - 2; • Obligations: Act, section 12 and WL22 version 5, clause 4.8.2; and • Details: <ul style="list-style-type: none"> ○ The ERA acknowledged receipt of the 2017-2018 performance report by e-mail on 25/09/2018; and 	The Shire submitted its performance report for 2019-2020 to the ERA by e-mail on 28/08/2020; and	Paxon does not make a recommendation for the late submission of performance reports for 2017-2018 and 2018-2019 as the Shire submitted its performance report for 2019-2020 in time.

Current Audit: Inadequate Controls, Non-Compliances and Recommendations			
A. Resolved During Current Audit Period			
Obligation Number and Recommendation Reference (no./year)	Licence Obligation Reference Number Controls and Compliance Rating Legislative Obligation Details of Inadequate Controls and/or Non-Compliance	Date Resolved and Action Taken by the Shire	Paxon's Comments
167 (continued)	<ul style="list-style-type: none"> The Shire submitted its performance report for 2018-2019 to the ERA by e-mail on 02/09/2019. 		

Table 8: Current Audit: Inadequate Controls, Non-Compliances and Recommendations (Part A)

Current Audit: Inadequate Controls, Non-Compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
Recommendation Reference (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	Shire Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
1/2021 and 2/2021	<ul style="list-style-type: none"> Numbers: 1, 2, 4, 5, 7, 8, 9, 14, 16, 24, 62, 92, 100, 102, 102A, 117A, 118, 119, 120, 123, 124, 124A-C, 126A-B, 129B-C, 131, 131B-C, 133A, 134, 134A, 159, 161, 165, 166, 167, 171, 172A-B, 181, 182 and 190; Ratings: as recorded at the individual obligations in Table 7 of this Report; Obligations: as recorded at the individual obligations in Table 7 of this Report; and Details: <ul style="list-style-type: none"> Paxon examined a Shire document entitled: "Wastewater Asset Management – Compliance Obligation Procedure List" (Controls Record). The Controls Record: <ul style="list-style-type: none"> Was created in September 2017 and revised in February 2021; and Lists obligations in terms of: <ul style="list-style-type: none"> Water Services Act 2012; Water Services Regulations 2013; 	<p>Recommendation 1/2021:</p> <p>The Shire should update its Controls Record to:</p> <ul style="list-style-type: none"> Include all the Shire's obligations in terms of the Water Services Legislation; Refer to current Water Services Legislation; Identify, per individual compliance obligation, appropriate policy and procedure documents and responsible employees. <p>The ERA's document entitled: "Water Compliance Reporting Manual - Water Services Act 2012 – May 2020" may help the Shire to develop its own compliance register.</p> <p>Recommendation 2/2021:</p> <p>The Shire should immediately record instances of non-compliance with its obligations in terms of the Water Services Legislation in its "Compliance Register". This will help ensure the accuracy and completeness of the Shire's annual compliance reports provided to the ERA.</p>	Zero.

Current Audit: Inadequate Controls, Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

Recommendation Reference (no./year)	Licence Obligation Reference Number Controls and Compliance Rating Legislative Obligation Details of Inadequate Controls and/or Non-Compliance	Auditor's Recommendation	Shire Action Taken by End of Audit Period
1/2021 and 2/2021 (continued)	<ul style="list-style-type: none"> o Water Services Code of Conduct (Customer Service Standards 2018; and o WL22. <p>Hereinafter referred to the Water Services Legislation;</p> <ul style="list-style-type: none"> o However, Paxon found the Controls Record: <ul style="list-style-type: none"> • Does not cover all the Shire's obligations in terms of the Water Services Legislation (and specifically not the obligation recorded in section 21(1)(a) of the Act); • Omits specific Water Services Legislation obligations when addressing a topic; and • Includes references to WL22 version 4 which was replaced by version 5. o Paxon examined a Shire document entitled: "Compliance Register". This register records "Details of Non-Compliance" instances. However, the register includes a single entry referenced as "01/2016". Consequently, this register is not being maintained as evident from the instances of non-compliance 		

Current Audit: Inadequate Controls, Non-Compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
Recommendation Reference (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	Shire Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
1/2021 and 2/2021 (continued)	reported in the Shire's compliance report for 2017-2018, 2018-2019 and 2019-2020.		
3/2021	<ul style="list-style-type: none"> Numbers: 55 and 56; Ratings: controls – A and compliance – 3; Obligations: Act, sections 176(3) and (4) and WL22, version 5, clause 4.1.1; and Details: Paxon confirmed by interview of the Shire's Technical Officer that, during the Audit Period, no Shire representatives performing sewerage works carried certificates of authority. 	<p>The Shire must issue its representatives with certificates of authority. These certificates should:</p> <ul style="list-style-type: none"> Record the full name of the representative; and Refer to sections 115 and 116 of the Act. 	Zero.
4/2021	<ul style="list-style-type: none"> Number: 92; Ratings: controls – D and compliance - 2; Obligations: Water Services Code of Conduct (Customer Service Standards) 2018 (2018 Code of Conduct), clauses 8(1) to 8(3) and WL22 version 5, clause 4.1.1; and 	<p>The Shire must comply with the stipulations of regulation 8(2)(f) of the 2018 Code of Conduct by having publicly available written information for customers regarding the amounts of the administration fee and installation inspection charge for sewerage service connections.</p>	Zero.

Current Audit: Inadequate Controls, Non-Compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
Recommendation Reference (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	Shire Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
4/2021 (continued)	<ul style="list-style-type: none"> • Details: <ul style="list-style-type: none"> ○ The Wastewater Charter addresses the fact an administration fee and installation inspection charge are payable for sewerage service connections; and ○ Paxon could not find any reference to the amounts of the administration fee and installation inspection charge payable for sewerage service connections in either the Wastewater Charter or in other documents found on the Shire's website. 		
5/2021	<ul style="list-style-type: none"> • Number: 144D; • Ratings: controls – B and compliance - 2; • Obligations: 2018 Code of Conduct, clause 44(2) and WL22 version 5, clause 4.1.1; and • Details: <p>Paxon examined a Shire document entitled: "Wastewater Asset Management – Contingency Planning" (Contingency Plan). The Contingency</p> 	The Shire should ensure its Contingency Plan addresses the event of a wastewater spill from its sewerage works. The Contingency Plan should provide for compliance with the stipulations of clauses 44(2)(c) and (d) of the 2018 Code of Conduct.	Zero.

Current Audit: Inadequate Controls, Non-Compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
Recommendation Reference (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	Shire Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
5/2021 (continued)	<p>Plan does not provide for compliance with the stipulations of:</p> <ul style="list-style-type: none"> • Clause 44(2)(c) - the action or actions that must be taken to ensure that, in the event of a wastewater spill from the sewerage works of the Shire onto a customer's property, damage and inconvenience to the customer and other persons or entities are minimised; and • Clause 44(2)(d) - the action or actions that must be taken to ensure that, in the event of a wastewater spill from the sewerage works of the Shire, the spill is promptly cleaned, and the affected area is disinfected. 		
6/2021	<ul style="list-style-type: none"> • Number: 165; • Ratings: controls – D and compliance - 2; • Obligations: Act, section 12 and WL22 version 5, clause 4.8.1; and • Details: <ul style="list-style-type: none"> ○ The Shire's compliance report for 2018-2019 records the Shire did not submit the standing 	The Shire must timely provide the ERA with specified information relevant to the operation of WL22 version 5 or the licensing scheme, or the performance of the ERA's function under the Act in the manner and form specified by the ERA.	Zero.

Current Audit: Inadequate Controls, Non-Compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
Recommendation Reference (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	Shire Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
6/2021 (continued)	<ul style="list-style-type: none"> charge data requested by the ERA by 30 September 2018; and The Shire's compliance report for 2019-2020 records the Shire did not submit the standing charge data requested by the ERA by 30 September 2019. 		
Not applicable	<ul style="list-style-type: none"> Number: 11; Ratings: controls – NP and compliance - 2; Obligations: Act, section 27 and WL22 version 4, clause 3.1.1; and Details: <ul style="list-style-type: none"> An assessment of controls to help ensure compliance with the code of conduct is included in this Report - see the controls observations for obligation numbers 92 to 154A below; Consequently, a controls rating was not required for the obligation recorded in section 27 of the Act; and 	<p>Recommendations were made for Code of Conduct related:</p> <ul style="list-style-type: none"> Control deficiencies; and Instances of non-compliance <p>as identified by the Audit. These recommendations are disclosed in the:</p> <ul style="list-style-type: none"> 'Observations and Recommendations' section of this Table, at the relevant individual obligations; and Table 8 below entitled: 'Current Audit: Inadequate Controls, Non-Compliances and Recommendations'. 	Zero.

Current Audit: Inadequate Controls, Non-Compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
Recommendation Reference (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	Shire Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
	<ul style="list-style-type: none"> An assessment of compliance with the code of conduct is included in this Report - see the compliance observations for obligation numbers 92 to 154A below. 		
Not applicable	<ul style="list-style-type: none"> Number: 12; Ratings: controls – NP and compliance - 2; Obligations: Act, section 29 and WL22 version 4, clause 3.1.1; and Details: <ul style="list-style-type: none"> An assessment of controls to help ensure compliance with the Act is included in this Report - see the controls observations for obligation numbers 1 to 64 and 155 to 190 above and below; Consequently, a controls rating was not required for the obligation recorded in section 29 of the Act; and An assessment of compliance with the Act is included in this Report - see the compliance 	Recommendations were made for Act related: <ul style="list-style-type: none"> Control deficiencies; and Instances of non-compliance as identified by the Audit. These recommendations are disclosed in the: <ul style="list-style-type: none"> 'Observations and Recommendations' section of this Table, at the relevant individual obligations; and Table 8 below entitled: 'Current Audit: Inadequate Controls, Non-Compliances and Recommendations'. 	Zero.

Current Audit: Inadequate Controls, Non-Compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
Recommendation Reference (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	Shire Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
	observations for obligation numbers 1 to 64 and 155 to 190 above and below.		
Not applicable	<ul style="list-style-type: none"> • Number: 156; • Ratings: controls – B and compliance - 2; • Obligations: Act, section 12 and WL22 version 4, clause 3.1.1; and • Details: <ul style="list-style-type: none"> ○ The Shire's compliance during the Audit Period, with the following legislative instruments is specifically addressed within this Report: <ul style="list-style-type: none"> • Water Services Act 2012 (see obligation numbers within the range from 1 to 64 and 155 to 190); • Water Services Regulations 2013 (see obligation numbers within the range from 65 to 89); • 2018 Code of Conduct and 2013 Code of Conduct 	<p>Recommendations were made for Act related:</p> <ul style="list-style-type: none"> • Control deficiencies; and • Instances of non-compliance as identified by the Audit. These recommendations are disclosed in the: <ul style="list-style-type: none"> • 'Observations and Recommendations' section of this Table, at the relevant individual obligations; and • Table 8 below entitled: 'Current Audit: Inadequate Controls, Non-Compliances and Recommendations'. 	Zero.

Current Audit: Inadequate Controls, Non-Compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
Recommendation Reference (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	Shire Action Taken by End of Audit Period
	<p>Controls and Compliance Rating</p> <hr/> <p>Legislative Obligation</p> <hr/> <p>Details of Inadequate Controls and/or Non-Compliance</p>		
	<p>(see obligation numbers within the range from 92 to 154A); and</p> <ul style="list-style-type: none"> • Water Services Licence, WL22 version 4. <p>(see obligation numbers within the range from 155 to 190).</p>		

Table 8: Current Audit: Inadequate Controls, Non-Compliances and Recommendations (Part B)

4.5 Current Audit: Compliance Obligations Found to be “Not Applicable”

Paxon identified some compliance obligations, after the approval of the audit plan by the ERA, as being ‘not applicable’:

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
126	26(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	<p>Applicable period:</p> <p>The 2013 Code of Conduct was repealed by the 2018 Code of Conduct as at 1/07/2018. Thus, it was only applicable from 1/12/2017 to 30/06/2018 during the Audit Period.</p> <p>Controls and Compliance:</p> <p>Section 27 of the Act addresses the Code of Conduct. The 2013 Code of Conduct was gazetted on 26/07/2013 and took effect on 18/11/2013. As such, the Shire’s financial hardship policy must have been finalised by 17/05/2014. This date precedes the period 1/12/2017 to 30/06/2018. Thus, the Shire did not need to comply with obligation number 126.</p>	NA	NA
127	29(5)	4.1.1	The licensee’s financial hardship policy must be in effect within 6 months of the day of the grant of the license.	4	<p>Controls and Compliance:</p> <p>The Shire’s water services licence commenced on 29/04/1996. The 2013 Code of Conduct which creates the obligation for the Shire to have a financial hardship policy, was gazetted on</p>	NA	NA

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Licence – Version 5				Controls	Compliance
	Clause Number	Clause Number					
127 (cont.)					26/07/2013 and took effect on 18/11/2013. As such, the Shire’s financial hardship policy must have been finalised by 17/05/2014. This date precedes the current Audit Period which is 1/12/2017 to 30/11/2020. Thus, the Shire did not need to comply with obligation number 127.		
129	26(6)	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.		The 2013 Code of Conduct was repealed by the 2018 Code of Conduct at 1/07/2018. Thus, the Shire’s compliance with clause 26(6) of the 2013 Code of Conduct was only applicable during the period from 1/12/2017 to 30/06/2018. The Shire’s Financial Hardship Policy is dated February 2014. Consequently, it should only have been reviewed in February 2019 which is after the period from 1/12/2017 to 30/06/2018. Thus, the Shire did not need to comply with obligation number 129 during the applicable period.	NA	NA

Table 9: Current Audit: Compliance Obligations Found to be “Not Applicable” (Part A)

No.	Obligation Under: Water Services Licence - Version 5 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
					Controls	Compliance
155	4.2.1	The licensee must pay the applicable fees and charges in accordance with the <i>Economic Regulation Authority (Licensing Funding) Regulation 2014</i> .	3	<ul style="list-style-type: none"> • Paxon was informed by the Shire’s Technical Officer that the Minister granted an exemption to the Shire regarding the payment of annual licence charges and quarterly standing charges (as per section 10 of the Economic Regulation Authority (Licensing Funding) Regulation 2014); • Paxon examined a government gazette dated 7/07/2015 in which an exemption for an indefinite period from payment of the above-mentioned charges was provided to the Shire by the Minister; and • Consequently, the Shire did not need to comply with obligation number 155 during the Audit Period. 	NA	NA
170A	5.1.2 (a) & (b)	The licensee must notify the ERA of the details of the asset management system within five business days from the later of: a) the commencement date; or b) the completion of construction of the licensee’s water service works.	3	The ERA’s “ <i>Water Compliance Reporting Manual – Water Services Act 2012 – May 2020</i> ”, in generic terms makes clause 5.1.2 in water services licenses applicable to all licensees. However, WL22 version 5, the Shire’s licence issued on 1/5/2020 specifically records clause 5.1.2 is “ <i>Not used</i> ”.	NA	NA

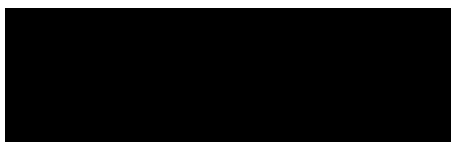
No.	Obligation Under: Water Services Licence - Version 5 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
					Controls	Compliance
184A	7.1.2	Where the licensee provides sewerage services, 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.	3	<ul style="list-style-type: none"> The ERA's "Water Compliance Reporting Manual – Water Services Act 2012 – May 2020", in generic terms makes clauses 7.1.2 to 7.1.7 in water services licenses applicable to providers of sewerage services. However, WL22 version 5, the Shire's licence issued on 1/5/2020 specifically records clause 7.1 is "Not used". 	NA	NA
184B	7.1.3	If the licensee provides both potable water and sewerage services, the licensee must enter into a separate Memorandum of Understanding with the Department of Health in respect of each of the potable water service and sewerage service.	3	<ul style="list-style-type: none"> See the comments for obligation number 184A above. 	NA	NA
185	7.1.4	A 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.	3	<ul style="list-style-type: none"> See the comments for obligation number 184A above. 	NA	NA
186	7.1.5	The licensee must comply with the terms of a Memorandum of Understanding.	3	<ul style="list-style-type: none"> See the comments for obligation number 184A above. 	NA	NA

No.	Obligation Under: Water Services Licence - Version 5 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
					Controls	Compliance
187	7.1.6	The licensee must publish in the form agreed with the Department of Health, a Memorandum of Understanding and any amendments to a Memorandum of Understanding within one month of signing or making the amendment.	3	See the comments for obligation number 184A above.	NA	NA
188	7.1.7	The licensee must publish the audit report on compliance with its obligations under a Memorandum of Understanding on its website within one month of the completion of the audit.	3	See the comments for obligation number 184A above.	NA	NA

Table 9: Current Audit: Compliance Obligations Found to be “Not Applicable” (Part B)

5 Audit Opinion

To the best of my knowledge, this audit and review report is an accurate presentation of my findings and opinions.



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