



**Country Heights Water Pty Ltd**  
**2023 Operational Audit and Asset Management System Review**  
**Water Services Licence WL49**

**Report**

**Economic Regulation Authority**  
**April 2024**

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### **Limitations of this Report**

This report was prepared for distribution to the Economic Regulation Authority and Country Heights Water Pty Ltd for the purpose of fulfilling Country Heights Water Pty Ltd's operational audit and asset management system review obligations under its Water Services Licence. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the Economic Regulation Authority and Country Heights Water Pty Ltd, or for any purpose other than that for which it was prepared.

Because of the inherent limitations of any internal control environment, it is possible that fraud, error or non-compliance may occur and not be detected. An audit is not designed to detect all instances of non-compliance with the procedures and controls over the licence obligations of the Water Services Licence, since we do not examine all evidence and every transaction. The audit and review conclusions expressed in this report have been formed on this basis.

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## 1. Independent Auditor's Report

### Scope

Country Heights Water Pty Ltd ('Country Heights Water') has a Water Services Licence, issued by the Economic Regulation Authority ('ERA') under the *Water Services Act 2012* ('Act'), for the provision of potable water supply in the operating area near the town of Gingin. Country Heights Water is required to comply with the terms and conditions of their license. There were three versions of the Water License WL49 in operation over the audit period:

- Version 1 - From commencement on 21 November 2018 to 30 April 2020.
- Version 2 - 1 May 2020 to 31 March 2022 (Amendments re Water Licence Review 2019).
- Version 3 – 1 April 2022 to date (Amendment to change licensee name).

We have performed a reasonable assurance engagement on Country Heights Water's compliance, in all material respects, with the conditions of WL49 and the *Water Services Act 2012* for the period from 21 November 2018 to 30 November 2023.

Our evaluation was made against the licence obligations listed in the Water Compliance Reporting Manual 2021 and in accordance with the ERA's 2019 Audit and Review Guidelines: Water Licences.

The scope of this assurance work relates to assessing Country Heights Water's systems and effectiveness of processes and regulatory controls to ensure compliance with the obligations, standards, outputs and outcomes required by the Licence issued under the Act.

### Modified Opinion

In our opinion, based on the procedures performed as outlined in the Audit Plan approved by the Economic Regulation Authority and the evidence we have obtained, except for the effects of the matters described in the Basis for Modified Opinion paragraph below, Country Heights Water Pty Ltd has complied, in all material respects, with its licence conditions and relevant legislative obligations for the period 21 November 2018 to 30 November 2023.

### Basis for Modified Opinion

During the period 21 November 2018 to 30 November 2023, out of 190 applicable licence obligations, there were 6 non-compliances with moderate impact on customers and 4 non-compliances with minor impact on customers. The non-compliances are outlined below.

Reporting Manual number and Licence condition		Issue
<i>The following obligations were assessed as "Non-Compliant – Moderate Impact".</i>		
144E	<p><b>24 Hour Information Line</b></p> <p><i>Water Services Code of Conduct (Customer Service Standards) 2018 - Clause 45</i></p> <p>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.</p>	<p>The Country Heights Water website in the Faults and Outages page states "URGENT CALLS – Phone (to be advised prior to the first Customer Account is established). - Such as no water or major water leak."</p> <p>The Customer Contract in Section 11.4 – Leaks and Fault Assistance states "In the event of a leak or break to our water main, an unplanned interruption to supply, or a water quality or water pressure problem, you may contact our 24-hour leaks and faults phone service. Our leaks and faults phone number is listed on your bill and on our website."</p> <p>The audit noted that neither the website nor the customer invoice provide a 24 hour telephone contact number.</p>
154A	<p><b>Website Link to Code of Conduct</b></p> <p><i>Water Services Code of Conduct (Customer Service Standards) 2018 - Clause 49(3)</i></p> <p>The licensee must ensure that its website contains a link to the current version of this</p>	<p>The website does not contain a link to the Water Services Code of Conduct (Customer Service Standards) 2018 as included on the <a href="http://www.legislation.wa.gov.au">www.legislation.wa.gov.au</a> website.</p>

Reporting Manual number and Licence condition		Issue
	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.	
191 192 193 198	<p><b>Family Violence Policy</b></p> <p><i>Water Services Code of Practice (Family Violence) 2020 - Clause 5(1), 5(2), 6, 10</i></p> <p>The Licensee must have a family violence policy that sets out the matters specified in clause 5(1).</p> <p>The licensee must have a family violence policy before the end of the six-month period starting on either: 9 December 2020; or if the day of the grant of the licensee's licence is after 9 December 2020, the day of the grant of the licensee's licence.</p> <p>A licensee must publish its family violence policy on its website and provide a hard copy of the policy to a customer on request and at no charge.</p> <p>A licensee must ensure that its website contains a link that provides access to the current version of the code as it appears 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.</p>	<p>Country Heights Water has a Family Violence Policy that complies with the Water Services Code of Practice (Family Violence) 2020. The Policy was completed in November 2023.</p> <p>This is a non-compliance during the audit period but as it has been resolved, no further recommendations is made.</p> <p>Country Heights Water's Family Violence Policy was not available on the website at the date of audit. The Principal Hydrogeologist has requested Country Heights Water to include it on the website and confirmed that a hardcopy is available to a customer upon request and at no charge.</p> <p>There is also no link which provides access to the current version of the <i>Water Services Code of Practice (Family Violence) 2020</i> (as it appears on the Department of Justice – Government WA website).</p>
<p><i>The following obligations were assessed as "Non-Compliant – Minor Impact".</i></p>		
6	<p><b>Asset Management System</b></p> <p><i>Licence Clause 5.1.1</i></p> <p>The licensee must provide for an asset management system in respect of the licensee's water service works.</p>	<p>This audit and review concluded that Country Heights Water does not have an adequate asset management system in respect of the water service works. Many of the asset management system processes have incomplete or outdated documentation to support the ongoing operations of the Scheme.</p> <p>As the Scheme is relatively new, there is minor impact on customers.</p>
102A	<p><b>Billing Information</b></p> <p><i>Water Services Code of Conduct (Customer Service Standards) 2018 Clause 13(6)</i></p> <p>Each bill must contain the prescribed information.</p>	<p>The audit reviewed a sample of 12 tax invoices issued during the audit period out of 22 customers. These tax invoices contained contact information but this does not include the information stipulated in clause 13(6) of the Code of Conduct as follows:</p> <ul style="list-style-type: none"> <li>• Telephone number for complaints;</li> <li>• Freecall telephone number for the office of the water services ombudsman;</li> <li>• A statement that the website contains information about estimates, meter reading and testing, complaints and review; and</li> <li>• A statement that the bill can be reviewed in accordance with the licensee's review procedure mentioned in clause 20.</li> </ul> <p>As this information is available on the website and there are only a small number of customers, this is considered to have a minor impact on customers.</p>



Reporting Manual number and Licence condition		Issue
144C 144D	<p><b>Water Supply Interruptions</b></p> <p><i>Water Services Code of Conduct (Customer Service Standards) 2018 - Clause 44(1)-(2)</i></p> <p>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.</p> <p>The policies, practices and procedures under clause 44(1) must deal with the prescribed matters.</p>	<p>The site visit confirmed that Country Heights Water has adequate practices in operation to deal with and minimise the impact of a burst, leak or blockage in its water supply works, including continuous remote monitoring and alarms with online access to restart and reset any of the parameters of the scheme. There are 4 people that monitor the plant with a set maintenance monitoring routine and monthly onsite servicing. The water tanks have at least 2 to 3 days backup supply.</p> <p>As there is no written policy and procedure for dealing with and minimising the impact of a burst, leak or blockage in its water supply works or sewerage works, this is considered a minor non-compliance.</p>

We conducted our engagement in accordance with Australian Standard on Assurance Engagements ASAE 3100 Compliance Engagements (ASAE 3100). We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

In accordance with ASAE 3100 we have:

- Used our professional judgement to plan our procedures and assess the risks that may cause material non-compliance with each of the compliance requirements to be concluded upon;
- Considered internal controls implemented to meet the compliance requirements; however, we do not express a conclusion on their effectiveness; and
- Ensured that the engagement team possess the appropriate knowledge, skills and professional competencies.

### Summary of Procedures

Our procedures consisted primarily of:

- Utilising ERA's 2019 Audit and Review Guidelines: Water Licences ('the Guidelines') to develop a risk assessment.
- Developing an Audit and Review Plan and an associated work program, approved by the ERA on 18 December 2023.
- Interviewing relevant Country Heights Water staff to gain an understanding of process controls;
- Onsite visit to the water treatment facility at Country Heights Estate and conduct various meetings with stakeholders, including contract personnel, to determine the effectiveness of systems and procedures in place and to compare actual performance against the licence standards. The on-site visit included our Engineer.
- Assessing documents and performing walkthroughs of processes and controls to support the assessment of compliance and the effectiveness of the control environment in accordance with Licence obligations.
- Performing procedures and testing based on the procedures listed in the approved Audit and Review Plan.

### How We Define Reasonable Assurance and Material Non-Compliance

Reasonable assurance is a high level of assurance but is not a guarantee that it will always detect a material non-compliance with the compliance requirements.

Instances of non-compliance are considered material if, individually or in the aggregate, they could reasonably be expected to influence relevant decisions of the intended users taken on the basis of the Licensee's compliance with the compliance requirements.

### Inherent Limitations

Because of the inherent limitations of an assurance engagement, together with the internal control structure it is possible that fraud, error, or non-compliance with the compliance requirements may

occur and not be detected. A reasonable assurance engagement throughout the specified period does not provide assurance on whether compliance with the compliance requirements will continue in the future.

### **Use of this Assurance Report**

This report has been prepared for Country Heights Water Pty Ltd and the ERA for the purpose of assessing compliance with the requirements of the License and may not be suitable for another purpose.

We understand that a copy of this report will be provided to the ERA for the purpose of reporting on the reasonable assurance engagement for the Licensee. We agree that a copy of this report may be provided to the ERA in connection with this purpose, but only on the basis that we accept no duty, liability or responsibility to the ERA in relation to the report.

We disclaim any assumption of responsibility for any reliance on this report, to any person other than the Licensee and the ERA, or for any other purpose other than that for which it was prepared.

### **Management's responsibility**

Country Heights Water's management are responsible for:

- The compliance activities undertaken to meet the requirements of the Licence;
- Identifying risks that threaten the compliance requirements identified above being met and identifying, designing and implementing controls to enable the compliance requirements to be met and, monitoring ongoing compliance;
- Ensuring that it has complied in all material respects with the requirements of the Licence;
- Establishing and maintaining an effective system of internal control over its systems designed to achieve its compliance with the Licence requirements;
- Implementing processes for assessing its compliance requirements and for reporting its level of compliance to the ERA; and
- Implementing corrective actions for instances of non-compliance (if any).

### **Our responsibility**

Our responsibility is to perform a reasonable assurance engagement in relation to Country Heights Water's compliance with its License requirements throughout the period and to issue an assurance report that includes our conclusion.

### **Our Independence and Quality Control**

We have complied with our independence and other relevant ethical requirements of the *Code of Ethics for Professional Accountants* issued by the Australian Professional and Ethical Standards Board and complied with the applicable requirements of Australian Standard on Quality Control 1 to maintain a comprehensive system of quality control.

*We confirm that the ERA's 2019 Audit and Review Guidelines: Water Licenses have been complied with in the conduct of this audit/review and the preparation of the report, and that the audit findings reflect our professional opinion.*

*This audit and review report is an accurate presentation of our findings and opinions.*

### **Quantum Assurance**



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6 May 2024

## 2. Executive Summary

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### 2.1 Background

Country Heights Water Pty Ltd has a Water Services Licence, issued by the Economic Regulation Authority ('ERA') under the *Water Services Act 2012* ('Act'), for the provision of potable water supply in the operating area near the town of Gingin. Country Heights Water is required to comply with the terms and conditions of their license. The plant commenced operations in May 2021 and there were 45 connected properties and 22 customers at 30 June 2023.

Under the Act, water services licensees are required to report on an operational audit ('audit') and an effectiveness review of their asset management system ('review') once every 24 months, or another period that has been specified by the ERA. This audit and review cover the period from 21 November 2018 to 30 November 2023.

The audit and review approach is based on the compliance obligations set out in the Licence, applicable legislation, regulatory guidelines (Water Compliance Reporting Manual 2021) and the 2019 Audit and Review Guidelines: Water Licences (updated August 2022).

### 2.2 Operational Audit

This audit has assessed the licensee's level of compliance with the conditions of its licence. Through the execution of the Audit Plan and assessment and testing of the control environment, the information system, control procedures and compliance attitude, the audit team members have gained reasonable assurance that Country Heights Water Pty Ltd has complied with its Water Services Licence obligations during the audit period from commencement of the licence on 21 November 2018 to 30 November 2023 with some exceptions relating to improving the documentation available to customers. Based on this audit, the exceptions have not affected the customer service provided.

Out of 188 applicable compliance obligations, the audit found:

- 61 obligations were rated compliant (37 with adequate controls, 3 with generally adequate controls and 21 with controls not reviewed).
- 4 obligations were rated non-compliant with minor impact (1 with generally adequate controls and 3 with inadequate controls).
- 6 obligations were rated non-compliant with moderate impact (4 with generally adequate controls and 2 with inadequate controls).
- 117 were not rated for compliance, as no relevant activity took place during the audit period (17 with adequate controls, 1 with generally adequate controls and 99 where controls were not reviewed).

The audit confirmed that Country Heights Water Pty Ltd has complied with its information reporting obligations for the period from 21 November 2018 to 30 November 2023.

The control environment is considered to be generally effective to manage compliance with the licence conditions with some improvements recommended to strengthen ongoing compliance.

### 2.3 Asset Management System Review

This review has assessed the effectiveness of the Licensee's asset management system. Through the execution of the Review Plan and assessment and testing of the control environment, the information system, control procedures and compliance attitude, the audit team members have gained reasonable assurance that Country Heights Water Pty Ltd has operated the potable water supply scheme in a reliable manner and provided a good level of service to the customers.

The review concluded that Country Heights Water does not have an effective management system due to the Asset Management Plan developed in 2018 requiring update and the lack of some supporting documentation for the asset management system.

Out of 12 components of the asset management system, 2 were rated as performing effectively, 5 were rated as opportunity for improvement and 5 were rated as corrective action required. The corrective action is largely to update and improve the Asset Management Plan and supporting documentation of procedures and the maintenance of the asset management processes .



Out of 58 effectiveness criteria for the asset management system, the review found:

- 20 criteria were rated as performing effectively (18 with adequately defined processes and 2 with processes that require some improvement);
- 15 were rated as corrective action required (13 with processes that require some improvement and 2 that require significant improvement) ; and
- 23 were rated as opportunity for improvement (19 with processes that require some improvement and 4 that require significant improvement)).

The water treatment plant commenced operation in May 2021 and there are currently 45 connected properties and 22 residential customers. Whilst the plant is operating at a satisfactory level and has good contractor support, the Asset Management Plan developed in 2018 and the supporting operations and maintenance processes, risk management, environmental analysis and contingency planning need to be updated and improved to support the ongoing effectiveness of the potable water services.

## 3. Operational Audit

### 3.1 Introduction

Country Heights Water Pty Ltd has a Water Services Licence, issued by the Economic Regulation Authority ('ERA') under the *Water Services Act 2012* ('Act'), for the provision of potable water supply in the operating area near the town of Gingin. The plant commenced operations in May 2021 and there were 45 connected properties and 22 customers at 30 June 2023.

Country Heights Water is required to comply with the terms and conditions of their license. There were three versions of the Water License WL49 in operation over the audit period:

- Version 1 - From commencement on 21 November 2018 to 30 April 2020.
- Version 2 - 1 May 2020 to 31 March 2022 (Amendments re Water Licence Review 2019).
- Version 3 – 1 April 2022 to date (Amendment to change licensee name).

Under the Act, water services licensees are required to provide reports on an operational audit ('audit') and an effectiveness review of their asset management system ('review') once every 24 months, or another period that has been specified by the ERA.

The ERA engaged Quantum Management Consulting and Assurance ('Quantum') to complete an operational audit and asset management system effectiveness review of Country Heights Water's potable water supply service to comply with the licensing requirements of the ERA.

The audit and review period was from 21 November 2018 to 30 November 2023.

### 3.2 Objectives and Scope

Our audit and review approach is based on the compliance obligations set out in the Licence, applicable legislation, regulatory guidelines and the 2019 Audit and Review Guidelines – Water Licences (updated August 2022).

To ensure consistency of reporting on audits and reviews, the guidelines require auditors to:

- Adopt a risk based approach to auditing using the risk evaluation model set out in AS ISO 31000:2018.
- Use the compliance rating scales, set out in Table 6 of the guidelines, to assess compliance with licence conditions.
- Use the process and policy, and performance rating scales, set out in Tables 9 and 10 of the guidelines, to assess the effectiveness of the asset management system.
- Ensure the audit and review plan complies with Chapter 3 of the guidelines.
- Ensure the audit and review report complies with Chapter 5 of the guidelines.

### 3.3 Audit Compliance and Controls Rating Scale

The adequacy of controls and compliance with the legislative obligations was assessed using the following ratings.

Adequacy of Controls Rating		Compliance Rating	
Rating	Description	Rating	Description
A	Adequate controls – no improvement needed	1	Compliant
B	Generally adequate controls – improvement needed	2	Non-compliant – minor impact on customers or third parties
C	Inadequate controls – significant improvement required	3	Non-compliant – moderate impact on customers or third parties
D	No controls evident	4	Non-compliant – major impact on customers or third parties
NP	Not performed – controls not assessed in the audit.	NR	Not rated – no activity in current period

### 3.4 Summary of Audit Ratings of Controls and Compliance

The current audit assessment of the ratings for the adequacy of controls and compliance with the 190 applicable legislative obligations is shown below in the summary table and detailed obligations table in section 3.6.

**Summary of Audit Ratings of Control and Compliance**

Controls rating	Compliance Rating						Total	
	Rating	1 Compliant	2 Non-compliant (minor impact)	3 Non-compliant (moderate impact)	4 Non-compliant (major impact)	NR Not rated		
	A -Adequate	37	-	-	-	17		54
	B – Generally adequate	3	1	4	-	1		9
	C - Inadequate	-	3	2	-	-		5
	D – No controls	-	-	-	-	-		-
	NP – Not performed	21	-	-	-	99		120
<b>Total</b>	<b>61</b>	<b>4</b>	<b>6</b>	<b>-</b>	<b>117</b>	<b>188</b>		

### Detailed Audit Ratings of Control and Compliance by Obligation

The current audit assessment of the ratings for the adequacy of controls and compliance with the legislative obligations is shown below.

No. <sup>1</sup>	Brief Description	Legislative Reference	Audit Priority applied  (rated 1 = High to 5 = Low)	Adequacy of Controls Rating <sup>2</sup>  (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed)					Compliance Rating  (1=Compliant, 2=Non-compliant - minor impact, 3=Non-compliant – moderate impact, 4=Non-compliant - major impact, NR=Not rated)				
				A	B	C	D	NP	1	2	3	4	NR
<b>Water Services Act 2012</b>													
2	Terms of service	Sec. 21(1)(b)	4					✓				✓	
3	Provision of services	Sec. 21(1) (c)	4					✓	✓				
4	Operating area	Sec. 22	4					✓				✓	
5	Outsourcing of services	Sec. 23	4					✓	✓				
6	Asset management system	Sec. 24(1)(a) & 24(2)	4			✓				✓			
8	Asset management system review	Sec. 24(1)(c)	4	✓					✓				
9	Operational audit	Sec. 25	4	✓					✓				
10	Code of practice	Sec. 26(3)	4					✓	✓				
13	Termination of service	Sec. 36	4					✓				✓	
14	Supplier of last resort	Sec. 60	4					✓				✓	
15	Ombudsman scheme	Sec. 70(2)	4					✓	✓				
16	Interruption of water supplies	Sec. 77(3)	4	✓					✓				

<sup>1</sup> The number refers to the Obligation reference in the Water Compliance Reporting Manual 2021.

<sup>2</sup> Refer Controls and Compliance Rating Scales in Section 3.3.

No. <sup>1</sup>	Brief Description	Legislative Reference	Audit Priority applied  (rated 1 = High to 5 = Low)	Adequacy of Controls Rating <sup>2</sup>  (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed)					Compliance Rating  (1=Compliant, 2=Non-compliant - minor impact, 3=Non-compliant - moderate impact, 4=Non-compliant - major impact, NR=Not rated)					
				A	B	C	D	NP	1	2	3	4	NR	
17	Notification of building works	Sec. 82(4) & (5)	4					✓						✓
18	Ensuring water service works are done	Sec. 84(2)	4					✓						✓
19	Review of decisions	Sec. 87(2)	4					✓						✓
20	Construction near water service works	Sec. 90(7)	4					✓						✓
21	Cut off water supply	Sec. 95(3)	2					✓						✓
22	Fire hydrants for reticulation works	Sec. 96(1)	4					✓	✓					
23	Requests from FESA or local government	Sec. 96(5)	4					✓	✓					
28	Compliance notice issued by licensee re building works	Sec. 119(2)	4					✓						✓
29	Review of decisions	Sec. 122(2)	4					✓						✓
30	Apportionment of fees between properties	Sec. 125(2)	4					✓						✓
31	Lodging memorial to secure fees owing	Sec. 128(4)	4					✓						✓
32	Notice to property owner - entry	Sec. 129(5)	4	✓										✓
33	Notice to property owner – removal of fence	Sec. 139(3)	4					✓						✓
34	Notice to roads authority	Sec. 141(1)	4					✓						✓
35 36 37 38 39	Proposal for major works	Sec. 142, 143(2) &(3), 144(3), 145(2)	4					✓						✓
40 41	Proposal for general works – Minister notices	Sec. 147(3) & (4)	4					✓						✓
42 43 44 45	Proposal for general works	Sec. 151(1) - (3), 153(3),	4					✓						✓
46 47 48	Interest in land	Sec. 166(5) - (6), 170	4					✓						✓
49 50	Notice of entry to property and authority to enter	Sec. 173(4) & 174 (1)	4	✓										✓
51	Notice of entry after entry without notice	Sec. 174 (3)	4	✓										✓
52 53 54 55	Notice of entry to property and authority to enter	Sec. 175(2) & (5), 176(1), (3) & (4) 181	4					✓						✓

No. <sup>1</sup>	Brief Description	Legislative Reference	Audit Priority applied  (rated 1 = High to 5 = Low)	Adequacy of Controls Rating <sup>2</sup>  (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed)					Compliance Rating  (1=Compliant, 2=Non-compliant - minor impact, 3=Non-compliant - moderate impact, 4=Non-compliant - major impact, NR=Not rated)							
				A	B	C	D	NP	1	2	3	4	NR			
56																
57																
58	Warrant to enter property	Sec. 186, 187(1) - (3), 190(4) - (5)	4					✓						✓		
59																
60																
61																
62	Compliance Officer	Sec. 210(5)	4					✓						✓		
63	Minimum disruption	Sec. 218(2)	4					✓						✓		
64	Physical damage	Sec. 218(3)	4					✓						✓		
<b>Water Services Regulations 2013</b>																
65	Meter testing – multi-unit	Reg. 23(2)	4					✓						✓		
66	Meter testing - compliance	Reg. 24(4)	4					✓						✓		
67	Meter access - compliance	Reg. 26(3)	4					✓						✓		
68	Meter testing tolerance	Reg. 26(5)	4					✓						✓		
69	Lot development	Reg. 29(1)	4					✓						✓		
70	Backflow prevention devices	Reg. 42(2), 43(3), 43(6).	4					✓						✓		
71																
72																
74	Work affecting roads	Reg. 60(2)	4					✓						✓		
75	Breaks to road surface	Reg. 63	4					✓						✓		
89	Compliance notice information	Reg. 85	4					✓						✓		
<b>Water Services Code of Conduct (Customer Service Standards) 2018</b>																
92	Information for customers	Cl. 8(1)-(3)	4	✓						✓						
93	Service connections period	Cl. 9(2) & (4)	4	✓						✓						
94	Annual service charges	Cl. 10(2)	4	✓						✓						
95	Usage bills at least 4 monthly	Cl.11(2) & (3)	4	✓						✓						
96																
97	Estimated meter reading	Cl. 11(4)	4					✓						✓		
98	Estimated Bill of Usage	Cl. 11(5)	4					✓						✓		
98A	Estimated Bill at least every 12 months	Cl. 11(6)	4	✓						✓						
99	Address for billing	Cl. 12	4	✓						✓						
100	Billing information	Cl. 13(1)	4	✓						✓						
100A	Billing information – more than one service	Cl. 13(3)	4					✓						✓		
101	Billing information - usage	Cl. 13(4)	4					✓		✓						
101A	Billing information - estimate	Cl. 13(5)	4					✓						✓		
102A	Billing information – prescribed information	Cl. 13(6)	4		✓						✓					

No. <sup>1</sup>	Brief Description	Legislative Reference	Audit Priority applied  (rated 1 = High to 5 = Low)	Adequacy of Controls Rating <sup>2</sup>  (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed)					Compliance Rating  (1=Compliant, 2=Non-compliant - minor impact, 3=Non-compliant - moderate impact, 4=Non-compliant - major impact, NR=Not rated)					
				A	B	C	D	NP	1	2	3	4	NR	
103 104	Basic of billing estimate	Cl. 14(1) & (2)	4					✓						✓
104A	Tariff information	Cl. 15(3)	4	✓						✓				
105	Request for meter reading	Cl. 16(1)	4					✓						✓
106	Higher than normal charge	Cl. 17(2) & (3)	4	✓						✓				
107 108 109	Under and over charges	Cl. 18(2) - (4).	4	✓										✓
110	Under charges – repayment plan	Cl. 18(5)	4					✓						✓
111A	Over charges – refunds	Cl. 19(2)	4	✓										✓
112A 112B 112C	Over charges - refunds	Cl. 19(3)-(5)	4	✓										✓
113	Review of bill upon request	Cl. 20(1)	4					✓						✓
114	Review of bill procedure – written procedure	Cl. 20(2)	4	✓						✓				
115	Review of bill procedure – information	Cl. 20(3) & (6)	4	✓						✓				
116	Review of bill procedure – ombudsman	Cl. 20(4)	4	✓						✓				
117	Review of bill procedure – timeframe	Cl. 20(5)	4					✓						✓
117A	Notification of change in water service charge	Cl. 21	4	✓						✓				
118	At least 14 days for payment	Cl. 23	4					✓		✓				
119	Payment methods - options	Cl. 24(1)	4		✓					✓				
120	Payment methods - fees	Cl. 24(2)	4					✓						✓
121	Payment methods- direct debit authority	Cl. 25(1)	4					✓						✓
122	Payment in advance	Cl. 26(1)	4					✓						✓
123	Redirection of bills	Cl. 27	4					✓						✓
124A 124B 124C	Payment plan	Cl. 28(2), (3) & (4).	4	✓						✓				
125 126A 126B 127	Financial hardship policy	Cl. 29(1) - (5)	4	✓						✓				
128	Financial hardship policy - publicly available	Cl. 29(6)	4	✓						✓				
129A	Financial hardship policy – review	Cl. 29(7)	4					✓		✓				



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				A	B	C	D	NP	1	2	3	4	NR	
129B	Financial hardship policy – review if directed	Cl. 29(8)	4					✓						✓
129C	Financial hardship – payment variations	Cl. 29(9)	4					✓						✓
130A 130B 131A 131B 131C	Financial hardship – payment variations	Cl. 30(2) & (3), 30(4)(a)-(c)	4	✓										✓
133	Written information re payment assistance	Cl. 31 (4) & (5)	4	✓					✓					
133A	No interest in some circumstances	Cl. 32	4					✓						✓
134	Debt recovery - complaint	Cl. 33(1)(a) – (c)	4					✓						✓
134A	Debt recovery – payment plan	Cl. 33(1)(d) – (e)	4					✓						✓
135 136	Restoring water supply	Cl. 40(1) & (2)	4					✓						✓
137A 137B 137C 138 138A 138B	Water supply restriction	Cl. 36(1)-(3), 37(1)(a)-(h) & 38	4					✓						✓
139	Rate of flow	Cl. 39	4					✓						✓
142	Restoring water supply	Cl. 41(4)	4					✓						✓
144	Compliance rate	Cl. 41(6)	4					✓						✓
144A	Notice of planned service interruptions	Cl. 43(1)	4	✓										✓
144B	Notice of planned service interruptions -timeframe	Cl. 43(2)	4		✓									✓
144C 144D	Policy for dealing with leaks and blockages	Cl. 44(1) - (2)	4			✓				✓				
144E	24 hour information line	Cl 45	4			✓						✓		
145 146	Complaints procedure - written	Cl. 46(1) - (2)	4	✓					✓					
147	Complaints procedure - details	Cl. 46(3)	4	✓					✓					
148A	Complaints procedure - Ombudsman	Cl. 46(4)	4	✓					✓					
149	Complaints procedure publicly available	Cl. 46(5)	4					✓	✓					
149A	Resolution of complaints	Cl. 47	4	✓					✓					
150	No charge for information	Cl. 48(1)	4					✓						✓
152	Access to customer information	Cl. 48(2)	4					✓	✓					

No. <sup>1</sup>	Brief Description	Legislative Reference	Audit Priority applied  (rated 1 = High to 5 = Low)	Adequacy of Controls Rating <sup>2</sup>  (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed)					Compliance Rating  (1=Compliant, 2=Non-compliant - minor impact, 3=Non-compliant - moderate impact, 4=Non-compliant - major impact, NR=Not rated)					
				A	B	C	D	NP	1	2	3	4	NR	
153	"Prescribed Information" publicly available in hardcopy and on website	Cl. 49(1)	4	✓						✓				
154	Bill information on website	Cl. 49 (2)	4	✓						✓				
154A	Link to WA website	Cl. 49(3)	4			✓						✓		
154B	Preserved supply register	Cl. 51(1),(3)	2					✓						✓
154C 154D	Preserved supply register	Cl. 52 & 53	2					✓						✓
<b>Other Licence Conditions</b>														
155	Fees to regulator	Cl. 4.2.1	4					✓		✓				
159	Direction from ERA	Cl. 4.1.2	4					✓						✓
160	Compliance with Accounting Standards	Cl. 4.6.1	4					✓		✓				
161	Compliance with performance standards	Cl. 5.2.1	4	✓						✓				
162	Operational audit	Cl. 5.3.4	4					✓		✓				
163	External administration	Cl. 4.7.1(a)-(c)	4					✓						✓
165	Provision of information to ERA	Cl. 4.8.1	4					✓		✓				
167	Performance reporting to ERA	Cl. 4.8.2	4					✓		✓				
168	Publishing information	Cl. 3.8.1 & 3.8.2	4					✓						✓
169	Notices in writing	Cl. 3.7.1	4					✓		✓				
170A	Notify ERA of asset management system (AMS)	Cl. 5.1.1 (a) & (b)	4					✓		✓				
171	Notify ERA of material change to AMS	Cl. 5.1.3	4					✓						✓
172	AMS review	Cl. 5.1.7	4					✓		✓				
172A 172B	ERA direction re condition of service	Cl. 6.1.1-6.1.2	4					✓						✓
181	Obligations of supplier of last resort	Cl. 6.3.1	4					✓						✓
182	No services outside operating area	Cl. 4.4.1(b)	4					✓						✓
184	MOU with Department of Health (water)	Cl. 7.1.1	4		✓					✓				
185	MOU legal compliance	Cl. 7.1.4	4	✓						✓				
186	MOU compliance	Cl. 7.1.5	4	✓						✓				
187	MOU published	Cl. 7.1.6	4					✓		✓				

No. <sup>1</sup>	Brief Description	Legislative Reference	Audit Priority applied  (rated 1 = High to 5 = Low)	Adequacy of Controls Rating <sup>2</sup>  (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed)					Compliance Rating  (1=Compliant, 2=Non-compliant - minor impact, 3=Non-compliant - moderate impact, 4=Non-compliant - major impact, NR=Not rated)					
				A	B	C	D	NP	1	2	3	4	NR	
188	MOU - audit reports published	Cl. 7.1.7	4					✓						✓
189	MOU – other reports published	Cl. 7.1.8	4					✓	✓					
190	Service and performance standards	Schedule 2	4		✓				✓					
<b>Water Services Code of Practice (Family Violence) 2020</b>														
191	Family violence policy (191 to 198 from March 2021)	Cl. 5(1)	4		✓							✓		
192	Family violence policy before the end of the six-month period	Cl. 5(2)	4		✓							✓		
193	Publish family violence policy on website	Cl. 6	4		✓							✓		
194	Review of family violence policy once every 5-year period	Cl. 7	4	✓					✓					
195	Records of compliance with this code	Cl. 8(1)	4					✓						✓
196	Retain records for at least 7 years	Cl. 8(2)	4					✓						✓
197	Inform customers of complaints procedure	Cl. 9	4					✓						✓
198	Website link to current copy of this Code	Cl. 10	4		✓							✓		

### 3.5 Status of Previous Audit Recommendations

As this is the first audit for the licence, there are no previous audit recommendations.

Reference (no./year)	Previously Assessed Non-Compliance/Controls Improvement	Previous Auditor's Recommendation and <i>Action Taken</i>	Date Resolved	Further action required
<b>A. Resolved before end of previous review</b>				
	Nil			
<b>B. Resolved during current review period</b>				
	Nil			

### 3.6 Detailed Audit Observations

The audit period was 21 November 2018 to 30 November 2023.

No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority <sup>4</sup>	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
<b>Water Services Act 2012</b>							
2	Section 21(1)(b)	Clause 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 not financially viable or is otherwise not practicable.	4	The auditor confirmed with the Principal Hydrogeologist that during the audit period, Country Heights Water was not requested to provide the water service authorised by WL49 to any other person (not covered by section 21(1)(a) of the Act) within the operating area of WL49.	NP	NR
3	Section 21(1)(c)	Clauses 4.1.1	The licensee must provide, operate and maintain the water service works specified by the ERA in the licence for the purpose of section 11(3).	4	The auditor confirmed during this audit that the water service works are operated in accordance with the Licence.	NP	1
4	Section 22	Clause 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.	4	The Principal Hydrogeologist confirmed that during the audit period, Country Heights Water did not provide water services outside the operating area of WL49.	NP	NR
5	Section 23	Clause 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	4	The Principal Hydrogeologist confirmed that during the audit period, Country Heights Water owned the water treatment facility.	NP	1

<sup>3</sup> The number refers to the item reference in the Water Compliance Reporting Manual 2021.

<sup>4</sup> The highest priority areas (priority 1, 2 or 3) based on inherent risk and expected controls/processes are highlighted in **RED**.

<sup>5</sup> Controls Rating Scale: A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed.

<sup>6</sup> Compliance Rating Scale: 1=Compliant, 2=Non-compliant (minor impact), 3=Non-compliant – moderate impact, 4=Non-compliant - major impact, NR=Not rated.

No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority <sup>4</sup>	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
			must be covered by a works holding arrangement.				
6	Sections 24(1)(a) & 24(2)	Clause 5.1.1	The licensee must provide for an asset management system in respect of the licensee's water service works.	4	This audit and review concluded that Country Heights Water does not have an adequate asset management system in respect of the water service works. Many of the asset management system processes have incomplete or outdated documentation to support the ongoing operations of the Scheme. As the Scheme is relatively new, there is minor impact on customers. The asset management system is detailed in the Water Asset Management Plan (October 2018). <i>Refer findings in Section 4 of this report.</i>	C	2
8	Section 24(1)(c)	Clause 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.	4	This is the first asset management system review required by the licence and the ERA. The report is provided to the ERA.	A	1
9	Section 25	Clause 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.	4	This is the first operational audit required by the licence and the ERA. The report is provided to the ERA.	A	1
10	Section 26(3)	Clause 4.1.1	The licensee must comply with each code of practice made by the Minister to the extent to which it applies to the licensee.	4	Country Heights Water has a "Family Violence Policy" that complies with clause 5(1) of the <i>Water Services Code of Practice (Family Violence) 2020</i> .	NP	1



No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority <sup>4</sup>	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
13	Section 36	Clause 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.	4	The auditor confirmed with the Principal Hydrogeologist that during the audit period, Country Heights Water did not cease to provide a water service in the licence area.	NP	NR
14	Section 60	Clause 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.	4	The auditor confirmed with the Principal Hydrogeologist that during the audit period, Country Heights Water was not a supplier of last resort for a designated area in relation to the provision of a particular water service.	NP	NR
15	Section 70(2)	Clause 6.2.1	The licensee must not supply water services to customers unless the licensee: <ul style="list-style-type: none"> <li>• is a member of the water services ombudsman scheme; and</li> <li>• is bound by the scheme; and</li> <li>• will comply with any decision or direction of the water services ombudsman under the scheme.</li> </ul>	4	The auditor confirmed with the Energy and Water Ombudsman website and a fee payment that Country Heights Water is a member of the water services ombudsman scheme.  The auditor confirmed with the Principal Hydrogeologist that they have no knowledge of any decisions or directions made by the water service ombudsman during the audit period.	NP	1
16	Section 77(3)	Clause 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.	4	The auditor confirmed with the Principal Hydrogeologist that during the audit period, there were no interruptions to water services. If there were, Country Heights Water would take reasonable steps to minimise the extent or duration of any interruption of water services it was responsible for.  This obligation is stated in the Customer Contract.	A	1

No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority <sup>4</sup>	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
17	Sections 82(4) & (5)	Clause 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 licence, 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.	4	The Principal Hydrogeologist confirmed that during the audit period, no person was obliged to give Country Heights Water notice of any building work to be carried out on land in the operating area of a licence.	NP	NR
18	Section 84(2)	Clause 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.	4	The Principal Hydrogeologist confirmed that during the audit period, Country Heights Water did not give any notice under Section 83(3)(a) of the Act.	NP	NR
19	Section 87(2)	Clause 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.	4	The Principal Hydrogeologist that he is not aware of any person who, during the audit period, made an application with the State Administrative Tribunal for a review of a decision in respect of the licensee providing additional water services.	NP	NR

No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority <sup>4</sup>	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
20	Section 90(7)	Clause 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 is located or the activity is taking place if the person to be given the notice is not the owner of the land.	4	The Principal Hydrogeologist confirmed that during the audit period, Country Heights Water did not give any compliances notices to any person who was undertaking construction or carrying out similar works in the vicinity of water service works.	NP	NR
21	Section 95(3)	Clause 4.1.1	The licensee cannot cut off the supply of water to an occupied dwelling unless the occupier agrees to that.	2	The auditor confirmed with the Principal Hydrogeologist that during the audit period, Country Heights Water did not cut off the supply of water to an occupied dwelling. The Customer Contract does not include any provision to terminate the water supply to an occupied dwelling.	NP	NR
22	Section 96(1)	Clause 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 (now Department of Fire and Emergency Services (DFES)), or the relevant local government as to the location and type of hydrant.	4	The auditor confirmed with the Principal Hydrogeologist that, during the audit period, Country Heights Water installed fire hydrants in accordance with DFES requirements as part of the water supply reticulation works for Stage 1 of the estate. The fire hydrants have been pressured tested by the surveyor in 2019.	NP	1
23	Section 96(5)	Clause 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	4	The auditor confirmed with the Principal Hydrogeologist that, during the audit period, Country Heights Water installed fire hydrants in accordance with DFES requirements as part of the	NP	1

No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority <sup>4</sup>	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
			Act to the extent practicable and within a reasonable time.		water supply reticulation works for Stage 1 of the estate.		
28	Section 119(2)	Clause 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).	4	The auditor confirmed with the Principal Hydrogeologist that during the audit period, Country Heights Water did not give any compliance notice in relation to the matters set out in section 119(1).	NP	NR
29	Section 122(2)	Clause 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.	4	The auditor confirmed with the Principal Hydrogeologist that during the audit period, that he is not aware of any person who, during the audit period, made an application to the State Administrative Tribunal under section 122(1) of the Act.	NP	NR
30	Section 125(2)	Clause 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> .	4	The auditor confirmed with the Principal Hydrogeologist that during the audit period, Country Heights Water did not provide a water supply or sewerage service to 2 or more dwellings on land by a single property connection. There are no strata title properties.	NP	NR
31	Section 128(4)	Clause 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.	4	The auditor confirmed with the Principal Hydrogeologist that he is not aware of any instance during the audit period, which required Country Heights Water to lodge a withdrawal of memorial with Registrar.	NP	NR
32	Section 129(5)	Clause 4.1.1	If a routine inspection or maintenance is likely to cause disruption to the occupants of a place at least 48 hours'	4	The auditor confirmed with the Principal Hydrogeologist that during the audit period, there was no entry to premises required.	A	NR

No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority <sup>4</sup>	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
			notice of a proposed entry must be given to the occupier of the place unless the occupier agrees otherwise.		The customer contract states that at least 2 days written notice will be given if entry to premises is required for routine inspection or maintenance unless the occupier agrees otherwise.		
33	Section 139(3)	Clause 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.	4	The auditor confirmed with the Principal Hydrogeologist that during the audit period, Country Heights Water did not remove or erect a fence or gate when exercising a works power conferred by the Act.	NP	NR
34	Section 141(1)	Clause 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.	4	The auditor confirmed with the Principal Hydrogeologist that during the audit period, Country Heights Water did not exercise a works power for a road.	NP	NR
35	Sections 142	Clause 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.	4	The auditor confirmed with the Principal Hydrogeologist that during the audit period, Country Heights Water did not undertake any major works.	NP	NR
36	Sections 143 (2)	Clause 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.	4	Refer obligation 35.	NP	NR

No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority <sup>4</sup>	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
37	Sections 143 (3)	Clause 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.	4	Refer obligation 35.	NP	NR
38	Section 144(3)	Clause 4.1.1	The licensee must have regard to an objection or submission lodged within the relevant period.	4	Refer obligation 35.	NP	NR
39	Section 145(2)	Clause 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.	4	Refer obligation 35.	NP	NR
40	Section 147(3)	Clause 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).	4	Refer obligation 35.	NP	NR
41	Section 147(4)	Clause 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.	4	Refer obligation 35.	NP	NR
42	Section 151(1)	Clause 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.	4	The auditor confirmed with the Principal Hydrogeologist that during the audit period, Country Heights Water did not undertake any general works.	NP	NR



No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority <sup>4</sup>	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
43	Section 151(2)	Clause 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.	4	Refer obligation 42.	NP	NR
44	Section 152(3)	Clause 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).	4	Refer obligation 42.	NP	NR
45	Section 153(3)	Clause 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.	4	Refer obligation 42.	NP	NR
46	Section 166(5)	Clause 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.	4	The auditor confirmed with the Principal Hydrogeologist that, during the audit period, Country Heights Water did not receive any advice from the Minister that an interest in land is appropriate to its needs.	NP	NR
47	Section 166(6)	Clause 4.1.1	Any costs incurred in taking an interest in land are to be paid by the licensee.	4	Refer obligation 46.	NP	NR
48	Section 170	Clause 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.	4	The auditor confirmed with the Principal Hydrogeologist that, during the audit period, Country Heights Water did not sell an interest in land.	NP	NR

No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority <sup>4</sup>	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
49	Section 173(4)	Clause 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.	4	The auditor confirmed with the Principal Hydrogeologist that during the audit period, there was no entry to premises required. The Customer Contract states that at least 2 days written notice will be given if entry to premises is required for routine inspection or maintenance unless the occupier agrees otherwise.	A	NR
50	Section 174(1)	Clause 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.	4	Refer obligation 49.	A	NR
51	Section 174(3)	Clause 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.	4	Refer obligation 49.	A	NR
52	Section 175(2)	Clause 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.	4	The Principal Hydrogeologist confirmed that during the audit period, Country Heights Water did not enter any dwellings, as its responsibility stops at the water meters.	NP	NR
53	Section 175(5)	Clause 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.	4	Refer obligation 52.	NP	NR

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54	Section 176(1)	Clause 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.	4	The Principal Hydrogeologist confirmed that during the audit period, Country Heights Water was not notified by an owner or occupier to leave an entered place.	NP	NR
55	Section 176(3)	Clause 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.	4	The Principal Hydrogeologist confirmed that during the audit period, Country Heights Water was not requested to produce evidence of authority.	NP	NR
56	Section 176(4)	Clause 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.	4	Refer obligation 55.	NP	NR
57	Section 181	Clause 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.	4	The Principal Hydrogeologist confirmed that he is not aware of any reasonable request made during the audit period, by an owner or occupier intended to limit interference with the lawful activities of the owner or occupier.	NP	NR
58	Section 186	Clause 4.1.1	If the licensee applies for a warrant, the application must contain the prescribed information.	4	The Principal Hydrogeologist confirmed that during the audit period, Country Heights Water did not apply for any warrants or execute any warrants.	NP	NR
59	Sections 187(1) – (3)	Clause 4.1.1	If the licensee applies for a warrant to enter, the application must be made in accordance with the procedures	4	Refer obligation 58.	NP	NR

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			specified depending on the location of the applicant and the justice.				
60	Section 190(4)	Clause 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.	4	Refer obligation 58.	NP	NR
61	Section 190(5)	Clause 4.1.1	On completing the execution of a warrant the licensee must record the prescribed information on that warrant.	4	Refer obligation 58.	NP	NR
62	Section 210(5)	Clause 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.	4	The Principal Hydrogeologist confirmed that during the audit period, Country Heights Water did not designate a person as an inspector or compliance officer.	NP	NR
63	Section 218(2)	Clause 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.	4	The Principal Hydrogeologist confirmed that during the audit period, Country Heights Water did not: <ul style="list-style-type: none"> <li>Obstruct the free use of any place; or</li> <li>Cause any damage, harm or inconvenience.</li> </ul>	NP	NR
64	Section 218(3)	Clause 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.	4	The Principal Hydrogeologist confirmed that during the audit period, Country Heights Water did not cause any physical damage in the exercise of a works power or a power of entry.	NP	NR
<b>Water Services Regulations 2013</b>							

No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority <sup>4</sup>	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
65	Regulation 23(2)	Clause 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.	4	The Principal Hydrogeologist confirmed that during the audit period, Country Heights Water did not provide a water supply service in respect of a multi-unit development.	NP	NR
66	Regulation 24(4)	Clause 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.	4	The Principal Hydrogeologist confirmed that during the audit period, Country Heights Water did not give a compliance notice to a person in respect of access to meters.	NP	NR
67	Regulations 26(3)	Clause 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 approved by the CEO for the purpose of this regulation.	4	The Principal Hydrogeologist confirmed that during the audit period, Country Heights Water was not requested by an owner or occupier to test a meter.	NP	NR
68	Regulation 26(5)	Clause 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).	4	Refer obligation 67.	NP	NR
69	Regulation 29(1)	Clause 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	4	The auditor confirmed with the owner and the Principal Hydrogeologist and during the site visit that, during the audit period, Country Heights Water was the only developer within the operating area of WL49.	NP	NR

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			contribution unless regulations 29(3) or 29(4) applies.				
70	Regulation 42(2)	Clause 4.1.1	The written order requiring the owner or occupier of land to install a backflow prevention device must set out the date which the device must be installed and tested (which must be at least 7 days after the order is given to the owner or occupier).	4	The Principal Hydrogeologist confirmed that during the audit period, Country Heights Water did not give a written order requiring the owner or occupier of land to install a backflow prevention device.	NP	NR
71	Regulation 43(3)	Clause 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).	4	The Principal Hydrogeologist confirmed that during the audit period, Country Heights Water did not give any compliance notice to the owner or occupier of land regarding: <ul style="list-style-type: none"> <li>• Testing or maintaining a backflow prevention device; or</li> <li>• Making good a backflow prevention device.</li> </ul>	NP	NR
72	Regulation 43(6)	Clause 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 notice is given to the owner or occupier).	4	Refer obligation 71.	NP	NR
74	Regulation 60(2)	Clause 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	4	The Principal Hydrogeologist confirmed that during the audit period, Country Heights Water did not exercise a works powers for a road.	NP	NR

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			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.				
75	Regulation 63	Clause 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.	4	The Principal Hydrogeologist confirmed that during the audit period, Country Heights Water did not open or break up the surface of a road	NP	NR
89	Regulation 85	Clause 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.	4	The Principal Hydrogeologist confirmed that during the audit period, Country Heights Water did not issue any compliance notices.	NP	NR
<b>Water Services Code of Conduct (Customer Service Standards) 2018</b>							
92	Clauses 8(1)-(3)	Clause 4.1.1	The licensee must have written information for customers about the prescribed matters regarding connections and the information must be publicly available. <i>(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).</i>	4	The auditor confirmed that Country Heights Water has a dedicated website that has written information on the prescribed matters, including a dedicated web page entitled: "Getting Connected" and specific forms as follows: <ul style="list-style-type: none"> <li>○ Form 1 – Customer Contract</li> <li>○ Form 2 - Residents Account Establishment Form</li> <li>○ Form 3 - Water Service Connection Application Form</li> <li>○ Form 4 - Pricing and Charges</li> </ul>	A	1

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			<i>Note: The 2021 Water Compliance Manual included a requirement that for non-potable water supply, the licensee is to provide non-potable water on the basis that the customer is responsible for treatment of water fit for human drinking (obligations 92 to 139 and 144 to 154D). As the licensee does not provide non-potable water, this amendment does not apply to this audit.</i>		The website states that: <i>“Country Heights Water will install or activate a standard water service within 10 business days, or on an agreed day, once the conditions for connection (including fees &amp; charges) have been met. We will maintain the water service up to and including the meter outlets on the property.”</i>		
93	Clauses 9(2) and (4)		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. Note: Potable water supply only.	4	There were 45 connected properties in Stage 1 of the estate with 22 customers. The Principal Hydrogeologist confirmed that all connections were made within 10 business days of the connection fee being paid.  This obligation is stated in the “Getting Connected” section of the website.	A	1
94	Clause 10(2)	Clause 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.	4	The audit reviewed a sample of 12 quarterly Country Heights Water tax invoices issued to 12 out of 22 customers (55% of customers) during the audit period.  These tax invoices levied a Base Service Charge (quarterly) and a Vacant Land Charger (quarterly) or for occupied properties, a Water Usage Charge (quarterly) based on fixed annual usage up to 425kL. Usage above 425kl is billed in the last quarter of the financial year when the meter reading is done .  The types of charges are stated in the Customer Contract and the billing periods are stated in the Form 4 – Pricing and Charges.	A	1



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95	Clause 11(2)	Clause 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.	4	Refer obligation 94. Quarterly usage charges are based on a fixed volume and adjusted in the final quarter of the financial year when the meter reading is done. This obligation is complied with.	A	1
96	Clause 11(3)	Clause 4.1.1	A bill for usage must be based on a meter reading to ascertain the quantity supplied or discharged.	4	Refer obligation 94. Quarterly usage charges are based on a fixed volume and adjusted in the final quarter of the financial year when the meter reading is done. This obligation is complied with.	A	1
97	Clause 11(4)	Clause 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. (Note: The Water Services Regulations 2013 did not address the estimation of bills at the time this Reporting Manual was published).		The audit confirmed with the Principal Hydrogeologist that during the audit period, Country Heights Water did not estimate usage for billing purposes.	NP	NR
98	Clause 11(5)	Clause 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.	4	Refer obligation 97.	NP	NR
98A	Clause 11(6)	Clause 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.	4	Refer obligation 94. Quarterly usage charges are based on a fixed volume and adjusted in the final quarter of the financial year when the meter reading is done. Considered compliant this with this obligation.	A	1

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99	Clause 12	Clause 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.	4	<p>The audit confirmed that, during the audit period, Country Heights Water sent bills to the email address nominated by the customer or if not nominated, to the property address or the postal address.</p> <p>The audit reviewed a sample of 12 quarterly Country Heights Water tax invoices issued to 12 out of 22 customers (55% of customers) during the audit period. These tax invoices recorded the customers' property addresses.</p> <p>This obligation is stated in the Customer Contract.</p>	A	1
100	Clause 13(1)	Clause 4.1.1	Each bill must contain the prescribed information.	4	<p>The audit reviewed a sample of 12 quarterly Country Heights Water tax invoices issued to 12 out of 22 customers (55% of customers) during the audit period. These tax invoices disclosed the information stipulated in clause 13(1) of the 2018 Code of Conduct</p> <p>The Principal Hydrogeologist confirmed that during the audit period, no concessions were granted to customers; and no interest or fees were charged for late payment of outstanding amounts.</p> <p>The Customer Contract in Section 4.3 - Your bill states the information on the bill. This includes the prescribed information.</p>	A	1
100A	Clause 13(3)	Clause 4.1.1	A bill issued for 2 or more water services must specify the charge payable for each water service.	4	The audit reviewed a sample of 12 tax invoices issued during the audit period. The bills are issued for one water service only.	NP	NR
101	Clause 13(4)	Clause 4.1.1	Each bill for usage for a metered water service must contain specified information.	4	The audit reviewed a sample of 12 tax invoices issued during the audit period. These tax invoices contained the information stipulated in clause 13(4) of the 2018 Code of Conduct.	NP	1

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					The Principal Hydrogeologist confirmed that during the audit period, Country Heights did not estimate usage for billing purposes.		
101A	Clause 13(5)	Clause 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.	4	The audit confirmed with the Principal Hydrogeologist that during the audit period, Country Heights Water did not estimate usage for billing purposes.	NP	NR
102A	Clause 13(6)	Clause 4.1.1	Each bill must contain the prescribed information.	4	<p>The audit reviewed a sample of 12 tax invoices issued during the audit period out of 22 customers. These tax invoices contained contact information but this does not include the information stipulated in clause 13(6) of the Code of Conduct as follows:</p> <ul style="list-style-type: none"> <li>• Telephone number for complaints;</li> <li>• Freecall telephone number for the office of the water services ombudsman;</li> <li>• A statement that the website contains information about estimates, meter reading and testing, complaints and review; and</li> <li>• A statement that the bill can be reviewed in accordance with the licensee's review procedure mentioned in clause 20.</li> </ul> <p>As this information is available on the website and there are only a small number of customers, this is considered to have a minor impact on customers.</p> <p><b><u>Recommendation 1/2024</u></b></p> <p><i>The invoices to customers should include the "prescribed information" in the Water Services Code of Conduct (Customer Service Standards) 2018, including:</i></p> <ul style="list-style-type: none"> <li>• Telephone number for complaints;</li> </ul>	B	<b>2</b>

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					<ul style="list-style-type: none"> <li>• Freecall telephone number for the office of the water services ombudsman;</li> <li>• A statement that the website contains information about estimates, meter reading and testing, complaints and review; and</li> <li>• A statement that the bill can be reviewed in accordance with the licensee's review procedure mentioned in clause 20.</li> </ul>		
103	Clause 14(1)	Clause 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.	4	The audit confirmed with the Principal Hydrogeologist that during the audit period, Country Heights Water did not estimate usage for billing purposes.	NP	NR
104	Clause 14(2)	Clause 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.	4	The audit confirmed with the Principal Hydrogeologist that during the audit period, Country Heights Water did not estimate usage for billing purposes.	NP	NR
104A	Clause 15(3)	Clause 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.	4	Clause 15 refers to bills containing information about volumetric charges for usage that vary depending upon the volume of supply in the billing period. The invoices sighted in the audit included the tiered usage and charges information. This information is included in Form 4 – Pricing and Charges.	A	1
105	Clause 16(1)	Clause 4.1.1	The licensee must provide to the customer on request a meter reading and a bill (or revised bill if applicable) for	4	The audit confirmed with the Principal Hydrogeologist that there were no requests for	NP	NR

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			outstanding charges outside of the usual bill cycle, or in case the customer disputes an estimate.		meter readings outside the usual cycle or if a customer disputed the metering.		
106	Clause 17(2) and (3)	Clause 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.	4	The Customer Contract on the website and available in hardcopy, includes a written policy on higher than normal usage that complies with this obligation. The meter reading may indicate that there are leaks from the customer's system compared with previous usage. The section 10.3 Meter testing states: <i>"If you consider that the meter is not accurately recording water passing through it, you may request that we test it. We will advise you of the meter reading results and make available a written report on your request.</i>  <i>If the test shows that the meter is over-recording, by more than three per cent of the actual quantity of water passing through it, we will:</i> <ul style="list-style-type: none"> <li>• <i>repair or replace the meter;</i></li> <li>• <i>refund any charge paid by you for the test; and</i></li> <li>• <i>adjust your bill by calculating the measurement error on a basis that is representative of your consumption pattern."</i></li> </ul>	A	1
107	Clause 18(2)	Clause 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 on the day on which the licensee informed the customer of the undercharging.	4	The auditor confirmed with the Principal Hydrogeologist that during the audit period, Country Heights Water did not recover any undercharged amount from a customer.  The Customer Contract states in Section 4.4 Undercharging that <i>"we will state the amount to be paid as a separate amount in the next bill."</i>	A	NR

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108	Clause 18(3)	Clause 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.	4	Refer obligation 107.	A	NR
109	Clause 18(4)	Clause 4.1.1	The licensee must not charge interest or late payment fees on an undercharged amount.	4	The auditor confirmed with the Principal Hydrogeologist that during the audit period, Country Heights Water did not recover any undercharged amount from a customer.  The Customer Contract states in Section 4.4 Undercharging that <i>"we will state the amount to be paid as a separate amount in the next bill."</i>	A	NR
110	Clause 18(5)	Clause 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.	4	The auditor confirmed with the Principal Hydrogeologist that during the audit period, Country Heights Water did not recover any undercharged amount from a customer.	NP	NR
111A	Clause 19(2)	Clause 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.	4	The auditor confirmed with the Principal Hydrogeologist that during the audit period, Country Heights Water did not overcharge a customer.  The Customer Contract states in Section 4.5 Overcharging that <i>"If your bill states that you are required to pay us an amount that is greater than what you are actually required to pay us (that is, we have overcharged you) due to our error, we will send an overcharging notice advising you of the overcharged amount and recommend options for how the overcharged amount may be refunded or credited to your account within 15 days of us becoming aware of the overcharging."</i>	A	NR
112A	Clause 19(3)	Clause 4.1.1	If the licensee sends the customer an overcharging notice and receives	4	Refer obligation 111A.	A	NR

No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority <sup>4</sup>	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
			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.				
112B	Clause 19(4)	Clause 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.	4	Refer obligation 111A.	A	NR
112C	Clause 19(5)	Clause 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).	4	Refer obligation 111A.	A	NR
113	Clause 20(1)	Clause 4.1.1	The licensee must review a bill on the customer's request.	4	The Principal Hydrogeologist confirmed that during the audit period, no customers requested bill reviews. There were some billing enquiries during the audit period. However, these were not formal bill review requests and were resolved by communication.	NP	NR
114	Clause 20(2)	Clause 4.1.1	The © must have a written procedure for the review of a bill on the customer's request.	4	Country Heights Water's Customer Contract in Section 4.6 Billing disputes states <i>"If there is an unresolved dispute concerning an amount of money to be paid by you, we will not seek the disputed</i>	A	1

No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority <sup>4</sup>	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
					<i>amount from you until the dispute has been resolved. You are obliged to pay any undisputed charges or fees by the due date.”</i>		
115	Clause 20(3) and (6)	Clause 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.	4	Country Heights Water’s Customer Contract, as available on the website, includes appropriate references to: <ul style="list-style-type: none"> <li>Water meter testing – Infield test and Water meter testing – Testing is independent of the Licensee (clause 20(3)(a));</li> <li>Review of Outcome – Undercharged bill and Overcharged bill (clause 20(3)(b); and</li> <li>Appeals and Complaints (clause 20(3)(c)).</li> </ul> The Principal Hydrogeologist confirmed that during the audit period, no customers requested a hard copy of the review procedure.	A	1
116	Clause 20(4)	Clause 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, making an appeal from, or applying for a review of, the decision under regulations mentioned in section 222(2)(k) of the Act.	4	The Customer Contract includes in Section 12, the complaints procedure if the customer is unhappy with the service provided by Country Heights Water. This includes the right to seek external resolution of a dispute that has not been resolved to the customer’s satisfaction.	A	1
117	Clause 20(5)	Clause 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	4	The Principal Hydrogeologist confirmed that during the audit period, no customers requested bill reviews.	NP	NR



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			from the day the customer's request for review was received.				
117A	Clause 21	Clause 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).	4	<p>The Principal Hydrogeologist advised that during the audit period, Country Heights Water reviewed and revised the water service charges on an annual basis. The auditor sighted the tax invoices for the June 2023 quarter which include notification of price changes from the beginning of the next quarter. The obligation is complied with.</p> <p>The Customer Contract in Section 4.8 Notification of Price Variations states that <i>"We will publish notice of any variations to our charges on our website and provide details on your bill. The variation will commence on the first day of the next quarter after the notice of the variation has been published; or any other date we nominate after we have published the notice of the variation."</i></p>	A	1
118	Clause 23	Clause 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.	4	The auditor sighted tax invoices for June 2021, July 2022, June 2023 and October 2023 and confirmed the payment due dates were at least 14 days from the date issued.	NP	1
119	Clause 24(1)	Clause 4.1.1	The licensee must allow a customer to pay a bill using any of the prescribed methods selected by the customer.	4	<p>The Principal Hydrogeologist confirmed that the prescribed payment methods are accepted.</p> <p>The Customer Contract in Section 4.3.4 – How to make a payment states <i>"We will provide you with a range of payment options including in person, Centrepay, by mail, via the internet, telephone or by direct debit. Any fees or charges incurred with a particular payment method will be communicated to</i></p>	B	1

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					<p><i>you prior to accepting payment. You must pay by one of the payment options that we offer. We will not accept payments by other methods.”</i></p> <p>An improvement is that the payment methods could be included on the invoices. Only the EFT bank account details are currently included.</p>		
120	Clause 24(2)	Clause 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.	4	The auditor confirmed with the Principal Hydrogeologist that during the audit period, Country Heights Water did not levy fees and charges for the different bill payment methods options provided to customers.	NP	NR
121	Clause 25(1)	Clause 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.	4	The Principal Hydrogeologist confirmed that during the audit period, Country Heights did not receive any customer request to pay by direct debit.	NP	NR
122	Clause 26(1)	Clause 4.1.1	The licensee must accept payment in advance from a customer on a customer's request.	4	The Principal Hydrogeologist confirmed that during the audit period, Country Heights did not receive any customer request to pay in advance.	NP	NR
123	Clause 27	Clause 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.	4	The Principal Hydrogeologist confirmed that during the audit period, Country Heights did not receive any customer request to redirect a customer's bills due to absence or illness.	NP	NR
124A	Clause 28(2)	Clause 4.1.1	The licensee must advise a customer who has been assessed as experiencing	4	The Principal Hydrogeologist advised that during the audit period, Country Heights Water received one	A	1

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			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.		request for a payment plan and this was provided and agreed with the customer. The customer's water consumption and capacity to pay is taken into account. The payment plans are interest free. This obligation is stated in the Customer Contract – Section 5.1.		
124B	Clause 28(3)	Clause 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.	4	Refer obligation 124A.	A	1
124C	Clause 28(4)	Clause 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.	4	Refer obligation 124A.	A	1
125	Clause 29(1) and (2)	Clause 4.1.1 and Schedule 3, clause 1.1.1	The licensee must have a written policy in relation to financial hardship that is approved by the ERA.	4	Country Heights Water has a Financial Hardship Policy that was updated in March 2022 for the licensee name change and approved by the ERA. The Policy was published on the Country Heights Water and ERA websites.	A	1
126A	Clause 29(3)	Clause 4.1.1	Unless the ERA approves otherwise, the licensee's financial hardship policy must	4	Refer obligation 125.	A	1

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			comply with the ERA's guidelines (if any) in relation to financial hardship policies.				
126B	Clause 29(4)	Clause 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.	4	Refer obligation 125.	A	1
127	Clause 29(5)	Clause 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	Country Heights Water's water services licence commenced on 21 November 2018. Country Heights Water's Financial Hardship Policy was first issued within 6 months and complied with this obligation.	A	1
128	Clause 29(6)	Clause 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.	4	Country Heights Water's Financial Hardship Policy is available on the website. The auditor confirmed with the Principal Hydrogeologist that, during the audit period, no customers requested a hard copy of the Financial Hardship Policy.	A	1
129A	Clause 29(7)	Clause 4.1.1	The licensee must review its financial hardship policy at least once in every 5 year period.	4	The Financial Hardship Policy was reviewed and updated in March 2022 for the licensee name changes. This obligation is complied with.	NP	1
129B	Clause 29(8)	Clause 4.1.1	The licensee must review its financial hardship policy if directed to do so by the ERA. 0	4	The Principal Hydrogeologist confirmed that during the audit period, Country Heights Water was not directed by the ERA to review its financial hardship policy.	NP	NR
129C	Clause 29(9)	Clause 4.1.1	The licensee must consult with relevant consumer organisations when formulating or reviewing its financial hardship policy.	4	Country Heights Water made a minor amendment to its financial hardship policy in March 2022 for the licensee registered name change. The ERA did not require consultation with relevant consumer organisations.	NP	NR

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130A	Clause 30(2)	Clause 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.	4	The auditor confirmed with the Principal Hydrogeologist that, during the audit period, Country Heights Water did not assess any customer as experiencing financial hardship.  There was one customer with an agreed payment plan. The customer did not apply under financial hardship provisions.  The Financial Hardship Policy states that interest will not be charged on any payment plan, consideration will be given to reducing the debt, and previous consumption will be considered in reviewing the debt.	A	NR
130B	Clause 30(3)	Clause 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.	4	Refer obligation 130A.	A	NR
131A	Clause 30(4)(a)	Clause 4.1.1	The licensee must consider reducing the amount owing by the customer.	4	Refer obligation 130A.	A	NR
131B	Clause 30(4)(b)	Clause 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.	4	The auditor confirmed with the Principal Hydrogeologist that, during the audit period, Country Heights Water did not assess any customer as experiencing financial hardship.	A	NR

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					The Financial Hardship Policy states the payment plan will be reviewed at the request of the customer and revised if necessary.		
131C	Clause 30(4)(c)	Clause 4.1.1	The licensee must provide the specified written information to a customer.	4	<p>The auditor confirmed with the Principal Hydrogeologist that, during the audit period, Country Heights Water did not assess any customer as experiencing financial hardship.</p> <p>As per Clause 30(4) ( c) of the Code of Conduct, the Financial Hardship Policy provides written information to the customer about:</p> <ul style="list-style-type: none"> <li>a) redirecting the bill free of charge under clause 27;</li> <li>b) the bill payment methods provided by the licensee; and</li> <li>c) applying for concessions to which the customer may be entitled; and</li> <li>d) seeking independent financial counselling or seeking advice from relevant consumer organisations; and</li> <li>e) applying for any other financial assistance to which the customer may be entitled including from Government-funded grant schemes.</li> </ul>	A	NR
133	Clause 31(4) and (5)	Clause 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.	4	The Customer Contract on the website provides written assistance about the payment schemes and other assistance available to the customer. Also, the Financial Hardship Policy. A hardcopy is available upon request.	A	1
133A	Clause 32	Clause 4.1.1	The licensee must not charge interest or fees for late payment of a bill by a	4	The Principal Hydrogeologist confirmed that during the audit period, Country Heights Water did not	NP	NR

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			customer in the specified circumstances.		charge interest or fees for late payment of a bill by a customer in the specified circumstances.		
134	Clause 33(1)(a)-(c)	Clause 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.	4	The Principal Hydrogeologist confirmed that during the audit period, Country Heights Water did not commence or continue proceedings to recover a debt from a customer in the specified circumstances.	NP	NR
134A	Clause 33(1)(d)-(e)	Clause 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).	4	The Principal Hydrogeologist confirmed that during the audit period, Country Heights Water did not commence or continue proceedings to recover a debt from a customer in the specified circumstances.	NP	NR
135	Clause 40(1)	Clause 4.1.1	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.	4	The Principal Hydrogeologist confirmed that during the audit period, Country Heights Water did not cut off or reduce the rate of flow of water to land.	NP	NR
136	Clause 40(2)	Clause 4.1.1	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	4	Refer obligation 135.	NP	NR

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			reason for the disconnection or reduction no longer applies.				
137A	Clause 36(1)	Clause 4.1.1	The licensee must not start a water supply restriction unless the licensee has given the customer a reminder notice (that includes the information specified in clause 35), the water service charge has still not been paid in full, and the licensee has given the customer a restriction notice.	4	The Principal Hydrogeologist confirmed that during the audit period, Country Heights Water did not apply any water supply restrictions for which restriction notices were required.	NP	NR
137B	Clause 36(2)	Clause 4.1.1	The licensee must not give a customer a restriction notice less than 7 days before the day on which the water supply restriction is proposed to start.	4	Refer obligation 137A.	NP	NR
137C	Clause 36(3)	Clause 4.1.1	The restriction notice must include the specified information.	4	Refer obligation 137A.	NP	NR
138	Clause 37(1)(a)-(e) and (h)	Clause 4.1.1	The licensee must not start a water supply restriction if the specified circumstances apply.	4	Refer obligation 137A.	NP	NR
138A	Clause 37(1)(f)-(g)	Clause 4.1.1	The licensee must not start a water supply restriction if the specified circumstances apply.	4	Refer obligation 137A.	NP	NR
138B	Clause 38	Clause 4.1.1	The licensee must not start a water supply restriction on or during the specified times.	4	Refer obligation 137A.	NP	NR



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139	Clause 39	Clause 4.1.1	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.	4	The Principal Hydrogeologist confirmed that during the audit period, Country Heights Water did not cut off or reduce the rate of flow of water to land.	NP	NR
142	Clause 41(4)	Clause 4.1.1	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.	4	The Principal Hydrogeologist confirmed that during the audit period, Country Heights Water did not cut off or reduce the rate of flow of water to land. Therefore, no restore of water was required.	NP	NR
144	Clause 41(6)	Clause 4.1.1	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.	4	Refer obligation 142.	NP	NR
144A	Clause 43(1)	Clause 4.1.1	The licensee must give notice of any planned service interruption to each customer that will be affected by the service interruption.	4	The Principal Hydrogeologist confirmed that during the audit period, there were no planned or unplanned interruptions to services during the audit period.  The website states that at least 24 hours' notice will be given of any planned interruption.	A	NR
144B	Clause 43(2)	Clause 4.1.1	The notice of any planned service interruption must be given within the prescribed timeframes.	4	The Principal Hydrogeologist confirmed that during the audit period, there were no planned or unplanned interruptions to services during the audit period.  The Customer Contracts states that at least two days' notice will be given of any planned interruption. However, the website states that at least 24 hours' notice will be given of any planned interruption. This website does not comply with the minimum notice	B	NR

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					<p>period of 48 hours per the Code of Conduct. Notice may be given by post or electronic means.</p> <p>An improvement opportunity is that the website should be updated to state that at least 48 hours' notice will be given for any planned interruption to the water services.</p>		
144C	Clause 44(1)	Clause 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.	4	<p>The site visit confirmed that Country Heights Water has adequate practices in operation to deal with and minimise the impact of a burst, leak or blockage in its water supply works, including continuous remote monitoring and alarms with online access to restart and reset any of the parameters of the scheme. There are 4 people that monitor the plant with a set maintenance monitoring routine and monthly onsite servicing. The water tanks have at least 2 to 3 days backup supply.</p> <p>As there is no written policy and procedure for dealing with and minimising the impact of a burst, leak or blockage in its water supply works or sewerage works, this is considered a minor non-compliance.</p> <p><b><u>Recommendation 2/2024</u></b> <i>The existing practices, responsibilities and timing for for dealing with and minimising the impact of a burst, leak or blockage in the water supply works should be documented in a brief written procedure.</i></p>	C	2
144D	Clause 44(2)	Clause 4.1.1	The policies, practices and procedures under clause 44(1) must deal with the prescribed matters.	4	Refer obligation 144C.	C	2

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144E	Clause 45	Clause 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.	4	<p>The Country Heights Water website in the Faults and Outrages page states “<i>URGENT CALLS – Phone (to be advised prior to the first Customer Account is established).</i> - Such as no water or major water leak.”</p> <p>The Customer Contract in Section 11.4 – Leaks and Fault Assistance states “<i>In the event of a leak or break to our water main, an unplanned interruption to supply, or a water quality or water pressure problem, you may contact our 24-hour leaks and faults phone service. Our leaks and faults phone number is listed on your bill and on our website.</i>”</p> <p>The audit noted that neither the website nor the customer invoice provide a 24 hour telephone contact number.</p> <p><b><u>Recommendation 3/2024</u></b></p> <p><i>Country Heights Water should 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. The contact number should be available on the website and the customer invoices.</i></p>	C	3
145	Clause 46(1)	Clause 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.	4	Country Heights Water's Customer Complaints Procedure is available on the website in the Customer Contract and Form 5 - Customer Complaints Form. This procedure addresses investigating and dealing with customer complaints about the water services.	A	1

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146	Clause 46(2)	Clause 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).	4	The auditor confirmed the Country Heights's Customer Complaints Procedure in the Customer Contract conforms with the AS/NZS 10002-2014 Standard.	A	1
147	Clause 46(3)	Clause 4.1.1	The licensee's complaints procedure must provide for the matters specified in relation to lodgment of complaints, responding to complaints, dispute resolution arrangements and resolving complaints.	4	Country Heights Water's Customer Complaints Procedure in the Customer Contract provides for: <ul style="list-style-type: none"> <li>• Lodgement of complaint using several different communication avenues;</li> <li>• Responding to complaints;</li> <li>• Dispute resolution arrangements which include the Energy and Water Ombudsman Western Australia; and</li> <li>• Resolution of complaints within 15 business days of receipt.</li> </ul>	A	1
148A	Clause 46(4)	Clause 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).	4	Country Heights Water's Customer Complaints Procedure in the Customer Contract provides for making an application to the Energy and Water Ombudsman Western Australia.	A	1
149	Clause 46(5)	Clause 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.	4	Country Heights Water's Customer Complaints Procedure is available on the website in the Customer Contract and Form 5 - Customer Complaints Form.  The Principal Hydrogeologist confirmed that a hardcopy would be provided to a customer upon request and at no charge.	NP	1

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149A	Clause 47	Clause 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.	4	There were three customer complaints in the audit period. The Principal Hydrogeologist confirmed that the customers were aware of their right to apply to the energy and water ombudsman and did so. This obligation is stated in the Customer Contract.	A	1
150	Clause 48(1)	Clause 4.1.1	The licensee must provide a customer with the specified services on request and at no charge.	4	The Principal Hydrogeologist confirmed that during the audit period, Country Heights Water did not receive any customer requests for services to customers with a speech or hearing impediment, interpreter services, or a large-print version of any of the licensee's publicly available documents.	NP	NR
152	Clause 48(2)	Clause 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 discharged by, the customer in previous billing periods.	4	The Principal Hydrogeologist confirmed that during the audit period, Country Heights Water made 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 the customer in previous billing periods. Invoices do not include the previous quantity of water supplied but this is available upon request. Therefore, this obligation is compliant.	NP	1
153	Clause 49(1)	Clause 4.1.1	The licensee must make the prescribed information publicly available.	4	The Country Heights Water website includes the prescribed information in the Web pages and is detailed in the following documents available on the website: <ul style="list-style-type: none"> <li>Form 1 - Customer Contract</li> </ul>	A	1

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					<ul style="list-style-type: none"> <li>Form 4 – Pricing and Charges</li> <li>Form 6 – Customer Hardship Policy and Procedures.</li> </ul>		
154	Clause 49(2)	Clause 4.1.1	The licensee must ensure that the specified information about bills may be obtained from its website.	4	<p>The Country Heights Water website includes the prescribed information in the webpage titled “My Account” including:</p> <ul style="list-style-type: none"> <li>Information about estimated bills including the basis of the estimate and the reason;</li> <li>A special meter reading outside of the billing cycle may be requested;</li> <li>Where an estimate is disputed, a special meter reading may be requested;</li> <li>Request to test the meter and provide information about the fee;</li> <li>The bill can be reviewed upon request; and</li> <li>The complaints procedure.</li> </ul>	A	1
154A	Clause 49(3)	Clause 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.	4	<p>The website does not contain a link to the Code of Conduct (2018) as included on the <a href="http://www.legislation.wa.gov.au">www.legislation.wa.gov.au</a> website</p> <p><b><i>Recommendation 4/2024</i></b></p> <p><i>The website should include a link to the current Water Services Code of Conduct (Customer Service Standards) 2018 as included on the <a href="http://www.legislation.wa.gov.au">www.legislation.wa.gov.au</a> website.</i></p>	C	3
154B	Clause 51(1) and (3)	Clause 4.1.1	The licensee must maintain an up-to-date preserved supply register for the purposes of Part 9 of the Code if the licensee meets the criteria in clause	2	The Principal Hydrogeologist confirmed that during the audit period, Country Heights was not obliged to maintain a preserved supply register (as it did not	NP	NR

No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority <sup>4</sup>	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
			51(2). The register must record the prescribed information in clause 51(3) if the criteria in clause 51(2) applies to the licensee.		meet the criteria in clause 51(2) of the Code of Conduct (2018) as follows:  “This subclause applies if a licensee — a) receives notice or otherwise becomes aware that a person who resides at a supply address requires water for the operation of a dialysis machine or other life support equipment; or b) assesses and determines that a person who resides at a supply address requires water for a special need of another kind.”		
154C	Clause 52	Clause 4.1.1	The licensee must not, under section 95(1)(b) of the Act, reduce the rate of flow of a supply of water to a supply address recorded on the preserved supply register.	2	Refer obligation 154B.	NP	NR
154D	Clause 53	Clause 4.1.1	Despite clause 43(3), in the case of a service interruption that will affect a supply address recorded on the preserved supply register, the notice required by clause 43(1) must be sent by post or delivered to that supply address.	2	Refer obligation 154B.	NP	NR
<b>Other License conditions</b>							
155	<i>Water Services Act</i> Section 12	Clause 4.2.1	The licensee must pay the applicable fees and charges in accordance with the Economic Regulation Authority (Licensing Funding) Regulations 2014.	4	The audit confirmed the fees were paid to the ERA by the due dates in the audit period. There were no non-compliances reported in the Annual Compliance Reports for 2021/22 and 2022/23.	NP	1
159	<i>Water Services Act</i> Section 12	Clause 4.1.2	The licensee must comply with a direction from the ERA in relation to a breach of applicable legislation.	4	The Principal Hydrogeologist confirmed that during the audit period, Country Heights Water did not receive any ERA direction in relation to a breach of applicable legislation.	NP	NR

No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority <sup>4</sup>	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
160	<i>Water Services Act</i> Section 12	Clause 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.	4	Country Heights Water has engaged a qualified bookkeeper to prepare invoices and maintain the financial statements in accordance with accounting standards.  Country Heights Water is a private company and did not provide any financial statements for the audit. The company is non-reporting since there are unlikely to be any users who would rely on the general purpose financial statements	NP	1
161	<i>Water Services Act</i> Section 12	Clause 5.2.1	The licensee must comply with any individual performance standards prescribed by the ERA.	4	The plant commenced operation in May 2021. The auditor reviewed performance datasheets for Country Heights Water for 2021/22 and 2022/23 that recorded 45 connected properties to 30 June 2023. In this period, the pressure and flow met the performance standards in Schedule 2 of the Licence. This is monitored by the continuous control system at the plant.  No notification to ERA in respect of pressure and flow of supplied water outside of the standard pressure and flow range were required.  No restrictions were applied in accordance with the <i>Water Services Regulations 2013</i> to a potable water supply.  The minimum supply flow of 20L/minute is included in Section 2.4.3 of the Asset Management Plan.	A	1
162	<i>Water Services Act</i> Section 12	Clause 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.	4	Country Heights Water fully cooperated with the auditor during the performance of this operational audit.	NP	1
163	<i>Water Services Act</i> Section 12	Clause 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	4	The auditor confirmed with the Director that Country Heights Water Pty Ltd was not under external administration.	NP	NR



No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority <sup>4</sup>	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
			a change in the circumstances upon which the licence was granted which may affect a licensee's ability to meet its obligations.		The ERA was informed that Country Heights Water Pty Ltd updated its business name, which changed from Athena Water Solutions Pty Ltd in 2022.		
165	<i>Water Services Act</i> Section 12	Clause 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.	4	The Principal Hydrogeologist confirmed that during the audit period, Country Heights Water provided the performance data and reports, compliance reports standing charges data as required by the ERA.	NP	1
167	<i>Water Services Act</i> Section 12	Clause 4.8.2	The licensee must provide the ERA with the data required for performance reporting purposes that is specified in the Water, Sewerage and Irrigation Licence Performance Reporting Handbook, and the National Performance Framework that apply to the licensee.	4	The auditor confirmed that Country Heights Water's performance data for 2021/22 and 2022/23 were sent by email to ERA by the due dates.	NP	1
168	<i>Water Services Act</i> Section 12	Clause 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.	4	The Principal Hydrogeologist confirmed that during the audit period, Country Heights Water was not directed by the ERA to publish any information.	NP	NR
169	<i>Water Services Act</i> Section 12	Clause 3.7.1	Unless otherwise specified, all notices must be in writing.	4	Country Heights Water gave notices in writing during the audit period, as referred to throughout this Audit Report.	NP	1
170A	<i>Water Services Act</i> Section 12	Clause 5.1.1(a) and (b)	The licensee must notify the ERA of the details of the asset management system within five business days from the later of:	4	This audit and review confirms the ERA has been previously notified of the asset management system.	NP	1

No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority <sup>4</sup>	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
	<i>(Applicable from May 2020)</i>		a) the commencement date; or b) the completion of construction of the licensee's water service works.				
171	Water Services Act Section 12	Clause 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.	4	This audit and review confirmed that Country Heights Water has an asset management system in respect of the water service works. The asset management review confirmed there have been no major changes to the asset management system in the audit period.	NP	NR
172	Water Services Act Section 12	Clause 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.	4	Country Heights Water cooperated with the reviewer during the performance of this asset management system review.	NP	1
172A	Water Services Act Section 12	Clause 6.1.1	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: a) to amend: 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 b) to do so within a specified period.	4	The auditor confirmed with the Principal Hydrogeologist that during the period, Country Heights Water did not receive any ERA direction regarding its standard terms and conditions of service.	NP	NR
172B	Water Services Act Section 12	Clause 6.1.2	The licensee must comply with a direction given to the licensee under clause 6.1.1.	4	Refer obligation 172A.	NP	NR

No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority <sup>4</sup>	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
181	<i>Water Services Act</i> Section 12	Clause 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 under or for the purpose of the last resort plan in accordance with the Act.	4	The auditor confirmed with the Principal Hydrogeologist that during the audit period, Country Heights Water was not a supplier of last resort for a designated area in relation to the provision of a particular water service.	NP	NR
182	<i>Water Services Act</i> Section 12	Clause 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.	4	The Principal Hydrogeologist and the site visit confirmed that no water services were provided outside of the operating area.	NP	NR
184	<i>Water Services Act</i> Section 12	Clause 7.1.1	Where the licensee provides potable water, 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.	4	Country Heights Water (previously Athena Water Solutions Pty Ltd) entered into a Memorandum of Understanding (MoU) with the Department of Health for drinking water in November 2020. <i>An improvement is that the MoU should be updated for the change in business name to Country Heights Water Pty Ltd.</i>	B	1
185	<i>Water Services Act</i> Section 12	Clause 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.	4	The MoU has been accepted by the Department of Health's requirements as noted in obligation 184. The auditor confirmed with the Principal Hydrogeologist that during the audit period, Country Heights Water was not subjected to compliance audits by the Department of Health.	A	1

No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority <sup>4</sup>	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
186	<i>Water Services Act</i> Section 12	Clause 6.1.3	The licensee must comply with the terms of a Memorandum of Understanding.	4	The auditor confirmed with the Principal Hydrogeologist that during the audit period, Country Heights Water complied with the terms of the Memorandum of Understanding.	A	1
187	<i>Water Services Act</i> Section 12	Clause 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.	4	Country Heights Water's Memorandum of Understanding with the Department of Health for Drinking Water signed in November 2020 is available on the website. There have been no amendments to the MoU for publishing.	NP	1
188	<i>Water Services Act</i> Section 12	Clause 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.	4	The auditor confirmed with the Principal Hydrogeologist that during the audit period, Country Heights Water was not subjected to compliance audits by the Department of Health.	NP	NR
189	<i>Water Services Act</i> Section 12	Clause 7.1.8	The licensee must publish, in a form agreed with the Department of Health, any other reports required by the Department of Health or required by a Memorandum of Understanding on the licensee's website, at a reporting frequency specified by the Department of Health.	4	The Country Heights Water website includes the latest Water Quality Reports being: <ul style="list-style-type: none"> <li>• Quarterly report – September 2023.</li> <li>• Annual report for 2022/23.</li> </ul>	NP	1
190	<i>Water Services Act</i> Section 12	Schedule 2	The licensee must comply with the standards set out in Schedule 2 of the licence.	4	The auditor reviewed performance datasheets for Country Heights Water for 2021/22 and 2022/23 that recorded 45 connected properties and that pressure and flow met the performance standards in Schedule 2 of the Licence.  No restrictions were applied in accordance with the <i>Water Services Regulations 2013</i> to a potable water supply.	B	1

No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority <sup>4</sup>	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
					<p>The Pressure and flow standards stated in the Licence (Schedule 2) are :</p> <ul style="list-style-type: none"> <li>• Minimum Static Pressure (metres of water) - 15</li> <li>• Maximum Static Pressure (metres of water) - 100</li> <li>• Minimum Flow (litres per minute) - 20</li> </ul> <p>These performance standards could not be located in the Water Asset Management Plan (2018). <i>An improvement is that the Pressure and Flow Standards stated in the Licence (Schedule 2) and should be included in the Service Levels in the next revision of the Plan.</i></p>		
<b>Water Services Code of Practice (Family Violence) 2020)</b>							
191	Clause 5(1)	Clause 4.1.1	The Licensee must have a family violence policy that sets out the matters specified in clause 5(1).	4	<p>Country Heights Water has a Family Violence Policy that complies with the Water Services Code of Practice (Family Violence) 2020. The Policy was completed in November 2023. The plant commenced operation in May 2021 so the Policy should have been implemented from May 2021.</p> <p>There is no Compliance Register to record the licence obligations including Family Violence Policy.</p> <p><b><u>Recommendation 5/2024</u></b></p> <p>a) <i>Country Heights Water should consider establishing a Compliance Register of licence obligations, including Family Violence Policy obligations, particularly if the Code changes.</i></p>	B	3

No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority <sup>4</sup>	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
192	Clause 5(2)	Clause 4.1.1	The licensee must have a family violence policy before the end of the six- month period starting on either: 9 December 2020; or if the day of the grant of the licensee's licence is after 9 December 2020, the day of the grant of the licensee's licence.	4	Refer obligation 191.	B	3
193	Clause 6	Clause 4.1.1	A licensee must publish its family violence policy on its website and provide a hard copy of the policy to a customer on request and at no charge.	4	Country Heights Water's Family Violence Policy was not available on the website at the date of audit. The Principal Hydrogeologist has requested Country Heights Water to include it on the website and confirmed that a hardcopy is available to a customer upon request and at no charge. <b><u>Recommendation 5/2024</u></b> b) <i>The Family Violence Policy (November 2023) should be included on the Country Heights Water website.</i> c) <i>There should also be a link to the current version of the Water Services Code of Practice (Family Violence) 2020 (as it appears on the Department of Justice – Government WA website.</i>	B	3
194	Clause 7	Clause 4.1.1	A licensee must review its family violence policy at least once in every 5 year period, and additionally, if directed to do so by the Minister.	4	The Family Violence Policy was completed in November 2023. It states that the Policy will be reviewed at least every 5 years.	A	1
195	Clause 8(1)	Clause 4.1.1	A licensee must maintain adequate records in relation to compliance with this code or any policy made under the code. If the licensee is in a government organisation, as defined in section 3(1) of	4	The Principal Hydrogeologist confirmed that during the audit period, Country Heights Water was not approached by any customer regarding family violence.	NP	NR

No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority <sup>4</sup>	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
			the State Records Act 2000 (WA), then records must be maintained in accordance with its obligations under that Act				
196	Clause 8(2)	Clause 4.1.1	If the licensee is not a government organisation according to the <i>State Records Act 2000 (WA)</i> , a record that relates to a customer, must be retained for at least 7 years after the last communication between the licensee and the customer, or water services ombudsman. If the record does not relate to a customer, then the record must be kept for at least 7 years after the record is made.	4	Refer obligation 195.	NP	NR
197	Clause 9	Clause 4.1.1	When a customer affected by family violence first contacts a licensee about a particular matter relating to the family violence, the licensee must inform the customer of the existence and operation of the licensee's complaints procedure under clause 46 of the <i>Water Services Code of Conduct (Customer Service Standards) 2018</i> .	4	Refer obligation 195.	NP	NR
198	Clause 10	Clause 4.1.1	A licensee must ensure that its website contains a link that provides access to the current version of the code as it appears 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.	4	Country Heights Water's Family Domestic Violence Policy has not been included on the website. There is also no link which provides access to the current version of the <i>Water Services Code of Practice (Family Violence) 2020</i> (as it appears on the Department of Justice – Government WA website). <i>Refer Recommendation 5/2024 in obligation 193 above.</i>	B	3

### 3.7 Audit Recommendations

The ERA Audit Guidelines only require recommendations for obligations rated C or D for Controls and/or 2,3, or 4 for Compliance to be included in this report.

**Table of Current Audit Non- Compliances and Recommendations**

A. Resolved during current audit period			
Recommendation (no./year)	Non-Compliance/Controls Improvement (Rating/Licence obligation ref. and obligation/Non-compliance or inadequacy of control)	Date Resolved ( & management action taken)	Auditor's Comments
	Nil		
B. Unresolved at end of current audit period			
Recommendation (no./year)	Non-Compliance/Controls Improvement (Rating/Licence obligation ref. and obligation/Non-compliance or inadequacy of control)	Auditor's Recommendation	Action taken by the licensee by end of audit period
1/2024	<p><b>Information to be included on Invoices</b></p> <p><b>B2 - Controls generally adequate/ Non-compliant – Minor impact</b></p> <p><b>Obligation 102A</b></p> <p><i>Code of Conduct (Customer Service Standards) 2018 – Clause 13(6)</i></p> <p><i>Each bill must contain the prescribed information.</i></p> <p>The audit reviewed a sample of 12 tax invoices issued to 12 out of 22 customers during the audit period. These tax invoices contained contact information but this does not include the information stipulated in clause 13(6) of the Code of Conduct as follows:</p> <ul style="list-style-type: none"> <li>• Telephone number for complaints;</li> <li>• Freecall telephone number for the office of the water services ombudsman;</li> <li>• A statement that the website contains information about estimates, meter reading and testing, complaints and review; and</li> </ul>	<p>The invoices to customers should include the “prescribed information” in the <i>Water Services Code of Conduct (Customer Service Standards) 2018</i>, including:</p> <ul style="list-style-type: none"> <li>• Telephone number for complaints;</li> <li>• Freecall telephone number for the office of the water services ombudsman;</li> <li>• A statement that the website contains information about estimates, meter reading and testing, complaints and review; and</li> </ul>	Nil



B. Unresolved at end of current audit period			
Recommendation (no./year)	Non-Compliance/Controls Improvement (Rating/Licence obligation ref. and obligation/Non-compliance or inadequacy of control)	Auditor's Recommendation	Action taken by the licensee by end of audit period
	<ul style="list-style-type: none"> <li>A statement that the bill can be reviewed in accordance with the licensee's review procedure mentioned in clause 20.</li> </ul> <p>As this information is available on the website and there are only a small number of customers at the present time, this is considered to have a minor impact on customers.</p>	<ul style="list-style-type: none"> <li>A statement that the bill can be reviewed in accordance with the licensee's review procedure mentioned in clause 20.</li> </ul>	
2/2024	<p><b>Minimising interruptions to water supply</b>  <b>C2 – Inadequate controls/ Non-compliant – Minor impact</b>  <b>Obligation 144C and 144D</b>  <i>Code of Conduct (Customer Service Standards) 2018 – Clause 44(1)-(2)</i>  <i>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.</i>  <i>The policies, practices and procedures under clause 44(1) must deal with the prescribed matters.</i></p> <p>The site visit confirmed that Country Heights Water has adequate practices in operation to deal with and minimise the impact of a burst, leak or blockage in its water supply works, including continuous remote monitoring and alarms with online access to restart and reset any of the parameters of the scheme. There are 4 people that monitor the plant with a set maintenance monitoring routine and monthly onsite servicing. The water tanks have at least 2 to 3 days backup supply.</p> <p>As there is no written policy and procedure for dealing with and minimising the impact of a burst, leak or blockage in its water supply works or sewerage works, this is considered a minor non-compliance.</p>	<p>The existing practices, responsibilities and timing for for dealing with and minimising the impact of a burst, leak or blockage in the water supply works should be documented in a brief written procedure.</p>	Nil
3/2024	<p><b>24 Hour Information Line</b>  <b>C3 – Inadequate controls/ Non-compliant – Moderate Impact</b>  <b>Obligation 144E</b>  <i>Code of Conduct (Customer Service Standards) 2018 – Clause 45</i></p>	<p>Country Heights Water should provide a 24 hour information line by means of which, at the cost of a local telephone call (excluding mobile telephones), a</p>	Nil

B. Unresolved at end of current audit period			
Recommendation (no./year)	Non-Compliance/Controls Improvement (Rating/Licence obligation ref. and obligation/Non-compliance or inadequacy of control)	Auditor's Recommendation	Action taken by the licensee by end of audit period
	<p><i>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.</i></p> <p>The Country Heights Water website in the Faults and Outrages page states "URGENT CALLS – Phone (to be advised prior to the first Customer Account is established). - Such as no water or major water leak."</p> <p>The Customer Contract in Section 11.4 – Leaks and Fault Assistance states "In the event of a leak or break to our water main, an unplanned interruption to supply, or a water quality or water pressure problem, you may contact our 24-hour leaks and faults phone service. Our leaks and faults phone number is listed on your bill and on our website. "</p> <p>The audit noted that neither the website nor the customer invoice provide a 24 hour telephone contact number.</p>	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. The contact number should be available on the website and the customer invoices.	
4/2024	<p><b>Website Link to Code of Conduct</b></p> <p><b>C3 - Not performed – controls not assessed in the audit/ Non-compliant – Moderate impact</b></p> <p><b>Obligation 154A</b></p> <p><i>Code of Conduct (Customer Service Standards) 2018 – Clause 49(3)</i></p> <p><i>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.</i></p> <p>The website does not contain a link to the Code of Conduct (2018) as disclosed on the <a href="http://www.legislation.wa.gov.au">www.legislation.wa.gov.au</a> website.</p>	The website should include a link to the current Water Services Code of Conduct (Customer Service Standards) 2018 as included on the <a href="http://www.legislation.wa.gov.au">www.legislation.wa.gov.au</a> website.	Nil

B. Unresolved at end of current audit period			
Recommendation (no./year)	Non-Compliance/Controls Improvement (Rating/Licence obligation ref. and obligation/Non-compliance or inadequacy of control)	Auditor's Recommendation	Action taken by the licensee by end of audit period
5/2024	<p><b>Family Violence Policy</b></p> <p><b>B3 - Not performed – controls not assessed in the audit/ Non-compliant – Moderate impact</b></p> <p><b>Obligation 191, 192, 193 and 198</b></p> <p><i>Water Services Code of Practice (Family Violence) 2020 – Clause 6 and 10</i></p> <p><i>The Licensee must have a family violence policy that sets out the matters specified in clause 5(1).</i></p> <p><i>The licensee must have a family violence policy before the end of the six- month period starting on either: 9 December 2020; or if the day of the grant of the licensee's licence is after 9 December 2020, the day of the grant of the licensee's licence.</i></p> <p><i>A licensee must publish its family violence policy on its website and provide a hard copy of the policy to a customer on request and at no charge.</i></p> <p><i>A licensee must ensure that its website contains a link that provides access to the current version of the code as it appears 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.</i></p> <p>Country Heights Water has a Family Violence Policy that complies with the Water Services Code of Practice (Family Violence) 2020. The Policy was completed in November 2023. The plant commenced operation in May 2021 so the Policy should have been implemented from May 2021. There is no Compliance Register to record the licence obligations including Family Violence Policy.</p> <p>Country Heights Water's Family Violence Policy was not available on the website at the date of audit. The Principal Hydrogeologist has requested Country Heights Water to include it on the website and confirmed that a hardcopy is available to a customer upon request and at no charge.</p> <p>Country Heights Water's Family Domestic Violence Policy has not been included on the website. There is also no link which provides access to the current version of the Water Services Code of Practice (Family Violence) 2020 (as it appears on the Department of Justice – Government WA website.</p>	<p>a) Country Heights Water should consider establishing a Compliance Register of licence obligations, including Family Violence Policy obligations, particularly if the Code changes.</p> <p>b) The Family Violence Policy should be included on the Country Heights Water website.</p> <p>c) There should also be a link to the current version of the Water Services Code of Practice (Family Violence) 2020 (as it appears on the Department of Justice – Government WA website.</p>	<p>The Family Violence Policy was completed in November 2023.</p>

## 4. Asset Management System Review

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### 4.1 Description of Infrastructure

Country Heights Water Pty Ltd ('Country Heights Water') has a Water Services Licence (WL49), issued by the Economic Regulation Authority ('ERA') under the *Water Services Act 2012* ('Act'), for the provision of potable water supply in the operating area near the town of Gingin.

The water is sourced from groundwater. The water treatment plant has been in operation since 1 May 2021. There were 45 connected properties with 22 customers at 30 June 2023.

The audit and review approach is based on the compliance obligations set out in the Licence, applicable legislation, regulatory guidelines (Water Compliance Reporting Manual 2021) and the 2019 Audit and Review Guidelines: Water Licences (updated August 2022).

### 4.2 Objectives and Scope

The objective of the review was to assess the adequacy and effectiveness of the asset management system in place for the undertaking, maintenance and monitoring of the licensee's assets.

The scope of the review included an assessment of the adequacy and effectiveness of the asset management system by evaluating the key processes of:

- Asset planning
- Asset creation/acquisition
- Asset disposal
- Environmental analysis
- Asset operations
- Asset maintenance
- Asset management information system
- Risk management
- Contingency planning
- Financial planning
- Capital expenditure planning
- Review of the asset management system.

The highest priority asset components (rated 1, 2 or 3) based on inherent risk were:

- Asset planning
- Environmental analysis
- Contingency planning

This review covers the period from the commencement of the licence on 21 November 2018 to 30 November 2023.

As this is the first review under the licence, this was a reasonable assurance engagement.

### 4.3 Asset Management Process and Performance Rating Scales

The adequacy of process policy and definition and the performance of the key processes were assessed using the scales described in the tables below. The overall effectiveness rating for each asset management process is based on a combination of the process and policy adequacy rating and the performance rating.

### Asset Management Process and Policy Definition - Adequacy ratings

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

### Asset Management Performance Ratings

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

#### 4.4 Summary of Asset Management System Effectiveness Ratings

The review's assessment of the asset management system process and policy definitions and their effectiveness, based on the ratings scale in Section 4.3, is shown in the table below.

Section 4.6 provides further details of the current rating results for each process in the asset management system.

##### Summary of Asset Management Performance Ratings

Process and Policy Definition – Adequacy Rating	Performance Rating for Effectiveness Criteria					
	Rating	1 Performing effectively	2 Improvement required	3 Corrective action required	4 Serious action required	Total
	A -Adequately defined	18	-	-	-	18
	B – Requires some improvement	2	19	13	-	34
	C – Requires significant improvement	-	4	2	-	6
	D – Inadequate	-	-	-	-	-
<b>Total</b>	<b>20</b>	<b>23</b>	<b>15</b>	<b>-</b>	<b>58</b>	

##### Asset Management System Performance Ratings

ASSET MANAGEMENT SYSTEM COMPONENT & EFFECTIVENESS CRITERIA	Process and Policy rating				Performance rating			
	Adequately defined	Requires some improvement	Requires significant improvement	Inadequate	Performing effectively	Improvement required	Corrective action required	Serious action required
	A	B	C	D	1	2	3	4
<b>1. Asset planning</b>			<b>C</b>				<b>3</b>	
1.1 Asset management plan covers the processes in this table.		✓					✓	
1.2 Planning process and objectives reflect the needs of all stakeholders and are integrated with business planning.		✓				✓		
1.3 Service levels are defined in the asset management plan.			✓			✓		
1.4 Non-asset options (e.g. demand management) are considered.		✓				✓		
1.5 Lifecycle costs of owning and operating assets are assessed.		✓				✓		

ASSET MANAGEMENT SYSTEM COMPONENT & EFFECTIVENESS CRITERIA	Process and Policy rating				Performance rating			
	Adequately defined	Requires some improvement	Requires significant improvement	Inadequate	Performing effectively	Improvement required	Corrective action required	Serious action required
	A	B	C	D	1	2	3	4
1.6 Funding options are evaluated.		✓				✓		
1.7 Costs are justified and cost drivers identified.		✓				✓		
1.8 Likelihood and consequences of asset failure are predicted.		✓					✓	
1.9 Asset management plan is regularly reviewed and updated.			✓				✓	
<b>2. Asset creation/ acquisition</b>		<b>B</b>				<b>2</b>		
2.1 Full project evaluations are undertaken for new assets, including comparative assessment of non-asset solutions.		✓				✓		
2.2 Evaluations include all life-cycle costs.		✓				✓		
2.3 Projects reflect sound engineering and business decisions.		✓				✓		
2.4 Commissioning tests are documented and completed.		✓				✓		
2.5 Ongoing legal/environmental/safety obligations of the asset owner are assigned and understood.		✓				✓		
<b>3. Asset disposal</b>		<b>B</b>				<b>2</b>		
3.1 Under-utilised and under-performing assets are identified as part of a regular systematic review process.		✓			✓			
3.2 The reasons for under-utilisation or poor performance are critically examined and corrective action or disposal undertaken.		✓				✓		
3.3 Disposal alternatives are evaluated.		✓			✓			
3.4 There is a replacement strategy for assets.		✓				✓		
<b>4. Environmental analysis</b>			<b>C</b>				<b>3</b>	
4.1 Opportunities and threats in the asset management system environment are assessed.		✓					✓	
4.2 Performance standards (availability of service, capacity, continuity, emergency response, etc) are measured and achieved.			✓			✓		
4.3 Compliance with statutory and regulatory requirements.		✓					✓	

ASSET MANAGEMENT SYSTEM COMPONENT & EFFECTIVENESS CRITERIA	Process and Policy rating				Performance rating			
	Adequately defined	Requires some improvement	Requires significant improvement	Inadequate	Performing effectively	Improvement required	Corrective action required	Serious action required
	A	B	C	D	1	2	3	4
4.4 Service standard (customer service levels etc) are measured and achieved.			✓			✓		
<b>5. Asset operations</b>		<b>B</b>				<b>2</b>		
5.1 Operational policies and procedures are documented and linked to service levels required.			✓			✓		
5.2 Risk management is applied to prioritise operations tasks.		✓				✓		
5.3 Assets are documented in an Asset Register including asset type, location, material, plans of components, and an assessment of assets' physical/structural condition.		✓				✓		
5.4 Accounting data is documented for assets.	✓				✓			
5.5 Operational costs are measured and monitored.		✓				✓		
5.6 Staff resources are adequate and staff receive training commensurate with their responsibilities.	✓				✓			
<b>6. Asset maintenance</b>		<b>B</b>				<b>2</b>		
6.1 Maintenance policies and procedures are documented and linked to service levels required.		✓					✓	
6.2 Regular inspections are undertaken of asset performance and condition.		✓				✓		
6.3 Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule.		✓					✓	
6.4 Failures are analysed and operational/maintenance plans adjusted where necessary.		✓				✓		
6.5 Risk management is applied to prioritise maintenance tasks.		✓					✓	
6.6 Maintenance costs are measured and monitored.	✓				✓			
<b>7. Asset Management Information System</b>	<b>A</b>				<b>1</b>			
7.1 Adequate system documentation for users and IT operators.	✓				✓			



ASSET MANAGEMENT SYSTEM COMPONENT & EFFECTIVENESS CRITERIA	Process and Policy rating				Performance rating			
	Adequately defined	Requires some improvement	Requires significant improvement	Inadequate	Performing effectively	Improvement required	Corrective action required	Serious action required
	A	B	C	D	1	2	3	4
7.2 Input controls include appropriate verification and validation of data entered into the system.	✓				✓			
7.3 Security access controls appear adequate, such as passwords.	✓				✓			
7.4 Physical security access controls appear adequate.	✓				✓			
7.5 Data backup procedures appear adequate and backups are tested.	✓				✓			
7.6 Computations for licensee performance reporting are accurate.	✓				✓			
7.7 Management reports appear adequate for the licensee to monitor licence obligations.		✓				✓		
7.8 Adequate measures to protect asset management data from unauthorised access or theft by persons outside the organisation.	✓				✓			
<b>8. Risk management</b>		<b>B</b>					<b>3</b>	
8.1 Risk management policies and procedures exist and are being applied to minimise internal and external risks associated with the asset management system.		✓					✓	
8.2 Risks are documented in a risk register and treatment plans are actioned and monitored.		✓					✓	
8.3 The probability and consequences of asset failure are regularly assessed.		✓					✓	
<b>9. Contingency planning</b>		<b>B</b>					<b>3</b>	
9.1 Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks.		✓					✓	
<b>10. Financial planning</b>		<b>B</b>				<b>2</b>		
10.1 The financial plan states the financial objectives and identifies strategies and actions to achieve those.	✓				✓			
10.2 The financial plan identifies the source of funds for capital expenditure and recurrent costs.	✓				✓			
10.3 The financial plan provides projections of operating statements (profit and loss) and statement of financial position (balance sheets).		✓					✓	

ASSET MANAGEMENT SYSTEM COMPONENT & EFFECTIVENESS CRITERIA	Process and Policy rating				Performance rating			
	Adequately defined	Requires some improvement	Requires significant improvement	Inadequate	Performing effectively	Improvement required	Corrective action required	Serious action required
	A	B	C	D	1	2	3	4
10.4 The financial plan provides firm predictions on income for the next five years and reasonable indicative predictions beyond this period.		✓					✓	
10.5 The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services.	✓				✓			
10.6 Large variances in actual/budget income and expenses are identified and corrective action taken where necessary.	✓				✓			
<b>11. Capital expenditure planning</b>	<b>A</b>				<b>1</b>			
11.1 There is a capital expenditure plan covering works to be undertaken, actions proposed, responsibilities and dates.	✓				✓			
11.2 The capital expenditure plan provides reasons for capital expenditure and timing of expenditure.	✓				✓			
11.3 The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan.	✓				✓			
11.4 There is an adequate process to ensure that the capital expenditure plan is regularly updated and implemented.		✓				✓		
<b>12. Review of asset management system</b>			<b>C</b>				<b>3</b>	
12.1 A review process is in place to ensure that the asset management plan and the asset management system described in it remain current.			✓				✓	
12.2 Independent reviews (e.g. internal audit) are performed of the asset management system.	✓				✓			

#### 4.5 Status of Previous Review Recommendations

As this is the first review for the licence, there are no previous recommendations.

Reference (no./year)	Previously Assessed Process and Policy Deficiency (Asset management Process, Rating, Details)	Previous Auditor's Recommendation and <i>Action Taken</i>	Date Resolved	Further action required
<b>A. Resolved before end of previous review</b>				
	Nil			
<b>B. Resolved during current review period</b>				
	Nil			

#### 4.6 Detailed Review Observations

The review period is from 21 November 2018 to 30 November 2023.<sup>7</sup>

Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating <sup>8</sup>	Performance Rating <sup>9</sup>
<b>1</b>	<b>2</b>	<b>ASSET PLANNING</b>		<b>C</b>	<b>3</b>
1.1	2	Asset management plan covers the processes in this table.	<p>A Water Asset Management Plan (AMP) for Country Heights Estate dated October 2018 was provided to the reviewer. The plan was prepared by Athena Water Services as part of the documentation submitted to obtain the original water services licence, granted in November 2018. The water supply became operational in May 2021. However, there are currently only 22 customers (with over 300 customers expected subject to estate development and land sales).</p> <p>Athena Water Solutions (a joint arrangement between Country Heights Water and Athena Water Services) was the original water services licence holder. The licence holder was changed to Country Heights Water Pty Ltd in April 2022.</p> <p>The roles and responsibilities appear to have changed with the establishment of Country Heights Water. The 2018 Asset Management Plan requires revision as the involvement of Athena Water Services had changed – now having responsibility limited to maintenance and monitoring with expansion only if and when required.</p> <p>Whilst the processes in this Table are addressed by the supplied AMP, the change of responsibilities, the construction of assets and transition into the Operations and Maintenance (O&amp;M) phase represent changes which should be included in a revision of the AMP.</p> <p>The AMP was prepared before the water scheme was constructed and needs to be revised to capture what has been constructed (actual asset register), the current approach to operations and maintenance (e.g. the Routine Maintenance</p>	B	3

<sup>7</sup> Note: As per the Audit and Review Guidelines, recommendations are included for criteria rated as process C or D and/or effectiveness of 3 or 4 in the following table. Recommendations for improvements at higher ratings are no longer required to be reported.

<sup>8</sup> Process and Policy Rating – A=Adequately defined, B=Requires some improvement, C=Requires substantial improvement, D=Inadequate.

<sup>9</sup> Performance Rating – 1=Performing effectively, 2=Improvement required, 3=Corrective action required, 4=Serious action required.

Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating <sup>8</sup>	Performance Rating <sup>9</sup>
			<p>Plan checklist at Appendix 2 of the AMP is not currently in use), and review of the processes described in the AMP, to reflect the actual management of the assets (as appropriate to the scale of the Country Heights Water scheme).</p> <p><b><u>Recommendation 6/2024</u></b></p> <p><i>The 2018 Water Asset Management Plan should be updated to describe the current responsibilities and practices for operations and maintenance, the assets constructed (actual asset register) and a general update to the approach of Country Heights Water to the Asset Management processes in this review.</i></p>		
1.2	4	<p>Planning processes and objectives reflect the needs of all stakeholders and are integrated with business planning.</p>	<p>The AMP states at 1.1 that the AMP is “to demonstrate responsive management of assets (and services), compliance with regulatory requirements and communicate funding needed to provide the required levels of service over the first 25 years planning period”.</p> <p>Table 2 lists Key Stakeholders and their role in the AMP. Some of the roles/responsibilities have changed and require review.</p> <p>A Figure on page 7 of the AMP provides a graphic about the planning process for preparing, applying and revising the AMP. Some of these steps are demonstrated in the AMP. The steps related to the scheme now in the operating phase are yet to be demonstrated.</p>	B	2
1.3	4	<p>Service levels are defined in the asset management plan.</p>	<p>Section 2.4 of the AMP addresses Levels of Service but only refers to a target for annual water use per property.</p> <p>Section 2.8.4.2 addresses Customer/Technical Service Performance Measures including compliance with the ERA Licence and meeting water quality standards. Availability of supply targets are also listed (to be available 98% of the time).</p> <p>A note is also provided indicating the level of service will be developed more in future AMPs. How service level targets are measured/demonstrated as being achieved also needs development.</p> <p>The minimum flow and minimum and maximum pressure ranges to be supplied to customers contained in the ERA Licence are relevant to the Levels of Service.</p>	C	2

Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating <sup>8</sup>	Performance Rating <sup>9</sup>
			<p><b><u>Recommendation 7/2024</u></b></p> <p><i>Now the Scheme is operating, the Levels of Service in the AMP need to be reviewed, to incorporate the water service minimum flow and minimum and maximum pressure ranges and to consider how the service level targets can be measured/demonstrated as being achieved.</i></p>		
1.4	4	Non-asset options (e.g., demand management) are considered.	Non-asset options are not currently discussed in the AMP. The current demands are well within the capacity of the existing water supply so this may not be applicable to consider for some years.	B	2
1.5	4	Lifecycle costs of owning and operating assets are assessed.	<p>Section 1.3 summarises the forecast Opex and Capex costs over a 25-year period. Further detail is provided in section 2.3 (Asset lives and replacement costs - page 12 and section 2.7 Financial Summary) showing forecast annual expenditure.</p> <p><i>An improvement is to update these forecasts in a revised AMP, incorporating understanding of O&amp;M costs, now the Scheme is in operation and to reflect the assets in place.</i></p>	B	2
1.6	4	Funding options are evaluated.	<p>The AMP states the water distribution pipes are constructed by the developer and the ownership is transferred to the Water Services licence holder to operate and maintain. Otherwise, the source, treatment (capital and operating) and administration costs are met by the Water Services licence holder.</p> <p>The initial costs will exceed revenue from rates and charges, so a financial plan should identify how the funding shortfall is to be met in the future, until the services are forecast to become financially self-sufficient.</p> <p>Section 2.8.3 (Asset Management Financial Quality) discusses a number of financial Key Performance Indicators (KPIs) proposed to be tracked quarterly, which may assist in demonstrating the forecast to be financially self-sufficient.</p>	B	2
1.7	4	Costs are justified and cost drivers identified.	Costs have been forecast in the Financial Plan. However, with the experience gained in providing the service since operation commenced, it is expected that an updated AMP will base projections on actual costs.	B	2

Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating <sup>8</sup>	Performance Rating <sup>9</sup>
1.8	4	Likelihood and consequences of asset failure are predicted.	<p>Section 2.6 of the AMP (Lifecycle Management Plan) includes a high-level risk assessment for failure of the bore, water treatment plant and distribution pipes based on likelihood and consequence. The risk assessment has not been reviewed or updated and any actions monitored.</p> <p><b><u>Recommendation 8/2024</u></b></p> <p>a) <i>Now the Scheme is operating, the risk assessment activity in the Asset Management Plan should be carried out at more of a component level to demonstrate preparation for failure events. For example, considering events such as loss of power supply, bush fire, chlorine dosing failure, PLC failure and loss of communications to demonstrate planned responses are in place (including spares and contingency/backup arrangements).</i></p>	B	3
1.9	4	Asset management plan is regularly reviewed and updated.	<p>The Asset Management Plan was established in 2018 prior to construction of the assets and commencement of operation. A review of the AMP is required. There is no stated revision frequency included in the AMP. A revision table tracking the revision history should also be included.</p> <p><b><u>Recommendation 9/2024</u></b></p> <p><i>The Water Asset Management Plan should be reviewed and updated to reflect up to date information and the current approach to managing the assets. A target revision frequency should also be included together with a revision table.</i></p>	C	3
2	4	<b>ASSET CREATION / ACQUISITION</b>		<b>B</b>	<b>2</b>
2.1	4	Full project evaluations are undertaken for new assets, including comparative assessment of non-asset solutions.	<p>The AMP (section 2.8.1.13 Capital Investment Strategies) provides a brief overview of how capital upgrades are planned.</p> <p>The major capital works to establish the water treatment plant and bore have been completed. Only minor assets and renewals are expected in the future. For any new assets Country Heights Water advised formal/documented project evaluations are not required due to the small scale of operation involved. Athena Water Services (AWS) as the water treatment plant operator and maintainer identify and evaluate the need for any new assets, gain approval</p>	B	2

Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating <sup>8</sup>	Performance Rating <sup>9</sup>
			<p>for the expenditure from Country Heights Water and a Work Order is issued. Work Order records and as built information are stored.</p> <p>The distribution pipework is designed and installed at the developer's expense and handed over to Country Heights Water to operate and maintain.</p> <p>Project evaluation is to assess if value for money decisions are being made as these impact the ongoing affordability of the services to customers. Given the major investment for Country Heights Water has been completed, this aspect is not likely to become important until major investment in asset renewal is required which should be well into the future.</p>		
2.2	4	Evaluations include all life-cycle costs.	The AMP demonstrated an understanding of the whole of life costs for the initial establishment of the water treatment plant. As no significant assets are forecast to be required, Country Heights Water does not have a life cycle cost approach for minor items of equipment, apart from reliance on AWS for their experience and judgement in equipment selection.	B	2
2.3	4	Projects reflect sound engineering and business decisions.	<p>Country Heights Water has relied on AWS for the design and construction of the treatment plant. Design documentation for this work remains with AWS.</p> <p>Design drawings for the distribution network were provided. These are generally to the requirements of the Water Corporation's design standard.</p> <p>During the site visit, the water treatment plant including bore and tanks were inspected. The process includes filtration, pH correction and chlorination. Storage is provided for raw water and treated water. Bunding of dosing chemicals was in place. Sampling points were located and the water sampling procedure briefly discussed with the AWS person on site at the time. A process control system is in place automating the operation with alarms and remote monitoring. The equipment and layout appeared to be fit for purpose.</p>	B	2
2.4	4	Commissioning tests are documented and completed.	<p>Country Heights Water has relied on AWS to undertake commissioning of the treatment process. No formal documentation appears to be retained. The AMP does not mention an approach to commissioning.</p> <p>With no major upgrade work forecast as being required, commissioning activities are not expected. The way AWS operate for Country Heights Water (designing and operating plant) has not placed a focus on the need to</p>	B	2



Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating <sup>8</sup>	Performance Rating <sup>9</sup>
			demonstrate performance through commissioning. However, the steps to demonstrate safe water production before the plant enters normal operation should be a requirement of Country Heights Water. <i>An improvement is to document the commissioning process and its completion for any upgrade works in the future, to demonstrate safe water production before the plant resumes normal operation</i>		
2.5	4	Ongoing legal/environmental /safety obligations of the asset owner are assigned and understood.	Country Heights Water provided copies of the Memorandum of Understanding (MOU) with the Department of Health (DOH), the September and December 2023 quarterly reports and annual water quality water report for 2022/23 reports for DOH, the Country Heights Estate Drinking Water Source Protection Plan, and an Annual Groundwater Monitoring Summary in relation to the Department of Water and Environmental Regulation(DWER) Groundwater Licence.	B	2
<b>3</b>	<b>4</b>	<b>ASSET DISPOSAL</b>		<b>B</b>	<b>2</b>
3.1	4	Under-utilised and under-performing assets are identified as part of a regular systematic review process.	No assets have been disposed of in the review period. Due to the small scale of the water scheme, recent construction of the treatment plant and ongoing expansion of the pipe network, it is unlikely that any significant asset disposal will be occurring.	B	1
3.2	4	The reasons for under-utilisation or poor performance are critically examined and corrective action or disposal undertaken.	For the Country Heights Water scheme, AWS incorporate this into their regular maintenance and inspection of equipment. The process is not documented due to the small scale of the operation.	B	2
3.3	4	Disposal alternatives are evaluated.	Not applicable – only minor items of equipment are disposed of.	B	1
3.4	4	There is a replacement strategy for assets.	At this early stage of the Scheme's operation, the AMP acknowledges asset lives and replacement values and describes a general approach to identifying when replacement/renewal is described based on risk and asset criticality.  A table is also attached at Appendix 2 of the AMP showing a renewal plan for each year to year 25.	B	2

Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating <sup>8</sup>	Performance Rating <sup>9</sup>
4	2	<b>ENVIRONMENTAL ANALYSIS</b>		<b>C</b>	<b>3</b>
4.1	2	Opportunities and threats in the system environment are assessed.	Section 2.6 of the AMP (Lifecycle Management Plan) includes a high-level risk assessment for failure of the bore, water treatment plant and distribution pipes based on likelihood and consequence. The risk assessment has not been reviewed or updated and any actions monitored since the AMP was developed in October 2018. <b>Refer recommendation 8/2024.</b>	B	3
4.2	4	Performance standards (availability of service, capacity, continuity, emergency response, etc.) are measured and achieved.	Section 2.4 of the AMP addresses Levels of Service but only refers to a target for annual water use per property. Section 2.8.4.2 addresses Customer/Technical Service Performance Measures including compliance with the ERA Licence and meeting water quality standards. Availability of supply targets are also listed (to be available 98% of the time). A note is also provided indicating the level of service will be developed more in future AMPs. How service level targets are measured/demonstrated as being achieved also needs development. The minimum flow and minimum and maximum pressure ranges to be supplied to customers contained in the ERA Licence are relevant to the Levels of Service. However, these are not included in the service levels in the AMP. <b>Refer Recommendation 7/2024</b>	C	2
4.3	4	Compliance with statutory and regulatory requirements.	Country Heights Water provided copies of the Memorandum of Understanding (MOU) with the Department of Health (DOH), the September and December 2023 quarterly reports and annual water quality water report for 2022/23 reports for DOH, the Country Heights Estate Drinking Water Source Protection Plan, and an Annual Groundwater Monitoring Summary in relation to the Department of Water and Environmental Regulation (DWER) Groundwater Licence.	B	3

Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating <sup>8</sup>	Performance Rating <sup>9</sup>
			<p>The September 2023 Quarterly Water Quality Report proposed that the Drinking Water Source Protection Plan will be revisited and updated with 5 years, with the first version due April 2023 (this has not yet been completed).</p> <p>The 2021 Annual Groundwater Summary in Table 4.1 noted the Water Source Protection Planning Department of DWER advised a P2 well-head protection zone of 300m radius will be required around the bore (Bore CEPB1), which does not seem to align with the April 2017 Drinking Water Source Protection Plan which states a well-head protection zone is not required.</p> <p>A sign on the fenced compound surrounding the bore and treatment site identifies the area as the Country Heights Estate Water Reserve. The water services provider and contact details are provided for Athena Water.</p> <p><b><u>Recommendation 10/2024</u></b></p> <p>a) <i>As planned, the 2017 Drinking Water Source Protection Plan should be reviewed and updated.</i></p> <p>b) <i>The sign at the site compound should be updated to identify Country Heights Water and the emergency contact details reviewed.</i></p> <p>c) <i>It is recommended some fit for purpose Health and Safety information be developed for the site. A Hazardous Substances sign is included on the gate to the site. A basic site induction incorporating hazards and emergency response plan are recommended.</i></p>		
4.4	4	Service standard (customer service levels etc) are measured and achieved	<p>There have been no customer complaints recorded regarding the level of service in the review period.</p> <p>Section 2.8.4.2 of the AMP addresses Customer/Technical Service Performance Measures including compliance with the ERA Licence and meeting water quality standards. Availability of supply targets are also listed (to be available 98% of the time).</p> <p>A note is also provided indicating the level of service will be developed more in future AMPs. How service level targets are measured/demonstrated as being achieved also needs development.</p>	C	2

Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating <sup>8</sup>	Performance Rating <sup>9</sup>
			The minimum flow and minimum and maximum pressure ranges to be supplied to customers contained in the ERA Licence are relevant to the Levels of Service. However, these are not included in the service levels in the AMP. <b><i>Refer Recommendation 7/2024</i></b>		
<b>5</b>	<b>4</b>	<b>ASSET OPERATIONS</b>		<b>B</b>	<b>2</b>
5.1	4	Operational policies and procedures are documented and linked to service levels required.	The system operation is automated and visits to the site occur monthly or more frequently if required to attend to alarms, replenish chemicals and undertake sampling. Although not documented, maintaining availability of the supply is the key service level being maintained. Brief documentation outlining the responsibilities/duties of Country Heights Water service providers for operational aspects is recommended, together with a record of completion. It was noted that the sampling point used to report on the chlorination level supplied to customers is located at the outlet of the treated water tank, which may not be representative of the water received by customers. The location of the sampling point should be discussed with the Department of Health to ensure this sampling location is adequate. Otherwise, a reticulation sampling point closer to customer supply points may be required to demonstrate a disinfection residual is being maintained. <b><i>Recommendation 11/2024</i></b> a) <i>Brief fit-for-purpose documentation outlining the responsibilities and duties of Country Heights Water service providers for operational aspects is recommended together with a record of completion.</i> b) <i>The location of the sampling point recording chlorination level supplied to customers (not within the pipe reticulation network) should be confirmed with the Department of Health.</i>	C	2
5.2	4	Risk management is applied to prioritise operations tasks.	When responding to alarms, the amount of treated water storage available was described as being used to prioritise the response time for attendance at site.	B	2

Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating <sup>8</sup>	Performance Rating <sup>9</sup>
5.3	4	Assets are documented in an Asset Register including asset type, location, material, plans of components, and an assessment of assets' physical/structural condition.	The AMP provided an asset breakdown for the planned water treatment plant (including bore and tanks) and pipe network. <i>An improvement is to update this information and record it into an asset register where asset life and condition information can be tracked/updated. Plans of the pipe network should also be referenced to the asset register.</i>	B	2
5.4	4	Accounting data is documented for assets.	Accounting data for the assets is recorded in the accounting system maintained by the external accountant.	A	1
5.5	4	Operational costs are measured and monitored.	Operational costs are recorded and monitored in the accounting system by the external accountant.  The AMP provided an operating expense forecast, which was prepared before the treatment plant was constructed. Work orders/invoices relating to actual costs are stored but there was no evidence these were assessed to track actual cost against budget.	B	2
5.6	4	Staff resources are adequate and staff receive training commensurate with their responsibilities.	AWS advised they have 4 field staff available to operate and maintain the water treatment plant – 1 staff member is responsible for the site O&M, and he is supported by the other staff which includes an electrical engineer. A local plumbing company undertakes service connection work related to the pipe network. Staff resources are considered adequate.	A	1
<b>6</b>		<b>ASSET MAINTENANCE</b>		<b>B</b>	<b>2</b>
6.1	4	Maintenance policies and procedures are documented and linked to service levels required.	A Routine Maintenance Plan was appended to the AMP, which provides a checklist record for the routine tasks to be completed each time the site is visited. This does not appear to be in use.  Plans are also attached to the AMP outlining water sampling procedures and an annual inspection plan for the water reticulation network.  The AMP section 2.8.4.3 (WTP Maintenance) indicates logs of all maintenance and plant checks made will be housed in the office at the Water Treatment Plant (WTP). However, this does not appear to be occurring.	B	3

Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating <sup>8</sup>	Performance Rating <sup>9</sup>
			<p><b><i>Recommendation 11/2024</i></b></p> <p>c) <i>A maintenance log (such as the log contained in Appendix 2 of the AMP) is recommended to be introduced to demonstrate completion of O&amp;M tasks and provide a history of maintenance issues and recording of asset condition information.</i></p>		
6.2	4	Regular inspections are undertaken of asset performance and condition.	<p>Inspections appear to be occurring on a regular basis (an inspection was in progress on the day of the site visit) but records are not kept.</p> <p>An improvement is to retain records of the inspections completed as noted in Recommendation 11/2024.</p>	B	2
6.3	4	Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule.	<p>Apart from work orders and invoices, records are not kept of completed maintenance schedules.</p> <p><b><i>Refer recommendation 11/2024</i></b></p>	B	3
6.4	4	Failures are analysed and operational/maintenance plans adjusted where necessary.	<p>The AMP section 2.8.1.2 states a maintenance history will be developed and used to improve maintenance and service delivery Country Heights Water is reliant on AWS to undertake analysis and advise of any adjustment recommended to O&amp;M plans.</p>	B	2
6.5	4	Risk management is applied to prioritise maintenance tasks.	<p>Asset risk is briefly mentioned as being used to prioritise maintenance. The AMP plan also refers to understanding of asset criticality being used to prioritise risk. Section 2.6 of the AMP (Lifecycle Management Plan) includes a high-level risk assessment for failure of the bore, water treatment plant and distribution pipes based on likelihood and consequence. The risk assessment has not been reviewed or updated and any actions monitored. This includes applying the risk management to prioritise the maintenance tasks.</p> <p><b><i>Refer recommendation 8/2024 (c) in criteria 8.2 below.</i></b></p>	B	3
6.6	4	Maintenance costs are measured and monitored.	<p>Maintenance costs are recorded and monitored in the accounting system maintained by the external accountant.</p>	A	1

Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating <sup>8</sup>	Performance Rating <sup>9</sup>
<b>7</b>	<b>4</b>	<b>ASSET MANAGEMENT INFORMATION SYSTEM</b>		<b>A</b>	<b>1</b>
7.1	4	Adequate system documentation for users and IT operators.	Country Heights Water has a dedicated IT services company that maintains the system documentation for users and their IT operators.	A	1
7.2	4	Input controls include appropriate verification and validation of data entered into the system.	Data accuracy is controlled by edit checks of data fields in the key system and checks by the user when entering manually completed work order requests and updates. Considered adequate for the limited reliance upon IT systems.	A	1
7.3	4	Security access controls appear adequate, such as passwords.	Access to the external accounting system has restricted user access and require passwords that are regularly changed. Access controls are maintained by the IT service provider.	A	1
7.4	4	Physical security access controls appear adequate.	Physical security access is maintained by the IT services provider. The water treatment plant has adequate physical security to protect access to the control system.	A	1
7.5	4	Data backup procedures appear adequate and backups are tested.	Adequate data backup procedures and testing are maintained by the IT service provider.	A	1
7.6	4	Computations for licensee performance reporting are accurate.	From review of source data for the performance reporting, the calculations are considered to be accurate.	A	1
7.7	4	Management reports appear adequate for the licensee to monitor licence obligations.	There is limited reliance upon management reports as noted in the Asset Operations and Asset Maintenance sections above. Improvements in the management reporting to monitor obligations have been recommended above.	B	2
N 7.8	4	Adequate measures to protect asset management data from unauthorised access or theft by	Adequate measures to protect asset management data from unauthorised access are maintained by the IT service provider.	A	1

Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating <sup>8</sup>	Performance Rating <sup>9</sup>
		persons outside the organisation.			
<b>8</b>	<b>4</b>	<b>RISK MANAGEMENT</b>		<b>B</b>	<b>3</b>
8.1	4	Risk management policies and procedures exist and are being applied to minimise internal and external risks associated with the asset management system.	Section 2.6 of the AMP (Lifecycle Management Plan) includes a high-level risk assessment for failure of the bore, water treatment plant and distribution pipes based on likelihood and consequence. The site visit confirmed the risk management policies in the AMP are being applied. However, the risk assessment has not been reviewed or updated and any actions monitored since the AMP was developed in October 2018. <b>Refer Recommendation 8/2024 (a) .</b>	B	3
8.2	4	Risks are documented in a risk register and treatment plans are actioned and monitored.	Section 2.6 of the AMP (Lifecycle Management Plan) includes a high-level risk assessment for failure of the bore, water treatment plant and distribution pipes based on likelihood and consequence. The risk assessment has not been reviewed or updated and any actions monitored since the AMP was developed in October 2018.  There is no documented Risk Register to document the risks and treatment plans and to monitor actions. <b>Recommendation 8/2024</b> b) <i>The risks, ratings, actions and status should be documented in a Risk Register.</i> c) <i>The risk assessment should be applied to prioritise the maintenance tasks.</i>	B	3
8.3	4	The probability and consequences of asset failure are regularly assessed.	Section 2.6 of the AMP (Lifecycle Management Plan) includes a high-level risk assessment for failure of the bore, water treatment plant and distribution pipes based on likelihood and consequence. The risk assessment has not been reviewed or updated and any actions monitored. <b>Refer Recommendation 8/2024 (a).</b>	B	3



Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating <sup>8</sup>	Performance Rating <sup>9</sup>
<b>9</b>	<b>2</b>	<b>CONTINGENCY PLANNING</b>		<b>B</b>	<b>3</b>
9.1	2	Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks.	<p>Section 2.6 of the AMP (Lifecycle Management Plan includes the contingency plans for failure of the bore, water treatment plant or distribution pipes based on likelihood and consequence assessments. The contingency plans include preventative action such as regular testing and inspections. The likelihood of any failure is rated Low to Medium.</p> <p>There are no documented response plans in the event of a failure of the bore, water treatment plant or distribution pipes; and no evidence of any testing of response plans.</p> <p><b><u>Recommendation 12/2024</u></b></p> <p><i>The contingency plans for the response in the event of a failure of the bore, water treatment plant or distribution pipes should be documented, including testing of the plans on an annual basis.</i></p>	B	3
<b>10</b>	<b>4</b>	<b>FINANCIAL PLANNING</b>		<b>B</b>	<b>2</b>
10.1	4	The financial plan states the financial objectives and strategies and actions to achieve those.	The AMP in Section 2.7 – Financial Summary Water Supply Infrastructure outlines the long-term operations, maintenance and capital financial requirements for the operation, maintenance, renewal of the water supply network based on long-term strategies and tactics outlined earlier in the plan. These projections exclude initial development and design costs as these are borne by developer already. Funding issues are discussed, and key assumptions made in preparing financial forecasts are noted.	A	1
10.2	4	The financial plan identifies the source of funds for capital expenditure and recurrent costs.	The AMP states the water distribution pipes are constructed by the developer and the ownership is transferred to the Water Services licence holder to operate and maintain. Otherwise, the source, treatment (capital and operating) and administration costs are met by the Water Services licence holder being Country Heights Water with a developer's contribution per lot over 313 lots spread over 10 years. There is no major capital expenditure planned in the next 5 years.	A	1

Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating <sup>8</sup>	Performance Rating <sup>9</sup>
10.3	4	The financial plan provides projections of operating statements (profit and loss) and statement of financial position (balance sheets).	<p>The AMP in Section 2.7 – Financial Summary Water Supply Infrastructure provides financial projections over 25 years for ongoing expenses, renewal/new work costs and total expenditure. There is no major capital expenditure planned in the next 5 years.</p> <p>The financial plan does not include the projected income and profit or loss for each financial year. The AMP in Section 2.8 Asset Quality Management Practices and Performance Measures includes comprehensive Profit and Loss KPIs, Balance Sheet KPIs and Financial Performance Measures and reporting. There was no evidence provided that this KPI reporting has been implemented by Country Heights Water.</p> <p><b><u>Recommendation 13/2024</u></b></p> <p><i>The AMP should be reviewed and updated with the current KPI, performance measures and reporting, include annual profit and loss and balance sheet reporting and review.</i></p>	B	3
10.4	4	The financial plan provides firm predictions on income for the next five years and reasonable indicative predictions beyond this period.	<p>The financial plan does not include the projected income and profit or loss for each financial year for the next 5 years and beyond.</p> <p><b>Refer recommendation 13/2024.</b></p>	B	3
10.5	4	The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services.	The AMP in Section 2.7 – Financial Summary Water Supply Infrastructure provides financial projections over 25 years for ongoing expenses, renewal/new work costs and total expenditure. There is no major capital expenditure planned in the next 5 years.	A	1
10.6	4	Large variances in actual/budget income and expenses are identified and corrective action taken where necessary.	Income and expenses are monitored monthly by the external accountant and Country Heights Water.	A	1

Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating <sup>8</sup>	Performance Rating <sup>9</sup>
<b>11</b>	<b>4</b>	<b>CAPITAL EXPENDITURE PLANNING</b>		<b>A</b>	<b>1</b>
11.1	4	There is a capital expenditure plan covering works to be undertaken, actions proposed, responsibilities and dates.	<p>The AMP (section 2.8.1.13 Capital Investment Strategies) provides a brief overview of how capital upgrades are planned.</p> <p>The major capital works to establish the water treatment plant and bore have been completed. Only minor assets and renewals are expected in the future. For any new assets Country Heights Water advised formal/documented project evaluations are not required due to the small scale of operation involved. Athena Water Services (AWS) as the water treatment plant operator and maintainer identify and evaluate the need for any new assets, gain approval for the expenditure from Country Heights Water and a Work Order is issued. Work Order records and as built information are stored.</p> <p>The distribution pipework is designed and installed at the developer's expense and handed over to Country Heights Water to operate and maintain.</p> <p>Project evaluation is to assess if value for money decisions are being made as these impact the ongoing affordability of the services to customers. Given the major investment for Country Heights Water has been completed, this aspect is not likely to become important until major investment in asset renewal is required which should be well into the future.</p>	A	1
11.2	4	The capital expenditure plan provides reasons for capital expenditure and timing of expenditure.	The AMP in Section 2.7 – Financial Summary Water Supply Infrastructure provides financial projections over 25 years for ongoing expenses, renewal/new work costs and total expenditure. There is no major capital expenditure planned in the next 5 years.	A	1
11.3	4	The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan.	The capital expenditure plan in the AMP is consistent with the asset life and condition as detailed in the AMP.	A	1

Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating <sup>8</sup>	Performance Rating <sup>9</sup>
11.4	4	There is an adequate process to ensure that the capital expenditure plan is regularly updated and implemented.	The AMP in Section 2.7 – Financial Summary Water Supply Infrastructure provides financial projections over 25 years for ongoing expenses, renewal/new work costs and total expenditure. There is no major capital expenditure planned in the next 5 years. <b>Refer Recommendation 13/2024</b> regarding review and update of the AMP.	B	2
<b>12</b>	<b>4</b>	<b>REVIEW OF ASSET MANAGEMENT SYSTEM</b>		<b>C</b>	<b>3</b>
12.1	4	A review process is in place to ensure that the asset management plan and the asset management system described in it remain current.	The Asset Management Plan was established in 2018 prior to construction of the assets and commencement of operation. A review of the AMP is required. There is no stated revision frequency included in the AMP. A revision table tracking the revision history should also be included. <b>Refer recommendation 9/2024.</b>	C	3
12.2	4	Independent reviews (e.g., internal audit) are performed of the asset management system.	This asset management review has been performed by independent consultants appointed by the ERA.	A	1

#### 4.7 Review Recommendations

The ERA Audit Guidelines only require recommendations for process and policy rated C or D and performance rated 3 or 4 to be included in this report.<sup>10</sup>

### Table of Current Review Asset System Deficiencies and Recommendations

A. Resolved during current review period			
Reference (no./year) Compliance rating	Asset System Deficiency (AMS Component/Effectiveness Criteria/Details)	Auditor's Recommendation	Management Action taken by end of review period
	Nil		

B. Unresolved during current review period			
Reference (no./year) Compliance rating	Asset System Deficiency (AMS Component/Effectiveness Criteria/Details)	Auditor's Recommendation	Management Action taken by end of audit period
6/2024  B3	<p><b>Asset Management Plan</b></p> <p><i>Process: Asset Planning</i></p> <p><i>Criteria 1.1: Asset management plan covers the processes in this table.</i></p> <p>A Water Asset Management Plan (AMP) for Country Heights Estate dated October 2018 was provided to the reviewer. The plan was prepared by Athena Water Services as part of the documentation submitted to obtain the original water services licence, granted in November 2018. The water supply became operational in May 2021.</p>	The 2018 Water Asset Management Plan should be updated to describe the current responsibilities and practices for operations and maintenance, the assets constructed (actual asset register) and a general	Nil

<sup>10</sup> Process and Policy Rating – A=Adequately defined, B=Requires some improvement, C=Requires substantial improvement, D=Inadequate.

Performance Rating – 1=Performing effectively, 2=Improvement required, 3=Corrective action required, 4=Serious action required.

B. Unresolved during current review period			
Reference (no./year) Compliance rating	Asset System Deficiency (AMS Component/Effectiveness Criteria/Details)	Auditor's Recommendation	Management Action taken by end of audit period
	<p>However, there are currently only 22 customers (with over 300 customers expected subject to estate development and land sales).</p> <p>Athena Water Solutions (a joint arrangement between Country Heights Water and Athena Water Services) was the original water services licence holder. The licence holder was changed to Country Heights Water Pty Ltd in April 2022.</p> <p>The roles and responsibilities appear to have changed with the establishment of Country Heights Water. The 2018 Asset Management Plan requires revision as the involvement of Athena Water Solutions had changed – now having responsibility limited to maintenance and monitoring with expansion only if and when required.</p> <p>Whilst the processes in this Table are addressed by the supplied AMP, the change of responsibilities, the construction of assets and transition into the Operations and Maintenance (O&amp;M) phase represent changes which should be included in a revision of the AMP.</p> <p>The AMP was prepared before the water scheme was constructed and needs to be revised to capture what has been constructed (actual asset register), the current approach to operations and maintenance (e.g. the Routine Maintenance Plan checklist at Appendix 2 of the AMP is not currently in use), and review of the processes described in the AMP, to reflect the actual management of the assets (as appropriate to the scale of the Country Heights Water scheme).</p>	<p>update to the approach of Country Heights Water to the Asset Management processes in this review.</p>	

B. Unresolved during current review period			
Reference (no./year) Compliance rating	Asset System Deficiency (AMS Component/Effectiveness Criteria/Details)	Auditor's Recommendation	Management Action taken by end of audit period
7/2024  C2	<p><b>Service Levels</b></p> <p><i>Processes: Asset Planning and Environmental Analysis</i></p> <p><i>Criteria 1.3: Service levels are defined in the asset management plan.</i></p> <p><i>Criteria 4.2: Performance standards (availability of service, capacity, continuity, emergency response, etc.) are measured and achieved.</i></p> <p><i>Criteria 4.4: Service standard (customer service levels etc) are measured and achieved.</i></p> <p>Section 2.4 of the AMP addresses Levels of Service but only refers to a target for annual water use per property.</p> <p>Section 2.8.4.2 addresses Customer/Technical Service Performance Measures including compliance with the ERA Licence and meeting water quality standards. Availability of supply targets are also listed (to be available 98% of the time).</p> <p>A note is also provided indicating the level of service will be developed more in future AMPs. How service level targets are measured/demonstrated as being achieved also needs development.</p> <p>The minimum flow and minimum and maximum pressure ranges to be supplied to customers contained in the ERA Licence are relevant to the Levels of Service. However, these are not included in the service levels in the AMP.</p>	<p>Now the Scheme is operating, the Levels of Service in the AMP need to be reviewed, to incorporate the water service minimum flow and minimum and maximum pressure ranges and consider how the service level targets can be measured/demonstrated as being achieved.</p>	<p>Nil</p>

B. Unresolved during current review period			
Reference (no./year) Compliance rating	Asset System Deficiency (AMS Component/Effectiveness Criteria/Details)	Auditor's Recommendation	Management Action taken by end of audit period
8/2024  B3	<p><b>Risk Management</b></p> <p><i>Processes: Asset Planning, Environmental Analysis, Asset Maintenance and Risk Management</i></p> <p><i>Criteria 1.8: Likelihood and consequences of asset failure are predicted.</i></p> <p><i>Criteria 4.1: Opportunities and threats in the system environment are assessed.</i></p> <p><i>Criteria 6.5: Risk management is applied to prioritise maintenance tasks.</i></p> <p><i>Criteria 8.1: Risk management policies and procedures exist and are being applied to minimise internal and external risks associated with the asset management system.</i></p> <p><i>Criteria 8.2: Risks are documented in a risk register and treatment plans are actioned and monitored.</i></p> <p><i>Criteria 8.3: The probability and consequences of asset failure are regularly assessed.</i></p> <p>Section 2.6 of the AMP (Lifecycle Management Plan) includes a high-level risk assessment for failure of the bore, water treatment plant and distribution pipes based on likelihood and consequence. The risk assessment has not been reviewed or updated and any actions monitored since the AMP was developed in October 2018.</p> <p>There is no documented Risk Register to document the risks and treatment plans and to monitor actions.</p> <p>Asset risk is briefly mentioned as being used to prioritise maintenance. The AMP plan also refers to understanding of asset criticality being used to prioritise risk. Section 2.6 of the AMP (Lifecycle Management Plan) includes a high-level risk assessment for failure of the bore, water treatment plant and distribution pipes based on likelihood and consequence. The risk assessment has not been reviewed or updated and any actions monitored. This includes applying the risk management to prioritise the maintenance tasks.</p>	<p>a) Now the Scheme is operating, the risk assessment activity in the Asset Management Plan should be carried out at more of a component level to demonstrate preparation for failure events. For example, considering events such as loss of power supply, bush fire, chlorine dosing failure, PLC failure and loss of communications to demonstrate planned responses are in place (including spares and contingency/backup arrangements).</p> <p>b) The risks, ratings, actions and status should be documented in a Risk Register.</p> <p>c) The risk assessment should be applied to prioritise the maintenance tasks.</p>	Nil



B. Unresolved during current review period			
Reference (no./year) Compliance rating	Asset System Deficiency (AMS Component/Effectiveness Criteria/Details)	Auditor's Recommendation	Management Action taken by end of audit period
9/2024  C3	<p><b>Review of Asset Management Plan</b></p> <p><i>Processes: Asset Planning and Review of Asset Management System</i></p> <p><i>Criteria 1.9: Asset management plan is regularly reviewed and updated.</i></p> <p><i>Criteria 12.1 A review process is in place to ensure that the asset management plan and the asset management system described in it remain current.</i></p> <p>The Asset Management Plan was established in 2018 prior to construction of the assets and commencement of operation. A review of the AMP is required. There is no stated revision frequency included in the AMP. A revision table tracking the revision history should also be included.</p>	<p>The Water Asset Management Plan should be reviewed and updated to reflect up to date information and the current approach to managing the assets. A target revision frequency should also be included together with a revision table.</p>	<p>Nil</p>
10/2024  B3	<p><b>Health and Safety</b></p> <p><i>Processes: Environmental Analysis</i></p> <p><i>Criteria 4.3: Compliance with statutory and regulatory requirements</i></p> <p>Country Heights Water provided copies of the Memorandum of Understanding (MOU) with the Department of Health (DOH), the September and December 2023 quarterly reports and annual water quality water report for 2022/23 reports for DOH, the Country Heights Estate Drinking Water Source Protection Plan, and an Annual Groundwater Monitoring Summary in relation to the Department of Water and Environmental Regulation,(DWER) Groundwater Licence.</p> <p>The September 2023 Quarterly Water Quality Report proposed that the Drinking Water Source Protection Plan will be revisited and updated with 5 years, with the first version due April 2023 (this has not yet been completed).</p> <p>The 2021 Annual Groundwater Summary in Table 4.1 noted the Water Source Protection Planning Department of DWER advised a P2 well-</p>	<p>a) As planned, the 2017 Drinking Water Source Protection Plan should be reviewed and updated.</p> <p>b) The sign at the site compound should be updated to identify Country Heights Water and the emergency contact details reviewed.</p> <p>c) It is recommended some fit for purpose Health and Safety information be developed for the site. A Hazardous Substances sign is included on the gate to the site. A basic site induction incorporating hazards and emergency response plan are recommended.</p>	

B. Unresolved during current review period			
Reference (no./year) Compliance rating	Asset System Deficiency (AMS Component/Effectiveness Criteria/Details)	Auditor's Recommendation	Management Action taken by end of audit period
	<p>head protection zone of 300m radius will be required around the bore (Bore CEPB1), which does not seem to align with the April 2017 Drinking Water Source Protection Plan which states a well-head protection zone is not required.</p> <p>A sign on the fenced compound surrounding the bore and treatment site identifies the area as the Country Heights Estate Water Reserve. The water services provider and contact details are provided for Athena Water Services.</p>		
<p><b>11/2024</b></p> <p>C2</p> <p>B3</p> <p>B3</p>	<p><b>Operational Monitoring and Water Sampling</b></p> <p><i>Processes: Asset Operations and Asset Maintenance</i></p> <p><i>Criteria 5.1: Operational policies and procedures are documented and linked to service levels required.</i></p> <p><i>Criteria 6.1: Maintenance policies and procedures are documented and linked to service levels required.</i></p> <p><i>Criteria 6.3: Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule.</i></p> <p>The system operation is automated and visits to the site occur monthly or more frequently if required to attend to alarms, replenish chemicals and undertake sampling. Although not documented, maintaining availability of the supply is the key service level being maintained.</p> <p>Brief documentation outlining the responsibilities/duties of Country Heights Water service providers for operational aspects is recommended, together with a record of completion.</p> <p>It was noted that the sampling point used to report on the chlorination level supplied to customers is located at the outlet of the treated water tank, which may not be representative of the water received by customers. The location of the sampling point should be discussed with the Department of Health to ensure this sampling location is adequate.</p>	<p>a) Brief fit-for-purpose documentation outlining the responsibilities and duties of Country Heights Water service providers for operational aspects is recommended together with a record of completion.</p> <p>b) The location of the sampling point recording chlorination level supplied to customers (not within the pipe reticulation network) should be confirmed with the Department of Health.</p> <p>c) A maintenance log (such as the log contained in Appendix 2 of the AMP) is recommended to be introduced to demonstrate completion of O&amp;M tasks and provide a history of maintenance issues and recording of asset condition information.</p>	<p>Nil</p>

B. Unresolved during current review period			
Reference (no./year) Compliance rating	Asset System Deficiency (AMS Component/Effectiveness Criteria/Details)	Auditor's Recommendation	Management Action taken by end of audit period
	<p>Otherwise, a reticulation sampling point closer to customer supply points may be required to demonstrate a disinfection residual is being maintained.</p> <p>A Routine Maintenance Plan was appended to the AMP, which provides a checklist record for the routine tasks undertaken each time the site is visited. This does not appear to be in use. Plans are also attached to the AMP outlining water sampling procedures and an annual inspection plan for the water reticulation network. The AMP section 2.8.4.3 (WTP Maintenance) indicates logs of all maintenance and plant checks made will be housed in the office at the WTP, however this does not appear to be occurring.</p>		
<p><b>12/2024</b></p> <p>B3</p>	<p><b>Incident Response Plan</b></p> <p><i>Process: Contingency Planning</i></p> <p><i>Criteria 9.1: Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks.</i></p> <p>Section 2.6 of the AMP (Lifecycle Management Plan includes the contingency plans for failure of the bore, water treatment plant or distribution pipes based on likelihood and consequence assessments. The contingency plans include preventative action such as regular testing and inspections. The likelihood of any failure is rated Low to Medium.</p> <p>There are no documented incident response plan in the event of a failure of the bore, water treatment plant or distribution pipes; and no evidence of any testing of response plans.</p>	<p>The contingency plans for the response in the event of a failure of the bore, water treatment plant or distribution pipes should be documented in an Incident Response Plan, including testing of the plan on an annual basis.</p>	<p>Nil</p>

B. Unresolved during current review period			
Reference (no./year) Compliance rating	Asset System Deficiency (AMS Component/Effectiveness Criteria/Details)	Auditor's Recommendation	Management Action taken by end of audit period
13/2024  B3	<p><b>Financial Reporting</b></p> <p><i>Process: Financial Planning</i></p> <p><i>Criteria 10.3: The financial plan provides projections of operating statements (profit and loss) and statement of financial position (balance sheets).</i></p> <p><i>Criteria 10.4: The financial plan provides firm predictions on income for the next five years and reasonable indicative predictions beyond this period.</i></p> <p>The AMP in Section 2.7 – Financial Summary Water Supply Infrastructure provides financial projections over 25 years for ongoing expenses, renewal/new work costs and total expenditure. There is no major capital expenditure planned in the next 5 years.</p> <p>The financial plan does not include the projected income and profit or loss for each financial year. The AMP in Section 2.8 Asset Quality Management Practices and Performance Measures includes comprehensive Profit and Loss KPIs, Balance Sheet KPIs and Financial Performance Measures and reporting. There was no evidence provided that this KPI reporting has been implemented by Country Heights Water.</p> <p>The financial plan does not include the projected income and profit or loss for each financial year for the next 5 years and beyond.</p>	<p>The AMP should be reviewed and updated with the current KPI, performance measures and reporting, include annual profit and loss and balance sheet reporting and review.</p>	<p>Nil</p>

## Appendix A - Methodology

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### A1. Audit and Review Approach

Our approach to meeting the requirements for the operational audit and asset management system effectiveness review is set out below.

#### **Audit and Review Planning**

- Conduct an initial meeting with the ERA to confirm the audit/review approach and timing for the audit and review (*not required*).
- Contact the licensee to gain an understanding of the business, relevant management plans and systems that may affect the risk assessment for planning purposes.
- Prepare a risk assessment including any specific factors or changes relevant to the licensee (in tabular form against each licence condition and asset management system component).
- Submit a draft **Audit and Review Plan**, including the risk assessment and proposed approach, to the ERA for review and approval.
- Send a **Pre-Visit Checklist** of information and documentation to the licensee to enable staff to prepare for the visit (and where possible, send us information prior to the site visit).

#### **Fieldwork**

- Undertake a visit to the licensee and conduct various meetings with stakeholders, including corporate services and works/facilities management personnel, to determine the effectiveness of systems and procedures in place and to compare actual performance against the licence standards. **The on-site visit will include our Principal Engineer.**
- Obtain copies of the latest asset management plans, performance reporting statistics and relevant correspondence between the licensee and the ERA for the audit period.
- The audit steps for the **Operational Audit** will include:
  - **analysis of documented procedures** to assess whether they are consistent with regulatory requirements or arrangements under the licence;
  - **review of systems and procedures** to assess whether they reflect compliance obligations and performance standards, including assessing and testing the following:
    - **control environment** – management’s philosophy and operating style, organisational structure, assignment of authority and responsibilities, the use of internal audit, the use of information technology and the skills and experience of the key staff members;
    - **information system** – the appropriateness of the information systems to record the information needed to comply with the licence, accuracy of data, security of data, cyber security and documentation describing the information system;
    - **control procedures** – the presence of systems and procedures to monitor compliance with the licence or the effectiveness of the asset management system and to detect and correct non-compliance or under-performance;
    - **compliance attitude** - the action taken by the licensee in response to the previous audit/review recommendations, and an assessment of management’s attitude towards compliance; and

- **outcome compliance** – the actual performance against standards prescribed in the licence throughout the audit period.
- Update the risk assessment with any new information obtained in the course of the audit testing and, in instances of significant non-compliance, assess the licensee’s plan to ensure compliance and recommend any further improvements to achieve compliance.
- The activities in the **Asset Management System Review** will include:
  - analyse the documented procedures and processes for the planning, construction, operation and maintenance of assets to assess whether they are consistent with regulatory requirements under the licence;
  - interview key personnel to assess whether they understand and comply with the documented processes and procedures;
  - physically inspect the key assets and infrastructure; and
  - assess the effectiveness of the processes and system in place.

### ***Audit and Review Reporting***

- Prior to the conclusion of the visit, the lead auditor will discuss any observations and recommendations with the licensee’s management to confirm our understanding of the issues and to discuss the action to be taken.
- Provide a draft report to the ERA for review no later than two weeks before the final report is due and make any revisions necessary.
- Provide the updated draft report to the ERA for review and feedback prior to finalising the report.
- Issue the final report to the ERA.
- The ERA will arrange responses to the proposed actions in the Post Audit Implementation Plan.

### **A2. Key Documents Reviewed**

#### ***Regulatory Documents and Reports***

- Water Services Act 2012
- Water Services Code of Conduct (Customer Service Standards) 2018
- Water Services Code of Practice (Family Violence) 2020
- Water Services Regulations 2013
- 2019 Audit and Review Guidelines: Water Licences
- Water Compliance Reporting Manual – September 2021
- Water Services Operating Licence WL49 – Versions 1, 2 and 3.
- Map of Licence Operating Area OWR-OA-313-A
- Compliance reports to ERA for 2021/22 and 2022/23.
- Performance reports to ERA for 2021/22 and 2022/23.
- Performance reporting datasheets for 2021/22 and 2022/23.
- Water, Sewerage and Irrigation Licence Performance Reporting Handbook – 2022 and 2023.
- Department of Water and Environmental Regulation (DEWR) licence.
- Memorandum of Understanding between the Department of Health and Country Heights Water on Drinking Water quality (Latest version)
- Energy & Water Ombudsman membership
- Department of Water: Drinking water source protection plan

- Relevant correspondence between the Licensee and the ERA, Department of Environment and Department of Health (as applicable).

### **Operational Audit**

- Relevant correspondence between the Licensee and the ERA
- Sample of water invoices to customers (including any estimated bills, reminders, tariff changes and final bills)
- Customer Complaints Procedure
- Form 1 - Customer Contract
- Form 2 – Residents Account Establishment Form
- Form 3- Water Service Connection Application Form
- Form 4 – CHW Pricing and Charges FY 23-24
- Form 5 – Customer Complaint Form
- Form 6 – Customer Hardship Policy and Procedure
- Form 6A – Financial Hardship Amendment
- Financial Hardship Policy
- Family Violence Policy
- Website

### **Asset Management System Review**

- Asset Management Plan for Potable Water Supply Services (2018)
- Country Heights Water – Annual Member Report 2022/23
- Drinking Water Quality Plan
- Site maps
- Annual Groundwater Monitoring Summary in relation to the Department of Water and Environmental Regulation(DWER) Groundwater Licence.
- Water Quality Reports
- Memorandum of Understanding between the Department of Health and Country Heights Water on Drinking Water quality (Latest version)
- Annual and Quarterly Reports to Department of Health.

### **A3. Key Contacts**

The licensee’s representatives participating in the audit were:

- Jerry Goh – Director - Country Heights Water
- Carel van der Westhuizen - Principal Hydrogeologist and Site Contamination Specialist (Pendragon Environmental Solutions)

### **A4. Consultants**

NAME AND POSITION	BUDGET HOURS
Geoff White - Director	35
Geoff Hughes – Principal Planning Engineer	30
<b>TOTAL</b>	<b>65</b>

END OF REPORT