



Water Corporation Operating Licence Operational Audit Report

October 2009



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Acronym List

Acronym	Full Name
#	Document Number
Act	Water Servicing Licensing Act 1995
ACA	Asset Condition Assessment
AMPS	Asset Management Planning System
AMSER	Asset Management System Effectiveness Review
ARA	Asset Risk Assessment
ARR	Australian Rainfall and Runoff 1987
Authority	Economic Regulation Authority
CAC	Customer Advisory Council
CorDocs	Corporate Documents System
CIMC	Corporate Incident Management Coordinator
CIP	Capital Investment Plan
CSC	Computer Sciences Corporation
Corporation	Water Corporation
CSR	Customer Service Representative
Deloitte	Deloitte Touche Tohmatsu
DWQB	Drinking Water Quality Branch
ERA	Economic Regulation Authority
FFAR	Financial Fixed Asset Register
FLER	Functional Location Equipment Register
FMS	Facilities Mapping System
GIS	Geographical Information System
IMS	Incident Management System
IPB	Infrastructure Planning Branch
KPI	Key Performance Indicator
LDMS	Land Development Management System
MCS	Mobile Computing Systems
MCS2	Mobile Computing System 2
MOU	Memorandum of Understanding
NPF	National Performance Framework
OAM	Operation Asset Management
ODSS	Operational Data Storage System
OWR	Office of Water and Resources
PC	Personal Computer



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Acronym	Full Name
PCY	Policy
PDA	Personal Digital Assistant
PEXE	Partially Executed Work Order
PWQ	Pending Work Queue
SAM	Strategic Asset Management
SAMP	Strategic Asset Management Plan
SAP	System Applications and Products
SAP BW	SAP Business Warehouse
SBA	Service by Agreement
SCADA	Supervisory Control and Data Acquisition
SIMS	Spatial Information Management System
SRA	Strategic Risk Assessment
SWPP	State Wide Planning Program
TAM	Tactical Asset Management
WAPC	Western Australian Planning Commission
WQMS	Water Quality Management System

1. Background

The Authority, under the provisions of the Act, issued to the Corporation an Operating Licence for the provision of water supply, sewerage, irrigation and drainage services. The Corporation provides water, drainage, wastewater services to households, businesses and rural communities spread over 2.5 million square kilometres.

Pursuant to s.37 of the Act, the Corporation is required to, not less than once every 24 months (or such later date approved by the Authority), provide the Authority with a operational audit conducted by an independent expert acceptable to the Authority. The operational audit is a non-financial compliance audit of the effectiveness of measures taken by the Corporation to maintain the quality and performance standards referred to in its Operating Licence.

The Corporation appointed Grant Thornton to conduct the operational audit of its Operating Licence with approval from the Authority. A preliminary assessment was conducted with the Corporation's management to determine the inherent risk and the state of control for each compliance element of the Operating Licence obligation. Grant Thornton then prioritised the audit coverage based on the risk profile of the Corporation with an emphasis on providing greater focus and depth of testing for areas of higher risk to provide reasonable assurance that the Corporation had complied with the standards, outputs and outcomes under the Operating Licence obligations.

The operational audit was conducted in a manner consistent with Australian Auditing Standards (AUS) 808 "Planning Performance Audits" and AUS 806 "Performance Auditing". Grant Thornton evaluated the adequacy and effectiveness of the controls and performance by the Corporation relative to the standards referred in the Operating Licence through a combination of enquiries, examination of documents and detailed testing.



2. Objective

The audit objective was to evaluate the adequacy and effectiveness of controls implemented by the Corporation to fulfil its obligations in complying with the performance and quality standards referred to in its Operating Licence. The audit focused on the systems and effectiveness of processes used to ensure compliance with the standards, output and outcomes required by the Operating Licence.

3. Scope

The operational audit covered the period from 1 July 2006 to 30 June 2009.

Detailed below is a summary of the broad obligations under the licence instrument subject to the audit.

Summary of the Compliance Elements

Compliance Elements	Operating Licence Reference
Joint Working Party Review	Clause 2.6
Asset Management	Clause 4.1 Clause 4.2 Clause 4.5 Clause 4.6
Operating Areas	Clause 2.2 Clause 2.4 Clause 2.7 Schedule 1
Customer Complaints	Clause 3.2 Schedule 2 Schedule 8
Customer Charter	Clause 3.3 Schedule 3
Consumer Committees	Clause 3.4 Schedule 4
Water Services Provision	Clause 3.5 Schedule 5
Information	Clause 3.6 Schedule 6 (Section 1.2 and 1.3 were not within scope of the audit) Schedule 8
Telephone Answering	Schedule 7 - Section 1 Schedule 8

Compliance Elements	Operating Licence Reference
Drinking Water Quality*	Schedule 7 - Section 2.1 Schedule 7 - Section 3 Schedule 8
Pressure and Flow	Schedule 7 - Section 2.2 Schedule 7 - Section 2.5 Schedule 7 - Section 4.2 Schedule 8
Continuity	Schedule 7 - Section 2.3 Schedule 8
Water Supply – Leaks and Bursts	Schedule 8
Drought Response	Schedule 7 - Section 2.4
Notification Drinking Water (Farmlands)	Schedule 7 - Section 4.1 Schedule 8
Sewerage System – Overflows on property	Schedule 7 - Section 6.1 Schedule 8
Sewerage System Blockages	Schedule 8
Urban Drainage**	Schedule 7 - Section 7.1 - 7.7 Schedule 8
Other Drainage	Schedule 7 - Section 7.8 - 7.9
Services Provided by Agreement	Schedule 7 - Section 8.1 - 8.3 Schedule 8
Non-Potable Services	Clause 2.3 Schedule 7 - Section 8.4

(For * and ** refer to page 8)

The following Operating Licence compliance elements were not included in the scope of the audit.

Compliance Elements	Operating Licence Reference	Reason for Exclusion
Kambalda Transitional Provisions	Clause 3.7 - 3.9	Required asset upgrade prior to 1 July 2008.
Nilgen Transitional Provisions	Clause 3.10 - 3.12	Required asset upgrade prior to 1 July 2008.
Asset Management	Clause 4.3 - 4.4	Covered by AMSER, due 31 December 2009
Technical Standards	Clause 4.12	None gazetted
Prescribed Standards	Clause 4.13	None prescribed

Compliance Elements	Operating Licence Reference	Reason for Exclusion
Contracting of Services	Clause 6	This is a statement of responsibility and is audited through all the other Operating Licence requirements, not an auditable regulatory commitment in itself.
Names and Addresses of Complainants	Schedule 6 - Section 1.2	Not requested during audit period.
Independent Customer Survey	Schedule 6 - Section 1.3	Not requested during audit period.

To ensure there was reasonable assurance that the Regional Offices had sufficient systems and processes and conformed to the policies and procedures as directed by Head Office, in complying with the obligations under the Operating Licence, Grant Thornton accepted the Corporation's nomination of the Mid West and Canningvale offices for review as part of the operational audit. Consistent with the risk-based approach, Grant Thornton focused on testing the compliance elements with a high audit priority assignment and deployed the necessary resources to the Mid West and Perth regions to undertake the operational audit. The following compliance elements were tested in the Perth region:

- Complaints;
- Pressure and flow;
- Continuity;
- Leaks and bursts;
- Sewerage systems overflows; and
- Sewerage system blockages.

The following compliance elements were tested in the Mid West region:

- Operating areas;
- Complaints;
- Pressure and flow;
- Continuity;
- Leaks and bursts;
- Services by agreement;
- Major consumers;
- Sewerage systems overflows; and
- Sewerage system blockages.

Grant Thornton recognised a new version of the Operating Licence (OL6) took effect from 1 July 2009. Some of the obligations had been either removed or amended in licence version 48 in transition to version OL6. Where applicable, Grant Thornton constructed the remedial action in a manner to reflect the transition to the new licence instrument.

Summary of Changes from Licence 32 – Version 48 to Version OL6

Compliance Element of Licence 32 – Version 48	Amendment/ Removal	Comments
Schedule 3 – Customer Charter Section 5 (c)	Amendment	The Corporation is required to send a current copy, or a summary document approved by the Authority, to all customers at least once in every three year period as opposed to once in every two year period or as agreed with the Authority.
Schedule 3 – Customer Charter Section 6	Amendment	The Customer Charter is to be reviewed by the Corporation at least once in every three year period as opposed to once in every two year period or as agreed with the Authority.
Schedule 2 – Customer Complaints and Investigations, Conciliations and Arbitrations Section 1.1 1.2(c), 2.1 & 2.2	Amendment	The Corporation is required to resolve customer complaints within 15 business days of being notified of its existence rather than 21 days. Further, the customer may apply to the Department of Water if the complaint is not resolved within 15 business days rather than 21 days.
Schedule 2 – Customer Complaints and Investigations, Conciliations and Arbitrations Section 2.6	Removal	
Schedule 2 – Customer Complaints and Investigations, Conciliations and Arbitrations Section 2.8	Removal	

Compliance Element of Licence 32 – Version 48	Amendment/ Removal	Comments
Schedule 2 – Customer Complaints and Investigations, Conciliations and Arbitrations Section 2.9	Removal	
Schedule 2 – Customer Complaints and Investigations, Conciliations and Arbitrations Section 2.10	Removal	
Schedule 6 - Information Section 1.1 & 1.2	Removal	
Schedule 6 – Information Section 2.1	Removal	
Schedule 6 – Information Section 3.1	Amendment	<p>The Corporation will provide the <i>Authority</i> with data required for performance monitoring purposes as set out in the <i>Water Compliance Reporting Manual</i> as amended from time to time rather than the performance monitoring purposes set out in the <i>National Performance Framework</i>.</p>
Schedule 7 – Standards and Principles for the Provision of Water Services Section 1	Amendment	<p>The Corporation shall answer telephone calls on the “Customer Enquiry 13” telephone numbers in accordance with the following standard:</p> <p>70 per cent of calls will be answered within 30 seconds, with no more than 5% of calls abandoned after 5 seconds, measured on a monthly basis.</p> <p>Previously the standard required 70 per cent of calls will be answered within 20 seconds.</p>

Compliance Element of Licence 32 – Version 48	Amendment/ Removal	Comments
Schedule 7 – Standards and Principles for the Provision of Water Services Section 2.1 and 3	Removal	
Schedule 7 – Standards and Principles for the Provision of Water Services Section 2.4	Amendment	There is no requirement for the Corporation to inform the Authority on a quarterly basis of any restrictions applied in accordance with the <i>Water Agencies (Water Restrictions) By-laws 1998</i> to a drinking water supply, detailing restrictions by operating area, type (severity), duration, start date and number of services affected. The Corporation is to advise the Authority as and when the restriction is applied.
Schedule 7 - Standards and Principles for the Provision of Water Services Section 8.2, 8.3 & 8.4	Removal	

* At the request of the Corporation, the compliance element for drinking water quality was separately audited by Deloitte. Grant Thornton relied on the work performed by the independent expert.

** With respect to the compliance element for urban drainage, Operating Licence reference: Schedule 7, Section 7.1, Section 7.2 and Section 7.3, the Corporation advised that a separate independent desk audit commissioned on an annual basis, had been performed by Deloitte. Grant Thornton relied on the work performed by the independent expert.

4. Inherent Limitations

Because of the inherent limitations of any internal control structure it is possible that fraud, error, or non-compliance with laws and regulations may occur and not be detected. Further, the internal control structure, within which the control procedures that we have audited operate, has not been audited and no opinion is expressed as to its effectiveness.

An audit is not designed to detect all weaknesses in control procedures as it is not performed continuously throughout the period and the tests performed are on a sample basis.

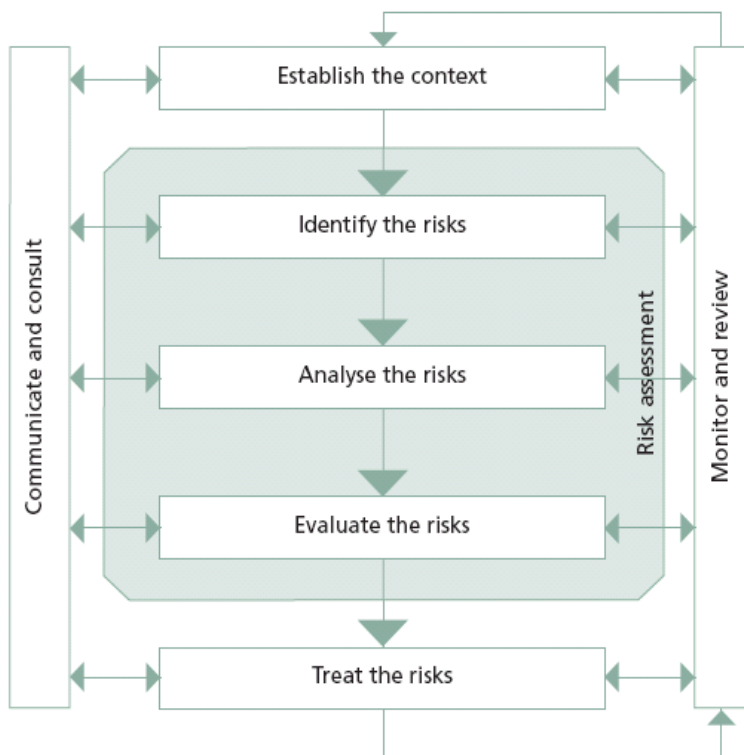
Any projection of our evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

The audit opinion expressed in this report has been formed on the above basis.

5. Our Approach and Methodology

Grant Thornton had conducted the operational audit in a manner consistent with Australian Auditing Standard (AUS) 806 “Performance Auditing” and AUS 808 “Planning Performance Audits”.

In conducting the operational audit of the Corporation’s Operating Licence, Grant Thornton adopted a risk based audit approach based on the Australian/New Zealand Standard (AS/NZS) 4360:2004 as illustrated in the diagram below.



Establishing the Context

The key legislation that governs the licensing of providers of water and related services is the Water Services Licensing Act 1995. In turn, the compliance elements in the Corporation's Operating Licence were examined and referred to throughout the audit process.

Risk Identification and Assessment

The Corporation's management and Grant Thornton analysed each Operating Licence compliance element in terms of the inherent risk level and rated the controls in respect of each Operating Licence compliance element in accordance with the guidelines prescribed by the Authority. Audit priority was assigned based on the risk level and controls which management exercised over those risks. The risk assessment was reviewed during the fieldwork of the audit and where applicable, updated in accordance with the audit findings in the audit report.

Risk Evaluation

Risk evaluation for the Corporation involved Grant Thornton assessing compliance with the requirements of the Operating Licence by examining:

- The design effectiveness of the controls through the evaluation of the:
 - Control environment;
 - Information system;
 - Control procedures; and
 - Compliance attitude of management.
- The operating effectiveness of controls through out the period. Tests of operating effectiveness were concerned with how the control procedures had been applied, the consistency with which they were applied and by whom they were applied. The focus was on the systems and effectiveness of processes employed to ensure compliance with the standards, outputs and outcomes required by the Operating Licence obligation.

Risk Treatment

If a control risk was identified, which in the Auditor's professional judgment were left untreated may cause the Corporation to become non-compliant with its obligations under the Operating Licence, Grant Thornton provided appropriate recommendations to mitigate the risk to an appropriately low level.

It should be noted that complete risk elimination is neither practical nor economically feasible. Rather, the goal is to reduce risks to levels that are sensible and acceptable to management. An important internal control principle is that the cost of controls should not exceed their benefits. Therefore, Grant Thornton considered the practicality and benefits relative to costs in providing the recommendations to the Corporation.

The compliance rating for each licence condition, using the 5-point rating scale, involved a degree of subjective judgment by the Auditor. In assigning the appropriate compliance rating to each element, we have taken the approach described below.

In determining the audit materiality level, consideration was given to the consequence of the matter identified and whether the exception was an isolated incident or a systemic issue. Audit materiality was assigned on the basis of the exception having at least a minor consequence on the Corporation's compliance with its obligation under the instrument such that, in the Auditor's professional judgment, the Corporation is required to take action to ensure that there would be no negative impact on its ability to comply with the requirements of the Operating Licence.

The compliance statuses contained in the following table were adopted in the rating of the compliance elements.

Compliance Status	Rating	Description of Compliance
Compliant	5	Compliant with no further action required to maintain compliance.
Compliant	4	Compliant apart from minor or immaterial recommendations to improve the strength of internal controls to maintain compliance.
Compliant	3	Compliant with major or material recommendations to improve the strength of internal controls to maintain compliance.
Non-compliant	2	Does not meet minimum requirement.
Significantly Non-compliant	1	Significant weaknesses and/or serious action required.

6. Summary of Findings

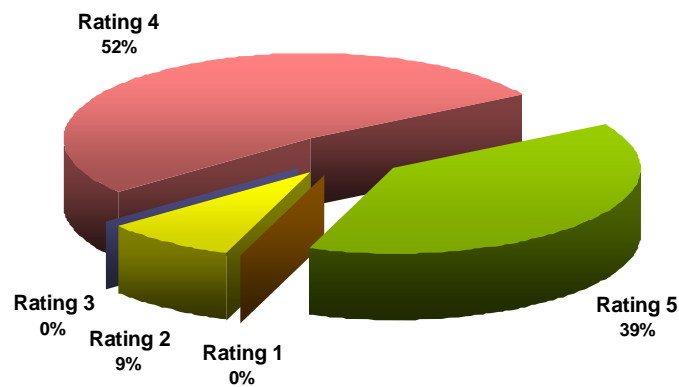
A synopsis of the Corporation's compliance profile indicates an organisation with a sound compliance posture but process improvements and some corrective actions are necessary for a number of areas to ensure the controls remain robust and effective.

Figure 1.1 indicates that 39% of the 23 compliance elements are fully compliant, 52% are compliant apart from minor process improvement opportunities, and 9% are non-compliant because the state of controls did not meet minimum requirements.

The compliance rating for each compliance elements is provided overleaf in the "Compliance Summary Table".

Figure 1.1

Water Corporation Compliance Profile





Compliance Summary Table

Compliance Element	Operating Licence Reference (Cl=clause, Sch=schedule)	Consequence (1=Minor, 2=Moderate, 3=Major)	Likelihood (A=Likely, B=Probable, C=Unlikely)	Inherent Risk (Low, Medium, High)	Adequacy of Existing Controls (S=Strong, M=Moderate, W=Weak)	Compliance Rating				
						1	2	3	4	5
Joint Working Party Review	Cl. 2.6	Minor	Probable	Low	Strong				✓	
Asset Management	Cl. 4.1, 4.2, 4.5 and 4.6	Minor	Unlikely	Low	Strong				✓	
Operating Areas	Cl. 2.2, 2.4 and 2.7 Sch. 1	Moderate	Likely	High	Moderate	✓				
Customer Complaints	Cl. 3.2 Sch. 2 Sch. 8	Moderate	Likely	High	Strong				✓	
Customer Charter	Cl. 3.3 Sch. 3	Minor	Probable	Low	Strong					✓
Consumer Committees	Cl. 3.4 Sch. 4	Minor	Unlikely	Low	Strong				✓	
Water Services Provision	Cl. 3.5 Sch. 5	Minor	Probable	Low	Strong				✓	
Information - Customer Complaints	Cl. 3.6 Sch. 6; Section 1.1; Sch. 8	Moderate	Probable	High	Strong				✓	
Information - Incident Reports	Cl. 3.6 Sch. 6; Section 2.1	Moderate	Likely	High	Weak	✓				
Information - Benchmarking and Performance Monitoring Information	Cl. 3.6 Sch. 6; Section 3.1, 3.2 and 3.3	Moderate	Unlikely	Medium	Strong					✓
Telephone Answering	Sch. 7; Section 1 Sch.8	Moderate	Probable	Medium	Strong				✓	
Drinking Water Quality*	Sch. 7; Section 2.1 and 3 Sch. 8	Major	Likely	High	Strong					✓



Compliance Element	Operating Licence Reference (CI=clause, Sch=schedule)	Consequence (1=Minor, 2=Moderate, 3=Major)	Likelihood (A=Likely, B=Probable, C=Unlikely)	Inherent Risk (Low, Medium, High)	Adequacy of Existing Controls (S=Strong, M=Moderate, W=Weak)	Compliance Rating				
						1	2	3	4	5
Pressure and Flow	Sch. 7 Section 2.2, 2.5 and 4.2; Sch. 8	Moderate	Likely	High	Strong				✓	
Continuity	Sch. 7; Section 2.3 Sch. 8	Moderate	Likely	High	Strong				✓	
Water Supply – Leaks and Bursts	Sch. 8	Moderate	Likely	High	Strong				✓	
Drought Response	Sch. 7; Section 2.4	Minor	Unlikely	Low	Strong					✓
Notification Drinking Water (Farmlands)	Sch. 7 Section 4.1; Sch. 8	Moderate	Unlikely	Medium	Strong					✓
Sewerage System – Overflows on property	Sc. 7 - Section 6.1; Sch. 8	Major	Likely	High	Strong				✓	
Sewerage System – Blockages	Sch. 8	Major	Likely	High	Strong				✓	
Urban Drainage **	Sch. 7; Section 7.1 – 7.7 Sch. 8	Minor	Unlikely	Low	Strong					✓
Other Drainage	Sch. 7; Section 7.8 and 7.9	Minor	Unlikely	Low	Strong					✓
Services Provided by Agreement	Sch. 7; Section 8.1 – 8.3 Sch. 8	Moderate	Unlikely	Medium	Strong					✓
Non-Potable Services	Cl. 2.3 Sch. 7; Section 8.4	Moderate	Unlikely	Medium	Strong					✓

(For * and ** refer to page 8)



Grant Thornton

As part of the risk assessment for the Corporation, we considered the design effectiveness of controls through evaluation of the:

- Control environment;
- Information system;
- Control procedures; and
- Compliance attitude.

The following is a summary of our perspectives on the Corporation's compliance posture in relation to the aforementioned areas. (Detailed findings for each compliance element are contained in Appendix 1).

Control Environment

The Corporation has a well-defined governance structure supported by a framework, which outlines the corporate responsibilities for all employees. Through its "Accountabilities Framework", the Corporation:

- Outlines the core and enabling processes for the delivery of water, wastewater and drainage services to customers;
- Identifies who is accountable for those processes; and
- Explains the corollaries for corporate accountability and line accountability.

To support the corporate objective of "*sustainable management of water services to make WA a great place to live and invest*", customers are positioned at the top of the Accountabilities Framework to highlight the importance of delivery of service outcomes. The enabling governance framework has been established to support engagement with stakeholders to meet regulatory requirements, so that the outcomes are aligned to customer and commercial objectives of the Corporation.

The risks faced by the Corporation are multi-faceted. Apart from the obligations contained in the Operating Licence, there is a multitude of regulatory and legal requirements imposed on the Corporation. Risk management and maintaining compliance with the requirements of the Operating Licence is achieved through both preventative and corrective controls, which are instituted at different layers of the Corporation, reflecting line and corporate accountabilities.

We found that the personnel who monitor the Corporation's performance and operations were highly experienced individuals with a strong cognisance of the requirements in the Operating Licence. Interviews conducted with staff revealed a culture, which promotes compliance and encourages process improvements. Process Managers were receptive to the audit process and recognised it as an opportunity to identify ways of improving the effectiveness of controls over their management of operations.

House Keeping

During the course of the audit, the Corporation was issued with Operating Licence version OL6. Our recommendations have been constructed in a manner taking into consideration the effects of the transition to the new Operating Licence version OL6.

Information System

The Corporation leverages on technology to employ a multitude of information systems in operation and management of its business. Our audit identified improvement opportunities where:

- The validation function of MCS can be strengthened;
- Enhancement of the reporting capability in SAP BW; and
- The automation the complaint and enquiry management system be considered.

At an operational level, the use of PDAs did not reach the levels desired because of issues associated with sourcing devices at the required specification and problems with the communication systems in remote areas. Consequently, the Corporation processed around 58% of orders on PDA devices. A new system has been purchased by the Corporation and a contract to build and install this system is in place. A significant range of technical and usability improvements are anticipated with the new system known as “MCS2”. The “MCS2 project” is currently in the build stage and expected to be delivered to the first Region prior to Christmas 2009 and to be introduced progressively to field operatives before June 2010.

During the audit period, we identified that a misunderstanding of the requirements of the Operating Licence as it relates to operating areas led to the development of an exception report that did not meet the objectives of the Corporation. We noted that the FMS has the capability to identify services outside operating areas, however, customisation to enable the exception report function had not occurred.

A high level overview of the Corporation’s primary information systems is provided in Appendix 2 to illustrate the interrelationships and integration of the different systems. Descriptions of the systems and their functionalities are contained in the discussions for the relevant compliance elements in the Detailed Findings at Appendix 1.

Control Procedures

The operational audit has two dimensions: testing the design effectiveness of controls and testing the operational effectiveness of controls. Our enquiries and examinations indicate that whilst the Corporation has adequate policies and procedures in most areas, there are opportunities for improvement to strengthen controls. Promulgation of the Corporation’s policies and procedures, and training for personnel are required to ensure that full regulatory outcome is achieved for these compliance elements.

There were issues associated with the adequacy of supervisory controls over the collation of data and preparation of reports for the Authority. Whilst a procedural framework for the preparation of reports exists, the review of various exception reports was not formally identified. Therefore, reviews were performed inconsistently throughout the audit period. Consequently, there had been some under and over reporting to the Authority.



In minor instances, specifically in relation to the compliance elements for the operating areas and incident management, the controls did not meet minimum standards to ensure conformance with the obligations contained in the compliance element.

We have identified two compliance elements where engagement from the Authority is necessary to obtain guidance on complying with the regulatory intent.

Compliance Attitude

Some previous audit recommendations had not been implemented in the audit period due to the imminent introduction of the new system, MCS2, which is expected to address these audit recommendations.

We noted that the previous auditor's recommendations in relation to the compliance element, "Information – Incident Reports to the Economic Regulation Authority", had not been fully implemented. Our testings yielded a number of exceptions in this compliance element.

In our opinion, the Corporation exhibits a culture of compliance and management demonstrated a willingness to consider process improvements with the view of enhancing the effectiveness and efficiency of the controls for their activities.

Table 1.1 Compliance Elements which Require Corrective Measures

Operating Licence Reference	Compliance Element	Compliance Rating					Issues	Recommendations
		1	2	3	4	5		
Clause 2.2, 2.4 and 2.7 Schedule 1	Operating Areas						Our examination and testing noted the following issues:	
			✓				1. Our review of the policies and procedures noted that the policy, “Provision of Services Outside of Operating Area # 395964” focused on assets instead of services. Moreover, the FMS exception report identified assets instead of the services outside the operating area. Therefore, during the audit period, the Corporation did not have a suitable detection mechanism for monitoring and identification of potable/non potable water services outside the operating areas.	Recommendation to the Corporation 1. The Corporation should update the policy, “Identifying Services Outside the Operating Licence Area” and its processes, to reflect services and not assets. Equally, if feasible, develop a system solution (system generated exception report) that enables the identification of water services outside operating areas.
							2. Provision of seven services outside of the operating areas, which had been reported to the Authority. Additionally, our audit detected an instance of a wastewater service outside the operating areas, which had not been previously identified and reported to the Authority.	2. The Corporation should report the additional service identified outside the operating area to the Authority. To strengthen the controls and mitigate the instances of providing services outside the operating areas, the

Operating Licence Reference	Compliance Element	Compliance Rating					Issues	Recommendations
		1	2	3	4	5		
Clause 2.2, 2.4 and 2.7 Schedule 1 (cont.)	Operating Areas							<p>Corporation should:</p> <ul style="list-style-type: none"> (i) Consider changing the exception report process to shift the responsibility for the exception report to Information Services, to enable the use of SIMS for the identification and notification of those services outside operating areas; (ii) Conduct a regular cycle of internal review in relation to services outside operating areas; and (iii) Promulgate the policies and procedures for assessing service applications and instruct staff to comply with the requirements.
							<p>3. A number of service points may not be correctly recorded within SIMS for example, water services (especially farmlands) provided by the Corporation prior to the existence of the Corporation (in its current entity form).</p>	<p>3. Where practicable and feasible, field crew performing meter reading should load and clearly identify service point locations into the GIS to enable Information Services to extract accurate data through SIMS.</p>

Operating Licence Reference	Compliance Element	Compliance Rating					Issues	Recommendations
		1	2	3	4	5		
Clause 2.2, 2.4 and 2.7 Schedule 1 (cont.)	Operating Areas						Development in technology has enabled the Corporation to accurately record the geographical position of a water service. For those instances of water services having been provided prior to the use of geographical positioning technology, the original service point may not have been recorded. In instances where the Corporation had not accurately recorded a service point, an anomaly will exist such that, FMS may inaccurately identify the service as being outside of operating areas, when the service may actually be within an operating area. The Corporation has yet to accurately identify the geographical positions of those services recorded in FMS or Grange as a result of legacy.	
Clause 3.6 Schedule 6; Section 2.1	Information - Incident Reports		✓				This compliance element has been removed under licence version OL6. 1. Our testing and examination of the incidents relating to water interruption and wastewater overflows in the IMS indicated that 11 incidents were not	Recommendation to the Corporation No further action is required as this obligation has been removed under licence version OL6.

Operating Licence Reference	Compliance Element	Compliance Rating					Issues	Recommendations
		1	2	3	4	5		
Clause 3.6 Schedule 6; Section 2.1 (cont.)	Information - Incident Reports						<p>reported within the prescribed timeframe to the Authority.</p> <p>Our analysis of the 11 incidents showed that:</p> <ul style="list-style-type: none"> (i) 8 were not reported to the Authority; and (ii) 3 were reported late. 	
							<p>2. Our test of completeness of the information within IMS indicated that there were:</p> <ul style="list-style-type: none"> (i) 5 incidents reported late to the Authority and not contained in the IMS; (ii) 16 water interruptions reported to the Authority on time but not contained in the IMS; (iii) 36 wastewater overflows reported to the Authority on time but not contained in the IMS; and (iv) 18 incidents which were reported to the Authority, contained in the IMS but classified as “Minor”. 	No further action is required as this obligation has been removed under licence version OL6.

Operating Licence Reference	Compliance Element	Compliance Rating					Issues	Recommendations
		1	2	3	4	5		
Clause 3.6 Schedule 6; Section 2.1 (cont.)	Information - Incident Reports						3. There was insufficient administrative support for the CIMC in respect to the maintenance of data integrity in the IMS. There were instances where the details recorded on the Incident Management Form were either, not recorded in the IMS or information was duplicated in the IMS.	No further action is required as this obligation has been removed under licence version OL6.

Table 1.2 Suggestions for Process and Business Improvement Opportunities.

Operating Licence Reference	Compliance Element	Compliance Rating					Issues	Recommendations
		1	2	3	4	5		
Clause 2.6	Joint Working Party Review				✓		<p>This compliance element has been removed under licence version OL6.</p> <p>Our examination of the documentary evidence of meetings between the Authority and the Corporation indicated that there had been inadequate retention of records on the meeting proceedings during the audit period. The documents provided only contained brief statements of the agenda and the actions/outcomes of the meetings. There were no minutes.</p>	<p>Recommendation to the Corporation No further action is required as this obligation has been removed under licence version OL6.</p>
Clause 3.2 Schedule 2 Schedule 8	Customer Complaints				✓		<p>Our testing and examination of the Corporation's management of customer complaints indicated that there were insufficient notes and in some instances, an absence of notes in the primary customer information services system, Grange, to sufficiently explain the nature and outcome of complaints as required under Schedule 2, Section 1.2(d) of the Operating Licence.</p>	<p>Recommendation to the Corporation Educate and encourage staff to capture detailed notes in Grange for customer contacts. Records of communications between customers should address relevant details such as dates, times, names and action taken towards resolving the customer's complaint. At the close out of a contact, the resolution should be clearly specified. It is important that time is allocated to staff responsible completing contact information to ensure notes are properly entered.</p>

Operating Licence Reference	Compliance Element	Compliance Rating					Issues	Recommendations
		1	2	3	4	5		
Clause 3.4 Schedule 4	Consumer Committees				✓		We identified 3 versions of the CAC Terms of Reference held in AquaDocs. Each of the Terms of Reference had a different required number of members.	Recommendation to the Corporation The CAC Terms of Reference should be updated with the commencement date indicated.
Clause 3.5 Schedule 5	Water Services Provision				✓		<p>We conducted extensive enquiries with the Corporation’s management in relation to a sub-requirement of the compliance element, which concerns “<i>the discontinue of service to a property where the servicing of the property is not commercially viable</i>”.</p> <p>Our enquiries indicated that the Corporation did not have a policy framework for discontinuing a service to a property on the grounds of commercial viability due to a number of factors:</p> <ol style="list-style-type: none"> 1. It is not always logistically practical to remove a service from a single property because this involves the removal of infrastructures which may affect other properties within the scheme. Whilst disconnection of service occurred from time to time due to site works on vacant 	Recommendation to the Corporation That the Corporation establishes a process that identifies and addresses the commercial and regulatory framework for the management of the provision of water services.

Operating Licence Reference	Compliance Element	Compliance Rating					Issues	Recommendations
		1	2	3	4	5		
Clause 3.5 Schedule 5 (cont.)	Water Services Provision						<p>land to prevent a burst for example, this did not involve the discontinuance of service. Discontinuance of service usually had a wider scheme implication;</p> <p>2. Unless acting on a Ministerial direction removing a service may cause a building to be condemned by the Health Department. It should be noted that the Health Department and the WAPC have guidelines on the minimum property lot size that need to have water and sewerage services; and</p> <p>3. The meaning of “non commercial viability” was not clear in the compliance element.</p> <p>There may be several interpretations of what might be considered “not commercially viable” depending on the predisposition of the business objectives and commercial goals. The Corporation does provide services, particularly to the remote communities, where the provision</p>	

Operating Licence Reference	Compliance Element	Compliance Rating					Issues	Recommendations
		1	2	3	4	5		
Clause 3.5 Schedule 5 (cont.)	Water Services Provision						<p>of such services clearly results in negative financial returns.</p> <p>The broad scope inherent in the concept of commercial viability makes it difficult to understand, under what circumstances the Corporation can discontinue a service to a property.</p>	
Clause 3.6 Schedule 6; Section 1.1 Schedule 8	Information – Customer Complaints					✓	<p>This compliance element has been removed under licence version OL6.</p> <p>1. Analysis and enquiries of the unassigned complaints revealed a system problem had occurred during the audit period where the “task code list” held on Grange was not updated with the task codes in SAP R/3. As a result, Grange rejected and did not accept the status on the completed jobs during the daily batch file upload from SAP R/3.</p> <p>Management advised that there was an annual process to manually check the rejected items and consequentially update</p>	<p>Recommendation to the Corporation No further action is required as this obligation has been removed under licence version OL6.</p>

Operating Licence Reference	Compliance Element	Compliance Rating					Issues	Recommendations
		1	2	3	4	5		
Clause 3.6 Schedule 6; Section 1.1 Schedule 8 (cont.)	Information – Customer Complaints						<p>Grange. It appears that due to the timing of the audit (late June 2009) a review of the rejected work order items had not occurred for the 2009 financial year, where a marked increase in the number of unassigned complaints was noted. Moreover, the existence of the rejected items and the process and procedures for reviewing them had not been formally identified and documented.</p> <p>We consider the ad hoc review or the annual review of the rejected items to be inadequate in light of the obligation to provide accurate and complete information to the Authority on a six monthly basis.</p>	
							<p>2. Grange did not have the functionality to allow the recording of multiple resolution codes in respect of the same “event”. For example, when field crew attend a property and repair external water burst</p>	No further action is required as this obligation has been removed under licence version OL6.

Operating Licence Reference	Compliance Element	Compliance Rating					Issues	Recommendations
		1	2	3	4	5		
Clause 3.6 Schedule 6; Section 1.1 Schedule 8 (cont.)	Information – Customer Complaints						<p>following a customer complaint, the Grange resolution code, “complaints resolve by routine business process”, is noted to reflect the (initial) action undertaken. If a monetary compensation was also made for damages in respect of the same event, Grange did not have the capability to record the subsequent ex-gratia payment as a resolution.</p> <p>Whilst the Operating Licence does not require the Corporation to report on the number of the different resolution categories, however, it requires an analysis of the number of complaints resolved under the various resolution categories, including monetary compensation payments.</p> <p>In this regard, we noted that there was no reconciliation between Grange and the Access database maintained for monetary compensation payments.</p> <p>As discussed above, it may be possible for a complaint to have a number of</p>	

Operating Licence Reference	Compliance Element	Compliance Rating					Issues	Recommendations
		1	2	3	4	5		
Clause 3.6 Schedule 6; Section 1.1 Schedule 8 (cont.)	Information – Customer Complaints						<p>resolutions and therefore more than one resolution codes attributable to it but the Operating Licence is silent on the hierarchy of the resolution categories in the event of more than one resolution provided for a complaint.</p> <p>Notwithstanding this nuance in the Operating Licence, our testing indicated that in the instance where a contact commenced as an enquiry and the contact was resolved through a routine business process, but a monetary compensation payment had also eventuated and therefore, it would be reasonable to expect a complaint had occurred, a complaint was not recorded in Grange and consequently had not been included in the report to the Authority.</p>	
							<p>3. The process of reviewing statistics for six monthly reporting to the Authority was not formally acknowledged ("signed off"/ formal confirmation) by the Process Manager.</p>	No further action is required, as this obligation has been removed under licence version OL6.

Operating Licence Reference	Compliance Element	Compliance Rating					Issues	Recommendations
		1	2	3	4	5		
Schedule 7; Section 1 Schedule 8	Telephone Answering						1. The approach to collate the quarterly reports (containing monthly figures) had not been formalised. There were no detailed work procedures for the preparation of the performance report.	Recommendation to the Corporation 1. Establish detailed work procedures for the extraction, collation and preparation of reports to the Authority.
						✓	2. Our testing noted an (immaterial) arithmetic error in a monthly performance figure. Evidence of supervisory control was not present to demonstrate that a review of the reports was conducted prior to the publication to the Authority. The process of reviewing statistics for quarterly reporting to the Authority was not formally acknowledged (“signed off”/formal confirmation) by Process Manager.	2. Appropriate supervisory control points should be established for the preparation of quarterly reports to the Authority. The Process Manager should formally “sign off” or acknowledge to have reviewed the data for completeness and accuracy as part of the protocols for preparing reports to the Authority. A suitable strategy for reviewing data should be developed to support the process.
							3. The definition of “Queue Time” in the work instruction “PI 13 Telephone Calls” did not accurately capture the elements contained within “Queue Time”.	3. Revise the definition of "Queue Time" in "Work Instruction PI 13 Telephone Calls", which is the sum of "Delay Time", "Ring Time" and "Queue Time".

Operating Licence Reference	Compliance Element	Compliance Rating					Issues	Recommendations
		1	2	3	4	5		
Schedule 7; Section 1 Schedule 8 (cont.)	Telephone Answering						<p>4. The last sentence on the first page of the "Work Instruction PI 13 Telephone Calls" was not clear in its intent.</p> <p>The wording was "Calls that abandon after 5 seconds but have been queued to an agent were not included in the Service Level calculation". In this format, this appeared to be inaccurate because calls abandoned after 5 seconds were considered "abandon" and thus included in the service level calculation of calls abandoned.</p> <p>Enquiries with the Call Centre Manager indicated that the intent of the statement was for calls abandoned after 5 seconds not to be included in the service level calculation for the "70% of calls responded within 20 second" performance indicator.</p>	<p>4. Revise the last sentence on the first page of Work Instruction "PI 13 Telephone Calls" to read "Calls that abandon after 5 seconds but have been queued to an agent are not included in the Service Level calculation <u>for the 70% of calls responded within 20 seconds performance indicator</u>".</p> <p>(It should be noted that under OL6, the performance standard for responsiveness changed to 30 seconds.)</p>

Operating Licence Reference	Compliance Element	Compliance Rating					Issues	Recommendations
		1	2	3	4	5		
Schedule 7; Section 2.2, 2.5 and 4.2 Schedule 8	Pressure and Flow					✓	<p>1. Our initial analysis of the pressure and flow test results indicated that there was a Corporation wide average error rate of 27% of the field crew feedback on confirmed poor supply. The error related to the field crew assessing poor supply to the property but the data that they entered into the system suggested there were reasonable pressure and/or flow.</p> <p>Further investigations revealed that for the measurement of pressure and flow, the Corporation had adopted the standards typical for the service configuration of the property, which exceeded the minimum requirements of the Operating Licence. For example, in the instance where a property that normally experiences flow rate of 60L/minute makes a complaint of poor supply when the flow rate drops to 40L/minute, the field crew would assess poor supply based on the pressure and flow rates typical for the service</p>	<p>Recommendation to the Corporation</p> <ol style="list-style-type: none"> 1. Improve training for field personnel on the use of MCS for reporting pressure and flow data. <p>To enhance the data integrity of pressure and flow information, the Corporation should consider:</p> <ol style="list-style-type: none"> (i) Including data for pressure and flow in the "information cube" in SAP BW; (ii) Developing an exception report in SAP BW; and (iii) Developing a routine process for reviewing exception reports. <ol style="list-style-type: none"> 2. Engage with the Authority to reach a more practical measurement for service performance on farmlands. 3. Introduce a process for reviewing work orders with PEXE status on a regular basis (semi-annually).

Operating Licence Reference	Compliance Element	Compliance Rating					Issues	Recommendations
		1	2	3	4	5		
Schedule 7; Section 2.2, 2.5 and 4.2 Schedule 8 (cont.)	Pressure and Flow						<p>configuration of that property notwithstanding that the flow of 40L/minute is above the minimum flow rate of 20L/minute as required under the Operating Licence.</p> <p>As a safe harbour, and to ensure compliance with the minimum standards under the Operating Licence, the Corporation's SAP PM Business Rule No. 6 also applied that "where an initial measurement of pressure or flow are found to be below the Operating Licence standards, the fault shall be recorded in the "Pressure Status Before" field as a confirmed poor supply complaint irrespective of the outcome of any repair works".</p> <p>Personnel in the Mid West region did not have an awareness of the SAP PM Business Rule No. 6 and the minimum requirements under the Operating Licence. Our interviews and enquiries with the personnel indicated that the field</p>	<p>4. No further action required because the obligation has transitioned to an annual reporting basis.</p> <p>Recommendation to the Authority That consideration be given to an alternative measurement for pressure and flow standards on farmlands.</p>

Operating Licence Reference	Compliance Element	Compliance Rating					Issues	Recommendations
		1	2	3	4	5		
Schedule 7; Section 2.2, 2.5 and 4.2 Schedule 8 (cont.)	Pressure and Flow						<p>crew's basis for assessing pressure and flow rates to the property was driven by customer complaints of poor supply.</p> <p>2. Analysis of the partially executed orders and unassigned complaints indicated that field crew were not adhering to SAP business rules to properly close out work orders.</p> <p>3. We noted some practical difficulties for the Corporation to comply with the requirements in Schedule 7 – Section 4.2, Farmlands Area Water System – Farms – Pressure and Flow. The measurement unit in Section 4.2 refers to a cumulative of volume over a period of 24 hours.</p> <p>In this regard, the flow was difficult to measure because:</p> <p>(i) It was dependent on the draw down of the property (over a period of 24 hours); and</p> <p>(ii) Testing would involve free flowing of water, which apart from wasting</p>	

Operating Licence Reference	Compliance Element	Compliance Rating					Issues	Recommendations
		1	2	3	4	5		
Schedule 7; Section 2.2, 2.5 and 4.2 Schedule 8 (cont.)	Pressure and Flow						<p>resources, would cause a loss of flow to the farm.</p> <p>4. The Corporation could not establish when it transitioned to provide 'live data' to the Authority during the audit period. We note that there was no formal confirmation from the Authority of its acceptance of the 'live data'. Additionally, there was no formal agreement on what constituted the materiality level that the Corporation was required to disclose to the Authority regarding the adjustment of the historical data. We observed an instance (June 2008) where a footnote had been provided in a report advising a change to the historical data, however, the materiality level that had driven the disclosure was unclear.</p>	
Schedule 7; Section 2.3 Schedule 8	Continuity				✓		<p>1. We noted some logistic and practical issues in the compliance element with regard to the requirement for returning service standards to the level set out in the table in Section 2.2 of Schedule 7.</p>	<p>Recommendation to the Corporation</p> <p>1. No further action required because licence OL6 has removed the reference.</p>

Operating Licence Reference	Compliance Element	Compliance Rating					Issues	Recommendations
		1	2	3	4	5		
Schedule 7; Section 2.3 Schedule 8 (cont.)	Continuity						<p>The issues are highlighted below:</p> <p>(i) In terms of “time on” for the resumption of water service, the returning of pressure and flow to the scheme is a gradual process following a service interruption, whether it is planned or unplanned. Immediate pressurisation to the service standards outlined in Section 2.2 of Schedule 7 may result in damage to the Corporation’s assets;</p> <p>(ii) The requirement to return service to a particular level (such as in Section 2.2 of Schedule 7) implies that some activities associated with the measurement of the pressure and flow rates must take place following a service interruption to determine if the service has returned to a certain level to the connected properties. It may be impractical, for example, for the Corporation’s staff to visit all the</p>	<p>However, we note that the Corporation is required to restore levels to at least the minimum standard. This does not prevent the Corporation operationally providing a service between the minimum and maximum levels.</p>

Operating Licence Reference	Compliance Element	Compliance Rating					Issues	Recommendations
		1	2	3	4	5		
Schedule 7; Section 2.3 Schedule 8 (cont.)	Continuity						<p>connected properties in a scheme during the night requesting a measure of the pressure and flow rates on the property following an interruption (which the occupants may not be even aware of); and</p> <p>(iii) Customers who receive pressure and flow rates exceeding the standards in Section 2.2 of Schedule 7 (which are the majority of properties in the metropolitan area) would be negatively impacted on the resumption of their service to a level below what they were experiencing prior to the interruption, if on the assumption, the Corporation were to enforce the service standards in Section 2.2 of Schedule 7.</p>	
							<p>2. Analysis of the partially executed orders and unassigned complaints indicated that field crew were not properly closing out work orders in accordance to the SAP business rules.</p>	<p>2. Introduce a process for reviewing work orders with PEXE status on a regular basis (semi-annually).</p>

Operating Licence Reference	Compliance Element	Compliance Rating					Issues	Recommendations
		1	2	3	4	5		
Schedule 7; Section 2.3 Schedule 8 (cont.)	Continuity						<p>3. The Corporation could not establish when it transitioned to provide 'live data' to the Authority during the audit period. We noted that there was no formal confirmation from the Authority of its acceptance of the 'live data'. Additionally, there was no formal agreement on what constituted the materiality level that the Corporation was required to disclose to the Authority regarding the adjustment of the historical data. We observed an instance (June 2008) where a footnote had been provided in a report advising a change to the historical data, however, the materiality level that had driven the disclosure was unclear.</p>	<p>3. No further action required because the obligation has transitioned to an annual reporting basis.</p>

Operating Licence Reference	Compliance Element	Compliance Rating					Issues	Recommendations
		1	2	3	4	5		
Schedule 8	Water Supply – Leaks and Bursts						1. Analysis of the partially executed orders and unassigned complaints indicated that field crew were not properly closing out work orders in accordance to the SAP business rules.	Recommendation to the Corporation 1. Introduce a process for reviewing work orders with PEXE status on a regular basis (semi-annually).
Schedule 7; Section 6.1 Schedule 8	Sewerage Systems – Overflows on property						2. The Corporation could not establish when it transitioned to provide ‘live data’ to the Authority during the audit period. We noted that there is no formal confirmation from the Authority of its acceptance of the ‘live data’. Additionally, there was no formal agreement on what constituted the materiality level which the Corporation was required to disclose to the Authority regarding the adjustment of the historical data. We observed an instance (June 2008) where a footnote had been provided in a report advising a change to the historical data, however, the materiality level that had driven the disclosure was unclear.	2. No further action required because the obligation has transitioned to an annual reporting basis.
Schedule 8	Sewerage System – Blockages					✓		

Operating Licence Reference	Compliance Element	Compliance Rating					Issues	Recommendations
		1	2	3	4	5		
Clause 4.1	Asset Management				✓		In our review of the procedure governing the definition of an asset, we noted that the last review date was 1998. Further, the document makes reference to the Financial Administration Act. This Act has been replaced with the Financial Management Act 2006 and supported by Treasurer's Instructions.	Recommendation to the Corporation That management conducts a review of the "Asset - Identification – Asset" policy as soon as practicable. Thereafter, a review should be performed on an annual basis.
Clause 4.2	Asset Management				✓	1. The Corporation had not retained sufficient records to demonstrate the basis of their advice to the Authority in relation to the notification of significant changes to the asset management system.	Recommendation to the Corporation 1. That appropriate working papers pertaining to the notification of significant changes be retained.	
						2. Our review noted that the notices furnished to the Authority had been provided in accordance with the terms stated in the communication in October 2004, given the lack of framework that defines "significant changes", it is not certain that the information provided to the Authority satisfies the intention of the Operating Licence.	2. Inform the Authority of proposed change(s) to the Asset Management System and engage with the Authority to determine whether notification is required. Recommendation to the Authority Engage with the Corporation to determine whether a notification is required when the Authority has been provided with the details of the proposed changes.	

7. Review of Previous Findings

Compliance Element	Recommendations	Status of Recommendations
Information Incident Reports to the Economic Regulation Authority	The previous Auditor made the following recommendations:	
	<ul style="list-style-type: none"> • Specific reference to requirements of the Operating Licence in the Corporation’s corporate procedures. 	<ul style="list-style-type: none"> • “S110 – Incident Management Standard” does not make specific reference to the Authority and the requirement to report incidents in the Operating Licence to the Authority within the required timeframe. <p>No further action is required as this obligation has been removed under licence version OL6.</p>
	<ul style="list-style-type: none"> • Employees’ understanding of and capability to apply the need to escalate incidents within the Corporation’s internal reporting structure to ensure relevant incidents are reported to the Authority within the required timeframes. 	<ul style="list-style-type: none"> • Employee’s understanding of when to escalate the incidents within the Corporation’s internal reporting framework remains a problem. A combination of large staff turnover and new personnel in the field has not contributed towards the understanding of the reporting requirements of incidents. Discussions with relevant personnel indicated that a training program is being developed. The training program intends to cover the importance of incident



Compliance Element	Recommendations	Status of Recommendations
		<p>management and escalation.</p> <p>No further action is required as this obligation has been removed under licence version OL6.</p>
	<ul style="list-style-type: none"> Acknowledgement and close out of instances where the Corporation has not complied with the requirement to report incidents to the Authority within 5 days, including occasions where the Corporation is not aware of the occurrence of the incident within 5 days of that occurrence. 	<ul style="list-style-type: none"> Our testing indicated that there is no acknowledgement and close out in the Incident Management System of instances where the Corporation has not complied with the requirements to report incidents to the Authority within 5 days. <p>No further action is required as this obligation has been removed under licence version OL6.</p>
	<ul style="list-style-type: none"> Acknowledgement and close out of occasions where the classification of an incident is subsequently downgraded to a Minor incident (and therefore need not have been reported) or, in theory, upgraded to a Major incident. 	<ul style="list-style-type: none"> There is no acknowledgement and close out in the IMS of occasions where the classification of an incident is subsequently downgraded to a Minor incident or if the incident is upgraded to a Major or Significant incident. <p>No further action is required as this obligation has been removed under licence version OL6.</p>
	<ul style="list-style-type: none"> Management of the reliance on the small number of individuals, primarily the CIMC, for the conduct of this process. 	<ul style="list-style-type: none"> Reliance continues to be placed primarily on the CIMC for the conduct of the process. <p>No further action is required as this obligation has been removed under licence version OL6.</p>
	<ul style="list-style-type: none"> Introduction of the electronic IMS. 	<ul style="list-style-type: none"> An IMS has been established but due to a number of factors (refer to our audit findings on Information – Incident Management) it is not fully functional.

Compliance Element	Recommendations	Status of Recommendations
		No further action is required as this obligation has been removed under licence version OL6.
	<ul style="list-style-type: none"> • Sufficient administrative support for the CIMC. 	<ul style="list-style-type: none"> • An administrative resource was established to support the CIMC around July 2007 following the last Operational Audit, however, shortly after the administrative resource vacated the position. Since that time, there has been no resource employed to provide administrative support for the CIMC. <p>No further action is required as this obligation has been removed under licence version OL6.</p>
	<ul style="list-style-type: none"> • Continued review of the communication with and training for employees in the Regions to ensure that the requirements for complete, accurate and timely reporting are understood. 	<ul style="list-style-type: none"> • Training for employees in the regions on the requirement for complete, accurate and timely reporting is currently work in progress. <p>No further action is required as this obligation has been removed under licence version OL6.</p>
Telephone Answering	For the quarterly audit, the previous Auditor recommended that:	
	<ul style="list-style-type: none"> • The ASPECT system screen dump be observed by at least two independent staff members who then manually sign the printed document as true and correct. 	<ul style="list-style-type: none"> • There are regular random audits of the system performance measurement configuration by the Customer Centre Manager and the IT Manager. Both witnessed the ASPECT system screen dump and signed the printed documents as true and correct.

Compliance Element	Recommendations	Status of Recommendations
	<ul style="list-style-type: none"> • These staff nominate a representative to verify parameters on their behalf, in the event that they are unable to do so. 	<ul style="list-style-type: none"> • As these audits are random, the audit would only be scheduled if both personnel were available and therefore there was no need to nominate a staff representative to verify the parameters on their behalf.
Pressure and Flow, Continuity, Water Supply – Leaks and Bursts, Sewerage System – Overflows on Property and Sewerage System – Blockages	<p>The previous Auditor recommended that the Corporation:</p>	
	<ul style="list-style-type: none"> • Improve the functionality of SAP PM to record the detail of changes made to work order records. 	<ul style="list-style-type: none"> • The tracking functionality of SAP PM for changes to work order details has not been implemented and is most likely to be available in 2010 under the second stage of SAP BW.
	<ul style="list-style-type: none"> • Maximise the use of PDAs as the primary tool for capturing work order information in the field. 	<ul style="list-style-type: none"> • The use of PDAs is not fully maximised mainly due to the issues with: <ul style="list-style-type: none"> ○ The field devices; ○ Communications in remote areas; and ○ A reluctance of some staff to using the devices when they experienced problems with the device. <p>The current deficiencies in the software and hardware are being addressed through the purchase and upgrade of the new MCS2 system which is expected to be fully operational before June 2010.</p>
<ul style="list-style-type: none"> • Refine procedures and controls to ensure that all work orders are correctly closed and that no partially executed work orders remain outstanding and undetected. This matter should be monitored by region. 	<ul style="list-style-type: none"> • The recommendation for procedures and controls to ensure that all work orders are correctly closed is still not fully implemented as there are still issues with closing out work orders. There is a need to 	



Compliance Element	Recommendations	Status of Recommendations
	<ul style="list-style-type: none"> Develop procedures to review items residing in the error pool to ensure that all work order updates which were incorrectly sent to SAP PM are appropriately corrected and updated. 	<p>strengthen the review and monitoring of partially executed orders.</p> <ul style="list-style-type: none"> This was partially implemented through the development of a technical process which reduced the amount incorrect information residing in the error pool. Currently, the items in the error pool are minor. The need for the error pool will no longer be required once the introduction MCS2 system comes into effect by 2010.
<p>Information – Quarterly Report and Annual Benchmarking Report</p>	<ul style="list-style-type: none"> The Authority had not provided formal confirmation to the Corporation of its receipt of a number of reports prepared and submitted (via courier) during the period of this audit. To ensure that these submissions are received by the Authority within the required timeframes, the Corporation should strengthen its procedures for obtaining confirmation receipt. 	<ul style="list-style-type: none"> The recommendation of receiving formal confirmation from the Authority for the receipt of the reports has been implemented.

8. Audit Opinion

In our opinion, except for the matters identified in Appendix 1.1 – Compliance Elements which Require Corrective Measures and any effects thereof, we are satisfied that the Corporation has policies, procedures, protocols and systems in place in relation to the Operating Licence (version 48) for the period 1 July 2006 to 30 June 2009.

Grant Thornton Australia Ltd



Campbell George Ansell
Director - Consulting
Perth

7 October 2009



Appendix 1 – Detailed Findings



Appendix 1.1 – Compliance Elements which Require Corrective Measures



Compliance Element	
Operating Areas	
Operating Licence Reference	Clause 2.2, 2.4 and 2.7 Schedule 1
Compliance Rating	2
Audit Observations	
Current Controls	<p>The Corporation has established the following systems and processes to demonstrate compliance with the requirements of the Operating Licence element:</p> <ul style="list-style-type: none"> • PCY 222 Land Servicing Policy; • PCY 286 Operating Area Boundaries; • Service Application Checklist; • Protection of Services Work Instruction 107; • Provision of Services Outside of Operating Area #395964; • Service Applications Investigations Procedure #457628; • Processing Mains Extension Requests #385310; • GIS; • SIMS; • FMS; • LDMS; • BuilderNet; and • Grange. <p>For a new service application, the Corporation assesses, amongst other things, whether the proposed service is within the operating area. The following information systems are used in this regard (refer to Appendix 2 for the interrelationships of the systems):</p> <ul style="list-style-type: none"> • LDMS manages all application information and incorporates a decision tree, requiring specified fields to be completed prior to the application progressing; • FMS is the Corporation's spatial database that details the topography and cadastral information of the Corporation asset information; • BuilderNet is a downstream Corporate system that manages, automates and supports the processing and approval of state-wide building and service applications. It interfaces with external customers, FMS and Grange; and

- Grange is a system utilised by the Corporation, which is primarily a revenue and Customer Service Information System. Grange manages all aspects of the Corporation’s customer contact services including billing, accounts, metering, property, applications, debt recovery and cash receipting.

Control procedure PCY 222, Land Servicing Policy, details the relationship between Controlled Areas, Licensed Operating Areas and Declared Areas. PCY 222 acknowledges the implication of non-compliance when providing water service outside of an operating area.

PCY 286 Operating Area Boundaries is the procedure for the application and amendment of licensed operating areas. The “Amendment and Creation of Operating Areas” is the process that outlines the activities required to be undertaken where a proposed service(s) is not within a current Corporation’s operation area.

Versions 35 to 48 of the Operating Licence, issued during the period 3 July 2006 to 11 July 2008 reflected one or more changes to operating area details.

Service Applications and Investigations Procedure #457628 details the activities required to be undertaken by a Building Services Officer when a service application has been received in accordance with Work Instruction 107.

Work Instruction 107 refers to the procedures to be followed where a drainage application relates to a service located in close proximity to infrastructure to minimise the risks to the Corporation’s assets.

Audit Work Performed

We conducted interviews and enquiries with the Land Services and Spatial Information Management Systems to:

- Understand the control environment by determining the responsibility matrix and key control points;
- Identify the information systems and processes employed to manage operating areas;
- Obtain the policies and procedures for managing operating areas; and
- Determine the level of understanding of the systems and processes for managing operating areas.

In reviewing the procedures and protocols for managing provision of services within an operating area, where applicable, we obtained flowcharts of the processes and assessed the reasonableness of the decision matrix and the adequacy of the control points implemented by the Corporation.

	To assess the extent of compliance with the requirements in the Operating Licence, we obtained the quarterly exception reports during the audit period and perform testing in accordance with the audit procedures contained in our Audit Plan.
Issue	
Condition	<p>Our examination and testing noted the following issues:</p> <ol style="list-style-type: none"> 1. Our review of the policies and procedures noted that the policy, “Provision of Services Outside of Operating Area # 395964” focused on assets instead of services. Moreover, the FMS exception report identified assets instead of the services outside the operating area. Therefore, during the audit period, the Corporation did not have a suitable detection mechanism for monitoring and identification of potable/non potable water services outside the operating areas. 2. Provision of seven services outside of the operating areas, which had been reported to the Authority. Additionally, our audit detected an instance of wastewater service outside the operating areas, which had not been previously identified and reported to the Authority. 3. A number of service points may not be correctly recorded within SIMS for example, water services (especially farmlands) provided by the Corporation prior to the existence of the Corporation (in its current entity form). Development in technology has enabled the Corporation to accurately record the geographical position of a water service. For those instances of water services having been provided prior to the use of geographical positioning technology, the original service point may not have been recorded. In instances where the Corporation had not accurately recorded a service point, an anomaly will exist such that, FMS may inaccurately identify the service as being outside of operating areas, when the service may actually be within an operating area. The Corporation has yet to accurately identify the geographical positions of those services recorded in FMS or Grange as a result of legacy.
Cause	<ol style="list-style-type: none"> 1. The appropriate parameters had not been established in the exception report to detect services outside of an operating area. Corporation personnel interpreted the Operating Licence requirement incorrectly during the development of the exception report. 2. The automated controls over the approval process for the provision of services can be manually bypassed, which had resulted in approvals of services outside the operating area. In this instance, the Corporation officers had not adhered to the Service Applications and Investigations Procedures, Service Application Checklist and the Land Services Policy. Furthermore, the system generated alert notifications were neither reviewed nor acted upon.



	<p>3. A number of services were provided prior to the establishment of the Corporation and technology was not available to enable the accurate recording of these service points.</p>
Effect	<ol style="list-style-type: none">1. The Corporation did not detect the provision of services outside of an operating area.2. The provision of services outside of an operating area can attract a penalty of \$100,000 initially and, thereafter, a daily fine of \$5,000 under the Water Services Licensing Act section 18 (1).3. An incorrect position of a service could result in a service being identified as outside of an operating area.
Recommendation to the Corporation	
<ol style="list-style-type: none">1. The Corporation should update the policy, “Identifying Services Outside the Operating Licence Area” and its processes, to reflect services and not assets. Equally, if feasible, develop a system solution (system generated exception report) that enables the identification of water services outside operating areas.2. The Corporation should report the additional service identified outside the operating area to the Authority. To strengthen the controls and mitigate the instances of providing services outside the operating areas, the Corporation should: <ol style="list-style-type: none">(i) Consider changing the exception report process to shift the responsibility for the exception report to Information Services, to enable the use of SIMS for the identification and notification of those services outside operating areas;(ii) Conduct a regular cycle of internal review in relation to services outside operating areas; and(iii) Promulgate the policies and procedures for assessing service applications and instruct staff to comply with the requirements.3. Where practicable and feasible, field crew performing meter reading should load and clearly identify service point locations into the GIS to enable Information Services to extract accurate data through SIMS.	

Management Response	
The Water Corporation agrees with and acknowledges the findings.	
Management Actions	The Corporation will work with the Authority towards a pragmatic and workable solution in line with the recommendations.
By Whom	Manager Development Services
Date	31 December 2009
Recommendation to the Authority	
Nil.	

Compliance Element	
Information - Incident Reports	
Operating Licence Reference	Clause 3.6 Schedule 6; Section 2.1
Compliance Rating	2
Audit Observations	
Current Controls	<p>The Corporation has established the following policies and procedures to demonstrate compliance with the requirements of the Operating Licence element:</p> <ul style="list-style-type: none"> • The use of an IMS, which is maintained in a Microsoft Access database to record incidents; • The CIMC in the Service Delivery Branch has the responsibility for collating and reporting incident information specified in the Operating Licence element to the Authority. The CIMC is on call 24 hours and 7 days a week; • The “Incident Report Form” is used to capture the details of the incident; • The Service Delivery Branch has the overall responsibility for incident management. The field crew, supervisor/site manager or service delivery manager/regional manager (in the regions) are responsible for managing and reporting the incidents to the CIMC; • The Environmental Branch collaborates with the Service Delivery Branch for identifying reportable incidents of wastewater overflows. The document, “Environment Branch Support”, details the role of the Environmental Branch in incident management; and • The “Managing Wastewater Overflows” policy, in parallel with “S110 Incident Management Standard”, provides assistance in identifying and managing wastewater overflows. <p>“S110 Incident Management Standard” is the primary policy and procedure for incident management, it provides:</p> <ul style="list-style-type: none"> • A framework to classify significant, major and minor incidents including criteria for personnel to categorise the incident for recording in the IMS with reference to the Operating Licence element; and • An incident management organisation chart outlining the organisational model for minor, major significant incidents. The model defines the management hierarchy to enable staff to report to the relevant personnel in the event of a minor, major significant incident.

The Corporation's process for identifying, managing and reporting incidents required in the Operating Licence element are as follows:

- For drinking water quality, the Department of Health will determine if the Corporation is required to report if an incident impacts on the levels of service or result in the interruption of services to customers and it becomes apparent that a public announcement is required;
- In regard to wastewater overflow, a spill of 10KL/m³ or more into wetland, watercourse, lake or if it causes severe impact to the environment, would be considered to be a significant or major incident, therefore reportable to the Authority unless wastewater overflows are in line with the Department of Environmental and Conservation Operating Licence Conditions (s.58 of the Environmental Protection Act) and therefore not reportable;

In certain circumstances, regional environmental officers assess and monitor the situation of a wastewater overflow incident and may raise a s.72 notification or identify that further investigation is required by the Environmental Branch to determine the scale of the incident. The CIMC cannot inform the Authority until investigation is closed or a written s.72 notification is provided to the Department of Environment and Conservation. The Environmental Branch always maintains communication with the CIMC on the status of the incident. S.72 notification was valid from January 2009 to May 2009; and

- In terms of water interruptions, the CIMC will be notified by the regional managers/supervisors of any interruptions and assess if more than 300 connected properties are affected or an entire town with 50 services or more. During cyclone events, a notice is sent out to the Authority stating interruptions. This is sent prior to the interruption. The notification covers all incidents.

If an incident is reported to the Corporation, the field crew, supervisor/site manager or service delivery manager/regional manager assesses the nature and scale of the incident (minor/major/significant) based on "S110 Incident Management Standard" and communicates the details of the incident to the CIMC. It is possible that an incident initially categorised as "Significant" or "Major" by the field crew, site managers or regional managers can be downgraded to "Minor" and vice versa by the CIMC.

Incidents are initially captured on an incident report form by personnel in the field and subsequently recorded in the IMS. Each incident is assigned a unique incident number.

<p>Audit Work Performed</p>	<p>We conducted interviews and enquiries with the CIMC in Service Delivery Branch to:</p> <ul style="list-style-type: none"> • Understand the control environment by determining the responsibility matrix and key control points; • Identify the information systems and processes employed to record and manage incident reporting; • Obtain the policies and procedures for managing and reporting the incidents; and • Determine the personnel's level of understanding of the performance requirements of the Operating Licence. <p>Our testing, initially, involved requisitioning and analysing the incidents that were recorded in the IMS. We then filtered the list for events classified as "Significant" or "Major". It should be noted that the IMS contained a wide variety of operational incidents and not restricted to the events in the Operating Licence. Therefore, it was necessary to further refine the list to water interruptions and wastewater overflows.</p> <p>We traced the water interruption and wastewater overflow incidents in the IMS to the e-mails sent to the Authority to evaluate the Corporation's compliance with its reporting obligations under the Operating Licence.</p> <p>To test the completeness of the IMS, we compared the reports sent to the Authority with the incidents recorded in the IMS.</p>
<p>Issue</p>	
<p>Condition</p>	<p>This compliance element has been removed under licence version OL6.</p> <p>Our testing and examination of the incidents relating to water interruption and wastewater overflows indicated that 11 incidents were not reported within the prescribed timeframe to the Authority. Our analysis of the 11 incident showed that:</p> <ul style="list-style-type: none"> • 8 were not reported to the Authority; and • 3 were reported late. <p>1. Our test of completeness of the information within IMS indicated that there were:</p> <ol style="list-style-type: none"> (i) 5 incidents reported late to the Authority and not contained in the IMS; (ii) 16 water interruptions reported to the Authority on time but not contained in the IMS; (iii) 36 wastewater overflows reported to the Authority on time but not contained in the IMS; and

	<p>(iv) 18 incidents which were reported to the Authority, contained in the IMS but classified as “Minor”.</p> <p>2. There was insufficient administrative support for the CIMC in respect of the maintenance of data integrity in the IMS. There were instances where the details recorded on the Incident Management Form were either, not recorded in the IMS or information was duplicated in the IMS.</p>
Cause	<p>1. A high staff turnover led to a lack of awareness of the policies and procedures resulting in the inaccurate provision of incident details. We noted that some incidents were inadvertently reported late to the Authority.</p> <p>2. The IMS was not fully utilised and therefore did not reflect and capture accurately incident details and this includes recording of significant and major incidents in the IMS. Moreover, personnel were not fully aware of the requirements for timely reporting of incidents.</p> <p>3. Although a resource was dedicated to the maintenance of the IMS around July 2007 (as part of the recommendations in the 2006 Operational Audit Report) subsequently that person had left the position. Since then no administration support had been employed to maintain the IMS.</p>
Effect	<p>1. The Corporation failed to report the incidents to the Authority within the required timeframe and therefore was not in compliance with its obligations under the Operating Licence element.</p> <p>2. The inconsistent and fragmented use of the IMS neutralised the intention of establishing a corporate IMS to support its business operations. From the Operating Licence perspective, the Corporation did not have an effective measure to service the requirements of the obligations referred to in the compliance element.</p> <p>3. A review and reconciliation of the IMS and the Incident Report forms was not undertaken, therefore the data integrity was compromised, with the resultant omission of incidents from reporting to the Authority.</p>
Recommendation to the Corporation	
<p>No further action is required as this obligation has been removed under licence version OL6.</p>	

Management Response	
The Water Corporation agrees with and acknowledges the findings.	
Management Actions	Not applicable
By Whom	
Date	
Recommendation to the Authority	
Nil.	

Appendix 1.2 – Compliance Elements which Require Minor Improvements

Compliance Element	
Joint Working Party Review	
Operating Licence Reference	Clause 2.6
Compliance Rating	4
Audit Observations	
Current Controls	<p>The Corporation has established the “Economic Regulation Authority Stakeholder Engagement Plan” to demonstrate compliance with the requirements of the Operating Licence element. This plan details the procedural framework for the engagement and communication between the Authority and the Corporation pertaining to the continuation and renewal of the Operating Licence. The following objectives and mechanisms are identified within the document:</p> <ul style="list-style-type: none"> • Current relationship status; • Strategic Significance; • Corporate objectives; • Stakeholder Management objectives; • Current risks/opportunities; • Engagement mechanisms; • Internal management arrangements; • Stakeholder Manager’s accountabilities; • Major Stakeholders; • Role of Communications Division;

	<ul style="list-style-type: none"> • Additional support required; and • Valuation / Performance Measurement. <p>We noted that the Chief Financial Officer has the overall responsibility for ensuring that a joint working party between the Authority and the Corporation is established. The joint working party engagements are administered and maintained by the Manager of Regulation and Compliance. Furthermore, part of the mechanisms of engagement is to hold a Quarterly Executive discussion which involves issues that may arise from the Performance Reports and any other issues relating to the Operating Licence.</p>
Audit Work Performed	<p>We conducted interviews and enquiries with the Corporation's staff to:</p> <ul style="list-style-type: none"> • Understand the control environment by determining the responsibility matrix; • Obtain the policies and procedures pertaining to the establishment and management of a joint working party; and • Determine the personnel's level of understanding the processes for establishing and managing a joint working party between the Authority and the Corporation. <p>To assess the extent of compliance with requirements of the Operating Licence, we obtained and analysed the documentary evidence of meetings between the Authority and the Corporation of each quarter during the audit period.</p>
Issue	
Condition	<p>This compliance element has been removed under licence version OL6.</p> <p>Our examination of the documentary evidence of meetings between the Authority and the Corporation indicated that there had been inadequate retention of records on the meeting proceedings during the audit period. The documents provided only contained brief statements of the agenda and the actions/outcomes of the meetings. There were no minutes.</p>
Cause	<p>The Corporation had not identified the requirement to retain minutes of meetings with the Authority to satisfy the requirement under the Operating Licence.</p>
Effect	<p>The Corporation could not substantiate the discussions of the meetings held with the Authority.</p>
Recommendation to the Corporation	
<p>No further action is required, as this obligation has been removed under licence version OL6.</p>	

Management Response	
The Water Corporation agrees with and acknowledges the findings.	
Management Actions	Not applicable
By Whom	
Date	
Recommendation to the Authority	
Nil.	

Compliance Element	
Customer Complaints	
Operating Licence Reference	Clause 3.2 Schedule 2 Schedule 8
Compliance Rating	4
Audit Observations	
Current Controls	<p>The Corporation has established the following systems and processes to demonstrate compliance with the requirements of the Operating Licence element:</p> <ul style="list-style-type: none"> • The development of Grange as the corporate system for capturing details of all complaints; • Each complaint is assigned a unique identifying number; • A work order is generated in SAP for complaints that relate to a fault requiring work by a field crew; • A contact is assigned via a PWQ item to the appropriate work group if the complaint relates to an account or technical issue and cannot be resolved immediately; • The Customer Centre provides weekly reports to branch and regional coordinators to ensure that complaints are resolved within the required timeframe; • A process for customers to receive an automatic right of referral to the Department; • All financial transactions, including compensation, are governed by policy PCY112; • Details of complaints referred for investigation, arbitration and conciliation are recorded; • The Corporation maintains a list of all complainants (names and addresses) to report to the Authority if required; • Liaison with customers regarding reinstatements to property and/or works to be done in vicinity; and • Involvement in ministerial and non standard replies. <p>Corporation’s policy document “PCY 225 Customer Complaints” identified the following complaints management principles:</p> <ul style="list-style-type: none"> • Ensure that complaint management officers are appropriately trained and adequately supported; • Assume ownership of the complaint at the “initial authorised point of

contact”, and act as the customer’s advocate throughout the complaint process;

- Attempt to resolve the complaint, or at least agree an action plan for resolution, with the customer at the first point of contact;
- Make every effort to resolve the complaint within the Corporation;
- Refer complaints to external mediation and resolution services as a last resort;
- Explain corporate policy in plain English, and ensure that customers have access to all relevant information supporting our decision.

The principal driver for this policy is the mandatory requirement in the Operating Licence to maintain a formal complaints management process.

The following is a detailed description of the controls which the Corporation employed to demonstrate compliance with the requirements of the Operating Licence:

- Grange is the primary customer service information system used to manage all aspects of the Corporation’s contact services including billing, accounts, metering, property, applications, recover, cash receipting. The system also interfaces to the Plant Maintenance, Financial and Human Resources models of the SAP system. The Grange system runs on a Tandem computer which is located in the John Tonkin Water Centre in Leederville. The system is a “client-server” application, meaning that software installed on each user’s PC (client) communicates with the main computer in Leederville (server).
- The control procedures for managing complaints are contained in “Standard Processing External Customer Contacts”. The document outlines the process for identifying, recording, classifying and resolving external customer contacts that are complaints or enquiries in writing or in verbal form.
- To assist the decision making process of the CSR, the standard guideline “Customer Contacts – Grange Category / Sub-Category and Classification” provides guidance when a contact is a complaint or an enquiry. The document considers the circumstances for customers contacting the Corporation and provides the CSRs instructions on how to classify the contacts into complaints or enquiries. A colour coding system is employed to rank the severity of the issue and in turn established the contact category. Customer contacts identified in green are recorded as “enquiries”, contacts in red are mandatory to be “complaints” and contacts in blue require the CSR to make a decision on whether they are an enquiry or a complaint.
- A matrix for financial delegation in terms of monetary compensation is established to define the authorisation limits for the Corporation’s personnel at various positions. The responsibilities for resolving

customer's complaints are assigned to the CSR who provides the initial contact.

- The type of the complaint will determine the level of on-going communication with the Customer and documentation of the steps taken towards resolution within the required timeframe. A complaint may be allocated to SAP or PWQ depending on whether it is a statistic or follow up. If a complaint has been recorded as a statistic then no further action is required. However, if a complaint has been recorded for follow up, then allocation to a work order in SAP may be generated or to PWQ for further consideration of the issues. Procedural documents which support this process are contained in:
 - "Record Customer Contract for Statistics, Enquiry/Follow up to PWQ or SAP"; and
 - "Understanding the Pending Work Queue."
- To close a contact and satisfy the Operating Licence obligation in terms of "resolving customer complaints within a time frame of 21 days", the resolution must fulfil the requirement of "meaningfully responded". Contacts that have a work order raised in SAP are deemed to be meaningfully responded. Contacts that have been allocated to PWQ require a specific action to be undertaken by the Corporation for closure.

Not all complaints can be resolved within 21 days. The procedures for "Issuing an Automatic Right of Referral Notification" provide instructions on how to notify the Corporation's customers of their Right of Referral where the complaint has not been resolved within 21 days.

- A register of Right of Referral is maintained to monitor the age of unresolved complaints with controls established to prompt the relevant complaint's Branch/Section Responding Officer for action or response. After 14 days, the Responding Officer must contact the customer (verbally or written) to inform the customer of the progress made towards resolving their complaints and advise them of their Right of Referral if it is anticipated that the complaint cannot be resolved before day 20.

A daily check of Grange notes is made for complaints listed greater than 14 days to determine if a Right of Referral has been made. If a Right of Referral is issued before day 20 then no further action is required, however, if at day 20 and no resolution has been reached or Right of Referral offered, an automatic Right of Referral is issued to the customer.

In all respects, the Corporation's policy and procedural documents for managing customer's complaints highlight the importance of making adequate notes in Grange for the purpose of addressing the requirements of the Operating Licence. There are regular internal reviews of recorded telephone contacts and notes in Grange to:

- Assess if notes are adequately captured after the conclusion of the telephone contact;

	<ul style="list-style-type: none"> • Assess if Call Centre formats have been adhered to; • Evaluate the quality and validity of interim action notes; • Assess if the response address the customer query; and • Assess the correct use of Category and Sub-category of complaints. <p>The regular internal quality audit reviews contain observations of the performance in relation to the above objectives, identify opportunities for improvements and provide recommendations and actions.</p>
Audit Work Performed	<p>We conducted interviews and enquiries with the Customer Centre’s personnel to:</p> <ul style="list-style-type: none"> • Understand the control environment by determining the responsibility matrix and key control points; • Identify the information systems and processes employed to manage customer complaints; • Obtain the policies and procedures for managing customer’s complaints; and • Determine the personnel’s level of understanding of the systems and processes to resolve the customer’s complaint within the prescribed timeframe. <p>In reviewing the procedures and protocols for managing complaints, where applicable, we “flowcharted” the process to assess the reasonableness of the decision matrix and the adequacy of the control points. Certain monitoring controls are automated and embedded in the system such as the PWQ and SAP work orders, however, some are manualised requiring regular reviews as in the case of the Right of Referral register maintained in an Excel spreadsheet.</p> <p>To assess the extent of compliance with the requirements in the Operating Licence, we obtained a list of complaints during the audit period and extracted a sample of complaints to perform testing in accordance with the audit procedures contained in our Audit Plan. We performed an independent confirmation with a Department of Water representative who advised that, during the audit period, there were no complaints subject to arbitration and conciliation involving the Department.</p> <p>Outcome compliance is based on our assessment whether the Corporation has met the performance target as specified in the relevant schedule as set out in the Operating Licence.</p> <p>Evaluation of the integrity of performance reporting involves the recalculation and reconciliation of the underlying data to the six monthly reports provided to the Authority.</p>

Issue	
Condition	Our testing and examination of the Corporation's management of customer complaints indicated that there were insufficient notes and in some instances, an absence of notes in the primary customer information services system, Grange, to sufficiently explain the nature and outcome of complaints as required under Schedule 2, Section 1.2(d) of the Operating Licence.
Cause	Enquiries with Management and analysis of the internal quality audits of customer contacts indicated there is a need to better understand and use Grange for the purpose of creating, following up and closing out of contacts by the CSRs.
Effect	Apart from not fully meeting the requirements of the obligations under the Operating Licence, customer frustration may arise from subsequent contacts due to the lack of records in the system. Whilst it appears customers are not negatively impacted or disadvantaged without the detailed notes provided in Grange, the use of notes are required at close out of a contact to document any action taken.
Recommendation to the Corporation	
Educate and encourage staff to capture detailed notes in Grange for customer contacts. Records of communications between customers should address relevant details such as dates, times, names and action taken towards resolving the customer's complaint. At the close out of a contact, the resolution should be clearly specified. It is important that time is allocated to staff responsible completing contact information to ensure notes are properly entered.	
Management Response	
The Water Corporation agrees with and acknowledges the findings.	
Management Actions	<p>The Corporation will carry out regular qualitative audits on customer contacts and, when necessary, remind staff of the need to record 'good' notes.</p> <p>The Call Centre induction program for new Customer Service Representatives, including a Complaints Handling module, will be supplemented by "advanced" training. This will be conducted six months after induction and will have an emphasis on complaints handling, including the importance of recording quality notes.</p>
By Whom	Manager Customer Centre
Date	31 December 2009
Recommendation to the Authority	
Nil.	



Compliance Element	
Consumer Committees	
Operating Licence Reference	Clause 3.4 Schedule 4
Compliance Rating	4
Audit Observations	
Current Controls	<p>The Corporation has established a CAC for the purpose of the Consumer Committee.</p> <p>The Corporation has established the following systems and processes to demonstrate compliance with the requirements of the Operating Licence element:</p> <ul style="list-style-type: none"> • The procedure entitled “Management of the Customer Advisory Council” clearly details the CAC’s: <ul style="list-style-type: none"> ○ Purpose; ○ Responsibility to the Corporation; ○ Membership requirements, process for appointment and term of membership; ○ Frequency of meetings; ○ Structure of meetings; ○ Applicable Attendance Fees; ○ Reporting Requirements (particularly the CAC is responsible for reporting its activities to the Board biannually); and ○ Recordkeeping Measures; and ○ Auditing Requirements. • Work Instruction entitled “Management of the Customer Advisory Council” clearly articulates the expected actions of the Council and it’s members as they relate to: <ul style="list-style-type: none"> ○ Administration Activities (including travel and accommodation, catering and security); ○ Meeting Requirements (including requirement for agendas, action lists and minutes of meetings); ○ Advertising and Recruitment; and ○ Financial Obligations. • The Corporation employs several key control documents to ensure accurate and auditable recordkeeping regarding the activities of the CAC. These control documents included: <ul style="list-style-type: none"> ○ A Microsoft Word document template for completion of Minutes of Meeting, Meeting Agendas and Meeting Action Plans; and

- A Microsoft Excel document recording member details (including contact details, commencement and cessation dates and applicable sitting fees). This document is also a control document used for indicating member attendance at meetings for the purposes of determining if a quorum was present.
- The CAC operates under a “Terms of Reference” which clearly establishes the authority, responsibility and accountability of the CAC. The Terms of Reference details the following control environment requirements to be maintained in the operation of the CAC:
 - Function and purpose - the CAC’s function and purpose is to provide advice to the Corporation’s Board in relation to strategic policy development and the Corporations level of customer service;
 - Responsibilities of the CAC;
 - Membership – the number of members required to be on the council and how members are to be selected;
 - Meetings – timing, annual number of meetings, quorum requirement, and requirement to maintain minutes of meeting;
 - Secretarial – requirement to prepare an agenda of meeting and circulation timing; and
 - Reporting Requirements – requirement of the Chairperson to report the Corporations Board biannually.

The control documents and records of the CAC are held within the Corporation’s recordkeeping system, AquaDocs. Records pre-dating the introduction of the recordkeeping system are held within the Corporation’s relevant system folders.

Audit Work Performed

The audit procedures undertaken to evaluate the design effectiveness of the controls included:

- Conducting interviews and enquiries with the Corporation staff to:
 - Understand the control environment by determining the responsibility matrix and key control points;
 - Identify the information systems, policies and procedures to manage the activities of the CAC; and
 - Determine the personnel’s level of understanding of the systems and processes employed to manage the activities of the CAC.
- Additionally, the following procedures were performed to assess the level of compliance with the requirements of the Operating Licence:
 - A review of the appropriateness of records maintained in the system;
 - An assessment of the control document templates for compliance with the requirements of the Operating Licence; and

	<ul style="list-style-type: none"> o Sampling of records of meetings held during the audit period to assess compliance with the policies and procedures for the conduct of the CAC meeting and evaluate whether appropriate records have been retained. <p>Following interviews, enquiries, sampling and testing, discussions were held regarding any discrepancy noted by the audit team.</p>
Issue	
Condition	We identified 3 versions of the CAC Terms of Reference held in AquaDocs. Each of the Terms of Reference had a different required number of members.
Cause	The template for generating and processing amendments to the Terms of Reference for the CAC does not have a field for date. Additionally, staff were not aware of the need to distinguish the different versions of the Terms of Reference. Furthermore, staff indicated that the template used for the Terms of Reference was outdated.
Effect	The incorrect Terms of Reference could have been adopted.
Recommendation to the Corporation	
The CAC Terms of Reference should be updated with the commencement date indicated.	
Management Response	
The Water Corporation agrees with and acknowledges the findings.	
Management Actions	The Corporation will consolidate the 3 versions of the Terms of Reference into one document, and ensure that all the information contained therein is correct.
By Whom	Manager Customer Centre
Date	30 September 2009.
Recommendation to the Authority	
Nil.	



Compliance Element	
Water Services Provision	
Operating Licence Reference	Clause 3.5 Schedule 5
Compliance Rating	4
Audit Observations	
Current Controls	<p>The conditions for customer connecting to a water supply are contained in the Corporation's brochure entitling "Conditions for Connection". The terms and conditions applied to the following services:</p> <ul style="list-style-type: none"> • Standard water connections for the supply of water; • Non-standard water connections supplied by agreement; • Connections to wastewater schemes; • Industrial discharge approvals; • Fire services; and • Drainage. <p>The brochure lists 13 points – a combination of conditions and customer's obligations, which customers are required to comply with in order to obtain connection. Some of these "conditions" are statements of customer's responsibilities that are not capable of being assessed by the Building Services Officer.</p> <p>The Building Services Officers undertake the following actions to assess a new service application:</p> <ol style="list-style-type: none"> 1. Verify and confirm that the application for service is within the operating areas; 2. Investigate any risks to the Corporation's assets; 3. Ensure that the servicing is adequate to the property; and 4. Assess the fees and charges for the application. <p>It is important to differentiate the concepts of "service" and "connection". A water service has a broad meaning of water supply, sewerage, irrigation or drainage services. There is a vast network of the Corporation's assets installed to enable the transfer of water to, and drainage and wastewater from, a number of properties. A connection is the physical linking of a property to the main (water service) to enable the transfer of water to the property. A property may be rated because it is capable of being serviced</p>

and yet not received an ongoing supply of water as it is not connected. For example, the owner of a vacant block of land will receive an “annual service charge” even though there is no water connection.

The following systems are used to support the assessment and recording of new service applications:

- BuilderNet is the corporate system that manages, automates and supports the processing and approval of building and service applications state-wide. It interfaces with customers, the FMS and Grange to provide end to end process coverage;
- FMS is the Corporation’s spatial (positioning) database that relates land topography and cadastral information to the Corporation’s asset information;
- SAP is the online integrated business system software designed to manage the volumes of business that is conducted on a daily basis; and
- Grange is the customer service information system used to manage all aspects of the Corporation’s contact services including billing, accounts, metering, property, applications, recover cash and receipting.

The Corporation did not have a policy on the discontinuance of services on the basis of commercial viability, due to the unlikely nature of this occurring.

Audit Work Performed

We conducted interviews and enquiries with the Manager in Building Services to:

- Understand the control environment by determining the responsibility matrix and key control points;
- Identify the information systems and processes employed to assess new application for services and discontinuance of services;
- Understand the procedures for assessing new applications and policy for the discontinuance of services;
- Obtain the policies and procedures for assessing new service applications; and
- Determine the personnel’s level of understanding of the requirements of the Operating Licence requirements.

We obtained and reviewed the work instructions on the assessment of new applications for adequacy in terms of servicing the requirements in the Operating Licence.

We obtained application data from BuilderNet over the audit period and, on a sampling basis, traced the details to Grange to determine if the application procedures have been conformed with. We note that compliance with assessment procedures is enhanced through the system



application control, wherein Grange has predefined fields that need to be responded to by the Building Service Officer before the application can be completed.

Issue

Condition

We conducted extensive enquiries with the Corporation’s management in relation to a sub-requirement of the compliance element, which concerns *“the discontinue of service to a property where the servicing of the property is not commercially viable”*.

Our enquiries indicated that the Corporation did not have a policy framework for discontinuing a service to a property on the grounds of commercial viability due to a number of factors:

1. It is not always logistically practical to remove a service from a single property because this involves the removal of infrastructures that may affect other properties within the scheme. Whilst disconnection of service occurred from time to time due to site works on vacant land to prevent a burst for example, this does not involve the discontinuance of service. Discontinuance of service usually had a wider scheme implication;
2. Unless acting on a Ministerial direction, removing a service may cause a building to be condemned by the Health Department. It should be noted that the Health Department and the WAPC have guidelines on the minimum property lot size that need to have water and sewerage services; and
3. The meaning of “non commercial viability” was not clear in the compliance element.

There may be several interpretations of what might be considered “not commercially viable” depending on the predisposition of the business objectives and commercial goals. The Corporation does provide services, particularly to the remote communities, where the provision of such services clearly resulted in negative financial returns.

The broad scope inherent in the concept of commercial viability makes it difficult to understand under what circumstances the Corporation can discontinue a service to a property.

Cause

The Corporation had not engaged with the Authority to seek clarification and guidance in relation to this aspect of the compliance element.

Effect

Due to the anomalies highlighted above, the Corporation did not have in place a suitable policy and procedural framework for the discontinuing of a service to a property on the grounds of commercial viability.



Recommendation to the Corporation	
That the Corporation establishes a process that identifies and addresses the commercial and regulatory framework for the management of the provision of water services.	
Management Response	
The Water Corporation agrees with and acknowledges the findings.	
Management Actions	The Corporation will review its process and procedures to determine a pragmatic and workable outcome for this recommendation.
By Whom	Manager Development Services
Date	30 June 2010
Recommendation to the Authority	

Compliance Element	
Information – Customer Complaints	
Operating Licence Reference	Clause 3.6 Schedule 6; Section 1.1 Schedule 8
Compliance Rating	4
Audit Observations	
Current Controls	<p>The Financial Management Branch is responsible for the extraction of data and preparation of the regulatory reports, however, the overall responsibilities for data integrity (completeness and accuracy) continues to reside with the operational areas where the data originate.</p> <p>Grange is the primary customer service information system used to manage all aspects of the Corporation’s contact services including billing, accounts, metering, property, applications, recover, cash receipting. The system interfaces to the Plant Maintenance, Financial and Human Resources modules of the System Applications and Products system. (Refer to Appendix 2 for the interrelationships of the systems.)</p> <p>Through the Grange interface, SAP BW provided the following reports in response to the Operating Licence requirements:</p> <ul style="list-style-type: none"> • Complaints by Resolution (“OWR1”) is a report that aggregates all complaints (verbal and written) that have been closed out in Grange during a specified calendar month and the method of that closure. Complaints allocated to SAP, which generates a SAP work order, are deemed to have been resolved immediately as they are considered to be “meaningfully responded” however, they are not closed out in Grange until the associated SAP work order has a “REPO” status fed back into Grange from SAP; • Complaints by Category (“OWR2”) is a report that aggregates all complaints (verbal and written) received in the previous six Grange periods. It should be noted that the Grange period is different from a standard calendar month in that there is a 21 day offset. For example, the Grange period for August 2008 equates to complaints received between 11 July 2007 to 10 July 2008; and • Responsiveness to Written Complaints (“OWR3”) is a report that aggregates the performance of written complaints received in the previous 12 Grange periods against the Operating Licence target of > 90% within 21 Calendar Days. <p>Enquiries with management indicated that there are ad hoc reviews of “unassigned complaints”, normally towards the end of a financial year.</p>

	<p>Unassigned complaints arise for a number of reasons: a combination of system based issues and work orders not properly close out by field crew.</p> <p>Monetary compensation payments associated with complaints are maintained in an Access database managed in the Perth Region office. A six monthly report on ex-gratia payments is provided to the Board for review. A work policy in the Perth Region office requires staff to enter details of the ex-gratia payment into Grange following a settlement with customers. However, the details have not always been consistently entered into Grange due a combination of system constraint that prevents the assigning of more than one resolution code to a complaint contact and staff's non conformance with work procedures.</p> <p>In terms of endeavouring to resolve written complaints within 21 days, a register of Right of Referral is maintained in a Microsoft Excel spreadsheet to monitor the age of unresolved complaints. Appropriate controls are established to prompt the relevant complaint's Branch/Section Responding Officer for response/action or a Right of Referral is issued within 21 days.</p>
Audit Work Performed	<p>We conducted interviews and enquiries with the Customer Centre's personnel to:</p> <ul style="list-style-type: none"> • Understand the control environment by determining the responsibility matrix and key control points; • Identify the information systems and processes employed to manage customer complaints; • Obtain the policies and procedures for reporting information customer's complaints information; and • Determine the personnel's level of understanding of the requirements of the Operating Licence in relation to reporting the information on customer complaint. <p>We requested and obtained the complaints the Corporation received over the audit period and on a sample basis performed testing to determine if the complaint category, resolution code and unresolved category have been correctly recorded in Grange.</p> <p>We recalculated and reconciled the underlying data on customer complaint to the periodic reports provided to the Authority with the view of assessing the completeness and accuracy of the information reported.</p>



Issue	
Condition	<p>This compliance element has been removed under licence version OL6.</p> <p>1. Analysis and enquiries of the unassigned complaints revealed a system problem had occurred during the audit period where the “task code list” held on Grange was not updated with the task codes in SAP R/3. As a result, Grange rejected and did not accept the status on the completed jobs during the daily batch file upload from SAP R/3.</p> <p>Management advised that there was an annual process to manually check the rejected items and consequentially update Grange. It appears that due to the timing of the audit (late June 2009) a review of the rejected work order items had not occurred for the 2009 financial year, where a marked increase in the number of unassigned complaints was noted. Moreover, the existence of the rejected items and the process and procedures for reviewing them had not been formally identified and documented.</p> <p>We consider the ad hoc review or the annual review of the rejected items to be inadequate in light of the obligation to provide accurate and complete information to the Authority on a six monthly basis.</p> <p>2. Grange did not have the functionality to allow the recording of multiple resolution codes in respect of the same “event”. For example, when field crew attend a property and repair external water burst following a customer complaint, the Grange resolution code, “complaints resolve by routine business process”, is noted to reflect the (initial) action undertaken. If a monetary compensation was made for damages in respect of the same event, Grange did not have the capability to record the subsequent ex-gratia payment as a resolution.</p> <p>Whilst the Operating Licence does not require the Corporation to report on the number of the different resolution categories, however, it requires an analysis of the number of complaints resolved under the various resolution categories, including monetary compensation payments.</p> <p>In this regard, we noted that there was no reconciliation between Grange and the Access database maintained for monetary compensation payments.</p> <p>As discussed above, it may be possible for a complaint to have a number of resolutions and therefore more than one resolution code attributable to it, but the Operating Licence is silent on the hierarchy of the resolution categories in the event of more than one resolution provided for a complaint.</p>

	<p>Notwithstanding this nuance in the Operating Licence, our testing indicated that in the instance where a contact commenced as an enquiry and the contact was resolved through a routine business process, but a monetary compensation payment had also eventuated and therefore, it would be reasonable to expect a complaint had occurred, a complaint was not recorded in Grange and consequently had not been included in the report to the Authority.</p> <p>3. The process of reviewing statistics for six monthly reporting to the Authority was not formally acknowledged ("signed off"/ formal confirmation) by the process owner.</p>
Cause	<p>1.</p> <ul style="list-style-type: none"> (i) The system anomaly during the file batch upload from SAP into Grange combined with the inconsistent approach towards the manual intervention contributed to the complaints with the “unassigned” status to be omitted from the regulatory reports; and (ii) Our enquiries indicated in some instances field crew had not adhered to the policy and procedures for closing out work orders on the completion of a job when entering the information into the PDA. As a result, some work orders remained open or partially executed. <p>2. Grange did not have the capability to change the nature of a contact from enquiry to complaint once the work order had been closed out, moreover, permit the recording of an additional resolution code.</p> <p>3. A formal process for the review of data and performance indicators in regulatory reports had not been established by the Customer Centre prior to the provision of information to the Authority.</p>
Effect	<p>1. Due to the system anomaly, under reporting to the Authority has resulted. During the file batch upload from SAP into Grange, field crew were not properly closing out work orders and were applying an inconsistent approach when manually intervening and closing-out complaints in Grange.</p> <p>2. Where the nature of contact evolves from an enquiry to a complaint, under reporting to the Authority has resulted.</p> <p>3. Data integrity cannot be assured if supervisory controls are not adequate.</p>
Recommendation to the Corporation	
<p>No further action is required as this obligation has been removed under licence version OL6.</p>	



Management Response	
The Water Corporation agrees with and acknowledges the findings.	
Management Actions	Not applicable
By Whom	
Date	
Recommendation to the Authority	
Nil.	

Compliance Element	
Telephone Answering	
Operating Licence Reference	Schedule 7; Section 1 Schedule 8
Compliance Rating	4
Audit Observations	
Current Controls	<p>The Corporation has established the following systems and processes to demonstrate compliance with the requirements of the Operating Licence element:</p> <ul style="list-style-type: none"> • The use of ASPECT as the corporate system for recording details of incoming “13 calls”; • ASPECT is a stand alone system, managed by an external party; • ASPECT displays the status of calls and documents performance of call response thereby assisting Management to monitor performance targets; • Hard copy reports of daily performance are retained and reconciled to the system data; and • Work instruction “PI 13 Telephone Calls” which defines the performance measurements for the responsiveness to customer enquiry. <p>The Customer Centre Branch forms part of the Customer Service Division. It is responsible for the monitoring of performance against the Operating Licence performance targets.</p> <p>All information related to “Customer Enquiry 13” phone calls is stored in the Aspect System database. Data is extracted and analysed from the system to monitor performance indicators. A number of system parameters are used to control system performance and measurement. A change to the system configuration in terms of performance measurement can only be effected by the external party. Random audits are performed by the Centre Manager on the system performance measurement setting.</p>
Audit Work Performed	<p>We conducted interviews and enquiries with the Call Centre’s staff to:</p> <ul style="list-style-type: none"> • Understand the control environment by determining the responsibility matrix and key control points; • Identify the information systems and processes employed to monitor the responsiveness to customer enquiry; • Obtain the policies and procedures for managing and reporting on the responsiveness to customer enquiry; and

	<ul style="list-style-type: none"> Determine the personnel's level of understanding of the performance requirements of the Operating Licence. <p>We made enquiries with personnel from the IT Division and the external system support party to understand the security posture over the performance measurement system setting. We obtained evidence of the Call Centres management of random audits system setting in this regard.</p> <p>We requisitioned the call responsiveness performance statistics over the audit period and reconciled to the monthly performance reports published to the Authority.</p>
Issue	
Condition	<ol style="list-style-type: none"> The approach to collate the quarterly reports (containing monthly figures) had not been formalised. There were no detailed work procedures for the preparation of the performance report. Our testing noted an (immaterial) arithmetic error in a monthly performance figure. Evidence of supervisory control was not present to demonstrate that a review of the reports was conducted prior to publication to the Authority. The process of reviewing statistics for quarterly reporting to the Authority was not formally acknowledged ("signed off"/ formal confirmation) by the Process Manager. The definition of "Queue Time" in the work instruction "PI 13 Telephone Calls" did not accurately capture the elements contained within "Queue Time". The last sentence on the first page of the Work Instruction "PI 13 Telephone Calls" was not clear in its intent. <p>The wording was "Calls that abandon after 5 seconds but have been queued to an agent were not included in the Service Level calculation". In this format, this appeared to be inaccurate because calls abandoned after 5 seconds were considered "abandoned" and thus included in the service level calculation of calls abandoned.</p> <p>Enquiries with the Call Centre Manager indicated that the intent of the statement was for calls abandoned after 5 seconds not to be included in the service level calculation for the "70% of calls responded within 20 second" performance indicator.</p>
Cause	<ol style="list-style-type: none"> Refined work instructions had not been established for the preparation of quarterly performance reports to the Authority. The supervisory control over the collation of information and preparation of reports had not been previously identified.



	<ul style="list-style-type: none">3. The complete and full definition of “Queue Time” had not been captured in the work instruction “PI 13 Telephone Calls”.4. A lack of reference to the performance indicator, “70% of calls responded within 20 second”, in the statement.
Effect	<ul style="list-style-type: none">1. Without refined work procedures:<ul style="list-style-type: none">(i) Assignment of responsibilities may not be fully understood and adhered to by staff, and resource planning may not be adequate; and(ii) If key incumbent staff were to depart, then there was no mechanism to transfer knowledge.2. As demonstrated, without adequate supervisory control and an appropriate strategy to review the performance reports, errors may occur.3. The need for the revision of the definition for “Queue Time” in the work instruction “PI 13 Telephone Calls” did not impact the performance measurement system setting rather it was to ensure that the corporate policy accurately reflected the components of the established system parameters.4. Similar to point 3 above, the need for the revision of the statement concerning calls abandoned in the last paragraph on the first page of the work instruction “PI 13 Telephone Calls” did not impact the performance measurement system setting rather it was to ensure that the policy accurately reflected the intent of the Process Manager.
Recommendation to the Corporation	
<ul style="list-style-type: none">1. Establish detailed work procedures for the extraction, collation and preparation of reports to the Authority.2. Appropriate supervisory control points should be established for the preparation of quarterly reports to the Authority. The Process Manager should formally "sign off" or acknowledge to have reviewed the data for completeness and accuracy as part of the protocols for preparing reports to the Authority. A suitable strategy for reviewing data should be developed to support the process.3. Revise the definition of "Queue Time" in "Work Instruction PI 13 Telephone Calls", which is the sum of "Delay Time", "Ring Time" and "Queue Time".4. Revise the last sentence on the first page of “Work Instruction PI 13 Telephone Calls” to read "Calls that abandon after 5 seconds but have been queued to an agent are not included in the Service Level calculation <i>for the 70% of calls responded within 20 seconds performance indicator</i>".	



Management Response	
The Water Corporation agrees with and acknowledges the findings	
Management Actions	<ol style="list-style-type: none">1. The Call Centre will draft a Work Instruction to detail the process for compiling the monthly performance report.2. A review and sign-off process will be incorporated into the preparation of future monthly performance reports.3. The Work Instruction P13 is being amended to define more clearly the elements contained in "Queue Time".4. The reference in the Work Instruction P13 to abandoned calls will be re-written to clarify the impact of abandoned calls on Service Level calculation.
By Whom	Manager Customer Centre
Date	31 October 2009.
Recommendation to the Authority	
Nil.	



Compliance Element	
Pressure and Flow	
Operating Licence Reference	Schedule 7; Sections 2.2, 2.5 and 4.2 Schedule 8
Compliance Rating	4
Audit Observations	
Current Controls	<p>The Customer Services Division has the overall responsibility for ensuring that customers receive appropriate pressure and flow rates.</p> <p>The Corporation has remote sensors and control devices attached to strategic assets (such as water tanks), which have the capability to monitor their performance. SCADA refers to a system that collects data from various sensors and manages and controls the data. “Alarms” or warnings are set at a predefined level and through telemetry, the Operation Centre is informed when, for example, water level in a tank falls below an acceptable parameter.</p> <p>The performance of the asset directly impacts on the pressure and flow rate provided to customer properties. There are several factors which contribute to the gradual deterioration of the performance of the infrastructure, these include:</p> <ul style="list-style-type: none"> • Age of the asset; • Materials used in the asset; and • System operations (cycling of pressure). <p>To ensure that the Corporation’s assets continue to perform at the expected level, an ACA is conducted regularly with the view of identifying emerging problems.</p> <p>Profiling of regions and areas of known problems is also performed to establish a suitable maintenance strategy. Once asset maintenance is triggered, the Corporation has procedures to undertake the necessary remedial action to mitigate the impact on customers and at the same time ensuring that the performance targets as set out in the compliance element are met.</p> <p>Customer complaints related to poor pressure and flow are captured in Grange. A work order is generated through SAP to require field crew to attend the property. Through the MCS, the field crew use the PDA to view the work order, perform the pressure and flow testing, remediate the issue where required and close out the work order via the PDA in</p>

	<p>accordance with SAP business rules. The work orders are then updated in Grange through SAP R/3.</p> <p>Each region has a specific local work instruction for field crew to follow in relation to complaints of poor water supply. “SAP PM Business Rule No. 6” provides guidance on how to record information in the PDA using the MCS.</p> <p>In terms of monitoring the pressure and flow rate on farmland areas, as part of the annual review of the consumption against the SBAs, an analysis of the consumption per day is performed to determine the flow rate on the property.</p> <p>The Financial Management Branch is responsible for collating and reporting to the Authority. However, the overall responsibility for the accuracy and completeness of pressure and flow data situates with the Service Delivery Branch.</p>
Audit Work Performed	<p>We conducted interviews and enquiries with the Senior Operation Analyst and Mid West operations to:</p> <ul style="list-style-type: none"> • Understand the control environment by determining the responsibility matrix and key control points; • Identify the information systems and processes employed to respond to pressure and flow complaint; • Obtain the policies and procedures for responding to pressure and flow complaint; and • Determine the personnel’s level of understanding of the requirements of the Operating Licence requirements. <p>We obtained the conceptual overview of the primary Water Corporation systems and the “Accountabilities Framework” to have a synopsis of the systems and processes employed in servicing the requirements of the Operating Licence.</p> <p>In accordance with our Audit Plan, we obtained the records of the complaints received during the audit period relating to pressure and flow. We refined the list to all the instances where poor supply has been noted as confirmed by the field crew to assess the accuracy of the information communicated through MCS.</p>
Issue	
Condition	<ol style="list-style-type: none"> 1. Our initial analysis of the pressure and flow test results indicated that there was a Corporation wide average error rate of 27% of the field crew feedback on confirmed poor supply. The error related to the field crew assessing poor supply to the property but the data that they

entered into the system suggested there were reasonable pressure and/or flow.

Further investigations revealed that for the measurement of pressure and flow, the Corporation had adopted the standards typical for the service configuration of the property, which exceeded the minimum requirements of the Operating Licence. For example, in the instance where a property that normally experiences flow rate of 60L/minute makes a complaint of poor supply when the flow rate drops to 40L/minute, the field crew would assess poor supply based on the pressure and flow rates typical for the service configuration of that property notwithstanding that the flow of 40L/minute is above the minimum flow rate of 20L/minute as required under the Operating Licence.

As a safe harbour, and to ensure compliance with the minimum standards under the Operating Licence, the Corporation's SAP PM Business Rule No. 6 also applied that "where an initial measurement of pressure or flow are found to be below the Operating Licence standards, the fault shall be recorded in the "Pressure Status Before" field as a confirmed poor supply complaint irrespective of the outcome of any repair works".

Personnel in the Mid West region did not have an awareness of the SAP PM Business Rule No. 6 and the minimum requirements under the Operating Licence. Our interviews and enquiries with the personnel indicated that the field crew's basis for assessing pressure and flow rates to the property was driven by customer complaints of poor supply.

2. Analysis of the partially executed orders and unassigned complaints indicated that field crew were not adhering to SAP business rules to properly close out work orders.
3. We noted some practical difficulties for the Corporation to comply with the requirements in Schedule 7 – Section 4.2, Farmlands Area Water System – Farms – Pressure and Flow. The measurement unit in Section 4.2 refers to a cumulative of volume over a period of 24 hours.

In this regard, the flow was difficult to measure because:

- (i) It was dependent on the draw down of the property (over a period of 24 hours); and
 - (ii) Testing would involve free flowing of water, which apart from wasting resources, would cause a loss of flow to the farm.
4. The Corporation could not establish when it transitioned to provide 'live data' to the Authority during the audit period. We noted that there was no formal confirmation from the Authority of its acceptance of the

	<p>'live data'. Additionally, there was no formal agreement on what constituted the materiality level that the Corporation was required to disclose to the Authority regarding the adjustment of the historical data. We observed an instance (June 2008) where a footnote had been provided in a report advising a change to the historical data, however, the materiality level that had driven the disclosure was unclear.</p>
Cause	<ol style="list-style-type: none"> 1. There are several factors that may have contributed towards the knowledge gap identified in the Mid West region: <ol style="list-style-type: none"> (i) Field crew may not have adequate training and understanding of the SAP business rules for entering information into the MCS in relation to pressure and flow; and (ii) The issue is complicated with farmlands that are on SBAs. 2. Our enquiries indicated in some instances field crew have not adhered to the policy and procedures for closing out work orders in entering the correct information into the PDA on the completion of a job. As a result, some work orders remained open or partially executed. 3. The Corporation has not formally engaged with the Authority in respect of the practical difficulties of measuring the pressure and flow on farmlands. 4. The Corporation had not formalised an agreement with the Authority over the provision of 'live data' and reach an understanding on the materiality level which requires additional disclosure.
Effect	<ol style="list-style-type: none"> 1. With reference to the Mid West region, in the absence of suitable training and understanding of the policies and procedures on pressure and flow, field crew may not conduct the appropriate assessment and the subsequent recording of the data. 2. As discussed under "Information – Customer Complaints", if work orders had not been properly closed out then there would be under reporting of the number of complaints. 3. Due to the inherent difficulties with measuring pressure and flow on farmlands, the Corporation did not have effective processes in place to measure the pressure and flow rate. 4. A suitable procedural framework could not be developed in the absence of a formal agreement over the provision of 'live data', particularly the extent of the number of periods that the data should be extracted. Additionally, without a materiality level for errors defined, there was no basis for determining when a disclosure to changes of data was required.



Recommendation to the Corporation

1. Improve training for field personnel on the use of MCS for reporting pressure and flow data.

To enhance the data integrity of pressure and flow information, the Corporation should consider:
 - (i) Including data for pressure and flow in the "information cube" in SAP BW;
 - (ii) Developing an exception report in SAP BW; and
 - (iii) Developing a routine process for reviewing exception reports.
2. Engage with the Authority to reach a more practical measurement for service performance on farmlands.
3. Introduce a process for reviewing work orders with PEXE status on a regular basis (semi-annually).
4. No further action required because the obligation has transitioned to an annual reporting basis.

Management Response

The Water Corporation agrees with and acknowledges the findings.

Management Actions

1. Data collection screen being modified to improve the interface for the user. Additional training scheduled. All users to be retrained. Business requirements will be reinforced. Higher percentage of orders will be done through MCS with the target set of 90% of all work orders by December 2010.
 - (i) Exception reports will be developed when improvements to the Business Warehouse are implemented. This will enable more timely and targeted response to key supervisory personnel.
 - (ii) Process for managing the exception reports will be prepared following implementation of the improved Business Warehouse reporting.
2. The Corporation will engage with the Authority to address this recommendation.
3. The Planning and Scheduling process being developed and implemented will address this issue.
4. The Corporation intends to follow the National Water Initiative reporting process for the provision of information to the Authority.

By Whom	Manager Service Delivery Branch (Actions 1, 2, 3 and 4) Manager Development Services Branch (Action 2)
Date	December 2010
Recommendation to the Authority	
That consideration be given to an alternative measurement for pressure and flow standards on farmlands.	



Compliance Element	
Continuity	
Operating Licence Reference	Schedule 7; Section 2.3 Schedule 8
Compliance Rating	4
Audit Observations	
Current Controls	<p>The overall responsibility for managing water interruptions to metropolitan and urban drinking water connected properties falls under the Customer Services Division.</p> <p>The Corporation has remote sensors and control devices attached to strategic assets (such as water tanks), which have the capability to monitor their performance. SCADA refers to a system that collects data from various sensors and manages and controls the data. “Alarms” or warnings are set at a predefined level and through telemetry, the Operation Centre is informed when, for example, water level in a tank falls below an acceptable parameter in the event of a major pipe burst.</p> <p>Unplanned water interruptions are caused by a number of factors, these include:</p> <ul style="list-style-type: none"> • Age of the asset (corrosion); • Materials used in the asset; • System operations (cycling of pressure); • Environmental factors (such as the type of vegetations planted in the area because the roots can damage the asset); and • Damage by third parties. <p>To ensure the instances of failure of the Corporation’s assets are minimised, ACA is conducted regularly with the view of identifying emerging problems. Profiling of regions and areas of known water interruptions is performed to establish a suitable maintenance strategy for assets. Once asset maintenance is triggered, the Corporation has procedures to undertake the necessary remedial action to mitigate the impact on customers and at the same time ensuring that the performance targets as set out in the compliance element are met.</p> <p>To prevent accidental damages to assets, the Corporation supports a dedicated phone number for customers or their contractors to phone (“Dial Before You Dig”) prior to digging into the earth.</p>

	<p>Customer complaints related to water interruptions are captured in Grange. The “functional location” of the problem is recorded in SAP in addition to the customer’s property address that reported the fault. A functional location represents the place at which a maintenance task is to be performed. A work order is generated through SAP to require field crew to attend the water interruption complaint. Through the MCS, the field crew use the PDA to view the work order. They then attend the scene, remediate the issue and close out the work order via the PDA in accordance with SAP business rules. The work orders are then updated in Grange through SAP R/3.</p> <p>A Corporate procedure, “Summary of Requirements for Provision of Water and Associated Monitoring Processes”, provides a high level summary of the requirements in the compliance element for bursts and leaks.</p> <p>“SAP Business Rule No. 9” for feeding back plant maintenance orders provides guidance on how to record information in the PDA using the MCS.</p> <p>The FMS is the Corporation’s spatial (positioning) database that relates land topography and cadastral information to the Corporation’s asset information. It is also used to provide the total number of metropolitan and urban drinking water connected properties for the calculation of the performance indicator in the compliance element.</p> <p>The Financial Management Branch is responsible for collating and reporting to the Authority. However, the overall responsibility for the accuracy and completeness of water interruptions data situates with the Service Delivery Branch.</p>
Audit Work Performed	<p>We conducted interviews and enquiries with the Senior Operation Analyst to:</p> <ul style="list-style-type: none"> • Understand the control environment by determining the responsibility matrix and key control points; • Identify the information systems and processes employed to respond to water interruption complaints; • Obtain the policies and procedures for responding to water interruption complaints; and • Determine the personnel’s level of understanding of the requirements of the Operating Licence requirements. <p>We obtained the conceptual overview of the primary Water Corporation systems and the “Accountabilities Framework” to have a synopsis of the systems and processes employed in servicing the requirements of the Operating Licence.</p>



In accordance with our Audit Plan, we obtained the records of the number of reported complaints relating to water interruptions during the audit period. On sampling basis, we reviewed when the event was recorded, when the task was performed and closed out.

There are two concepts which are important to note with regard to the interruption period: Duration 1 and Duration 2.

Duration 2 describes the period from when the complaint is first received in respect of the event (i.e. no water). For the purpose of the performance indicators detailed in the Operating Licence, Duration 2 is used to gauge how long the Corporation takes to remedy the fault from the time it was first reported. Duration 1 is used to recognise the subsequent complaints to ensure that the complaints in respect of the same fault are recognised and the response time is appropriately measured to satisfy the requirement of the Operating Licence.

Our analysis extends to both Duration 2 and Duration 1 in determining the completeness and accuracy of the information reported to the Authority.

Issue

Condition

1. We noted some logistic and practical issues in the compliance element with regard to the requirement for returning service standards to the level set out in the table in Section 2.2 of Schedule 7. The issues are highlighted below:

- (i) In terms of “time on” for the resumption of water service, the returning of pressure and flow to the scheme is a gradual process following a service interruption, whether it is planned or unplanned. Immediate pressurisation to the service standards outlined in Section 2.2 of Schedule 7 may result in damage to the Corporation’s assets;
- (ii) The requirement to return service to a particular level (such as in Section 2.2 of Schedule 7) implied that some activities associated with the measurement of the pressure and flow rates must take place following a service interruption to determine if the service had returned to a certain level to the connected properties. It may be impractical, for example, for the Corporation’s staff to visit all the connected properties in a scheme during the night requesting a measure of the pressure and flow rates on the property following an interruption (which the occupants may not be even aware of); and
- (iii) Customers who receive pressure and flow rates exceeding the standards in Section 2.2 of Schedule 7 (which are the majority of properties in the metropolitan area) would be negatively impacted on the resumption of their service to a level below what they were experiencing prior to the interruption, if on the assumption, the Corporation were to enforce the service standards in Section 2.2 of Schedule 7.

	<ol style="list-style-type: none"> 2. Analysis of the partially executed orders and unassigned complaints indicated that field crew were not properly closing out work orders in accordance to the SAP business rules. 3. The Corporation could not establish when it transitioned to provide 'live data' to the Authority during the audit period. We noted that there was no formal confirmation from the Authority of its acceptance of the 'live data'. Additionally, there was no formal agreement on what constituted the materiality level that the Corporation was required to disclose to the Authority regarding the adjustment of the historical data. We observed an instance (June 2008) where a footnote had been provided in a report advising a change to the historical data, however, the materiality level that had driven the disclosure was unclear.
Cause	<ol style="list-style-type: none"> 1. The Corporation had not engaged with the Authority to seek clarification and guidance on the requirements of the Operating Licence element. 2. Field crew may not have had an adequate understanding of the SAP business rules for entering information into the MCS in relation to interruptions. 3. The Corporation had not formalised an agreement with the Authority over the provision of 'live data' and reach an understanding on the materiality level that requires additional disclosure.
Effect	<ol style="list-style-type: none"> 1. The Corporation could not provide services to the level outlined in Section 2.2 of Schedule 7. 2. The Corporation under reports "Information – Customer Complaints", due to work orders not being properly closed out. 3. A suitable procedural framework could not be developed in the absence of a formal agreement over the provision of 'live data', particularly the extent of the number of periods that the data should be extracted. Additionally, without a materiality level for errors defined, there was no basis for determining when a disclosure to changes of data was required.
Recommendation to the Corporation	
<ol style="list-style-type: none"> 1. No further action required because licence OL6 has removed the reference. However, we note that the Corporation is required to restore levels to at least the minimum standard. This does not prevent the Corporation operationally providing a service between the minimum and maximum levels. 2. Introduce a process for reviewing work orders with PEXE status on a regular basis (semi-annually). 	

3. No further action required because the obligation has transitioned to an annual reporting basis.	
Management Response	
The Corporation agrees with and acknowledges the findings.	
Management Actions	<ol style="list-style-type: none"> 1. Not applicable. 2. The Planning and Scheduling process being developed and implemented will address this issue. 3. The Corporation intends to follow the National Water Initiative reporting process for the provision of information to the Authority.
By Whom	Manager Service Delivery Branch
Date	31 December 2010
Recommendation to the Authority	
Nil.	

Compliance Element	
Water Supply – Leaks and Bursts	
Operating Licence Reference	Schedule 8
Compliance Rating	4
Audit Observations	
Current Controls	<p>The overall responsibility for managing leaks and bursts of water main falls under the Customer Services Division.</p> <p>The Corporation has remote sensors and control devices attached to strategic assets (such as water tanks), which have the capability to monitor their performance. SCADA refers to a system that collects data from various sensors and manages and controls the data. “Alarms” or warnings are set at a predefined level and through telemetry, the Operation Centre is informed when, for example, water level in a tank falls below an acceptable parameter in the event of a major pipe burst.</p> <p>Bursts and leaks are a function of the condition of the Corporation’s assets. Bursts and leaks are caused by a number of factors, these include:</p> <ul style="list-style-type: none"> • Age of the asset (corrosion); • Materials used in the asset; • System operations (cycling of pressure); and • Environmental factors (such as the type of vegetations planted in the area because the roots can damage the asset). <p>To ensure the instances of failure of the Corporation’s assets are minimised, an ACA is conducted regularly with the view of identifying emerging problems. Profiling of regions and areas of known bursts and leaks is also performed to establish a suitable maintenance strategy for the assets. Once asset maintenance is triggered, the Corporation has procedures to undertake the necessary remedial action to mitigate the impact on customers and at the same time ensuring that the performance targets, as set out in the compliance element, are met.</p> <p>To prevent accidental damages to assets, the Corporation supports a dedicated phone number for customers or their contractors to phone (“Dial Before You Dig”) prior to digging into the earth.</p> <p>Customer complaints related to leaks and bursts are captured in Grange. The “functional location” of the problem is recorded in SAP in addition to the customer’s property address that reported the fault. A functional location represents the place at which a maintenance task is to be performed. A work order is generated through SAP to require field crew to</p>



attend the leak and burst complaint. Through the Mobile Computing Systems, the field crew use the PDA to view the work order, attend the scene, remediate the issue and close out the work order via the PDA in accordance with SAP business rules. The work orders are then updated in Grange through SAP R/3.

A Corporate procedure, “Summary of Requirements for Provision of Water and Associated Monitoring Processes”, provides a high level summary of the requirements in the compliance element for leaks and bursts.

“SAP Business Rule No. 9” for feeding back plant maintenance orders provides guidance on how to record information in the PDA using the MCS.

The FMS is the Corporation’s spatial (positioning) database that relates land topography and cadastral information to the Corporation’s asset information. It is also used to provide the total length of water main for the calculation of the performance indicator in the compliance element.

The Financial Management Branch is responsible for collating and reporting to the Authority. However, the overall responsibility for the accuracy and completeness of leaks and bursts data situates with the Service Delivery Branch.

Audit Work Performed

We conducted interviews and enquiries with the Senior Operation Analyst to:

- Understand the control environment by determining the responsibility matrix and key control points;
- Identify the information systems and processes employed to respond to leaks and bursts complaint;
- Obtain the policies and procedures for responding to leaks and bursts complaint; and
- Determine the personnel’s level of understanding of the requirements of the Operating Licence requirements.

We obtained the conceptual overview of the primary Water Corporation systems and the “Accountabilities Framework” to have a synopsis of the systems and processes employed in servicing the requirements of the Operating Licence.

In accordance with our Audit Plan, we obtained the records of the complaints received relating to leaks and bursts during the audit period. On sampling basis, we reviewed when the event was recorded, when the task was performed and closed out.

	To determine data integrity in the information reported to the Authority, we obtained all the complaints relating to leaks and bursts, and recalculated the performance indicators with the data generated from the system.
Issue	
Condition	<ol style="list-style-type: none"> 1. Analysis of the partially executed orders and unassigned complaints indicated that field crew were not properly closing out work orders in accordance to the SAP business rules. 2. The Corporation could not establish when it transitioned to provide 'live data' to the Authority during the audit period. We noted that there was no formal confirmation from the Authority of its acceptance of the 'live data'. Additionally, there was no formal agreement on what constituted the materiality level that the Corporation was required to disclose to the Authority regarding the adjustment to historical data. We observed an instance (June 2008) where a footnote had been provided in a report advising a change to the historical data, however, the materiality level that had driven the disclosure was unclear.
Cause	<ol style="list-style-type: none"> 1. Field crew may not have had an adequate understanding of the SAP business rules for entering information into the MCS in relation to interruptions. 2. The Corporation had not formalised an agreement with the Authority over the provision of 'live data' and reached an understanding on the materiality level that required additional disclosure.
Effect	<ol style="list-style-type: none"> 1. The Corporation under reported "Information – Customer Complaints", due to work orders not being properly closed out. 2. A suitable procedural framework could not be developed in the absence of a formal agreement over the provision of 'live data', particularly the extent of the number of periods that the data should be extracted. Additionally, without a materiality level for errors defined, there was no basis for determining when a disclosure to changes of data was required.
Recommendation to the Corporation	
	<ol style="list-style-type: none"> 1. Introduce a process for reviewing work orders with PEXE status on a regular basis (semi-annually). 2. No further action required because the obligation has transitioned to an annual reporting basis.
Management Response	
	The Corporation agrees with and acknowledges the findings.

Management Actions	<ol style="list-style-type: none"> 1. The planning and scheduling process being developed and implemented will address this issue. 2. The Corporation intends to follow the National Water Initiative reporting process for the provision of information to the Authority
By Whom	Manager Service Delivery Branch
Date	31 December 2010
Recommendation to the Authority	
Nil.	

Compliance Element	
Sewerage System – Overflows on property	
Operating Licence Reference	Schedule 7; Section 6.1 Schedule 8
Compliance Rating	4
Audit Observations	
Current Controls	<p>The overall responsibility for managing wastewater overflows on customers' properties falls under the Customer Services Division.</p> <p>Wastewater overflows are caused by a blockage in the infrastructure, which may be attributed to a number of factors, including:</p> <ul style="list-style-type: none"> • External injections into the system, such as grease deposits and industrial wastes; • Materials used in the asset; and • Environmental factors (such as the type of vegetations planted in the area because the roots can cause a blockage). <p>To ensure the instances of failure of the Corporation's assets are minimised, an ACA is conducted regularly with the view of identifying emerging problems. Profiling of regions and areas of known wastewater overflows is also performed to establish a suitable maintenance strategy for the assets. Once asset maintenance is triggered, the Corporation has procedures to undertake the necessary remedial action to mitigate the impact on customers and at the same time ensuring that the performance targets as set out in the compliance element are met.</p> <p>Additionally, the Corporation has an "Industrial Waste Management System" that proactively monitors and manages the industrial discharges into the system. This is very important to ensure the minimisation of blockages and sewer overflows (both external to the environment and onto the customer's property) and the assets continue to perform at the expected levels.</p> <p>Customer complaints related to wastewater overflows are captured in Grange. A Customer Service Representative advises the customer that the Corporation will attend to the complaint. A work order is generated through SAP to require field crew to attend the wastewater blockage complaint. Service crew is notified by MCS or phone. Service crew attends the property and assesses the issue and determines whether it is the Corporation's responsibility. If not, customer is advised to get a plumber. If it is the Corporation's responsibility and it is severe, then incident management is activated.</p>

	<p>Supervisor calls an insurance assessor who determines the extent of damage due to overflow.</p> <p>Service crew repair the fault and clean up any overflows. The PM Docket is completed, including details of sewer overflows.</p> <p>The Field Crew completes the PM Notification screen in the PDA and closes off the PM Order, assigning the status “REPO” meaning reported. The work orders are then updated in Grange through SAP R/3.</p> <p>A Corporate procedure, “Summary of Requirements for Provision of Water and Associated Monitoring Processes”, provides a high level summary of the requirements in the compliance element for sewerage overflows. Each region has a local work instruction for clearing sewer blockages which is the precursor to sewer overflows.</p> <p>The Financial Management Branch is responsible for collating and reporting to the Authority. However, the overall responsibility for the accuracy and completeness of wastewater overflows data sits with the Service Delivery Branch.</p>
Audit Work Performed	<p>We conducted interviews and enquiries with the Senior Operation Analyst to:</p> <ul style="list-style-type: none"> • Understand the control environment by determining the responsibility matrix and key control points; • Identify the information systems and processes employed to respond to wastewater overflow complaint; • Obtain the policies and procedures for responding to wastewater overflow complaint; and • Determine the personnel’s level of understanding of the requirements of the Operating Licence requirements. <p>We obtained the conceptual overview of the primary Water Corporation systems and the “Accountabilities Framework” to have a synopsis of the systems and processes employed in servicing the requirements of the Operating Licence.</p> <p>In accordance with our Audit Plan, we obtained the records of the complaints received relating to wastewater overflows during the audit period. On a sampling basis, we reviewed when the event was recorded the task was performed and closed out.</p> <p>To determine data integrity in the information reported to the Authority, we obtained all the complaints relating to wastewater overflows and recalculated the performance indicators with the data generated from the system.</p>

Issue	
Condition	<ol style="list-style-type: none"> 1. Analysis of the partially executed orders and unassigned complaints indicated that field crew were not properly closing out work orders in accordance to the SAP business rules. 2. The Corporation could not establish when it transitioned to provide 'live data' to the Authority during the audit period. We noted that there was no formal confirmation from the Authority of its acceptance of the 'live data'. Additionally, there was no formal agreement on what constituted the materiality level that the Corporation was required to disclose to the Authority regarding the adjustment of the historical data. We observed an instance (June 2008) where a footnote had been provided in a report advising a change to the historical data, however, the materiality level that had driven the disclosure was unclear.
Cause	<ol style="list-style-type: none"> 1. Field crew may not have had adequate understanding of the SAP business rules for entering information into the MCS in relation to overflows. 2. The Corporation had not formalised an agreement with the Authority over the provision of 'live data' and reached an understanding on the materiality level which requires additional disclosure.
Effect	<ol style="list-style-type: none"> 1. The Corporation under reported "Information – Customer Complaints", due to work orders not being properly closed out. 2. A suitable procedural framework could not be developed in the absence of a formal agreement over the provision of 'live data', particularly the extent of the number of periods which the data should be extracted. Additionally, without a materiality level for errors defined, there was no basis for determining when a disclosure to changes of data was required.
Recommendation to the Corporation	
	<ol style="list-style-type: none"> 1. Introduce a process for reviewing work orders with PEXE status on a regular basis (semi-annually). 2. No further action required because the obligation has transitioned to an annual reporting basis

Management Response	
The Corporation agrees with and acknowledges the findings.	
Management Actions	<ol style="list-style-type: none"> 1. The Planning and Scheduling Process being developed and implemented will address this issue. 2. The Corporation intends to follow the National Water Initiative reporting process for the provision of information to the Authority.
By Whom	Manager Service Delivery Branch
Date	31 December 2010
Recommendation to the Authority	
Nil.	

Compliance Element	
Sewerage System – Blockages	
Operating Licence Reference	Schedule 8
Compliance Rating	4
Audit Observations	
Current Controls	<p>The overall responsibility for managing wastewater blockages of sewer mains falls under the Customer Services Division.</p> <p>Blockages may be attributed to a number of factors, these include:</p> <ul style="list-style-type: none"> • External injections into the system, such as grease deposits and industrial wastes; • Materials used in the asset; and • Environmental factors (such as the type of vegetations planted in the area because the roots can cause a blockage). <p>To ensure the instances of failure of the Corporation’s assets are minimised, an ACA is conducted regularly with the view of identifying emerging problems. Profiling of regions and areas of known wastewater blockages is also performed to establish a suitable maintenance strategy for the assets. Once asset maintenance is triggered, the Corporation has procedures to undertake the necessary remedial action to mitigate the impact on customers and at the same time ensuring that the performance targets as set out in the compliance element are met.</p> <p>Customer complaints related to wastewater blockages are captured in Grange. The “functional location” of the problem is recorded in SAP in addition to the customer’s property address that reported the fault. A functional location represents the place at which a maintenance task is to be performed. A work order is generated through SAP to require field crew to attend the wastewater blockage complaint. Through the Mobile Computing Systems, the field crew use the PDA to view the work order, attend the scene, remediate the issue and close out the work order via the PDA in accordance with SAP business rules. The work orders are then updated in Grange through SAP R/3.</p> <p>A corporate procedure, “Summary of Requirements for Provision of Water and Associated Monitoring Processes”, provides a high level summary of the requirements in the compliance element for blockages.</p> <p>“SAP Business Rule No. 9” for feeding back plant maintenance orders provides guidance on how to record information in the PDA using the MCS.</p>

	<p>The FMS is the Corporation’s spatial (positioning) database that relates land topography and cadastral information to the Corporation’s asset information. It is also used to provide the total length of sewer main for the calculation of the performance indicator in the compliance element.</p> <p>The Financial Management Branch is responsible for collating and reporting to the Authority. However, the overall responsibility for the accuracy and completeness of wastewater blockages data situates with the Customer Services branch.</p>
Audit Work Performed	<p>We conducted interviews and enquiries with the Senior Operation Analyst to:</p> <ul style="list-style-type: none"> • Understand the control environment by determining the responsibility matrix and key control points; • Identify the information systems and processes employed to respond to wastewater blockage complaint; • Obtain the policies and procedures for responding to wastewater blockage complaint; and • Determine the personnel’s level of understanding of the requirements of the Operating Licence requirements. <p>We obtained the conceptual overview of the Corporation primary systems and the “Accountabilities Framework” to have a synopsis of the systems and processes employed in servicing the requirements of the Operating Licence.</p> <p>In accordance with our Audit Plan, we obtained the records of the complaints received relating to wastewater blockages during the audit period. On sampling basis, we reviewed when the event was recorded, when the task was performed and closed out.</p> <p>To determine data integrity in the information reported to the Authority, we obtained all the complaints relating to wastewater blockages and recalculated the performance indicators with the data generated from the system.</p>

Issue	
Condition	<ol style="list-style-type: none"> 1. Analysis of the partially executed orders and unassigned complaints indicated that field crew were not properly closing out work orders in accordance to the SAP business rules. 2. The Corporation could not establish when it transitioned to provide 'live data' to the Authority during the audit period. We noted that there was no formal confirmation from the Authority of its acceptance of the 'live data'. Additionally, there was no formal agreement on what constituted the materiality level that the Corporation was required to disclose to the Authority regarding the adjustment of the historical data. We observed an instance (June 2008) where a footnote had been provided in a report advising a change to the historical data, however, the materiality level that had driven the disclosure was unclear.
Cause	<ol style="list-style-type: none"> 1. Field crew may not have had adequate understanding of the SAP business rules for entering information into the MCS in relation to blockages. 2. The Corporation had not formalised an agreement with the Authority over the provision of 'live data' and reach an understanding on the materiality level that required additional disclosure.
Effect	<ol style="list-style-type: none"> 1. The Corporation under reported "Information – Customer Complaints", due to work orders not being properly closed out. 2. A suitable procedural framework could not be developed in the absence of a formal agreement over the provision of 'live data', particularly the extent of the number of periods which the data should be extracted. Additionally, without a materiality level for errors defined, there was no basis for determining when a disclosure to changes of data was required.
Recommendation to the Corporation	
	<ol style="list-style-type: none"> 1. Introduce a process for reviewing work orders with PEXE status on a regular basis (semi-annually). 2. No further action required because the obligation has transitioned to an annual reporting basis.

Management Response	
The Corporation agrees with and acknowledges the findings.	
Management Actions	<ol style="list-style-type: none"> 1. The Planning and Scheduling Process being developed and implemented will address this issue. 2. The Corporation intends to follow the National Water Initiative reporting process for the provision of information to the Authority.
By Whom	Manager Service Delivery Branch
Date	31 December 2010
Recommendation to the Authority	
Nil.	

Compliance Element																															
Standards and Requirements – Asset Management																															
Operating Licence Reference	Clause 4.1 and 4.2																														
Compliance Rating	4																														
Audit Observations																															
Current Controls	<p>The Corporation’s Asset Management Division consists of four branches, these are:</p> <ul style="list-style-type: none"> • SAM; • TAM; • OAM; and • Mechanical and Electrical Services. <p>The Asset Management Division has the overall responsibility for ensuring the provision of, and maintenance for the asset management systems.</p> <p>The Corporation utilises a number of systems (refer to Appendix 2 for a system overview) to manage its assets. These systems are identified through the Corporation’s information needs summary:</p> <table border="1"> <thead> <tr> <th>Information Needs</th> <th>Asset Information System</th> <th>Corporation Application</th> </tr> </thead> <tbody> <tr> <td>What are the Corporation’s assets?</td> <td>Asset Register</td> <td>SAP – PM, GIS and FFAR</td> </tr> <tr> <td>Where are they?</td> <td>GIS</td> <td>NetMaps</td> </tr> <tr> <td>What do they costs?</td> <td>Accounting System</td> <td>SAP FI/CO and ABP</td> </tr> <tr> <td>What are the assets doing?</td> <td>Monitoring</td> <td>SCADA/ODSS/PM</td> </tr> <tr> <td>What are the asset conditions?</td> <td>Inspection System</td> <td>ACA</td> </tr> <tr> <td>What risk do they face?</td> <td>Risk Assessment System</td> <td>ARA/SRA</td> </tr> <tr> <td>What should the Corporation do?</td> <td>Reporting and Analysis System</td> <td>BW and PI</td> </tr> <tr> <td>When should the Corporation take action?</td> <td>Maintenance and Planning</td> <td>SAP – PM and CIP</td> </tr> <tr> <td>What has the Corporation done?</td> <td>Maintenance Management System</td> <td>SAP – PM and MCS</td> </tr> </tbody> </table>	Information Needs	Asset Information System	Corporation Application	What are the Corporation’s assets?	Asset Register	SAP – PM, GIS and FFAR	Where are they?	GIS	NetMaps	What do they costs?	Accounting System	SAP FI/CO and ABP	What are the assets doing?	Monitoring	SCADA/ODSS/PM	What are the asset conditions?	Inspection System	ACA	What risk do they face?	Risk Assessment System	ARA/SRA	What should the Corporation do?	Reporting and Analysis System	BW and PI	When should the Corporation take action?	Maintenance and Planning	SAP – PM and CIP	What has the Corporation done?	Maintenance Management System	SAP – PM and MCS
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	<p>The Corporation contracts CSC to provide Information Technology services, such as:</p> <ul style="list-style-type: none"> • Maintenance of the IT infrastructure; • Provide IT and system enhancement services; • Provide technical advice; and • Operate the “back end” servers. <p>CSC is required to provide the level of agreed service, which includes 12 and 24 hour responses, back-up of Corporation data, attention to service requests and development of individual systems in the event of a system failure.</p> <p>The definition of what constitutes an asset and how the asset is to be recorded is contained within the “Assets – Identification – Assets” policy. This policy was tendered as the key reference document for the identification of assets, the policy was dated 1998.</p> <p>The Corporation has a robust framework surrounding disposals and decommissioning of assets. This framework is comprised of a number of policies and procedures, which are outlined within the section titles “Audit Work Performed.”</p> <p>Access to the asset management systems is based on permission controlled. Access is driven by user requirements and the authority granted.</p>
Audit Work Performed	<p>We conducted interviews and enquiries with the Strategic Asset Management Branch of the Asset Management Division to:</p> <ul style="list-style-type: none"> • Understand the control environment by determining the responsibility matrix and key control points; • Identify the information systems and processes employed to manage asset management; • Obtain the policies and procedures for managing asset management systems; and • Determine the level of understanding of the systems and processes for asset management. <p>In our review of the procedures and protocols for managing asset management systems, where applicable, we obtained flowcharts of the processes and assessed the reasonableness of the decision matrix and the adequacy of the control points. Our examination of the asset management indicated that during the audit period the Corporation had the following policies and procedures in place:</p>

- Asset Management – Identification – Assets;
- Asset Details Guidelines – Infrastructure Handover Process;
- Notification, Asset Disposal Form;
- PCY 233 Disposals;
- S087 Disposal Standards, Decommission and Dispose Asset Guidelines;
- IT Disposal Process;
- Decommission and Dispose Assets (Decommission and Disposal Plan);
- Decommission and Dispose Assets Guideline;
- IT Program Maintenance Schedule, PM#1721417-v1-2009_10_Program_Formulation_Draft.XLS;
- AMSER 2006 Post Implementation Plan Status Report as at 21 July 2009;
- CIMS 2008 – 2013: IT Strategy Map;
- Financial performance summary, Information Support Services and Utilities Services, Monthly Management Report;
- Preview – AMPS through SAP Net Weaver Portal; and
- FIS Project Extracts for asset management.

Our testing involved examining the asset management systems. We observed that the asset management system was interactive and enabled data to be extracted from different operating systems through the Net Weaver exploratory tool.

We tested the general access to the asset management systems and observed that appropriate security measures were in place that restricted access to certain applications.

Additionally, we noted that the Corporation’s asset management system was able to provide reports which satisfy the output requirements of the Operating Licence element.

Issue

Condition	In our review of the procedure governing the definition of an asset, we noted that the last review date was 1998. Further, the document makes reference to the Financial Administration Act. This Act has been replaced with the Financial Management Act 2006 and supported by Treasurer’s Instructions.
Cause	Management had not performed a regular review of the “Asset - Identification – Asset” policy.

Effect	The policy was not current for application and use in the recognition and recording of assets.
Recommendation to the Corporation	
That management conduct a review of the “Asset - Identification – Asset” policy as soon as practicable. Thereafter, a review should be performed on an annual basis.	
Management Response	
The Water Corporation agrees with and acknowledges the findings.	
Management Actions	Review of document will be completed.
By Whom	Manager Strategic Asset Management
Date	31 December 2009
Recommendation to the Authority	
Nil.	

Compliance Element	
	Standards and Requirements – Asset Management
Operating Licence Reference	Clause 4.2
Compliance Rating	4
Audit Observations	
Current Controls	<p>Changes to the Asset Management Systems are performed by the Information Services Branch and Asset Management Division, and in turn communicated to the Risk and Assurance Branch.</p> <p>The Risk and Assurance Branch is responsible for notifying the Authority of any significant changes to the Asset Management Systems.</p> <p>A correspondence from the Corporation to the Authority dated 28 October 2004 advised that “... due to the continuously evolving nature of significant changes to the asset management system, the Corporation will endeavour to comply with the notification requirement by providing an update every two years, being the time of each formal AMSER as previously undertaken.”</p> <p>In 2006, the Corporation was granted by the Authority, a 12 month extension to the reporting period, requiring the AMSER to be submitted once every 36 months. The next AMSER is scheduled to take place in 2009. Subsequently, the notification of significant changes to the Authority will coincide with the provision of the AMSER to the Authority.</p>
Audit Work Performed	<p>We conducted interviews and enquiries with the Strategic Asset Management Branch of the Asset Management Division to:</p> <ul style="list-style-type: none"> • Understand the control environment by determining the responsibility matrix and key control points; • Identify the information systems and processes employed to manage reporting of signification changes of the asset management systems; • Obtain the policies and procedures for managing the notification to the Authority of significant changes to the asset management systems; and • Determine the level of understanding of the processes for notifying significant system changes to the Authority. <p>In reviewing the procedures and protocols for notifying the Authority of significant changes to the asset management system, where applicable, we obtained flowcharts of the process and assessed the reasonableness of the decision matrix and the adequacy of the control points.</p> <p>The process of notifying the Authority of significant changes commences in the Asset Management Division. Where significant changes have been identified, the Regulation and Compliance Branch are informed.</p>

	<p>During the audit period a number of changes had occurred to the asset management system. However, there are no criteria or definition for what constitutes a “significant change”.</p> <p>Key personnel responsible for asset management have commenced discussions to define a suitable meaning for significant change with the view of establishing a framework for identifying when a significant change to the asset management system occurs.</p> <p>To assess the extent of compliance with the requirements for notifying the Authority of significant changes to the asset management systems, we obtained the notifications made to the Authority during the audit period and examined the notifications in accordance with the audit procedures contained in our Audit Plan.</p>
Issue	
Condition	<ol style="list-style-type: none"> 1. The Corporation had not retained sufficient records to demonstrate the basis of their advice to the Authority in relation to the notification of significant changes to the asset management system. 2. Our review noted that the notices furnished to the Authority had been provided in accordance with the terms stated in the communication in October 2004, however, given the lack of framework that defines “significant change”, it is not certain that the information provided to the Authority satisfies the intention of the Operating Licence.
Cause	<ol style="list-style-type: none"> 1. The Corporation did not retain adequate records to explain the reasons for the notifications to the Authority. 2. The Authority and the Corporation had not defined what constituted a “significant change”.
Effect	<ol style="list-style-type: none"> 1. The Corporation was unable to substantiate the basis as to why changes notified to the Authority were deemed to be significant. 2. The Corporation either under or over reported significant change events to the Authority.
Recommendation to the Corporation	
<ol style="list-style-type: none"> 1. That appropriate working papers pertaining to the notification of significant changes be retained. 2. Inform the Authority of proposed significant change(s) to the Asset Management System and engage with the Authority whether notification is required. 	

Management Response	
The Water Corporation agrees with and acknowledges the findings.	
Management Actions	<ol style="list-style-type: none"> 1. The working papers developed in preparation for the "Significant Changes to the Asset Management system" for the period of the current Operating Licence will be retained on the appropriate corporate file, as will future working papers. 2. The Corporation will develop criteria for identification of significant changes to its asset management system and notify the Authority of relevant changes as appropriate.
By Whom	Manager Strategic Asset Management
Date	31 December 2009
Recommendation to the Authority	
Engage with the Corporation to determine whether a notification is required when the Authority has been provided with the details of the proposed changes.	

Comment [RJ1]: Require review by Corporation



Appendix 1.3 – Compliance Elements that Do Not Require Further Action



Compliance Element	
Benchmarking and Performance Monitoring Information	
Operating Licence Reference	Clause 3.6 Schedule 6; Sections 3.1, 3.2 and 3.3
Compliance Rating	5
Audit Observations	
Current Controls	<p>The Corporation has established the following policies and procedures to demonstrate compliance with the requirements of the Operating Licence element:</p> <ul style="list-style-type: none"> • The use of Microsoft Excel and various database for reporting, collating and managing data as required in the <i>National Performance Framework</i> and the Operating Licence element; and • The “NPF Benchmarking Flow Diagram 2009” demonstrates procedures for recording data and reporting to the Authority in accordance with the <i>National Performance Framework</i>. <p>The KPIs are set out every year by the National Water Initiative that are incorporated in the <i>National Performance Framework</i> so that a national approach is integrated for the management, measurement, pricing, planning and trading of water.</p> <p>The Risk and Assurance Branch provides the <i>National Performance Framework</i> to the Financial Management Branch to enable them to update the KPI requirements in the Excel spreadsheet. The Excel spreadsheet captures all the KPIs identified in the <i>National Performance Framework</i>.</p> <p>The Excel spreadsheets are sent to regions as identified in the Operating Licence. The regions populate the data in the fields defined by the Financial Management Branch, which are in line with the <i>National Performance Framework</i> KPIs. The data is retrieved from various database sources or SAP BW.</p> <p>A data integrity check is undertaken by the Financial Management Branch once the regions have populated the relevant fields of the KPIs.</p> <p>The data collated and analysed by the Financial Management Branch is checked and reviewed by the regions, Customer Service Division and Water Technologies Division. All acknowledgements of the data revision are conducted through e-mail. Financial Management Branch prepares and finalises the reports and sends them to the Risk and Assurance Branch for review and submission to the Authority by 31 October of each year.</p>

	<p>Financial and non-financial data are prepared for towns with greater than 10,000 connected properties (sewerage schemes and potable water supply schemes marked in asterisk in the Operating Licence element) and forms part of the “National Performance Report”. The Authority submits this data to the Water Services Association of Australia and National Water Commission. Non-financial data is prepared for towns with 1,000 – 10,000 connected properties (the schemes not asterisked in the Operating Licence element) and is submitted to the Authority as “Minor Towns”, which form part of the Authority’s “Water Wastewater and Irrigation Performance Report”</p> <p>To ensure that the Excel spreadsheet reports are submitted in the timeframe stipulated in the Operating Licence element, the Corporation collates the data in mid-August.</p> <p>To improve the quality, accuracy and the integrity of the national reporting data (i.e. data for schemes marked in asterisk), it must be audited every 36 months. The Risk and Assurance Branch have the responsibility for ensuring that the data is audited every 36 months.</p>
Audit Work Performed	<p>We conducted interviews and enquiries with the Financial Management Branch and the Risk and Assurance Branch to:</p> <ul style="list-style-type: none"> • Understand the control environment by determining the responsibility matrix and key control points; • Identify the information systems and processes employed to provide the data set out in the <i>National Performance Framework</i> to the Authority; • Obtain the policies and procedures for managing and reporting the data set out in the <i>National Performance Framework</i>; and • Determine the personnel’s level of understanding of the performance requirements of the Operating Licence. <p>To assess whether the schemes identified in the Operating Licence element were reported and in accordance with the data stipulated in the <i>National Performance Framework</i> we:</p> <ul style="list-style-type: none"> • Obtained the Excel spreadsheets that are used to collate data for the sewerage and potable water supply schemes identified in the Operating Licence element; • Obtained the National Performance Framework for 2007, 2008 and 2009; • Obtained the “National Performance Reports” for 2007 and 2008; • Obtained the Authority’s “Water Wastewater and Irrigation Performance Report” for 2007 and 2008.

Our review of the Excel spreadsheet reports and the *National Performance Framework* indicators for the 2006 / 2007 and 2007 / 2008 financial years indicated that:

- All the required schemes were captured in the Excel spreadsheet reports;
- The required financial and non-financial data were covered in the Excel spreadsheet reports for the sewerage and potable water supply schemes that have greater than 10,000 connected properties (or marked with an asterisk in the Operating Licence element);
- The required non-financial data was covered in the Excel spreadsheet reports for the sewerage and potable water supply schemes with 1,000 – 10,000 connected properties (the schemes not asterisked in the Operating Licence element).

To establish whether the Corporation submitted the Excel spreadsheet reports on 31 October of each year, we reviewed the e-mail correspondence sent to the Authority for 2007 and 2008. Our review indicated that the relevant data was reported to the Authority by 31 October for both years.

We obtained the audit report “National Performance Framework Review” for the 2006 / 2007 financial year, which was undertaken by Deloitte. Our review of the report indicated that there was no material non-compliance.

In the previous audit, a recommendation was made for the Corporation to strengthen its procedures for obtaining confirmation of receipt of the annual benchmarking data from the Authority. Our review of the e-mail correspondence between the Corporation and the Authority demonstrated that this recommendation has been implemented.

Issue	
Condition	Nil.
Cause	N/A
Effect	N/A
Recommendation to the Corporation	
Nil.	
Management Response	
Nil	
Recommendation to the Authority	
Nil.	

Compliance Element	
Drought Response	
Operating Licence Reference	Schedule 7; Section 2.4
Compliance Rating	5
Audit Observations	
Current Controls	<p>The Corporation has established the following systems and processes to demonstrate compliance with the requirements of the Operating Licence element:</p> <ul style="list-style-type: none"> • Development and use of a Corporate Water Restrictions Register pertaining to water restrictions. Access to this file is restricted by user permissions; • The drought response process is governed by Drinking Water Drought Response Work Instruction S010-WI-08; • The Water Efficiency Branch compiles the drought response information and communicates the Corporate Water Restrictions Register and water efficiency measures to key personnel within the Corporation; and • The Financial Management Branch is responsible for collating the information pertaining to drought response and sending the report to the Authority. <p>The Corporations document Drinking Water Drought Response Work Instruction S010-WI-08, identified the following principles and concepts to be followed in respect of Drought Response:</p> <ul style="list-style-type: none"> • Ensure that monitoring occurs over any restrictions that may be imposed due to drought or other reasons; • Reporting requirements to the Minister for Water Resources and the Authority quarterly; • Frequency by which records and notifications are to be produced; • Operating Licence references; • Customer Charter references; • Water Restriction By Laws; • Corporation's stages of restrictions; • Flowchart of imposing and removing water restrictions; and • Audit evidence.

	<p>The principal driver for this work instruction is the mandatory reporting requirement in the Operating Licence. The Corporation is required to notify the Authority on a quarterly basis of any restrictions applied. This Work Instruction defines the process and criteria for reporting and maintaining the Corporate Water Restriction Register by the Corporation Water Efficiency Planner within the Water Efficiency Branch.</p> <p>The Water Efficiency Planner is responsible for monitoring indicators and reporting issues, solutions and best practice to the Process Custodian, Manager Service Delivery.</p> <p>The Corporation’s record entitled “PM#229576v2 –Corporate Register of Water Restrictions” is the Register used to record restriction information, as required by the Operating Licence. This document is retained in a folder that requires authorisation to access.</p>
Audit Work Performed	<p>We conducted interviews and enquiries with the Water Efficiency Branch to:</p> <ul style="list-style-type: none"> • Understand the control environment by determining the responsibility matrix and key control points; • Identify the information systems and processes employed to manage drought response; • Obtain the policies and procedures for managing drought response; and • Determine the level of understanding of the systems and processes used to communicate drought response to the Authority within the prescribed timeframe. <p>In reviewing the procedures and protocols for managing drought response, where applicable, we obtained the flowcharts of the process and assessed the reasonableness of the decision matrix and the adequacy of the control points.</p> <p>To assess the extent of compliance with the requirements of the Operating Licence, we obtained a list of water restrictions for the audit period. Samples of the operating areas subject to the audit were tested during the review process. All appropriate operating areas and relevant information were found to be detailed in the Register.</p> <p>Outcome compliance was based on our assessment of whether the Corporation had notified the Authority on a quarterly basis of any restrictions applied in accordance with the Water Agencies (Water Restrictions) By-laws 1998, as specified in the relevant schedule, as set out in the Operating Licence.</p>

We obtained a sample of quarterly reports that were issued to the Authority. Our review indicated that the Corporation met its reporting obligations in respect of the Operating Licence requirements. The quarterly reports informed the Authority of the relevant scheme or town, region, class, start date and end date for the following schemes that had experienced staged bans during the audit period:

- Halls Creek;
- Denmark;
- Perth, Mandurah, Goldfields and Agricultural Supply;
- Northampton;
- Balingup;
- Boyup Brook;
- Bridgetown;
- Greenbushes;
- Hester;
- Kirup; and
- Mullalyup.

In evaluating the integrity of performance reporting, we reconciled the number of reports provided to the Authority and concluded that those reports contained information pertaining to drought response as required under the Operating Licence.

Issue	
Condition	Nil.
Cause	N/A
Effect	N/A
Recommendation to the Corporation	
Nil.	
Management Response	
Nil	
Recommendation to the Authority	
Nil.	

Compliance Element	
Notification Drinking Water (Farmlands)	
Operating Licence Reference	Schedule 7; Section 4.1 Schedule 8
Compliance Rating	5
Audit Observations	
Current Controls	<p>The Corporation has established the following systems and controls to demonstrate compliance with the Operating Licence element:</p> <ul style="list-style-type: none"> • Development of Grange, a system utilised by the Corporation, which is primarily a revenue and Customer Service Information System. Grange manages all aspects of the Corporation’s customer contact services including billing, accounts, metering, property, applications, debt recovery and cash receipting; • The Grange system maintains the customer’s account details where the customer requires notification. Once the account has been appropriately flagged by selecting a <i>SAWQ</i>, Grange automatically places an alert on the customer’s bill of water quality and actions required to be taken. The information printed on the customer account is, <i>“The water supplied may not comply with drinking water standards. If it is to be used for drinking, you may need to treat it. For further details call 13 13 75”</i>; • Agreement for a Water Supply Service is the template utilised by the Corporation for documenting those services provided by agreement; • Work Instruction S010-WI-17 governs the Corporation’s procedure for ensuring that formal agreements are created where water supplied does not meet the standards in Schedule 7, Section 2 or 4 of the Operating Licence; • Work Instruction Services By Agreement #393265 facilitates the Corporation’s compliance requirement for documenting agreements where water supplied does not meet the standards in Schedule 7, Section 2 or 4 of the Operating Licence; • Work Instruction Process Service by Agreement defines the sequence of actions necessary to process new SBA; • An accountability matrix exists to ensure that all information maintained in Grange is correct. In this regard the Customer Service Officer records the details of the SBA into Grange; • The Regions are required to forward copies of SBA to the Customer Centre for review and recording into Grange;

	<ul style="list-style-type: none"> • The Corporation policies and procedures require a Transfer of Land Act 1893 Section 70A amendment made to the land Certificate of Title for properties subject to a SBA; and • The Corporation engages the use of registered mail for the notification of responsibility to new owners.
Audit Work Performed	<p>We conducted interviews and enquiries with the Customer Services Branch to:</p> <ul style="list-style-type: none"> • Understand the control environment by determining the responsibility matrix and key control points; • Identify the information systems and processes employed to manage farms – water quality; • Obtain the policies and procedures for managing farms – water quality; and • Determine the level of understanding of the systems and processes to provide an annual written notification to farmland customers of water quality. <p>In reviewing the procedures and protocols for managing provision of services within an operating area, where applicable, we obtained flowcharts of the process and assessed the reasonableness of the decision matrix and the adequacy of the control points implemented by the Corporation.</p> <p>To assess the extent of compliance with the requirements in the Operating Licence, we selected a sample from the approximate 4840 farmland service agreements the Corporation had in place during the audit period. Our testing revealed that:</p> <ul style="list-style-type: none"> • All samples contained the notification regarding responsibility of drinking water quality; • The notification was observed on the annual and cyclical bills generated by Grange during the audit period; • All samples were SBAs; and • SBA details were accurately recorded in Grange. <p>To assess the extent of compliance, with the operating requirement to notify new customers, we examined and tested the notification process used to advise new customers. We identified that the Corporation used registered mail, which requires formal acknowledgement by the recipient that a letter from the Corporation had been received. This acknowledgement is then returned to the Corporation by the postal service and the receipt is retained. In the event that registered mail is not received by the intended recipient, it is returned to the Corporation. In</p>

this case, two further attempts are made via registered mail to notify the new customer of their responsibilities and conditions with which water is supplied. Further, the conveyancing and settlement section of the Corporation notifies the settlement agent of the existence of an SBA (where applicable) and the new owners responsibilities during the settlement process.

The Management Review and Audit Branch audited the Corporation's performance under this requirement of the Operating Licence in June 2007 and June 2008. Both audits concluded that for the preceding 12 month period, the Corporation complied with the requirement for 95% of farmland customers to be notified of the condition under which water was supplied.

In evaluating the integrity of performance reporting, we recalculated and reconciled the underlying data of the audits performed by the Management Review and Audit Branch to the reports provided to the Authority.

Issue	
Condition	Nil.
Cause	N/A
Effect	N/A
Recommendation to the Corporation	
Nil.	
Management Response	
Nil	
Recommendation to the Authority	
Nil.	

Compliance Element	
Customer Charter	
Operating Licence Reference	Clause 3.3 Schedule 3
Compliance Rating	5
Audit Observations	
Current Controls	<p>The Corporation has established the following systems and processes to demonstrate compliance with the requirements of this Operating Licence element:</p> <ul style="list-style-type: none"> • Corporation’s policy document “Review and Distribution of the Customer Charter” #392167, identified the following principles in Customer Charter management: <ul style="list-style-type: none"> ○ That the Customer Charter is reviewed and distributed every two years, in accordance with the Operating Licence; ○ Preparation of a project brief; ○ Preparation of a management plan; ○ Consultation with the Authority; ○ Research requirements; ○ Obtain input from stakeholders; ○ Distribution of the revised draft of the charter; ○ Obtain input from the CAC; ○ Circulation of draft for review and quality checks; ○ Obtain relevant endorsements to proceed to next milestone; ○ Submission to the Authority for approval; ○ Arrange printing and distribution of charter; and ○ Instruction pertaining to “prominently display” charter(s) in those parts of the Corporation’s office which have regular access. • The Corporation has a Customer Strategy and Development Plan that identifies the requirement for management of an ongoing program of works to support business with the Customer Centre, including but not limited to the Customer Charter. • AquaDocs is the document and records management system utilised by the Corporation. The Corporation defines what constitutes a “record” in accordance with the State Records Act 2000.

Audit Work Performed

We conducted interviews and enquiries with the Customer Centre Branch to:

- Understand the control environment by determining the responsibility matrix and key control points;
- Identify the information systems and processes employed to manage customer complaints;
- Obtain the policies and procedures for managing customer's complaints;
- Determine employees level of understanding of the systems and processes to resolve the customer's complaint within the prescribed timeframe; and
- The following staff were interviewed with regards to this area of the Operating Licence:
 - Graham Driscoll Team Leader, Customer Centre; and
 - Andrew Pascoe Manager, Regulation and Compliance.

In reviewing the procedures and protocols for managing Customer Charter, where applicable, we obtained flowcharts of the process and assessed the reasonableness of the decision matrix and the adequacy of the control points. The following documents were reviewed as part of this process:

- Customer Charter 2007;
- Government Relations – Reviewing – Operating Licence Customer Charter (full, summary and irrigation charter), File JT1 CS 02138 vol 1;
- Review and Distribution of the Customer Charter # 392167;
- Condition for Connection;
- Draft Customer Charter 2009, we noted changes to the Charter for 2009 included but was not limited to:
 - Debt Recovery Code of Practice removed and replaced with “our Financial Hardship policy...”;
 - Reduction of the complaint resolution period from 21 to 15 days;
 - Inclusion of interpreter services within each applicable element of communication, and a new contact number;
 - Defined the area of responsibility under drainage; and
 - A more customer orientated approach with regards to the explanatory notes of the Customer Charter.
- The communications between the Corporation and the Authority in relation to the Customer Charters;

- The approval letter from the Authority for the Irrigation Services Charter 12 September 2008;
- The approval notice from the Authority of the long form and summary version of the Customer Charter, 11 April 2007;
- Communications between the Corporation and the Authority regarding the Corporation's relating to the review of the Customer Charter 2009; and
- Annual billing briefing summary for services rendered by and independent distributor for the distribution (amongst other items) of the Customer Charter to customers which contained the billing summary and annotation of the number of Customer Charters sent out by batches.

Our review of the April 2009 agenda and minutes identified that the draft customer charter was presented to CAC, an electronic feed back is expected to be provided to the Corporation.

To assess the extent of compliance with the requirements in the Operating Licence, we obtained the project files for the Customer Charters (summary, complete and irrigation) during the audit period and perform testing in accordance with the audit procedures contained in our Audit Plan. We noted that:

- The Corporation presented the Customer Charter to the Authority for approval prior to distribution to customers;
- The Customer Charter was prominently displayed at Leederville, Geraldton, Balcatta and Canningvale regional offices at the time of our visits;
- The Customer Service Charters were readily available upon request at regional offices, at no charge to the customer;
- The Corporation's website contained and enabled the download of the Customer Service Charter, at no cost;
- The Customer Service Charters (summary, full and irrigation) were drafted in plain English; and
- The Customer Service Charter addressed service issues that were reasonably likely to be of concern to the Corporation's customers.

Our examination and testing of the Corporation's management of the Customer Charter concluded that the Corporation has adequate and effective controls in place to demonstrate compliance with the requirement of the Operating Licence.

Issue	
Condition	Nil.
Cause	N/A
Effect	N/A
Recommendation to the Corporation	
Nil.	
Management Response	
Nil	
Recommendation to the Authority	
Nil.	

Compliance Element	
Drinking Water System – Quality	
Operating Licence Reference	Schedule 7; Sections 2.1 and 3 Schedule 8
Compliance Rating	5
Audit Observations	
Current Controls	<p>Deloitte were engaged to undertake a Management Performance Audit of the Water Corporation’s 2009 Drinking Water Quality.</p> <p>Our review of the draft audit report indicated that the audit scope agreed between the Corporation, Deloitte and the Department of Health included the following elements:</p> <ul style="list-style-type: none"> • The “Drinking Water Quality Performance”, S010 manual; • Visits to the Goldfields and Agricultural Region and the Perth Region; • Testing transactions over the period 1 July 2006 to 30 June 2009; • Testing the reliability and integrity of Binding Protocol 2 reporting over the period 1 July 2006 to 30 June 2009; • The computerised WQMS; • The management framework administering: <ul style="list-style-type: none"> ○ S010 “Drinking Water Quality Performance”; ○ The WQMS; and ○ Drinking Water Sampling Procedures, within the Water Corporation DWQB Central Office, the Goldfields and Agricultural Region and the Perth Region; and ○ The implementation of the 2006 Drinking Water Quality management Audit recommendations and any relevant recommendations from the 2006 Operational Audit. <p>Deloitte’s had adopted the following methodology to assess Drinking Water System – Quality:</p> <p><i>Phase 1: Risk Assessment</i></p> <p>This performance audit took into consideration the material and/or high risk components of the Corporation’s drinking water quality management obligations, then focused on and assessed those activities and management control systems in proportion to the materiality and risk relating to the requirements of the MoU and Departmental requirements.</p>

Phase 2: Testing and Analysis

Objective 1

- S010's interpretation and application of Drinking Water Guidelines and the Department's directions
- Regional compliance with S010, Drinking Water Sampling Procedures and Binding Protocols 2, 3 and 4 of the MoU

In conducting their work for Objective 1, Deloitte's procedures were designed to provide limited assurance as defined by ASAE 3500 so that their results and conclusions fairly related to the key aspects of the Corporation's activities during the period of our audit.

In order to establish the extent to which the Corporation demonstrated compliance with the combined requirements of the 1996 and 2004 Drinking Water Guidelines and Departmental directions during the audit period, Deloitte's:

- Confirmed their understanding of and documented the drinking water quality management process as it is designed to comply with S010, Drinking Water Sampling Procedures and Binding Protocols 2, 3 and 4 of the MoU
- examined how this process flows through into performance reporting, particularly in relation to notifiable events
- performed walk-through and sample testing of key drinking water quality management activities and control systems.

Deloitte concluded that:

- Nothing came to their attention to indicate that, in all material respects, S010 (the version dated 9 March 2009) and the Corporation's drinking water quality management processes have not continued to effectively interpret and apply the combined requirements of the 1996 and 2004 Drinking Water Guidelines and Departmental directions.
- Nothing came to their attention to indicate that, in all material respects during the period 1 July 2006 to 30 June 2009, nominated regions did not effectively comply with S010, Drinking Water Sampling Procedures and Binding Protocols 2, 3 and 4 of the MoU.

Objective 2

Adequacy and effectiveness of WQMS.

Deloitte's assessed the adequacy and effectiveness of the WQMS to:

- manage and report on the requirements within S010, Drinking Water Sampling Procedures and Binding Protocols 2, 3 and 4, as appropriate
- enable the Water Corporation to monitor compliance in the regions with these requirements, as appropriate.

Deloitte identified the following results and observations:

Through Deloitte's assessment and testing of WQMS and the key components of the Corporation's drinking water quality management processes as described at Objective 1 above, they observed that during the period 1 July 2006 to 30 June 2009 WQMS appeared to have been effectively applied to enable the Corporation to:

- manage and report on the requirements within S010, Drinking Water Sampling Procedures and Binding Protocols 2, 3 and 4 of the MoU as appropriate
- monitor compliance in the regions with these requirements, as appropriate.

Objective 3

Adequacy and effectiveness of the management framework employed by DWQB.

In assessing the adequacy and effectiveness of the management framework employed by DWQB, Deloitte's considered the relevance of the DWQB's structure, plans, operations and Protocols to the expectations and requirements of the MoU and more broadly, to the 1996 and 2004 Drinking Water Guidelines.

Deloitte's primarily focused on the level of relevant competence displayed by the management and key personnel of the DWQB, Water Production Branch, Perth Region and Goldfields and Agricultural Region.

Deloitte's also specifically assessed whether:

- the water quality management performance has been subjected to continual review
- water quality exceptions are adequately identified and evaluated
- remedial plans are appropriate and timely
- communication between the DWQB and the Department is adequate.

Deloitte's identified the following results and observations:

Deloitte's, through observation and discussion with key staff, they observed that:

- results requiring notification to the Department are also notified to responsible line managers, including General Managers, Regional/Branch Managers and Service Delivery Managers via the WQMS email notification system
- the Corporation and the Department communicate on a regular basis.

Deloitte's were also aware of the number of projects, studies and initiatives in place to continue to enhance the Corporation's water quality management efforts, including:

- ongoing commitment to the implementation and effective management of water schemes using Water Safety Plans
- use of the AQUALITY review tool to ensure compliance with the 12 elements of the 2004 Australian Drinking Water Guidelines. We note that the most recent AQUALITY audit reported a number of potential improvements to the Corporation's framework, which the Corporation is currently considering to determine how they fit into existing plans and strategies for continuously improving drinking water quality
- use of "lessons learnt" briefing notes and brochures from incidents and exercises
- a comprehensive customer complaints process (which also monitors aesthetic water quality)
- use of governance reports to monitor compliance
- implementation of source protection strategies.

In summary, through Deloitte's assessment of DWQB's structure, plans, operations, communication and Protocols as described above, Deloitte's observed that during the period 1 July 2006 to 30 June 2009, DWQB appears to have employed a management framework that adequately and effectively provides for:

- the Corporation's water quality management performance to be subjected to continual review
- water quality exceptions to be identified and evaluated
- remedial plans to be appropriate and timely
- relevant and timely communication between the DWQB and the Department.

	<p>Objective 4</p> <p>Follow up of previous audit recommendations</p> <p>For the one recommendation from the 2006 audit, Deloitte’s assessed the relevance and significance to the objectives of this audit and where appropriate, considered further progress made in closing out the recommendation.</p> <p>Deloitte’s findings for the implementation of the previous audit recommendations found that:</p> <p>The one recommendation from the 2006 audit has now been effectively closed out as described below.</p> <p>A Traccess database was used during the period subject to the 2006 audit. SAP TEMS is now employed, which has automated controls to ensure that only samplers with current employee numbers will be listed as approved samplers. In the coming months, an updated Traccess database is expected to be re-implemented, providing more functionality than the older version, and addressing the previous audit recommendation.</p>
Audit Work Performed	We have placed reliance on Deloitte’s audit opinion. We considered the scope, objective, methodology to be appropriate for addressing the operational audit of the compliance element.
Issue	
Condition	Nil.
Cause	N/A
Effect	N/A
Recommendation to the Corporation	
Nil.	
Management Response	
Nil	
Recommendation to the Authority	
Nil.	

Compliance Element	
Drainage – Urban Drainage	
Operating Licence Reference	Schedule 7; Sections 7.2, 7.4, 7.5, 7.6 and 7.7 Schedule 8
Compliance Rating	5
Audit Observations	
Current Controls	<p>The Corporation has established the following processes to demonstrate compliance with the requirements of the Operating Licence element:</p> <ul style="list-style-type: none"> • Annual audit, by an independent expert, for the operational licence requirement of drainage design standards; and • Membership to the Authority who are responsible for the ARR. Membership ensures information development relating to the ARR is received by the Corporation to enable due regard to be considered. • The Corporation’s policy document entitled Urban Main Drainage Manual, identifies the following principles and concepts: <ul style="list-style-type: none"> ○ Sets out the requirements for the design, creation of assets that constitutes the Corporation’s urban main drainage systems; ○ Integrates the concepts of Total Water Management; ○ Water Sensitive Design and related best management practices; ○ Manual is based on the recommendations of the ARR; ○ Experience gained from operations; ○ Ongoing review and development of the manual itself; ○ Strategic planning and conceptual designing; ○ Asset Creation; ○ Design and drawing criteria; and ○ Drawings. • Specific monitoring at identified drainage points; • Drainage scheme reviews (capacity) based on theoretical design information; • Work Instructions WW3116 detailing in site observations and field observation recordings. The responsibilities and activities used to collect sample data and related information; • Procedure – Rural Drainage – Response to flood events identifies the monitoring requirement for inundation of land abutting rural drainage for a period greater than 72 hours; • Flood Register and Drainage Design Register, a record of flooding events and its causes;

- Procedure PM-#345741-v8A-Planning_Process_Manual requiring relevant personnel are required to be identified during the planning and management of drainage infrastructure assets which are to be constructed;

This manual provides guidance throughout the planning process and the interaction with key stakeholders. The planning process manual describes how the planning process is to be undertaken, including communication with respective parties and planning workshops. The end product is a scheme review document which describes in detail the expectations of the drainage under review;

- The record entitled “PM-#393772-v2-Infrastructure_Planning_Branch_Management_System_Map” provides procedures for communicating the Corporation’s broad assessment findings of the behaviour of the combined major minor system under major event conditions to Local Authorities;
- IPB Scheme Review is the procedure used for identifying whether the Local Authorities have been advised of the Corporation’s broad assessment findings;
- Connecting to Main Drains # 365267 defines the responsibilities and methodology for ensuring new drainage connections comply with planning and design standards;
- Connection to – or – extraction from main drain action sheet;
- Processing requests for drainage works designed and constructed by private contract which provides for application and processing of an application from a private contractor, including the inspection process; and
- The application process requires the applicant to address the identified criteria prior to the Corporation’s acceptance, regardless of applicant profile. All submissions are required to be endorsed by the Senior Network Expansion Officer.

The Corporation used the following information systems to demonstrate compliance with the requirements of the Operating Licence element:

- SAP is the online business software and is an integrated business system designed to manage volumes of business that is conducted on a daily basis;
- SAP – Financial Fixed Asset Register is a component within SAP that records Corporation’s assets;
- GIS is the primary mapping system used by the Corporation to plot and record its assets geographically;
- ODSS, being a system that combines Crystal, Excel, Word and Oracle through the uses of Visual Basic software;

- Lite Spatial is a digital mapping tool used to provide medium resolution political mapping with the ability to perform city level place name searches. Lite Spatial has the ability to provide general mapping reference, global geo-coding by place name and ground truths;
- FMS is the Corporation's spatial (positioning) database that relates to land topography and cadastral information of the Corporation's assets;
- Net Maps is a digital mapping tool used by the Corporation. This is a user application that sources data from FMS;
- Riverbank is a system used to record monitoring information of drainage infrastructure. All monitoring data is recorded against scheme review. Field crew record data on their respective worksheets and surrender the data to the Field Operation's team leader. The Field Operations Team Leader loads the data into Riverbank and the worksheets are archived;
- Grange is the system utilised by the Corporation that is primarily a revenue and customer service information system that manages all aspects of the Corporation's customer contacts;
- FLER records asset details including asset build date and elements that make up that asset. This system enables efficient identification of drainage infrastructure; and
- SAP – FFAR is the financial fixed asset register which records the drainage infrastructure purchase date and costings. This system retains the date upon which assets were acquired.

Audit Work Performed

We conducted interviews and enquiries with the Corporation's staff to:

- Understand the control environment by determining the responsibility matrix and key control points;
- Identify the information systems and processes employed to manage operating areas;
- Obtain the policies and procedures for managing operating areas; and
- Determine the level of understanding of the systems and processes for managing operating areas.

In reviewing the procedures and protocols for managing urban drainage requirements of the Operating Licence, where applicable, we obtained flowcharts of the process and assessed the reasonableness of the decision matrix and the adequacy of the control points implemented by the Corporation.

A desktop audit was performed by Deloitte to determine whether the Corporation demonstrated compliance with the drainage design standard as specified by Schedule 7, Section 7.2 and Schedule 8 of the Operating Licence for the 2007, 2008 and 2009 auditing periods.

We have relied on Deloitte's audit and considered the scope, objective, methodology to be appropriate for the performance audit of the compliance element. Deloitte concluded that the Water Corporation had demonstrated compliance with the drainage design standard specified by Schedule 7, Section 7.2 and Schedule 8 "Drainage Services" of the respective versions of the Operating Licence.

The Corporation's Urban Main Drainage Manual outlines the requirements for the design and creation of the urban main drainage infrastructure. The Manual is based on the recommendations of the ARR on urban drainage design. This manual is circulated to the Corporation's planning and design staff to ensure that reference is made to Institute of Engineers, Australia and the ARR publication for drainage and design. Further, our review confirmed that estimations and design concepts identified by the ARR have been built into elements of the Corporation's urban drainage design software.

Prior to 1 January 1996, drainage infrastructure was constructed to various levels of service standards. The Corporation is not required to upgrade any infrastructure existing as at 1 January 1996 to meet the standards as specified within Schedule 7, Section 7.2 of Operating Licence 32 version 48. Through our discussions, we identified that the Corporation monitored all flooding and drainage issues regardless of the infrastructure build date.

To assess the extent of compliance with the requirements in the Operating Licence, we obtained the Flood Register and Drainage Register during the audit period and performed testing in accordance with the audit procedures contained in our Audit Plan. Examination of the Flood Register and Drainage Register identified that there were no recorded instances of flooding or drainage resulting from under capacity of infrastructure. The last recorded flood event was 2004.

Where a requirement for monitoring has been identified the Infrastructure and Planning Branch communicates the requirement to the Asset Management team.

The Asset Management team relays the monitoring requirements to the Field Operations team. The Field Operations team monitors and records the data over the period specified and present the IPB with the findings. The IPB use the information gained from monitoring to assist and assess the design effectiveness of drainage.

Our analysis of the FLER noted that it is able to identify drainage infrastructure, location, class, start date (construction), manufacturer data and characteristics. The drainage infrastructure was referenced to Net Maps, this provided an urban view of the asset.

Examinations of new drainage design projects, recorded in the Drainage Design Register during the audit period, were supported by appropriate certification of design compliance.

The Corporation informs Local Authorities of their responsibilities for managing major elements of the relevant system or infrastructure in instances where there is a change in the predicted response of a drainage scheme for a major storm event and 100-year flow paths of flood water.

Our examination of applications for drainage connections identified the Corporation approved and accepted drainage from Local Government works.

During the planning phase of the Corporation's scheme review of its existing drainage schemes, provision is made for relevant local authorities to be formally advised of the Corporation's review conclusions in relation to the Local Authorities responsibilities for managing the major elements of the relevant system infrastructure.

Through discussion with the Asset Management staff, it was noted that during the audit period approximately 30 reviews consisting of capacity, upgrade and conversion were either ongoing or had been completed. We tested a sample of scheme reviews and confirmed the requirement for notifying Local Authorities of their responsibilities for managing the major elements of the relevant system infrastructure was appropriately maintained.

Our examination and testing of the Corporation's management of the urban drainage concluded that there are adequate and effective controls in place to demonstrate compliance with respect to the requirement of the Operating Licence.

Issue	
Condition	Nil.
Cause	N/A
Effect	N/A
Recommendation to the Corporation	
Nil.	
Management Response	
Nil.	
Recommendation to the Authority	
Nil.	

Compliance Element	
Other Drainage	
Operating Licence Reference	Schedule 7; Sections 7.8 and 7.9
Compliance Rating	5
Audit Observations	
Current Controls	<p>The Corporation has established the following control documents and processes to demonstrate compliance with the requirements of this Operating Licence element:</p> <ul style="list-style-type: none"> • Procedure – Rural Drainage – Response to flood events - identifies the monitoring requirement for inundation of land abutting rural drainage for a period greater than 72 hours and the response action as per incident management process; • Development of a Flood Register and Drainage Design Register that records floods that have occurred and the related cause of flooding. • The Corporation’s policy document entitled Drainage Maintenance Standards, identifies the following principles and concepts; <ul style="list-style-type: none"> ○ Preventative maintenance – Condition Based; ○ Preventative maintenance – Time based; ○ Corrective Maintenance; ○ Maintenance standards; and ○ Generic work instructions. • The Corporation’s policy document entitled State Wide Planning Program, identifies the following principles and concepts; <ul style="list-style-type: none"> ○ State Wide Planning Program; ○ Technical advice program; ○ Work planning; and ○ Tracking of progress. • The Corporation’s policy document entitled PCY239 Rural Drainage, identifies the following principles and concepts: <ul style="list-style-type: none"> ○ All new rural drainage to be registers in the Corporation’s Financial Fixed Asset Register; ○ Community service obligation; ○ Drains; ○ Bridges and crossings; ○ Structures; ○ General; and ○ Gazetted Roadways.

The systems used by the Corporation to demonstrate its compliance with the requirements of the Operating Licence element are:

- SAP is the online business software and is an integrated business system designed to manage volumes of business that is conducted on a daily basis, this system is used for generating, facilitating and closing out of work orders;
- SAP – FFAR is a component within SAP that records Corporation’s assets;
- GIS is the primary mapping system used by the Corporation to plot and record its assets geographically;
- Lite Spatial is a digital mapping tool used to provide medium resolution political mapping with the ability to perform city level place name searches. Lite Spatial has the ability to provide general mapping reference, global geo-coding by place name and ground truths;
- Net Maps is a digital mapping tool used by the Corporation that sources data from FMS;
- FMS is the Corporation’s spatial (positioning) database that relates to land topography and cadastral information of the Corporation’s assets;
- Riverbank is used to capture monitoring information of drainage infrastructure;
- Grange is the system utilised by the Corporation that is primarily a revenue and customer service information system that manages all aspects of the Corporation’s customer contacts. Grange records the nature of the complaint, in this instance, experiences of inundation of land abutting rural drainage for a period greater than 72 hours; and
- FLER records asset details including asset build date and elements that make up the asset.

In the instance that a weather alert has been identified by the Bureau of Meteorology, rural regional offices implement live monitoring processes by alerting on call staff and having physical patrols conducted of the identified areas. This action is instigated by the Regional Business Manager, who assesses operational needs and personnel safety. Further, informal communication is maintained between the customers of the Corporation and the regional rural office to identify any issues with relation to experiences of flooding and inundation.

Audit Work Performed

We conducted interviews and enquiries with the Infrastructure Planning and Infrastructure Design Branch staff to:

- Understand the control environment by determining the responsibility matrix and key control points;

- Identify the information systems and processes employed to manage operating areas;
- Obtain the policies and procedures for managing operating areas; and
- Determine the level of understanding of the systems and processes for managing operating areas.

In reviewing the procedures and protocols for managing rural drainage requirements of the Operating Licence, where applicable, we obtained flowcharts of the processes and assessed the reasonableness of the decision matrix and the adequacy of the control points implemented by the Corporation.

To assess the extent of compliance with the requirements in the Operating Licence, we made enquiries, through Grange, for complaints pertaining to inundation of land abutting rural drainage for a period greater than 72 hours. There were no incidences of inundation reported during audit period.

Outcome compliance is based on our assessment of whether the Corporation has met the performance actions, as specified in the relevant schedule, as set out in the Operating Licence. Operating Licence number 47 saw the removal of Buyanyup Drain, Vasse and Wonnerup floodgates, Capel River Levees and Serpentine River Levees from the flood protection works. During the audit period, Infrastructure and Planning Branch was engaged in a project for flood protection works of the Vasse River Diversion. Our discussions identified that the work was a necessary extension due to the increased urbanisation within the rural region.

Our examination and testing of the Corporation's monitoring and management of the rural drainage and flood works concluded that adequate and effective controls in place to demonstrate compliance with respect to this requirement of the Operating Licence.

Issue	
Condition	Nil.
Cause	N/A
Effect	N/A

Recommendation to the Corporation
Nil.
Management Response
Nil
Recommendation to the Authority
Nil.

Compliance Element	
Services Provided By Agreement	
Operating Licence Reference	Schedule 7; Sections 8.1 and 8.2 Schedule 8
Compliance Rating	5
Audit Observations	
Current Controls	<p>The Corporation has established the following systems and processes to demonstrate compliance with the requirements of the Operating Licence element:</p> <ul style="list-style-type: none"> • Development of Grange, a system utilised by the Corporation, which is primarily a revenue and Customer Service Information System. Grange manages all aspects of the Corporation’s customer contact services including billing, accounts, metering, property, applications, debt recovery and cash receipting; • The Grange system maintains customers account details where the customer requires notification that water supplied does not conform to the water quality standards and they are responsible to treat the water if it is to be used for human consumption. Once the account has been appropriately flagged by selecting a <i>SAWQ</i>, Grange automatically places an alert on the customer’s bill of water quality and actions required to be taken. The information printed on the customer account is, <i>“The water supplied may not comply with drinking water standards. If it is to be used for drinking, you may need to treat it. For further details call 13 13 75”</i>; • Work Instruction S010-WI-17 governs the Corporation’s procedure for ensuring that formal agreements are created where water supplied does not meet the standards in Schedule 7, Section 2 or 4 of the Operating Licence; • Work Instruction Services By Agreement #393265 facilitates the Corporation’s compliance requirement for documenting agreements where water supplied does not meet the standards in Schedule 7, Section 2 or 4 of the Operating Licence. This document identifies the following principles and concepts: <ul style="list-style-type: none"> ○ Definitions; ○ Responsibilities; ○ Work procedures; ○ Standard Services; ○ Farmlands; ○ Non potable supplies; ○ Major Consumers;

	<ul style="list-style-type: none"> ○ Transfer of Land Act 1893 Section 70A; ○ Method of Calculation; ○ Monitoring; ○ Recording; and ○ Checklist. <ul style="list-style-type: none"> • Work Instruction “Process Service by Agreement” defines the sequence of actions necessary to process new SBA’s; • Agreement for a Water Supply Service is the Corporate template used for documenting those services provided by agreement; • Documents are held within the AquaDocs. Many of the older Agreements are held physically at the offices of the Customer Service Centre. Failing this, copies of agreements are maintained at the Regional Offices of the Water Corporation; • The Corporation performs an annual review of consumption against the terms within the SBAs, to determine whether the correct entitlement has been drawn down and analysis of consumption per day to determine applicable flow rates; • An accountability matrix exists to ensure that all information maintained in Grange is correct. In this regard the Customer Service Officer records the details of the SBA into Grange; and • The Corporation policies and procedures requires a Section 70A of the Transfer of Land Act 1893, amendment noted on the land Certificate of Title for properties subject to a SBA.
<p>Audit Work Performed</p>	<p>We conducted interviews and enquiries with the Customer Services Branch and Competitive Pricing to:</p> <ul style="list-style-type: none"> • Understand the SBA control environment by determining the responsibility matrix and key control points; • Identify the information systems and processes employed to manage SBAs; • Obtain the policies and procedures for managing SBAs. <p>To assess the extent of compliance with the requirements in the Operating Licence, we tested a sampled of accounts from the approximate 9200 service agreements the Corporation had in place during the audit period. Our testing revealed that:</p> <ul style="list-style-type: none"> • There were 1139 SBA accounts. Our sample testing of these accounts indicated that all new owners were notified of the conditions of supply; • 370 water supply services provided by agreement were added. Our sample testing of these accounts established that a signed agreement was in place, which reflected variations in the water quality, pressure flow or

continuity, as agreed. The test sample was cross referenced with Grange and the variations were found to be correctly recorded; and

- All test samples consisted of SBAs.

In the instance of new customers or owners, where it was expected that an SBA was required however if a new SBA was not entered into, the Corporation by default appropriately reverted to providing the service as if an SBA had existed.

In reviewing the procedures and protocols for managing SBA, where applicable, we obtained flowcharts of the process and assessed the reasonableness of the decision matrix and the adequacy of the control points implemented.

In June 2007 and 2008, the Management Review and Audit Branch audited the Corporation's performance in relation to these requirements of the Operating Licence. Both the audits concluded that for the preceding 12 months, for each auditable period that:

- *90% of services, newly added to the scheme and provided by agreement, had been documented; and*
- *95% of customers, that had SBA or farmlands with varying water quality services, were notified of the conditions under which water was supplied.*

In evaluating the integrity of performance reporting, we recalculated and reconciled the underlying data of the audits performed by the Management Review and Audit Branch to the reports provided to the Authority and concluded that the Corporation has met the requirements under the Operating Licence.

Our examination and testing of the Corporation's management of the Services By Agreement concluded that the Corporation had adequate and effective controls in place to demonstrate compliance with respect to this requirement of the Operating Licence.

Issue	
Condition	Nil.
Cause	N/A
Effect	N/A
Recommendation to the Corporation	
Nil.	

Management Response
Nil
Recommendation to the Authority
Nil.



Compliance Element	
Services Provided By Agreement – Major Customers	
Operating Licence Reference	Schedule 7 Section 8.3
Compliance Rating	5
Audit Observations	
Current Controls	<p>The Corporation has established the following systems and processes to demonstrate compliance with the requirements of the Operating Licence element:</p> <ul style="list-style-type: none"> • Development of Grange, a system utilised by the Corporation, which is primarily a revenue and Customer Service Information System. Grange manages all aspects of the Corporation’s customer contact services including billing, accounts, metering, property, applications, debt recovery and cash receipting; • The Grange system maintains customer’s account details and in the instances where the customer requires notification of water quality. Once the account has been appropriately flagged, by selecting a <i>SAWQ</i>, Grange automatically places an alert on the customer’s bill of water quality and actions required to be taken. The information printed on the customer account is, <i>“The water supplied may not comply with drinking water standards. If it is to be used for drinking, you may need to treat it. For further details call 13 13 75”</i>; • Work Instruction S010-WI-17 governs the Corporation’s procedure for ensuring that formal agreements are created where water supplied does not meet the standards in Schedule 7, Section 2 or 4 of the Operating Licence; • Work Instructions Services By Agreement #393265 facilitates the Corporation’s compliance requirement for documenting agreements, where water supplied does not meet the standards in Schedule 7, Section 2 or 4 of the Operating Licence. This document identifies the following principles and concepts: <ul style="list-style-type: none"> ○ Definitions; ○ Responsibilities; ○ Work procedures; ○ Standard Services; ○ Farmlands; ○ Non potable supplies; ○ Major Consumers; ○ Section 70A notifications; ○ Method of Calculation;

	<ul style="list-style-type: none"> ○ Monitoring; ○ Recording; and ○ Checklist. <ul style="list-style-type: none"> ● Work Instruction “Process Service by Agreement” defines the sequence of actions necessary to process new Service By Agreements; ● “Agreement for a Water Supply Service” is the Corporate template used for documenting those services provided by agreement; ● Policy PCY 222 “Land Servicing Policy” Section A9 provides for the major customer Grange codes and agreement types to be used; ● Policy PCY 041 “Negotiating Agreements with Major Customers in Country Areas” provides for special negotiations between the Corporation and water supply customers in country operating areas for standard services which are not based on By-law charges. This document identifies the following principles and concepts: <ul style="list-style-type: none"> ○ Description of the circumstances for why certain customers are given particular consideration; ○ Purpose of negotiating such agreements such as cost recovery, payment timing and consideration of pricing signals; and ○ Scope of the policy as being for either major consumer (as defined within section A9.2 of PCY 222), or mining / industrial consumers using less than 50 kilolitres per day. ● On occasions where the Corporation wishes to enter into an agreement with a customer for a service to be provided under the major consumer policy, which in the reasonable opinion of the Corporation is inconsistent with the provisions of the Operating Licence, the Corporation is required to make an application to the Authority; ● Segregation of duties existed between the Corporation’s contract negotiator and Competitive Pricing Branch; and ● The Corporation maintains a financial authorisation matrix for its delegates to apply in respect of this licence condition.
Audit Work Performed	<p>We conducted interviews and enquiries with the Commercial Pricing to:</p> <ul style="list-style-type: none"> ● Understand the control environment by determining the responsibility matrix and key control points; ● Identify the information systems and processes employed to manage services by agreement – major consumers; and ● Obtain the policies and procedures for managing services by agreement – major consumers. <p>To assess the extent of compliance with the requirements in the Operating Licence, we tested a sample of accounts from the approximate 54 major service agreements the Corporation had entered into during the audit</p>

period. Our testing revealed that:

- The major consumers agreements were signed by both the Corporation and the customer and contained the contractual clauses approved by the Authority; and
- The Corporation was not required to and did not make any applications for approval of an agreement for provisions that were inconsistent with the provision in the Operating Licence during the audit period.

Our review identified that the major consumer agreements were negotiated at the Regional Offices and the context of the agreement was forwarded to the Commercial Pricing.

We noted that major consumer agreements were signed by the Corporation’s authorised delegate.

In reviewing the procedures and protocols for managing Services By Agreement – Major Consumers, where applicable, we obtained flowcharts of the process and assessed the reasonableness of the decision matrix and the adequacy of the control points implemented.

Our examination and testing of the Corporation’s management of the major consumers concluded that the Corporation had adequate and effective controls in place to demonstrate compliance with respect to this requirement of the Operating Licence.

Issue	
Condition	Nil.
Cause	N/A
Effect	N/A
Recommendation to the Corporation	
Nil.	
Management Response	
Nil	
Recommendation to the Authority	
Nil.	

Compliance Element	
Non-Potable Services	
Operating Licence Reference	Clause 2.3 Schedule 7; Section 8.4
Compliance Rating	5
Audit Observations	
Current Controls	<p>The Corporation has established the following systems and processes to demonstrate compliance with the requirements of the Operating Licence element:</p> <ul style="list-style-type: none"> • Development of Grange, a system utilised by the Corporation, which is primarily a revenue and Customer Service Information System. Grange manages all aspects of the Corporation’s customer contact services including billing, accounts, metering, property, applications, debt recovery and cash receipting. In this regard Grange is used to record the terms of the supply agreement and the notification requirement; • Grange system maintains customer’s account details where the customer requires notification. Once the account has been appropriately flagged, by selecting a “<i>SAWQ and SPNP</i>”, Grange automatically places an alert on the customer’s bill of water quality and actions required to be taken. The information printed on the customer account is, “<i>Quality of water supplied will not meet Drinking Water System Standard and must not be used for Human consumption</i>”; • The <i>SAWQ</i> account identifier is the annual notification driver (business rule) within Grange; • Work Instruction S010-WI-17 governs the Corporation’s procedure for ensuring that formal agreements are created where water supplied does not meet the standards in Schedule 7, Section 2 or 4 of the Operating Licence; • Review performed by Customer Service Officer at the Customer Centre for those agreements received from the regions; • Work Instruction Services By Agreement #393265 facilitates the Corporation’s compliance requirement for documenting agreements where water supplied does not meet the standards in Schedule 7, Section 2 or 4 of the Operating Licence. This document identifies the following principles and concepts: <ul style="list-style-type: none"> ○ Definitions; ○ Responsibilities; ○ Work procedures; ○ Standard Services;

	<ul style="list-style-type: none"> ○ Farmlands; ○ Non potable supplies; ○ Major Consumers; ○ Section 70A notifications; ○ Method of Calculation; ○ Monitoring; ○ Recording; and ○ Checklist. <ul style="list-style-type: none"> ● Work Instruction Process Service by Agreement defines the sequence of actions necessary to process new Service By Agreements; ● Agreement for a Water Supply Service is the Corporate template used for documenting those services provided by agreement; ● Where there is a request for water services that does meet the water quality as set out within the Operating Licence, the Corporation provides the supply under an agreement; ● Upon receipt of water service application, the Customer Service Officer examines the area for which the account is to be established and identifies the supply. In the instance that supply is identified to be non potable the Corporation advises the applicant of the ability to supply under an agreement which set outs the quality, pressure, flow or continuity and price as agreed between the Corporation and the Customer; and ● Lite Spatial is a mapping tool used by the staff for the identification of infrastructure and assets. Staff are provided training to enable interpretation of the information presented on Lite Spatial. This knowledge allows the staff member to readily identify an asset and what the expected water quality from that asset.
<p>Audit Work Performed</p>	<p>We conducted interviews and enquiries with the Customer Service Branch and Commercial Pricing to:</p> <ul style="list-style-type: none"> ● Understand the control environment by determining the responsibility matrix and key control points; ● Identify the information systems and processes employed to manage supply of non potable water; and ● Obtain the policies and procedures for managing supply of non potable water. <p>To assess the extent of compliance with the requirements in the Operating Licence, we tested a sample of accounts from the approximate 283 non potable supply agreements the Corporation had entered into during the audit period. In this regard, our testing revealed that:</p>

- The test sample of Service By Agreements, which were signed by both the Corporation and customer, the agreement clearly identified water supply was non potable;
- In a sample of customer accounts, where the Corporation was notified of a change of ownership, the new owner/consumer was sent a letter detailing the non-standard conditions of the water supply service and full details of condition for which supply has been provided; and
- The Corporation had appropriately sought acceptance from the new owner/consumer of the conditions of water supply.

We examined the contents of sampled customer accounts within Grange. We noted that where applicable, both *SAWQ* and *SPNP* had been selected on the account. Examination of the customers accounts identified a notification “*Quality of water supplied will not meet Drinking Water System Standards and must not be used for Human Consumption*”.

Further, there were notes in Grange detailing the condition(s) of supply and the existence of agreements for the supply of non potable water.

We observed that copies of the SBA were held at the Balcatta Customer Centre. The Service By Agreements were signed by an authorised representative of the Corporation and the customer. The agreements clearly state the condition of supply.

We verified the agreements against the customer account in Grange and found the information to be complete. Appropriate notations were captured against each account and the information reflected the conditions of agreement.

We tested a sample of Transfer of Land Act 1893 Section 70A notifications and found that the nature of supply had been identified on the Certificate of Title.

In reviewing the procedures and protocols for managing supply of non potable water, where applicable, we obtained flowcharts of the process and assessed the reasonableness of the decision matrix and the adequacy of the control points implemented by the Corporation.

Our examination and testing of the Corporation’s management of the major consumers concluded that the Corporation had adequate and effective controls in place to demonstrate compliance with respect to this requirement of the Operating Licence.

Issue	
Condition	Nil.
Cause	N/A
Effect	N/A
Recommendation to the Corporation	
Nil.	
Management Response	
Nil	
Recommendation to the Authority	
Nil.	

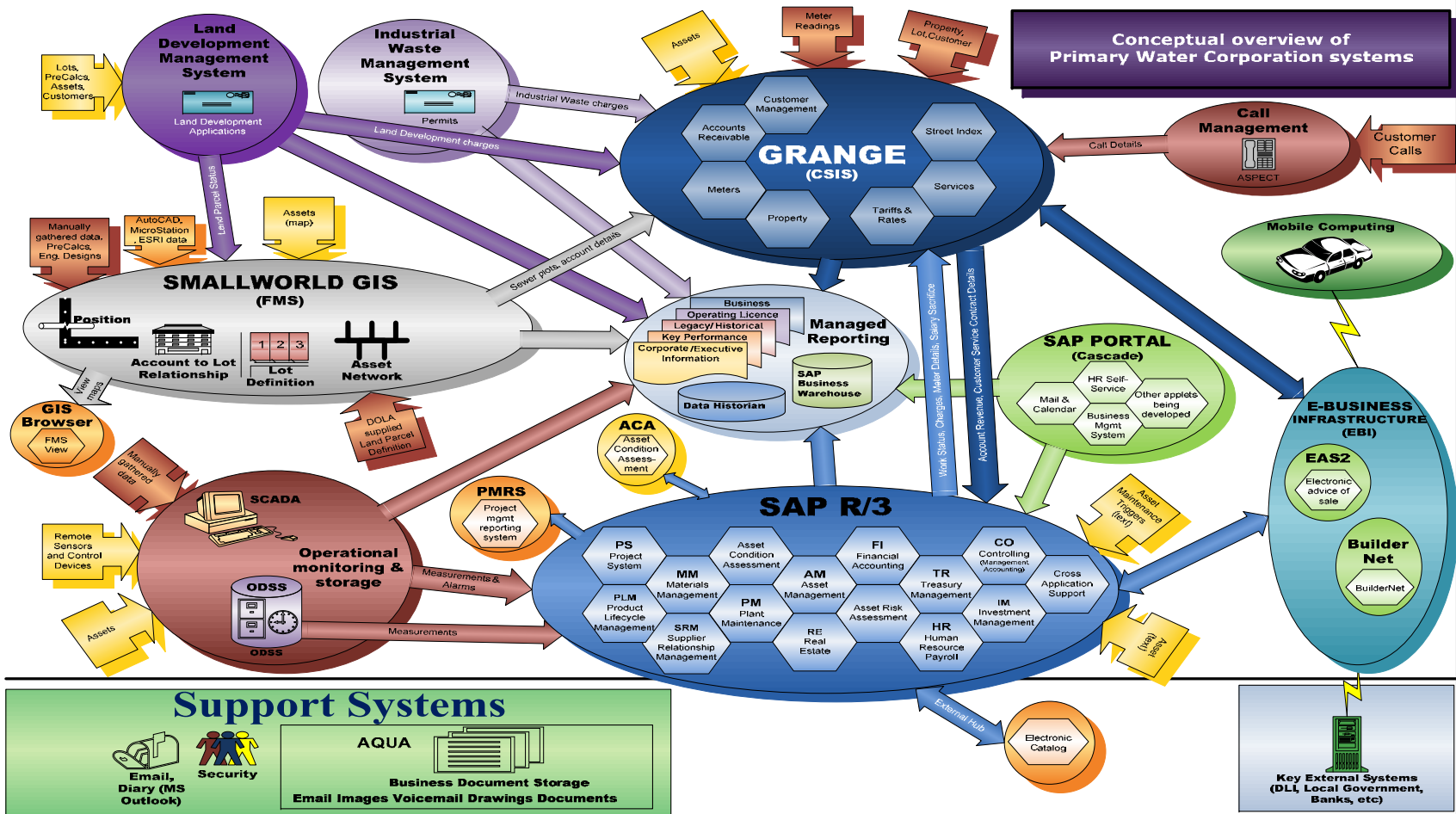
Compliance Element	
Standards and Requirements – Asset Management	
Operating Licence Reference	Clause 4.5 Clause 4.6
Compliance Rating	5
Audit Observations	
Current Controls	<p>The Corporation has established the following systems and processes to demonstrate compliance with the requirements of the Operating Licence element:</p> <ul style="list-style-type: none"> • Planning responsibility for assuring compliance with the Operational Licence requirements has been established and situated with the Corporation’s Risk and Assurance Branch – Regulation team; • Corporation’s Procurement Policies and Procedures: <ul style="list-style-type: none"> ○ PCY216 Procurement of Goods and Services; ○ Procurement Planning #365442; ○ Procurement Planning, Consultancy Contracts #365438; ○ Procurement Planning Matrix – Complex Procurement, 2 October 2007; ○ Procurement Plan – Complex Procurement – Pro-forma; and ○ Contract Administration #365443. <p>The Risk and Assurance Branch is responsible for managing the review of the Asset Management Systems and communicating the findings on the effectiveness of the asset management systems to the Authority. The review is conducted by an independent expert who has received prior approval of the Authority.</p> <p>The Corporation seeks written quotations from suppliers in accordance with its procurement guidelines.</p> <p>Upon receipt of written quotations, the Risk and Assurance Branch makes recommendations to the steering or project committee summarising the suitability of the applicant.</p> <p>An AMSER was required to be conducted bi-annually in even number years, however, an extension had been granted to the Corporation by the Authority changing the review period to 36 months.</p> <p>The AMSER report is required to be provided to the Authority by 31 December of the audit year. Discussions with the Regulation and Compliance Branch identified that the Corporation was in the planning phase of the 2009 AMSER requirement. AMSER 2006 was submitted to the</p>

	<p>Authority by the due date. AMSER 2006 identified a number of minor issues which required the Corporation to undertake necessary corrective/improvement actions.</p>
Audit Work Performed	<p>We conducted interviews and enquiries with the Risk and Assurance Branch to:</p> <ul style="list-style-type: none"> • Understand the control environment by determining the responsibility matrix and key control points; • Identify the information systems and processes employed to manage the review of the effectiveness of the asset management system - AMSER; • Obtain the policies and procedures for managing the review of the effectiveness of the asset management system - AMSER; and • Determine personnel's level of understanding of the requirements of the Operating Licence. <p>In our review of the procedures and protocols for managing asset management systems, where applicable, we "flowcharted" the process and assessed the reasonableness of the decision matrix and the adequacy of the control points.</p> <p>We examined the Corporation's processes for procuring the independent expert to determine if the procurement activities were consistent with the requirement Corporation's procurement processes and an approval had been obtained from the Authority.</p> <p>We examined the Corporation's records substantiating submission of the AMSER 2006. Further, we reviewed the AMSER 2006 report and the Auditor's methodology.</p> <p>Our examination and testing of the Corporation's management of the AMSER report concluded that the Corporation has adequate and effective controls in place to demonstrate compliance with the requirements under the Operating Licence.</p>
Issue	
Condition	Nil.
Cause	N/A
Effect	N/A

Recommendation to the Corporation
Nil.
Management Response
Nil
Recommendation to the Authority
Nil.



Appendix 2 – Water Corporation Primary Systems



Appendix 3 – Audit Evidence – Documents Examined

Compliance Element	Documents Examined
Customer Complaints	<p>S115 Processing External Customer Contacts</p> <p>S115A Customer Contacts – Grange Category / Sub – Category and Classification</p> <p>Procedure for Processing External Customer Contacts</p> <p>PCY 225 Customer Complaints</p> <p>PCY 232 – Customer Service</p> <p>Issuing an Automatic Right of Referral Notification</p> <p>WISB Customer Complaints Resolution</p> <p>PCY 112 – Delegated Financial and Legal Authorisation</p> <p>Procedures for Processing Priority One Enquiries</p> <p>Customer Centre Responsibility Matrix</p> <p>Qualitative Audit #1 - # 11</p> <p>Grange Explanation from WaterNet</p> <p>Customer Service Information System - GC02 Record Customer Contact for Statistics, Enquiry / Follow-up to PWQ or SAP</p> <p>Customer Service Information System – GC01 Customer Maintenance</p> <p>How do I find out what is in my Pending Work Queue (PWQ)? Work Instruction</p> <p>Customer Service Information System – GG02 Understanding the Pending Work Queue</p> <p>How do I locate a Work Order in Grange? Work Instruction</p>

Compliance Element	Documents Examined
	<p>Right of Referral Register</p> <p>List of Customer Complaints obtained for 2007, 2008 and 2009</p> <p>Performance Reports submitted to the Authority for the audit period</p> <p>ERA Reporting Process Flowchart</p>
Telephone Answering	<p>Call Centre Responsibility Matrix</p> <p>CorDocs Work Instruction PI 13 Telephone Calls</p> <p>Call Centre Team Lists</p> <p>Job Profile – Customer Service Representative</p> <p>Job Profile – Call Centre Team Leader</p> <p>Job Profile – Resource Co-ordinator</p> <p>Job Profile – Process Support Analyst</p> <p>Job Profile – Customer Centre Training Consultant</p> <p>Job Profile – Senior Customer Service Representative</p> <p>Call Centre Induction Training Agenda</p> <p>Customer Contacts Recording Training Slides</p> <p>Corporation’s Internal Audit results for Telephone Answering</p> <p>Connected time to a telephone operator document</p> <p>Technical Flowchart showing the Telephone Answering Process</p> <p>Return Statistical Collection Sheets from July 2006 to May 2009</p> <p>Telephone Answering Reports for July 2008 to December 2008</p> <p>Calculation of Service Level Sheet</p> <p>Post Incident Report dated 18 June 2009</p> <p>Documents related to Aspect Security Profiles and Levels</p> <p>ERA Reporting Process Flowchart</p>
Benchmarking and Performance Monitoring Information	<p>National Performance Framework Benchmarking Flow Diagram 2009</p> <p>Annual Benchmarking Reporting Concepts from WaterNet</p> <p>Covering Letters from the Corporation to the Authority in reference to the submission of the reports for Benchmarking and Performance Monitoring Information</p> <p>E-mails sent from the Corporation to the Authority for Benchmarking and Performance Monitoring Information</p> <p>Deloitte’s National Performance Framework Review October 2007</p>

Compliance Element	Documents Examined
	<p>National Performance Framework Handbooks 2007, 2008 and 2009</p> <p>Economic Regulatory Authority's Water Wastewater and Irrigation Performance Report 2007 and 2008</p> <p>National Water Initiative's National Performance Reports 2007 and 2008</p> <p>Excel Reports for Albany, Bunbury, Geraldton, Kalgoorlie, Mandurah, Perth and Minor Towns for 2007 and 2008</p>
Incident Reports	<p>IMS database</p> <p>S110 Incident Management Standard</p> <p>Managing Wastewater Overflows</p> <p>Reporting an Environment Incident (Section 72 Notification)</p> <p>Environment Branch Incident Support</p> <p>Job Profile – Corporate Incident Management Coordinator</p> <p>Incident Management Training Program for Incident Manager</p> <p>Incident Management Training Program for Site Manager</p> <p>Incident Report Form</p> <p>E-mails or letters sent to the Authority for 2007, 2008 and 2009 in reference to reportable incidents to the Authority</p> <p>Letter from the Authority in reference to the amendment by substitution of Operating Licence 32 with Operating Licence 32 ver OL1 and letter of agreement</p> <p>Examples of Section 72 Notifications</p> <p>Contingency Plans for Response to Cyclones</p>
Joint Working Parties	<p>ERA Stakeholder Engagement Plan</p> <p>Meeting Agendas</p> <p>Actions / Outcomes Sheets</p>
Pressure and Flow	<p>SCADA Requirements for Water and Wastewater Treatment Projects</p> <p>Operational Data Storage Systems</p> <p>Conceptual overview of Primary Water Corporation Systems (Version 4 – 3rd January 2008)</p> <p>System Reporting Structure</p> <p>Mobile Computing System</p> <p>SAP PM Business Rule No.6</p> <p>Summary of Requirements for Provision of Water and Associated Monitoring Processes</p>

Compliance Element	Documents Examined
	<p>Criteria for Drinking Water Supply</p> <p>Poor Water Pressure and Flow Complaint – Fault Reporting Work Instruction</p> <p>Testing – Pressure Loss – Test Pieces – Meters</p> <p>Profile Pie Chart</p> <p>ERA Reporting Process Flowchart</p> <p>Western Water Services – Management System Work Instruction Low Water Supply Due to Poor Pressure</p> <p>North Midlands – Murchison Standard Pressure Test – Water Service</p>
Continuity	<p>SCADA Requirements for Water and Wastewater Treatment Projects</p> <p>Operational Data Storage Systems</p> <p>Conceptual overview of Primary Water Corporation Systems (Version 4 – 3rd January 2008)</p> <p>System Reporting Structure</p> <p>Mobile Computing System</p> <p>SAP PM Business Rule No.9</p> <p>Summary of Requirements for Provision of Water and Associated Monitoring Processes</p> <p>ERA Reporting Process Flowchart</p> <p>Water Supply Interruption Work Instruction</p> <p>Recording Water Service Disruption Greater Than 6 Hours Work Instruction</p> <p>CSD Business Reporting / WSAA Reporting Measure</p> <p>Western Water Services – Drinking Water During Supply Interruptions Work Instruction</p>
Water Supply - Leaks and Bursts	<p>SCADA Requirements for Water and Wastewater Treatment Projects</p> <p>Operational Data Storage Systems</p> <p>Conceptual overview of Primary Water Corporation Systems (Version 4 – 3rd January 2008)</p> <p>System Reporting Structure</p> <p>Mobile Computing System</p> <p>SAP PM Business Rule No.9</p> <p>Summary of Requirements for Provision of Water and Associated Monitoring Processes</p>

Compliance Element	Documents Examined
	ERA Reporting Process Flowchart Management Review and Audit – Review of Leakage Management Western Water Services – Repair of Trunk, Distribution and Retic Water Mains
Sewerage Systems – overflows on property	SCADA Requirements for Water and Wastewater Treatment Projects Operational Data Storage Systems Conceptual overview of Primary Water Corporation Systems (Version 4 – 3 rd January 2008) System Reporting Structure Mobile Computing System SAP PM Business Rule No.9 ERA Reporting Process Flowchart Management Review and Audit – Review of Wastewater Overflow Risk Management Program Summary of Requirements for Provision of Wastewater and Associated Monitoring Processes Attending And Reporting Sewer Blockages Work Instruction Western Water Services – Clear Sewer Blockages Work Instruction Response to Overflows in Sewer Reticulation East Pilbara Overflow Checklist – Sewer Reticulation
Sewerage Systems – blockages	SCADA Requirements for Water and Wastewater Treatment Projects Operational Data Storage Systems Conceptual overview of Primary Water Corporation Systems (Version 4 – 3 rd January 2008) System Reporting Structure Mobile Computing System SAP PM Business Rule No.9 ERA Reporting Process Flowchart Summary of Requirements for Provision of Wastewater and Associated Monitoring Processes Attending And Reporting Sewer Blockages Work Instruction Western Water Services – Clear Sewer Blockages Work Instruction Great Southern Region Standard Work Instruction - Clearing Sewer Reticulation Blockages

Compliance Element	Documents Examined
Drainage	<p>Design of Urban Main Drainage Project Work Instruction</p> <p>Connecting to Main Drains # 365267</p> <p>PC3602 Application for Connection to Storm Water Drain</p> <p>Connection to or Extraction From Main Drainage</p> <p>Processing Requests for Drainage Works Designed and Constructed by Private Contract #365262</p> <p>PM #366686.v5 Drainage Acceptance Subdivision Submission</p> <p>Development Services Branch Information Sheet – Urban development within a rural drainage district</p> <p>Drainage – Design of New Urban Infrastructure</p> <p>Project Categorisation Flow Chart</p> <p>Program Management Guidelines, Engineering Asset Management Process</p> <p>Main Drainage Support Processes (CIMOD)</p> <p>Rural drainage – Response to Flood Events #395150</p> <p>Work Instruction WW3116</p> <p>ARR Publication</p> <p>3 Year SWPP program</p> <p>State Wide Planning Program – Drainage</p> <p>Drainage Maintenance Standards</p> <p>Drainage Works by Private Contract</p> <p>Acceptance of Drainage Subdivisional Development</p> <p>Drainage Operations – Project Files, Local Authorities</p> <p>Yule Brook Main Drain Upgrade Review</p> <p>Collier Pines Main Drain Upgrade Review</p> <p>Mounts Bay Main Drain</p> <p>Financial Fixed Asset Register – Asset Acquisitions – Drainage</p> <p>Flood Register and Drainage Register</p> <p>Asset Monitoring Services, Riverbank</p> <p>Regional Monitoring Programme – Drainage Maximum Height Recording</p> <p>Deloitte’s Urban Drainage Audit 2007, 2008 and 2009</p> <p>Deloitte’s Urban Drainage Audit, working papers 2007 and 2008</p>

Compliance Element	Documents Examined
	PM-#1198171-v1-PCY239_Rural_Drainage PM-#393772-v2-IPB Management System Map PM-#347105-v7-State Wide Planning Program Help File PM-#345741-v8A-Planning Process Manual Urban Main Drainage Manual Design Drainage - Testing Design of Urban Main Drainage Projects
Customer Charter	Aqua Guideline Review and distribution of customer charter Business improvement project brief, customer charter Customer Charter 2009 (draft) Customer Charter 2009 (summary) Customer Charter 2009 (full) Customer Charter 2007 (full) Customer Charter 2007 (summary) Customer Charter – Ord Irrigation Customers 2008 Government Relations – Reviewing – Operating Licence Customer Charter file JT1CS 200702138v1 Authority Notice of Approval 2009 Customer Charter Authority Notice of Approval 2008 Irrigation Charter Authority Notice of Approval 2007 Customer Charter Minutes of CAC Customer Strategy and Development – Section plan 2008/2009 Water Corp Annual Billing Summary
Consumer Committees	CAC Monthly Minutes and Agenda 2007, 2008 and 2009 CAC Action Items 2007, 2008 and 2009 Terms of Reference Notes to the Board from the CAC Management of the CAC Procedure Management of the CAC Work Instruction CAC Briefing Notes

Compliance Element	Documents Examined
Operating Areas	PCY286 Operating Area Boundaries Provision of Services Outside Operating Areas (preferred service provider status) # 395964 Service Applications and Investigations Procedure # 457628 Protection of Services #457632 Processing Mains Extensions # 385310 Sewer Extension by Consulting Engineer Form Provision of Services Outside Operating Area CIMOD Process S0-WAPC Subdivision Process S0-1-Managed Provision of Water Services to Subdivision Proposals S5 –Final approval – New Properties Processed for Rating Identifying Services Outside the Operating Licence Area #388599 PCY 222 Land Servicing Policy Program Manual Memorandum – Operating Licence – Services Beyond QA Exception Reports
Asset Management	Quarterly Operating Licence Actions and Complaints (December 08) PCY 216 Procurement of Goods and Services Asset Management – Identification – Assets 1998 Asset Details Guidelines – Infrastructure Handover Process PCY 233 Disposals S087 Disposal Standards Asset Disposal Process – IT – Data Decommission and Dispose Assets – Decommission and disposal plan Decommission and Dispose Assets – Decommission and disposal guideline IT Program Final Draft 2 AMSER Post Review Implementation Plan Status Report 21 July 2009 CIMS 2008 – 2013: IT Strategy Map Asset Management Systems Budget Papers Computer Services Corporation – Financial Performance Summary June 2009 SAP Net Weaver Portal Strategic Management – Reviewing – Asset Management Review File JT1

Compliance Element	Documents Examined
	CS 2006 11980 v01 ERA AMSER Audit Plan Approval Courier Australia Confirmation Report AMSER 2006 Report to the ERA Notification to the ERA Regarding Significant Changes 2006 Water Corporation Accountabilities Asset Management System Overview Asset Balances – 01 Book Depreciation
Services by Agreement Non potable services Major Customers Farmland Notifications	Major Customers Grange Codes for Agreement Types (extract PCY 222) PCY041 Negotiating Agreements With Major Consumers in Country Areas Special Agreement Process Flow Process SBA Agreement for a Water Supply Service Services Provided by Agreement #393265 Work Instruction Preparing SBA Work Instruction S010-W1-17 Services Provided by Agreement Recognition by the ERA dated 10 November 2009 – Element Within Letter Regarding Approval of Agreements Test Samples of SBAs During the Audit Period Test Samples of SBA During the Audit Period – Major Customers Less Than 49 kilolitres Test sample of Service By Agreement During the Audit Period – Major Customers Greater Than 49 kilolitres Test Sample of Customer Accounts – Notifications Drinking Water Quality and Responsibility Test Sample of Customer Accounts – Notifications – Non Potable Water Test Sample of Customer Accounts – Notifications – Farmlands
Drought Response	Corporate register of water restrictions ERA Reporting Process Work instruction S010-W1-08 GN1 2006 00150 V01 – Water Supply – Monitoring and Control – Northampton TWS – Restrictions – Water Restrictions – 2006 GN1 2006 00359 V01 – Water Supply – Monitoring and Control –

Compliance Element	Documents Examined
	<p>Northampton Drought Strategy – Weekly Updates</p> <p>GN1 2006 00360 V01 – Water Supply – Monitoring and Control – Northampton Drought Strategy – Project Management</p> <p>GN1 2006 00361 V01 – Water Supply – Monitoring and Control – Northampton Drought Strategy – Internal Communications</p> <p>GN1 2006 00362 V01 – Water Supply – Monitoring and Control – Northampton Drought Strategy – External Communications</p>

Appendix 4 – Audit Evidence – Personnel who Assisted in the Audit

Water Corporation	
Name	Position
Armanasco, Peter	Regional Business Manager Perth
Basanovic, George	Corporation Incident Management Coordinator
Bostock, David	Manager Service Delivery, South West Region
Brazier, Simon	Business Analyst
Brennan, John	Manager Residential Water Efficiency
Bryant, Rex	Senior Drainage Advisor
Burnett, Ted	Operations Coordinator – Mid West Region
Carter, Gary	Application Analyst
Chinnery, Kevin	Principal Engineer Drainage
Crowd, Garry	Team Leader, Property Services, South West Region
D'aloia, Rocco	Team Leader IT Services
Davie, Scott	Senior Asset Manager
Denham, Louise	Pricing Analyst
Dejussing, Stephen	Manager – Service Delivery - Mid West Region
Dix, Norma	Team Leader Business Improvement
Driscoll, Graham	Business Analyst
Fitzhardinge, Mark	Senior Operations Analyst
Forrest, Richard	Principal Engineer WW Convey and Drain
Galati, Tino	Manager, Asset Information Systems
Gale, Phil	Land Development Officer - Mid West Region
Greeve, Stephen	Acting Regional Business Manager - Mid West Region
Hayes, Phil	Customer Strategy and Development Manager
Hayward, Graham	Team Leader Network Expansion
Hiller, Steve	Manager Development Services



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Water Corporation	
Name	Position
Huggins, Jim	Strategic Projects Coordinator
Janssen, John	Manager Service Delivery
Kannis, Kevin	Building Service Manager
Kearney, Wayne	Manager Risk and Assurance
Malaga, Mark	Manager, Business Initiatives
Martin, Alison	Team Leader Field Operations
McGillivray, Chris	Works Coordinator – Mid West Region
McGuinness, Graham	Acting Senior Customer Services Officer – Mid West Region
Mildern, Larry	Operations Support Manager
Nelson, Geoff	Planning Manager
Nelson, Riley	Manager Customer Centre
Neretlis, Chris	Manager Retail Services – Mid West Region
Pandopulous, Laurie	Acting Team Leader Network Expansion
Pascoe, Andrew	Manager, Regulation and Compliance
Pascoe, Russell	Manager Strategic Asset Management
Pestinger, Carol	Manager Call Centre
Piscecilli, Sandro	Manager Commercial Pricing
Scriven, Rob	Customer Service Officer
Rimmer, Greg	Application Analyst
Sellathurai, Siva	Senior Engineer Infrastructure and Design Branch
Singleton, Liz	Technical Support Officer
Todd, John	Manager Land Servicing
Trevor, Kevin	Operating Licence Compliance Coordinator
Vo, TQ	Financial Analyst
Watts, Jenny	Team Leader Customer Centre
Weir, Doug	Manager Business Services
West, Vern	Project Leader Mid West Region

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Name	Position
Ansell, Cam	Director – Consulting
Vo, Duy	Manager – Consulting
James, Rudi	Consultant
Shah, Shukit	Consultant
Kelly, Lisa	Consultant