



## **Lancelin South Pty Ltd**

### **2023 Operational Audit and Asset Management System Review Water Services Licence WL47**

### **Report**

**Economic Regulation Authority  
June 2023**

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### **Limitations of this Report**

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

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

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## 1. Independent Auditor's Report

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### Scope

Lancelin South Pty Ltd ('Lancelin South') has a Water Services Licence, issued by the Economic Regulation Authority ('ERA') under the *Water Services Act 2012* ('Act'), for the provision of potable water supply, non-potable water supply and sewerage services in Lancelin South, Western Australia. Lancelin South Water is required to comply with the terms and conditions of their license. There was one version of the Water License WL47 in operation over the audit period:

- Version 2 (From 1 May 2020 to date).

We have performed a reasonable assurance engagement on Lancelin South Water's compliance, in all material respects, with the conditions of WL47 and the *Water Services Act 2012* for the period from 1 April 2021 to 31 March 2023.

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

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

### Opinion

In our opinion, based on the procedures performed as outlined in the Audit Plan approved by the Economic Regulation Authority and the evidence we have obtained, Lancelin South Water has complied, in all material respects, with its licence conditions and relevant legislative obligations for the period 1 April 2021 to 31 March 2023.

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

In accordance with ASAE 3100 we have:

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

### Summary of Procedures

Our procedures consisted primarily of:

- Utilising ERA's 2019 Audit and Review Guidelines: Water Licences ('the Guidelines') to develop a risk assessment;
- Developing an Audit and Review Plan and an associated work program, approved by the ERA on 17 May 2023;
- Interviewing relevant Lancelin South staff to gain an understanding of process controls;
- Onsite visit to the water treatment facilities in Lancelin South, and conduct various meetings with stakeholders, including contract personnel, to determine the effectiveness of systems and procedures in place and to compare actual performance against the licence standards. The on-site visit included our Engineer.
- Assessing documents and performing walkthroughs of processes and controls to support the assessment of compliance and the effectiveness of the control environment in accordance with Licence obligations; and
- Performing procedures and testing based on the procedures listed in the approved Audit and Review Plan.

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

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

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

## **Inherent Limitations**

Because of the inherent limitations of an assurance engagement, together with the internal control structure it is possible that fraud, error, or non-compliance with the compliance requirements may occur and not be detected. A reasonable assurance engagement throughout the specified period does not provide assurance on whether compliance with the compliance requirements will continue in the future.

## **Use of this Assurance Report**

This report has been prepared for Lancelin South and the ERA for the purpose of assessing compliance with the requirements of the License and may not be suitable for another purpose.

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

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

## **Management's responsibility**

Lancelin South's management are responsible for:

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

## **Our responsibility**

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

## **Our Independence and Quality Control**

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

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

## **Quantum Assurance**

**Geoff White CA**  
**Director**

24 July 2023

## 2. Executive Summary

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### 2.1 Background

Lancelin South Pty Ltd ('Lancelin South') has a Water Services Licence, issued by the Economic Regulation Authority ('ERA') under the *Water Services Act 2012* ('Act'), for the the provision of potable water supply, non-potable water supply and sewerage services in the Lancelin South estate, located in the Shire of Gingin. There were 22 connected properties at 30 June 2022.

This audit and review covers the period from the previous audit, being 1 April 2021 to 31 March 2023.

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

### 2.2 Operational Audit

This audit has been conducted to assess the licensee's level of compliance with the conditions of its licence. Through the execution of the Audit Plan and assessment and testing of the control environment, the information system, control procedures and compliance attitude, the audit team members have gained reasonable assurance that Lancelin South has fully complied with its Water Services Licence obligations during the audit period from 1 April 2021 to 31 March 2023.

Out of 191 applicable compliance obligations, the audit found:

- 69 obligations were rated compliant (58 with adequate controls and 11 compliant with controls not reviewed).
- 122 were not rated for compliance, as no relevant activity took place during the audit period (1 with adequate controls and 121 where controls were not reviewed).

The audit confirmed that Lancelin South has complied with its information reporting obligations for the period from 1 April 2021 to 31 March 2023.

The control environment is considered to be effective to manage compliance with the licence conditions.

### 2.3 Asset Management System Review

This review has been conducted to assess the effectiveness of the Licensee's asset management system.

Through the execution of the Review Plan and assessment and testing of the control environment, the information system, control procedures and compliance attitude, the audit team members have gained reasonable assurance that Lancelin South has operated the scheme in a reliable manner and provided a good level of service to the residents of Lancelin South.

The review found that Lancelin South has established an effective asset management system and an adequate control environment for ongoing compliance in respect of the asset management system.

For the review period from 1 April 2021 to 31 March 2023, the potable water supply, non-potable water supply and sewerage services for the Lancelin South estate, under Water Services Licence WL47, are considered to be operated with a professional and comprehensive approach.

Out of 12 components of the asset management system, 8 were rated as performing effectively and 4 components (asset planning, environmental analysis, asset operations and asset maintenance) were rated as opportunities for improvement.

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

- 43 criteria were rated as performing effectively (40 with adequately defined processes and 3 with processes that require improvement);
- 15 were rated as opportunity for improvement (8 with adequately defined processes, 5 with processes that require some improvement and 2 with processes that require significant improvement).

There were two recommended improvements relating to asset operations.

## 3. Operational Audit

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### 3.1 Introduction

Lancelin South Pty Ltd ('Lancelin South') is required to comply with the terms and conditions of their license. There was one version of the Water Services License WL47 in operation over the audit period:

- Version 2 (From 1 May 2020 to date).

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

The ERA engaged Quantum Management Consulting and Assurance ('Quantum Assurance') to complete an audit and review of Lancelin South's water supply services, to comply with the licensing requirements of the ERA.

This audit covers the period from the previous audit, being 1 April 2021 to 31 March 2023.

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

### 3.2 Objectives and Scope

The objective was to provide the ERA with an independent assessment of the licensee's compliance with relevant obligations under the licence.

The audit applied a risk-based audit approach. The scope of the audit included the adequacy and effectiveness of performance against the requirements of the licence by considering:

- **process compliance** - the effectiveness of systems and procedures in place throughout the audit period, including the adequacy of internal controls;
- **outcome compliance** – the actual performance against standards prescribed in the licence throughout the audit period;
- **output compliance** – the existence of the output from systems and procedures throughout the audit period (that is, proper records exist to provide assurance that procedures are being consistently followed and controls are being maintained);
- **integrity of reporting** – the completeness and accuracy of the compliance and performance reports provided to the ERA; and
- **compliance with any individual licence conditions** - the requirements imposed on the specific licensee by the ERA or specific issues that are advised by the ERA.

When assessing if a licensee has complied with its licence obligations, the auditor must apply a level of scrutiny that corresponds to a 'reasonable assurance engagement'. A reasonable assurance engagement is:

*"An assurance engagement in which the assurance practitioner reduces engagement risk to an acceptably low level in the circumstances of the engagement as the basis for the assurance practitioner's conclusion. The assurance practitioner's conclusion is expressed in a form that conveys the assurance practitioner's opinion on the outcome of the measurement or evaluation of the underlying subject matter against criteria." (ASAE3000)*

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

- Cut off water supply to occupied dwelling (obligation 21); and
- Preserved water supply register and restrictions on reduced supply (obligations 154B, 154C and 154D).

The audit aimed to identify any areas where improvement is required and recommend corrective action as necessary.

### 3.3 Audit Compliance and Controls Rating Scale

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

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

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

The current audit assessment of the ratings for the adequacy of controls and compliance with the 191 applicable legislative obligations is shown below in the summary table and detailed obligations table in section 3.6.

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

Controls rating	Compliance Rating						
	Rating	1 Compliant	2 Non-compliant (minor impact)	3 Non-compliant (moderate impact)	4 Non-compliant (major impact)	NR Not rated	Total
A - Adequate		58	-	-	-	1	59
B – Generally adequate			-	-	-	-	
C - Inadequate		-	-	-	-	-	-
D – No controls		-	-	-	-	-	-
NP – Not performed		11	-	-	-	121	132
<b>Total</b>		<b>69</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>122</b>	<b>191</b>

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

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

No. <sup>1</sup>	Brief Description	Legislative Reference	Audit Priority applied  (rated 1 = High to 5 = Low)	Adequacy of Controls Rating <sup>2</sup>  (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed)					Compliance Rating  (1=Compliant, 2=Non-compliant - minor impact, 3=Non-compliant - moderate impact, 4=Non-compliant - major impact, NR=Not rated)					
				A	B	C	D	NP	1	2	3	4	NR	
<b>Water Services Act 2012</b>														
2	Terms of service	Sec. 21(1)(b)	4					✓						✓
3	Provision of services	Sec. 21(1) (c)	4					✓	✓					
4	Operating area	Sec. 22	4					✓						✓
5	Outsourcing of services	Sec. 23	4	✓					✓					
6	Asset management system	Sec. 24(1)(a) & 24(2)	4	✓					✓					
8	Asset management system review	Sec. 24(1)(c)	4	✓					✓					
9	Operational audit	Sec. 25	4	✓					✓					
10	Code of practice	Sec. 26(3)	4					✓	✓					
13	Termination of service	Sec. 36	4					✓						✓
14	Supplier of last resort	Sec. 60	4					✓						✓
15	Ombudsman scheme	Sec. 70(2)	4					✓	✓					
16	Interruption of water supplies	Sec. 77(3)	4					✓	✓					
17	Notification of building works	Sec. 82(4) & (5)	4					✓						✓
18	Ensuring water service works are done	Sec. 84(2)	4					✓						✓
19	Review of decisions	Sec. 87(2)	4					✓						✓
20	Construction near water service works	Sec. 90(7)	4					✓						✓
21	Cut off water supply	Sec. 95(3)	2					✓						✓
22	Fire hydrants for reticulation works	Sec. 96(1)	4					✓						✓
23	Requests from FESA or local government	Sec. 96(5)	4					✓						✓
24	Connect wastewater inlet	Sec. 98(3)	4					✓						✓
25	Compliance notice re sewerage	Sec. 106(2)	4					✓						✓
28	Compliance notice issued by licensee re building works	Sec. 119(2)	4					✓						✓
29	Review of decisions	Sec. 122(2)	4					✓						✓
30	Apportionment of fees between properties	Sec. 125(2)	4					✓						✓
31	Lodging memorial to secure fees owing	Sec. 128(4)	4					✓						✓

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

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



No. <sup>1</sup>	Brief Description	Legislative Reference	Audit Priority applied  (rated 1 = High to 5 = Low)	Adequacy of Controls Rating <sup>2</sup>  (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed)					Compliance Rating  (1=Compliant, 2=Non-compliant - minor impact, 3=Non-compliant - moderate impact, 4=Non-compliant - major impact, NR=Not rated)					
				A	B	C	D	NP	1	2	3	4	NR	
32	Notice to property owner - entry	Sec. 129(5)	4					✓						✓
33	Notice to property owner – removal of fence	Sec. 139(3)	4					✓						✓
34	Notice to roads authority	Sec. 141(1)	4					✓						✓
35 36 37 38 39	Proposal for major works	Sec. 142, 143(2) &(3), 144(3), 145(2)	4					✓						✓
40 41	Proposal for general works – Minister notices	Sec. 147(3) & (4)	4					✓						✓
42 43 44 45	Proposal for general works	Sec. 151(1) - (3), 153(3),	4					✓						✓
46 47 48	Interest in land	Sec. 166(5) - (6), 170	4					✓						✓
49 50	Notice of entry to property and authority to enter	Sec. 173(4) & 174 (1)	4	✓										✓
51	Notice of entry after entry without notice	Sec. 174 (3)	4					✓						✓
52 53 54 55 56 57	Notice of entry to property and authority to enter	Sec. 175(2) & (5), 176(1), (3) & (4) 181	4					✓						✓
58 59 60 61	Warrant to enter property	Sec. 186, 187(1) - (3), 190(4) - (5)	4					✓						✓
62	Compliance Officer	Sec. 210(5)	4					✓						✓
63	Minimum disruption	Sec. 218(2)	4					✓						✓
64	Physical damage	Sec. 218(3)	4					✓						✓
<b>Water Services Regulations 2013</b>														
65	Meter testing – multi-unit	Reg. 23(2)	4					✓						✓
66	Meter testing - compliance	Reg. 24(4)	4					✓						✓
67	Meter access - compliance	Reg. 26(3)	4					✓						✓
68	Meter testing tolerance	Reg. 26(5)	4					✓						✓
69	Lot development	Reg. 29(1)	4					✓						✓
70	Backflow prevention devices	Reg. 42(2), 43(3), 43(6).	4					✓						✓

No. <sup>1</sup>	Brief Description	Legislative Reference	Audit Priority applied  (rated 1 = High to 5 = Low)	Adequacy of Controls Rating <sup>2</sup>  (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed)					Compliance Rating  (1=Compliant, 2=Non-compliant - minor impact, 3=Non-compliant - moderate impact, 4=Non-compliant - major impact, NR=Not rated)					
				A	B	C	D	NP	1	2	3	4	NR	
71														
72														
74	Work affecting roads	Reg. 60(2)	4					✓						✓
75	Breaks to road surface	Reg. 63	4					✓						✓
89	Compliance notice information	Reg. 85	4					✓						✓
<b>Water Services Code of Conduct (Customer Service Standards) 2018</b>														
92	Information for customers	Cl. 8(1)-(3)	4	✓						✓				
93	Service connections period	Cl. 9(2) & (4)	4	✓						✓				
94	Annual service charges	Cl. 10(2)	4	✓						✓				
95	Usage bills at least 4 monthly	Cl.11(2) & (3)	4	✓						✓				
96														
97	Estimated meter reading	Cl. 11(4)	4					✓						✓
98	Estimated Bill of Usage	Cl. 11(5)	4					✓						✓
98A	Estimated Bill at least every 12 months	Cl. 11(6)	4	✓						✓				
99	Address for billing	Cl. 12	4	✓						✓				
100	Billing information	Cl. 13(1)	4	✓						✓				
100A	Billing information – more than one service	Cl. 13(3)	4					✓		✓				
101	Billing information - usage	Cl. 13(4)	4					✓		✓				
101A	Billing information - estimate	Cl. 13(5)	4					✓						✓
102A	Billing information – prescribed information	Cl. 13(6)	4					✓						✓
103	Basic of billing estimate	Cl. 14(1) & (2)	4					✓						✓
104														
104A	Tariff information	Cl. 15(3)	4					✓						✓
105	Request for meter reading	Cl. 16(1)	4					✓						✓
106	Higher than normal charge	Cl. 17(2) & (3)	4	✓										✓
107														
108														
109	Under and over charges	Cl. 18(2) - (5).	4					✓						✓
110														
111A	Over charges - refunds	Cl. 19(2)	4					✓		✓				
112A														
112B	Over charges - refunds	Cl. 19(3)-(5)	4					✓		✓				
112C														
113	Review of bill upon request	Cl. 20(1)	4					✓						✓
114	Review of bill procedure – written procedure	Cl. 20(2)	4	✓						✓				

No. <sup>1</sup>	Brief Description	Legislative Reference	Audit Priority applied  (rated 1 = High to 5 = Low)	Adequacy of Controls Rating <sup>2</sup>  (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed)					Compliance Rating  (1=Compliant, 2=Non-compliant - minor impact, 3=Non-compliant – moderate impact, 4=Non-compliant - major impact, NR=Not rated)					
				A	B	C	D	NP	1	2	3	4	NR	
115	Review of bill procedure – information	Cl. 20(3) & (6)	4	✓						✓				
116	Review of bill procedure – ombudsman	Cl. 20(4)	4	✓						✓				
117	Review of bill procedure – timeframe	Cl. 20(5)	4					✓						✓
117A	Notification of change in water service charge	Cl. 21	4					✓						✓
118	At least 14 days for payment	Cl. 23	4					✓						✓
119	Payment methods - options	Cl. 24(1)	4					✓						✓
120	Payment methods - fees	Cl. 24(2)	4					✓						✓
121	Payment methods- direct debit authority	Cl. 25(1)	4	✓						✓				
122	Payment in advance	Cl. 26(1)	4					✓						✓
123	Redirection of bills	Cl. 27	4					✓						✓
124A 124B 124C	Payment plan	Cl. 28(2), (3) & (4).	4					✓						✓
125 126A 126B 127	Financial hardship policy	Cl. 29(1) - (5)	4	✓						✓				
128	Financial hardship policy - publicly available	Cl. 29(6)	4	✓						✓				
129A	Financial hardship policy – review	Cl. 29(7)	4					✓						✓
129B	Financial hardship policy – review if directed	Cl. 29(8)	4					✓						✓
129C	Financial hardship – payment variations	Cl. 29(9)	4					✓						✓
130A 130B 131A 131B 131C	Financial hardship – payment variations	Cl. 30(2) & (3), 30(4)(a)-(c)	4					✓						✓
133	Written information re payment assistance	Cl. 31 (4) & (5)	4	✓						✓				
133A	No interest in some circumstances	Cl. 32	4					✓						✓
134	Debt recovery - complaint	Cl. 33(1)(a) – (c)	4					✓						✓
134A	Debt recovery – payment plan	Cl. 33(1)(d) – (e)	4					✓						✓
135 136	Restoring water supply	Cl. 40(1) & (2)	4					✓						✓
137A 137B	Water supply restriction	Cl. 36(1)-(3), 37(1)(a)-(h) & 38	4					✓						✓

No. <sup>1</sup>	Brief Description	Legislative Reference	Audit Priority applied  (rated 1 = High to 5 = Low)	Adequacy of Controls Rating <sup>2</sup>  (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed)					Compliance Rating  (1=Compliant, 2=Non-compliant - minor impact, 3=Non-compliant - moderate impact, 4=Non-compliant - major impact, NR=Not rated)					
				A	B	C	D	NP	1	2	3	4	NR	
137C 138 138A 138B														
139	Rate of flow	Cl. 39	4					✓						✓
142	Restoring water supply	Cl. 41(4)	4					✓						✓
144	Compliance rate	Cl. 41(6)	4					✓						✓
144A 144B	Notice of planned service interruptions	Cl. 43(1)-(2)	4	✓						✓				
144C 144D	Policy for dealing with leaks and blockages	Cl. 44(1) - (2)	4	✓						✓				
144E	24 hour information line	Cl. 45	4	✓						✓				
145 146	Complaints procedure - written	Cl. 46(1) - (2)	4	✓						✓				
147	Complaints procedure - details	Cl. 46(3)	4	✓						✓				
148A	Complaints procedure - Ombudsman	Cl. 46(4)	4	✓						✓				
149	Complaints procedure publicly available	Cl. 46(5)	4	✓						✓				
149A	Resolution of complaints	Cl. 47	4					✓						✓
150	No charge for information	Cl. 48(1)	4					✓						✓
152	Access to customer information	Cl. 48(2)	4					✓						✓
153	Code of Conduct publicly available in hardcopy and on website	Cl. 49(1)	4	✓						✓				
154	Bill information on website	Cl. 49 (2)	4	✓						✓				
154A	Link to WA website	Cl. 49(3)	4	✓						✓				
154B	Preserved supply register	Cl. 51(1),(3)	2					✓						✓
154C 154D	Preserved supply register	Cl. 52 & 53	2					✓						✓
<b>Other Licence Conditions</b>														
155	Fees to regulator	Cl. 4.2.1	4	✓						✓				
159	Direction from ERA	Cl. 4.1.2	4					✓						✓
160	Compliance with Accounting Standards	Cl. 4.6.1	4	✓						✓				
161	Compliance with performance standards	Cl. 5.2.1	4	✓						✓				
162	Operational audit	Cl. 5.3.4	4	✓						✓				
163	External administration	Cl. 4.7.1(a)-(c)	4					✓		✓				
165	Provision of information to ERA	Cl. 4.8.1	4	✓						✓				

No. <sup>1</sup>	Brief Description	Legislative Reference	Audit Priority applied  (rated 1 = High to 5 = Low)	Adequacy of Controls Rating <sup>2</sup>  (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed)					Compliance Rating  (1=Compliant, 2=Non-compliant - minor impact, 3=Non-compliant - moderate impact, 4=Non-compliant - major impact, NR=Not rated)					
				A	B	C	D	NP	1	2	3	4	NR	
167	Performance reporting to ERA	Cl. 4.8.2	4	✓						✓				
168	Publishing information	Cl. 3.8.1 & 3.8.2	4					✓						✓
169	Notices in writing	Cl. 3.7.1	4	✓						✓				
170A	Notify ERA of asset management system (AMS)	Cl. 5.1.1 (a) & (b)	4	✓						✓				
171	Notify ERA of material change to AMS	Cl. 5.1.3	4	✓										✓
172	AMS review	Cl. 5.1.7	4	✓						✓				
172A 172B	ERA direction re condition of service	Cl. 6.1.1-6.1.2	4					✓						✓
181	Obligations of supplier of last resort	Cl. 6.3.1	4					✓						✓
182	No services outside operating area	Cl. 4.4.1(b)	4					✓						✓
184	MOU with Department of Health (water)	Cl. 7.1.1	4	✓						✓				
184A	MOU with Department of Health (sewerage)	Cl. 7.1.2 7.1.3	4	✓						✓				
184B	MOU with Department of Health (water separate to sewerage)	Cl. 7.1.3	4	✓						✓				
185	MOU legal compliance	Cl. 7.1.4	4	✓						✓				
186	MOU compliance	Cl. 7.1.5	4	✓						✓				
187	MOU published	Cl. 7.1.6	4	✓						✓				
188	MOU - audit reports published	Cl. 7.1.7	4					✓						✓
189	MOU – other reports published	Cl. 7.1.8	4	✓						✓				
190	Service and performance standards	Schedule 2	4	✓						✓				
<b>Water Services Code of Practice (Family Violence) 2020</b>														
191	Family violence policy (191 to 198 from March 2021)	Cl. 5(1)	4	✓						✓				
192	Family violence policy before the end of the six-month period	Cl. 5(2)	4	✓						✓				
193	Publish family violence policy on website	Cl. 6	4	✓						✓				
194	Review of family violence policy once every 5-year period	Cl. 7	4	✓						✓				
195	Records of compliance with this code	Cl. 8(1)	4					✓						✓

No. <sup>1</sup>	Brief Description	Legislative Reference	Audit Priority applied  (rated 1 = High to 5 = Low)	Adequacy of Controls Rating <sup>2</sup>  (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed)					Compliance Rating  (1=Compliant, 2=Non-compliant - minor impact, 3=Non-compliant – moderate impact, 4=Non-compliant - major impact, NR=Not rated)					
				A	B	C	D	NP	1	2	3	4	NR	
196	Retain records for at least 7 years	Cl. 8(2)	4					✓						✓
197	Inform customers of complaints procedure	Cl. 9	4					✓						✓
198	Website link to current copy of this Code	Cl. 10	4	✓					✓					

### 3.5 Status of Previous Audit Recommendations

The previous audit covered the period from 1 April 2019 to 31 March 2021 and was reported in September 2021. Recommendations from the previous audit are listed in the following table together with the action taken to address the recommendations. All recommendations have been completed.

Reference (no./year)	Previously Assessed Non-Compliance/Controls Improvement	Previous Auditor's Recommendation and <i>Action Taken</i>	Date Resolved	Further action required
<b>A. Resolved before end of previous review</b>				
	Nil			
<b>B. Resolved during current review period</b>				
1/2021	<p><b>Water Supply Connection</b></p> <p>Rating: A2</p> <p><i>Obligation 93 - The licensee must ensure that, in any 12-month period, 90% of water supply service connections are completed before the end of 10 business days, starting on the day on which the customer has paid the relevant fees and complied with the relevant requirements.</i></p> <p>The auditor requested but LSPL did not provide any records to confirm water supply service connections were completed within the 10 business day time interval stipulated in clause 9(2) of the 2018 Code of Conduct.</p>	<p>LSPL should keep proper records of water supply service connections including whether:</p> <ul style="list-style-type: none"> <li>Customers complied with all conditions for connection; and</li> <li>Connections were completed within the 10-business day time interval stipulated in clause 9(2) of the 2018 Code of Conduct.</li> </ul> <p>Keeping such records will enable LSPL to show whether it achieved a 90% compliance rate as stipulated in clause 9(4) of the 2018 Code of Conduct.</p> <p><b>Status: Completed</b></p> <p>LSPL has reviewed and made amendments to the customer database for customer connections to ensure the following information is retained</p> <ul style="list-style-type: none"> <li>date of request of connection;</li> <li>date customer compliance for connection confirmed; and</li> <li>date of connection.</li> </ul>	October 2021	No further action required.

Reference (no./year)	Previously Assessed Non-Compliance/Controls Improvement	Previous Auditor's Recommendation and <i>Action Taken</i>	Date Resolved	Further action required
2/2021	<p><b>Water Supply Connection</b></p> <p>Rating: A2</p> <p><i>Obligation 100 - Each bill must contain the prescribed information.</i></p> <p>The auditor examined a sample of Lancelin South Pty Ltd (LSPL) tax invoices issued during the Audit Period. These tax invoices disclosed the information stipulated in clause 13(1) of the 2018 Code of Conduct except for:</p> <ul style="list-style-type: none"> <li>• Information which would only be relevant in specific circumstances being: <ul style="list-style-type: none"> <li>○ The nature and amount of any applicable concession; and</li> <li>○ The amount of any interest or fees charged for late payment of amount outstanding from previous bills.</li> </ul> </li> <li>• A statement advising the customer that the licensee can be contacted for assistance if the customer is experiencing problems paying the bill (clause 13(1)(n)). This statement was only found on some of the sampled tax invoices.</li> </ul>	<p>LSPL should ensure its tax invoices comply with all relevant stipulations of clause 13(1) of the 2018 Code of Conduct.</p> <p><b>Status: Completed</b></p> <p>A telephone number has been added to the Ways to Pay Your Bill section of the tax invoice.</p> <p>Concessions will only appear on the tax invoice when applicable, not all of the time.</p> <p>Interest and Fees will only appear on the tax invoice when applicable.</p> <p>The current tax invoice content has been checked to be in accordance with the requirements of clause 13(1) of the 2018 Code of Conduct.</p>	October 2021	No further action required.
3/2021	<p><b>Billing Information</b></p> <p>Rating: B2</p> <p><i>Obligation 102A - Each bill must contain the prescribed information.</i></p> <p>The auditor examined a sample of LSPL tax invoices issued during the Audit Period. These tax invoices contained the information stipulated in clause 13(6) of the 2018 Code of Conduct except for information found only on some of the sampled invoices, being:</p> <ol style="list-style-type: none"> <li>1. A telephone number for complaints;</li> <li>2. A Freecall telephone number for the office of the water services ombudsman;</li> </ol>	<p>LSPL should ensure its tax invoices comply with all the stipulations of clause 13(6) of the 2018 Code of Conduct.</p> <p><b>Status: Completed</b></p> <p>The current tax invoice content is in accordance with the requirements of clause 13(6) of the 2018 Code of Conduct.</p>	October 2021	No further action required.

Reference (no./year)	Previously Assessed Non-Compliance/Controls Improvement	Previous Auditor's Recommendation and <i>Action Taken</i>	Date Resolved	Further action required
	<p>3. A statement that the website contains information about estimates, meter reading and testing, complaints and review; and</p> <p>4. A statement that the bill can be reviewed in accordance with the licensee's review procedure mentioned in clause 20.</p>			
4/2021	<p><b>Complaints Review Procedure</b></p> <p>Rating: A2</p> <p><i>Obligation 116 - The review procedure must state that the customer may, but does not have to, use the licensee's complaints procedure mentioned in clause 46 before or instead of applying to the water services ombudsman or, if available, making an appeal from, or applying for a review of, the decision under regulations mentioned in section 222(2)(k) of the Act.</i></p> <p>LSPL's "Billing Enquiries Procedure", as available on the LSW website, does not refer to alternative complaints' avenues available to customers, being:</p> <ol style="list-style-type: none"> <li>1. Contacting the Energy and Water Ombudsman Western Australia is indicated as following a complaint firstly made to LSPL; and</li> <li>2. Making an appeal from, or applying for a review of, the decision under regulations mentioned in section 222(2)(k) of the Act (no reference at all).</li> </ol>	<p>LSPL's "Billing Enquiries Procedure" must be updated to include appropriate references to the alternative complaints avenues available to customers following bill reviews.</p> <p><b>Status: Completed</b></p> <p>LSPL has reviewed and made minor amendments to the Billing Enquiries Procedure.</p> <p>The revised Billing Enquiries Procedure document has been uploaded to the Lancelin South Water web site.</p>	October 2021	No further action required.
5/2021	<p><b>Payment Methods</b></p> <p>Rating: A2</p> <p><i>Obligation 119 - The licensee must allow a customer to pay a bill using any of the prescribed methods selected by the customer.</i></p> <p>The auditor examined a sample of LSPL tax invoices issued during the Audit Period. These tax invoices provided customers with the following payment options:</p> <ol style="list-style-type: none"> <li>a. Centrepay;</li> </ol>	<p>LSPL should add bill payments by telephone to its "Ways to Pay Your Bill" as disclosed on its tax invoices; and</p> <p>The LSPL webpage entitled: "Ways to Pay Your Bill" should also disclose the following bill payment methods - Centrepay; and Telephone.</p>	October 2021	No further action required.

Reference (no./year)	Previously Assessed Non-Compliance/Controls Improvement	Previous Auditor's Recommendation and <i>Action Taken</i>	Date Resolved	Further action required
	<p>b. Internet (direct deposit and BPay); c. Post.</p> <p>The LSPL webpage entitled: "Ways to Pay Your Bill" only provides customers with the option to pay bills using the internet (direct deposit and BPay) and post.</p>	<p>LSPL will implement facility to allow Lancelin South Water customers to pay their bill by phone.</p> <p><b>Status: Completed</b></p> <p>A telephone number has been added to the Ways to Pay Your Bill section of our tax invoice and to the Ways to Pay Your Bill section of the web site.</p>		
6/2021	<p><b>Payment by Direct Debit</b></p> <p>Rating: A2</p> <p><i>Obligation 121 - Before receiving a bill payment by direct debit, the licensee must obtain the express consent of the customer or of an adult person nominated by the customer to give consent.</i></p> <p>The auditor confirmed by interview of a director of LSPL that, during the Audit Period, LSPL received bill payment by direct debit from a single customer; and</p> <p>The auditor requested but was not provided with proof LSPL obtained expressed consent for this payment method.</p>	<p>LSPL should enter into a direct debit agreement with the customer who currently pays by direct debit to make the arrangement official.</p> <p><b>Status: Completed</b></p> <p>Currently, LSPL does not have any Customer paying by direct debit. Should a Customer require this service in the future, LSPL will ensure appropriate agreements are reached and recorded.</p>	October 2021	No further action required.
7/2021	<p><b>Notice of Planned Service Interruptions</b></p> <p>Rating: B2</p> <p><i>Obligation 144B - The notice of any planned service interruption must be given within the prescribed timeframes.</i></p> <p>The auditor examined a sample of emails given to customers regarding planned service interruptions. The recorded date and time on the sampled emails show these emails were only sent to customers at the commencement of the planned service interruptions. Consequently, notice of the planned service interruption was not given within the prescribed timeframe.</p>	<p>LSPL should:</p> <ul style="list-style-type: none"> <li>• Give notice of planned service interruptions to customers within the prescribed timeframes; and</li> <li>• Implement appropriate controls to help ensure timely notice of service interruptions is given to customers.</li> </ul> <p>LSPL notes that there was only 1 planned service interruption within the review period. The LSPL "Maintenance Works Guidelines" already requires "Where possible, the notice of planned service</p>	October 2021	No further action required.

Reference (no./year)	Previously Assessed Non-Compliance/Controls Improvement	Previous Auditor's Recommendation and <i>Action Taken</i>	Date Resolved	Further action required
		<p>interruption will be given at least 48 hours in advance (WSCoC 43(2)). Where this is not possible, every effort must be made to advise all residents of a service interruption with as much notice as possible.”</p> <p><b>Status: Completed</b></p> <p>The requirement for providing notice for planned service interruptions has been added to the Regulatory Compliance Register.</p>		
8/2021	<p><b>Water Service Interruptions</b></p> <p>Rating: B2</p> <p><i>Obligation 144C – The licensee must have policies, practices and procedures for dealing with and minimising the impact of a burst, leak or blockage in its water supply works or sewerage works.</i></p> <p><i>Obligation 144D - The policies, practices and procedures under clause 44(1) must deal with the prescribed matters.</i></p> <p>LSPL’s “Asset Management Plan” in section 4.4 entitled: “Asset Maintenance” mentions breakdowns and/or failures may require maintenance. However, it does not detail any specific steps and/or activities required to address dealing with and minimising the impact of a burst, leak or blockage in its water supply works or sewerage works;</p> <ul style="list-style-type: none"> <li>o LSPL’s “Customer Service Charter” in the sections entitled “Interruption to Water Supply – Unplanned” and “Property Reinstatement” refer to bursts, leaks or blockages. However, it does not detail any specific steps and/or activities required to address dealing with and minimising the impact of a burst, leak or blockage in its water supply works or sewerage works.</li> </ul> <p>An LSPL director has stated: “LSW has as-constructed drawings of the drinking water, non-potable water and sewer pipelines. Specific</p>	<p>LSPL should develop and implement comprehensive policies, practices and procedures for dealing with and minimising the impact of a burst, leak or blockage in its water supply works or sewerage works (in compliance with clauses 44(1) and (2) of the 2018 Code of Conduct).</p> <p><b>Status: Completed</b></p> <p>A new internal procedure “Bursts, Leaks and Blockages” has been developed in compliance with clauses 44(1) and (2) of the 2018 Code of Conduct. An existing internal procedure “Decontamination Procedure” has been updated.</p>	November 2021	No further action required.

Reference (no./year)	Previously Assessed Non-Compliance/Controls Improvement	Previous Auditor's Recommendation and <i>Action Taken</i>	Date Resolved	Further action required
	methodologies for repairing bursts or leaks are not documented by LSW but are left within the professional capabilities of the repair contractor, based on the standard procedures of WSAA and other industry bodies."			
9/2021	<p><b>Complaints Procedure</b></p> <p>Rating: B2</p> <p><i>Obligation 146 - The licensee's complaints procedure must be developed using as minimum standards the relevant provisions of AS/NZS 10002-2014 and the ERA's guidelines (if any).</i></p> <p>The auditor interviewed two LSPL directors and GHD Technical Consultant.</p> <p>None of these parties could confirm whether the current version of LSPL's "Customer Complaints Procedure" was developed using as minimum standards the relevant provisions of AS/NZS 10002-2014 and the ERA's "Customer Complaints Guidelines: distinguishing customer queries from complaints – December 2016"; and</p> <p>The auditor examined LSPL's "Customer Complaints Procedure" but could not find any evidence it was developed in compliance with clause 46(2) of the 2018 Code of Conduct.</p>	<p>LSPL should review its "Customer Complaints Procedure" to ensure it was developed using as minimum standards the relevant provisions of AS/NZS 10002-2014 and ERA's "Customer Complaints Guidelines: distinguishing customer queries from complaints – December 2016".</p> <p><b>Status: Completed</b></p> <p>LSPL Customer Complaints Procedure has been amended to better reflect the requirements of AS100002:2014 as well as ERA's "Customer Complaints Guidelines: distinguishing customer queries from complaints – December 2016"</p> <p>The revised Customer Complaints Procedure has been uploaded to the Lancelin South Water web site.</p>	October 2021	No further action required.
10/2021	<p><b>Complaints Procedure</b></p> <p>Rating: A2</p> <p><i>Obligation 149A - When the licensee considers that a customer's complaint has been resolved the licensee must advise the customer accordingly, inform the customer that the customer has a right to apply to the water services ombudsman for a review of the complaint, and provide a Freecall telephone number for the water services ombudsman.</i></p>	<p>LSPL should when it considers a customer complaint as being resolved:</p> <ul style="list-style-type: none"> <li>• Inform the customer of their right to apply to the water services ombudsman for a review of the complaint; and</li> <li>• Provide a Freecall telephone number for the water services ombudsman.</li> </ul>	October 2021	No further action required.

Reference (no./year)	Previously Assessed Non-Compliance/Controls Improvement	Previous Auditor's Recommendation and <i>Action Taken</i>	Date Resolved	Further action required
	<p>The auditor confirmed by interview of a director of LSPL that, during the Audit Period, LSPL did not:</p> <ul style="list-style-type: none"> <li>• Inform a customer of the right to apply to the water services ombudsman for a review of a complaint; and</li> <li>• Provide a Freecall telephone number for the water services ombudsman.</li> </ul>	<p><b>Status: Completed</b></p> <p>LSPL Customer Complaints Procedure has been amended to specifically include a step for finalising the complaint, including advice on the Customers' rights to apply to the Energy and Water Ombudsman.</p> <p>The revised Customer Complaints Procedure is on the Lancelin South Water web site.</p>		
11/2021	<p><b>Information for Customers</b></p> <p>Rating: B2</p> <p><i>Obligation 153 - The licensee must make the prescribed information publicly available.</i></p> <p>The auditor could not find any references to the following items on the LSPL webpages:</p> <ol style="list-style-type: none"> <li>a. Services provided by LSPL under clause 48(2) – clause 49(1)(d);</li> <li>b. If a customer is offered a payment plan or other arrangement giving the customer more time to pay the bill or to pay arrears, LSPL's power as mentioned in clause 49(1)(g) can only be exercised if: <ol style="list-style-type: none"> <li>i. The customer has not accepted the offer within the period of 7 days after the day on which it was made; or</li> <li>ii. Having entered such a plan or other arrangement, the customer does not comply with it. (Clause 49(1)(h)); and</li> </ol> </li> <li>c. Sustainable use of water (clause 49(1)(k)).</li> </ol>	<p>LSPL should:</p> <ul style="list-style-type: none"> <li>• Explicitly state in the "Restricting and Restoring Your Water Flow" section in its "Financial Hardship Policy" it may only cut off, or reduce the rate of flow of, a supply of water if a water service charge remains unpaid for 30 days after it becomes due; and</li> <li>• Make the information stipulated in clauses 49(1)(d), (h) and (k) of the 2018 Code of Conduct publicly available.</li> </ul> <p><b>Status: Completed</b></p> <p>LSPL has amended the Financial Hardship Policy as recommended.</p> <p>LSPL has reviewed and made minor amendments to the Customer Service Charter to meet requirements of 49(1)(d) and (k) of the 2018 Code of Conduct.</p> <p>A new Form 17 Sustainable Water Usage has been added to the Lancelin South Water web site. Also, a new note relating to sustainable use of water has been added to the Our Services page on the Lancelin South Water web site.</p>	October 2021	No further action required.

Reference (no./year)	Previously Assessed Non-Compliance/Controls Improvement	Previous Auditor's Recommendation and <i>Action Taken</i>	Date Resolved	Further action required
12/2021	<p><b>ERA Fees and Charges</b></p> <p>Rating: B2</p> <p><i>Obligation 155 - The licensee must pay the applicable fees and charges in accordance with the Economic Regulation Authority (Licensing Funding) Regulations 2014.</i></p> <p>The auditor requested but was not provided with any documentation to confirm LSPL paid the applicable fees and charges in accordance with the Economic Regulation Authority (Licensing Funding) Regulation 2014.</p> <p>The auditor was informed by the ERA that, during the Audit Period, LSPL paid several fees and charges late.</p> <p>The "Regulatory Compliance Register" acknowledges the obligation recorded in clause 4.2.1 of WL47. However, notwithstanding this control, the LSPL did not comply with this obligation on several occasions.</p>	<p>LSPL should:</p> <ul style="list-style-type: none"> <li>• Pay the applicable fees and charges on time;</li> <li>• Keep proper records to prove compliance with its obligations in terms of clause 4.2.1 of WL47; and</li> <li>• Strengthen its financial controls to help ensure applicable fees and charges are paid on time and proof of payments is readily available.</li> </ul> <p><b>Status: Completed</b></p> <p>LSPL has reviewed and made minor amendments to its financial control system to provide more surety of on-time payments.</p>	October 2021	No further action required.
13/2021	<p><b>Department of Health MOU</b></p> <p>Rating: A2</p> <p><i>Obligation 187 - The licensee must publish in the form agreed with the Department of Health, a Memorandum of Understanding and any amendments to a Memorandum of Understanding within one month of signing or making the amendment.</i></p> <p>LSPL's Memorandum of Understanding with the Department of Health for drinking water, entered in June 2020 is available on the LSW website; and</p> <p>The auditor confirmed by interview of a director of LSPL that, during the Audit Period, the identity of the responsible officer as recorded in Binding Protocol 1 to the MOU was changed. The auditor notes the MOU, as it appears on the LSPL's website does not include the series of Binding Protocols.</p>	<p>LSPL should publish the complete MoU and any amendment thereto within one month of signing or making the amendment.</p> <p>The main text of the MoU between DoH and LSPL is available on the web site.</p> <p>The four (4) Binding Protocols associated with the MoU are all headed with "Not for Publication" as the DoH consider the content confidential between DoH and LSPL. This is also the case for all other potable water providers in WA.</p> <p>Hence LSPL cannot make these binding protocols publicly available.</p> <p><b>Status: Closed</b></p>	N/A	No further action required.

Reference (no./year)	Previously Assessed Non-Compliance/Controls Improvement	Previous Auditor's Recommendation and <i>Action Taken</i>	Date Resolved	Further action required
		The only amendment to the MoU within the audit period was to Binding Protocol 1 and hence, was not published on the LSPL web site.		
14/2021	<p><b>Family Violence Policy</b></p> <p>Rating: B2</p> <p><i>Obligation 191 - The Licensee must have a family violence policy that sets out the matters specified in clause 5(1).</i></p> <p>LSPL has a "Family Domestic Violence Policy" (FDV Policy). The FDV Policy does not comply with the stipulations of clause 5(1) of the Water Services Code of Practice (Family Violence) 2020 (Family Violence Code) except for clause 5(1)(g).</p> <p>The "Regulatory Compliance Register" does not acknowledge the obligations recorded in clauses 5(1) and (2), 6, 7, 8(1) and (2), 9 and 10 of the Family Violence Code.</p>	<p>The LSPL's FDV Policy should set out no request for written evidence of family violence will be made of customers unless the evidence is reasonably necessary for assessment purposes (clause 5(1)(g)); and</p> <p>The "Regulatory Compliance Register" should record the obligations recorded in clauses 5(1) and (2), 6, 7, 8(1) and (2), 9 and 10 of the Family Violence Code.</p> <p><b>Status: Completed</b></p> <p>The LSPL Family and Domestic Violence Policy has been reviewed and updated to meet clause 5(1)(g) of the Water Services Code of Practice (Family Violence) 2020.</p> <p>The LSPL Regulatory Compliance Register has been updated as recommended.</p> <p>The revised Family and Domestic Violence Policy has been uploaded to the Lancelin South Water web site.</p> <p>A link to the Water Services Code of Conduct (Family Violence) 2020 has been added to the Home page on the Lancelin South Water web site.</p>	October 2021	No further action required.
15/2021 & 16/2021	Not in Previous Audit Report.	N/A	N/A	N/A

### 3.6 Detailed Audit Observations

No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority <sup>4</sup>	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
<b>Water Services Act 2012</b>							
2	Section 21(1)(b)	Clause 4.3.1(b)	The licensee must if requested, offer to provide the water service authorised by the licence to any other person (not covered by section 21(1)(a) of the Act) within the operating area of the licence on reasonable terms, unless provision of the service is not financially viable or is otherwise not practicable.	4	The auditor confirmed with the GHD Technical Director that during the audit period, Lancelin South was not requested to provide the water service authorised by WL47 to any other person (not covered by section 21(1)(a) of the Act) within the operating area of WL47.	NP	NR
3	Section 21(1)(c)	Clauses 4.1.1	The licensee must provide, operate and maintain the water service works specified by the ERA in the licence for the purpose of section 11(3).	4	This audit confirmed the water service works are operated in accordance with the Licence.	NP	1
4	Section 22	Clause 4.4.1(a)	The licensee must notify the ERA as soon as practicable before commencing to provide the water service outside of the operating area of the licence.	4	The GHD Technical Director confirmed that during the audit period, Lancelin South did not provide water services outside the operating area of WL47.	NP	NR
5	Section 23	Clause 4.5.1	All water service works used by the licensee in the provision of a water service must be held by the licensee or must be covered by a works holding arrangement.	4	The GHD Technical Director confirmed that during the audit period, Lancelin South leased the water service works used to provide water services from Mathaus Limited Partnership. The audit examined a lease agreement entered between Mathaus Limited Partnership and	A	1

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

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

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

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

No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority <sup>4</sup>	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
					Lancelin South on 13/02/2019 for the lease of sewerage plant (lease term of 20 years).		
6	Sections 24(1)(a) & 24(2)	Clause 5.1.1	The licensee must provide for an asset management system in respect of the licensee's water service works.	4	This audit and review confirmed that Lancelin South has an asset management system in respect of the water service works. The Regulatory Compliance Register acknowledges the obligations recorded in sections 24(1)(a) and 24(2) of the Act.	A	1
8	Section 24(1)(c)	Clause 5.1.4	A licensee must provide the ERA with a report by an independent expert as to the effectiveness of its asset management system every 24 months, or such longer period as determined by the ERA.	4	The previous asset management review report was provided in September 2021. This review report will be provided to the ERA in June 2023. This obligation is stated in the Lancelin South Reporting Info. Compliance Calendar.	A	1
9	Section 25	Clause 5.3.1	A licensee must, not less than once every 24 months, or such longer period as determined by the ERA, provide the ERA with an operational audit conducted by an independent expert appointed by the ERA.	4	The previous operational audit report was provided in September 2021. This audit report will be provided to the ERA in June 2023. This obligation is stated in the Lancelin South Reporting Info. Compliance Calendar.	A	1
10	Section 26(3)	Clause 4.1.1	The licensee must comply with each code of practice made by the Minister to the extent to which it applies to the licensee.	4	Lancelin South has a "Family Domestic Violence Policy that complies with clause 5(1) of the <i>Water Services Code of Practice (Family Violence) 2020</i> . There have been no further codes of practice issued by the Minister in this audit period.	NP	1
13	Section 36	Clause 4.1.1	If the licensee ceases to provide a water service in an area, the licensee must ensure that the water service works are left in a safe condition and must not remove any part of the works except with the approval of the Minister.	4	The auditor confirmed with the GHD Technical Director that during the audit period, Lancelin South did not cease to provide a water service in any area.	NP	NR

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14	Section 60	Clause 6.3.1	If the licensee is the supplier of last resort for a designated area in relation to the provision of a particular water service, the licensee must perform the functions of the supplier of last resort and must comply with the relevant duties and carry out the relevant operations prescribed.	4	The auditor confirmed with the GHD Technical Consultant that during the audit period, Lancelin South was not a supplier of last resort for a designated area in relation to the provision of a particular water service.	NP	NR
15	Section 70(2)	Clause 6.2.1	The licensee must not supply water services to customers unless the licensee: <ul style="list-style-type: none"> <li>• is a member of the water services ombudsman scheme; and</li> <li>• is bound by the scheme; and</li> <li>• will comply with any decision or direction of the water services ombudsman under the scheme.</li> </ul>	4	The auditor confirmed with the Energy and Water Ombudsman website that Lancelin South is a member of the water services ombudsman scheme. The auditor confirmed with the GHD Technical Consultant that they have no knowledge of any decisions or directions made by the water service ombudsman during the audit period.	NP	1
16	Section 77(3)	Clause 4.1.1	The licensee must take reasonable steps to minimise the extent or duration of any interruption of water services it is responsible for.	4	The auditor confirmed with the GHD Technical Director that during the audit period, Lancelin South took reasonable steps to minimise the extent or duration of any interruption of water services it was responsible for. Over the audit period, there were 2 water service interruptions in 2020/21 relating to water flushing events for 7.5 hours each. The GHD Technical Consultant confirmed that reasonable steps were taken to minimise the extent and duration of the interruptions.	NP	1
17	Sections 82(4) & (5)	Clause 4.1.1	If a person must give the licensee notice of any building work to be carried out on land in the operating area of a license, the licensee must return a copy of the plans and specifications contained in	4	The GHD Technical Director confirmed that during the audit period, no person was obliged to give Lancelin South notice of any building work to be carried out on land in the operating area of a license.	NP	NR

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			the notice with any written directions about the proposed building work that the licensee considers necessary to ensure the safety and efficacy of the provision of water services provided, or to be provided. The licensee must do this within 7 days of receiving the fee for dealing with the notification.				
18	Section 84(2)	Clause 4.1.1	If the licensee has given a notice under section 83(3)(a) of the Act, and the licensee is satisfied that the person given the notice is not going to comply with the notice within a reasonable time, the licensee must give the person 21 days' notice of its intention to commence the works.	4	The GHD Technical Director confirmed that during the audit period, Lancelin South did not give any notice under Section 83(3)(a) of the Act.	NP	NR
19	Section 87(2)	Clause 4.1.1	If a person makes an application with the State Administrative Tribunal for a review of a decision in respect of the licensee providing additional water services when a person has not responded to the licensee's notice, the licensee cannot provide the works until the application has been finally dealt with, except in limited circumstances.	4	The GHD Technical Director that he is not aware of any person who, during the audit period, made an application with the State Administrative Tribunal for a review of a decision in respect of the licensee providing additional water services.	NP	NR
20	Section 90(7)	Clause 4.1.1	If the licensee gives a compliance notice to a person who is undertaking construction or carrying out similar works in the vicinity of water service works, the licensee must, to the extent practicable, consult with the owner of the land on which the obstruction is located or the activity is taking place if the person to be	4	The GHD Technical Director confirmed that during the audit period, Lancelin South did not give any compliances notices to any person who was undertaking construction or carrying out similar works in the vicinity of water service works.	NP	NR

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			given the notice is not the owner of the land.				
21	95(3)	Clause 4.1.1	The licensee cannot cut off the supply of water to an occupied dwelling unless the occupier agrees to that.	2	The auditor confirmed with the GHD Technical Consultant that during the audit period, Lancelin South did not cut off the supply of water to an occupied dwelling.	NP	NR
22	96(1)	Clause 4.1.1	If the licensee provides water supply reticulation works or enters into an agreement for the provision of water supply reticulation works, the licensee must install fire hydrants attached to those works in accordance with the requirements of FESA, or the relevant local government as to the location and type of hydrant.	4	The auditor confirmed with the GHD Technical Consultant that, during the audit period, Lancelin South did not receive any requirements from FESA or the relevant local government regarding water supply reticulation works.	NP	NR
23	96(5)	Clause 4.1.1	The licensee must comply with requests made by FESA or a local government under sections 96(3) and 96(4) of the Act to the extent practicable and within a reasonable time.	4	The auditor confirmed with the GHD Technical Consultant that she has no knowledge of any FESA or local government request, during the audit period, made of Lancelin South under sections 96(3) and 96(4) of the Act.	NP	NR
24	Section 98(3)	Clause 4.1.1	If required to by the Minister, the licensee must connect a wastewater inlet on land to the <b>sewerage</b> works of the licensee.	4	The auditor confirmed with the GHD Technical Consultant that during the audit period, Lancelin South did not receive any Ministerial request to connect a wastewater inlet on land to its sewerage works.	NP	NR
25	Section 106 (2)	Clause 4.1.1	The licensee must include the information specified in a compliance notice given in relation to failure to	4	The auditor confirmed with the GHD Technical Consultant that during the audit period, Lancelin South did not give any compliance notice in relation to failure to maintain fittings, fixtures and pipes.	NP	NR

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			maintain fittings, fixtures and pipes <b>(sewerage)</b> .				
28	Section 119(2)	Clause 4.1.1	The licensee must include the information specified in a compliance notice given in relation to the matters set out in section 119(1).	4	The auditor confirmed with the GHD Technical Consultant that during the audit period, Lancelin South did not give any compliance notice in relation to the matters set out in section 119(1).	NP	NR
29	Section 122(2)	Clause 4.1.1	If a person makes an application to the State Administrative Tribunal under section 122(1), the licensee cannot take, or continue to take, action against the person except in the circumstances specified.	4	The auditor confirmed with the GHD Technical Consultant that during the audit period, that she is not aware of any person who, during the audit period, made an application to the State Administrative Tribunal under section 122(1) of the Act.	NP	NR
30	Section 125(2)	Clause 4.1.1	If the licensee provides a water supply, sewerage or drainage service to 2 or more dwellings on land by a single property connection, the licensee may apportion fees. The licensee cannot apportion fees to the extent inconsistent with any agreement related to such a provision of services, or section 66 of the <i>Strata Titles Act 1985</i> .	4	The auditor confirmed with the GHD Technical Director that during the audit period, Lancelin South did not provide a water supply or sewerage service to 2 or more dwellings on land by a single property connection.	NP	NR
31	Section 128(4)	Clause 4.1.1	If the licensee has previously lodged a memorial with the Registrar, the licensee must lodge a withdrawal of memorial with Registrar along with the prescribed fee (if any) if the charge or contribution has been paid.	4	The auditor confirmed with the GHD Technical Consultant that she is not aware of any instance during the audit period, which required Lancelin South to lodge a withdrawal of memorial with Registrar.	NP	NR
32	Section 129(5)	Clause 4.1.1	If a routine inspection or maintenance is likely to cause disruption to the occupants of a place at least 48 hours'	4	The auditor confirmed with the GHD Technical Director that during the audit period, only sub-contracted plumbers entered places at the specific	NP	NR

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			notice of a proposed entry must be given to the occupier of the place unless the occupier agrees otherwise.		request of occupants and therefore 48 hours' notice of proposed entry was not required.		
33	Section 139(3)	Clause 4.1.1	If the licensee removes or erects a fence or gate when exercising a works power conferred by the Act, the licensee must take all reasonable steps to notify the owner before doing so.	4	The auditor confirmed with the GHD Technical Director that during the audit period, Lancelin South, did not remove or erects a fence or gate when exercising a works power conferred by the Act.	NP	NR
34	Section 141(1)	Clause 4.1.1	A person authorised by the licensee may enter a road and exercise a works power of the licensee without consent, notice or warrant unless the exercise of the power involves opening or breaking up the surface of the road, or would cause a major obstruction of the road or disruption of the traffic, in which case the licensee must give at least 48 hours' notice to the public authority that has control or management of the road.	4	The auditor confirmed with the GHD Technical Director that during the audit period, Lancelin South did not exercise a works power for a road.	NP	NR
35	Sections 142	Clause 4.1.1	The licensee must comply with sections 143 and 144 of the Act in relation to the proposed major works and has given any notice required by section 148.	4	The auditor confirmed with the GHD Technical Director that during the audit period, Lancelin South did not undertake any major works.	NP	NR
36	Sections 143 (2)	Clause 4.1.1	Before the licensee submits a proposal for the provision of major works to the Minister, the licensee must prepare, publish and make available plans and details of those major works as specified.	4	Refer obligation 35.	NP	NR
37	Sections 143 (3)	Clause 4.1.1	The licensee must, within 5 days of publishing the plans and details on the	4	Refer obligation 35.	NP	NR

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			licensee's website, give notice setting out the matters prescribed in section 143(4) to the persons and agencies specified.				
38	Section 144(3)	Clause 4.1.1	The licensee must have regard to an objection or submission lodged within the relevant period.	4	Refer obligation 35.	NP	NR
39	Section 145(2)	Clause 4.1.1	If the licensee makes alterations to the plans or details referred to in section 143(2), the licensee must give written notice of the alterations to any person who is likely to be adversely affected by those alterations.	4	Refer obligation 35.	NP	NR
40	Section 147(3)	Clause 4.1.1	The licensee must comply with a direction given by a Minister in respect of a proposal to provide water service works that are major works under section 143(3).	4	Refer obligation 35.	NP	NR
41	Section 147(4)	Clause 4.1.1	If the Minister gives a direction that further notices in relation to the proposed major works be given under section 143(3), the licensee must resubmit the proposal.	4	Refer obligation 35.	NP	NR
42	Section 151(1)	Clause 4.1.1	A licensee proposing to provide water service works that are general works must prepare plans and details of the proposed works and publish and make them available for inspection.	4	The auditor confirmed with the GHD Technical Director that during the audit period, Lancelin South did not undertake any general works.	NP	NR
43	Section 151(2)	Clause 4.1.1	The licensee must give a notice of general works setting out the matters	4	Refer obligation 42.	NP	NR

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			referred to in section 151(3) to the persons and agencies specified.				
44	Section 152(3)	Clause 4.1.1	The licensee must have regard to an objection or submission lodged by the date specified in the notice given under section 151(2).	4	Refer obligation 42.	NP	NR
45	Section 153(3)	Clause 4.1.1	If the licensee makes alteration to those plans or details referred to in section 151, the licensee must give written notice of the alterations to any person who is likely to be adversely affected by those alterations.	4	Refer obligation 42.	NP	NR
46	Section 166(5)	Clause 4.1.1	On being advised by the Minister that an interest in land is appropriate to the licensee's needs, the licensee is required to acquire the interest.	4	The auditor confirmed with the GHD Technical Director that, during the audit period, Lancelin South did not receive any advice from the Minister that an interest in land is appropriate to its needs.	NP	NR
47	Section 166(6)	Clause 4.1.1	Any costs incurred in taking an interest in land are to be paid by the licensee.	4	Refer obligation 46.	NP	NR
48	Section 170	Clause 4.1.1	The licensee must not sell an interest in land if the purchaser would hold a parcel of land that did not comply with the minimum lot size and zoning requirements under the <i>Planning and Development Act 2005</i> , unless the Minister permits the licensee to do so.	4	The auditor confirmed with the GHD Technical Consultant that, during the audit period, Lancelin South did not sell an interest in land.	NP	NR

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49	Section 173(4)	Clause 4.1.1	In relation to entry to a place for the purposes of doing works, in the circumstances specified, the licensee is required to give 48 hours' notice of proposed entry to a place to the occupier or owner, as applicable, unless the occupier or owner agrees otherwise.	4	The GHD Technical Director confirmed that during the audit period, only sub-contracted plumbers entered places at the specific request of occupants and therefore 48 hours' notice of proposed entry was not required.	NP	NR
50	Section 174(1)	Clause 4.1.1	Notice of a proposed entry by the licensee must be in writing and must set out the purpose of the entry, including (if applicable) any work proposed to be carried out.	4	Refer obligation 49.	NR	NR
51	Section 174(3)	Clause 4.1.1	Even if in a particular instance the licensee may enter a place under the Act without having to give notice of proposed entry, the licensee must when practicable, and when it will not compromise the reason for entry, give notice of entry to the occupier.	4	Refer obligation 49.	NP	NR
52	Section 175(2)	Clause 4.1.1	If an occupier is present when the licensee proposes to enter a dwelling, the licensee must perform the prescribed actions before entering the premises.	4	The GHD Technical Director confirmed that during the audit period, Lancelin South did not enter any dwellings as its responsibility stops at the water meters.	NP	NR
53	Section 175(5)	Clause 4.1.1	If the licensee enters a dwelling that is unoccupied, the licensee must leave a notice, which includes the prescribed information, or a copy of the warrant (as applicable) in a prominent position in the dwelling before leaving the dwelling.	4	Refer obligation 52.	NP	NR

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54	Section 176(1)	Clause 4.1.1	If the licensee has entered a place with or without consent, the licensee must leave the premises as soon as practicable after being notified that the owner or occupier has refused or withdrawn their consent.	4	The GHD Technical Director confirmed that during the audit period, Lancelin South was not notified by an owner or occupier to leave an entered place.	NP	NR
55	Section 176(3)	Clause 4.1.1	The licensee must produce their certificate of authority if asked to do so, and must not perform, or continue to perform, a function under the Act if they are not able to do so.	4	The GHD Technical Director confirmed that during the audit period, Lancelin South was not requested to produce evidence of authority.	NP	NR
56	Section 176(4)	Clause 4.1.1	If the licensee enters or proposes to enter a place, and the owner or occupier requests the licensee produce evidence of authority for that entry, then the licensee must leave the place if they are unable to do so unless the owner or occupier agrees otherwise.	4	Refer obligation 55.	NP	NR
57	Section 181	Clause 4.1.1	The licensee, or a person assisting the licensee, must, as far as is practicable comply with any reasonable request from the owner or occupier intended to limit interference with the lawful activities of the owner or occupier.	4	The GHD Technical Director confirmed that he is not aware of any reasonable request made during the audit period, by an owner or occupier intended to limit interference with the lawful activities of the owner or occupier.	NP	NR
58	Section 186	Clause 4.1.1	If the licensee applies for a warrant, the application must contain the prescribed information.	4	The GHD Technical Director confirmed that during the audit period, Lancelin South did not apply for any warrants or execute any warrants.	NP	NR
59	Sections 187(1) – (3)	Clause 4.1.1	If the licensee applies for a warrant to enter, the application must be made in accordance with the procedures	4	Refer obligation 58.	NP	NR

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			specified depending on the location of the applicant and the justice.				
60	Section 190(4)	Clause 4.1.1	Unless required to give a copy of the warrant, the licensee executing the warrant must produce the warrant for inspection by the occupier of the place concerned on entry (if practicable), and if requested to do so.	4	Refer obligation 58.	NP	NR
61	Section 190(5)	Clause 4.1.1	On completing the execution of a warrant the licensee must record the prescribed information on that warrant.	4	Refer obligation 58.	NP	NR
62	Section 210(5)	Clause 4.1.1	If the licensee designates a person as an inspector or compliance officer, the licensee must give that person a certificate of authority that includes certain prescribed information.	4	The GHD Technical Director confirmed that during the audit period, Lancelin South did not designate a person as an inspector or compliance officer.	NP	NR
63	Section 218(2)	Clause 4.1.1	In the exercise or purported exercise of a power under the Act, the licensee must ensure that, to the extent practicable, the free use of any place is not obstructed, and that as little damage, harm or inconvenience is caused as is possible.	4	The GHD Technical Director confirmed that during the audit period, Lancelin South did not: <ul style="list-style-type: none"> <li>• Obstruct the free use of any place; or</li> <li>• Cause any damage, harm or inconvenience.</li> </ul>	NP	NR
64	Section 218(3)	Clause 4.1.1	If the licensee does any physical damage in the exercise of a works power or a power of entry, the licensee must ensure that the damage is made good and pay compensation to the extent that it is not practicable to make good the damage.	4	The GHD Technical Director confirmed that during the audit period, Lancelin South did not cause any physical damage in the exercise of a works power or a power of entry.	NP	NR

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<b>Water Services Regulations 2013</b>							
65	Regulation 23(2)	Clause 4.1.1	If the licensee provides a water supply service in respect of a multi-unit development, the licensee must, on the request of the owner or the strata company, assess whether a meter is satisfactory for measuring the quantity or flow of water passing through a pipe supplying water to the unit.	4	The GHD Technical Director confirmed that during the audit period, Lancelin South did not provide a water supply service in respect of a multi-unit development.	NP	NR
66	Regulation 24(4)	Clause 4.1.1	If the licensee gives a compliance notice to a person in respect of access to meters, the notice must specify the specified information.	4	The GHD Technical Director confirmed that during the audit period, Lancelin South did not give a compliance notice to a person in respect of access to meters.	NP	NR
67	Regulations 26(3)	Clause 4.1.1	If the owner or occupier requests the licensee to test a meter and pays the charge (if any) for testing that type of meter, the licensee must test the meter in accordance with a procedure approved by the CEO for the purpose of this regulation.	4	The GHD Technical Director confirmed that during the audit period, Lancelin South was not requested by an owner or occupier to test a meter.	NP	NR
68	Regulation 26(5)	Clause 4.1.1	If a meter test finds that the meter is outside the prescribed tolerance applicable, the licensee must take the specified actions, bear the costs of testing and refund or credit any charges paid under regulation 26(3).	4	Refer obligation 67.	NP	NR
69	Regulation 29(1)	Clause 4.1.1	The licensee must, on the written request of a developer who is required to pay the licensee an infrastructure contribution in respect of a subdivided lot, defer the payment of the	4	The auditor confirmed with VIMG and during the site visit that, during the audit period, Lancelin South was the only developer within the operating area of WL47.	NP	NR

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			contribution unless regulations 29(3) or 29(4) applies.				
70	Regulation 42(2)	Clause 4.1.1	The written order requiring the owner or occupier of land to install a backflow prevention device must set out the date which the device must be installed and tested (which must be at least 7 days after the order is given to the owner or occupier).	4	The GHD Technical Director confirmed that during the audit period, Lancelin South did not give a written order requiring the owner or occupier of land to install a backflow prevention device.	NP	NR
71	Regulation 43(3)	Clause 4.1.1	The compliance notice given by the licensee to the owner or occupier of land must specify that the backflow prevention device be tested or maintained in accordance with the standard and the date by which the testing or maintenance is required to be done (which must be at least 7 days after the day the notice is given to the owner or occupier).	4	The GHD Technical Director confirmed that during the audit period, Lancelin South did not give any compliance notice to the owner or occupier of land regarding: <ul style="list-style-type: none"> <li>• Testing or maintaining a backflow prevention device; or</li> <li>• Making good a backflow prevention device.</li> </ul>	NP	NR
72	Regulation 43(6)	Clause 4.1.1	The compliance notice requiring the owner or occupier of land to have their backflow prevention device made good as specified in the notice must include the work that is required to be done, the manner in which the work is to be done and the date by which the work is to be done (which must be at least 7 days after the notice is given to the owner or occupier).	4	Refer obligation 71.	NP	NR

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74	Regulation 60(2)	Clause 4.1.1	If the licensee proposes to exercise a works power in a road and considers that it is necessary to alter the position of infrastructure, the licensee must notify the person who is responsible for the infrastructure and may request that the person make the alterations within the time specified in the notice.	4	The GHD Technical Director confirmed that during the audit period, Lancelin South did not exercise a works powers for a road.	NP	NR
75	Regulation 63	Clause 4.1.1	If the licensee opens or breaks up the surface of a road, the licensee must complete the relevant work and reinstate and make good the road and must take all reasonable measures to prevent that part of the road from being hazardous.	4	The GHD Technical Director confirmed that during the audit period, Lancelin South did not open or break up the surface of a road	NP	NR
89	Regulation 85	Clause 4.1.1	Compliance notices issued by the licensee must include a brief description of the possible consequences under the Act of not complying with the notice, and the rights of review under the Act in relation to the notice and who may apply for review.	4	The GHD Technical Director confirmed that during the audit period, Lancelin South did not issue any compliance notices.	NP	NR

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<b>Water Services Code of Conduct (Customer Service Standards) 2018</b>							
92	Clauses 8(1)-(3)	Clause 4.1.1	<p>The licensee must have written information for customers about the prescribed matters regarding connections and the information must be publicly available. <i>(Note: the information required by clause 8(2)(a) applies to the Water Corporation, Bunbury Water Corporation and Busselton Water Corporation only and the information required by clause 8(2)(g) applies only to licensees that supply potable water).</i></p> <p><i>Note: The 2021 Water Compliance Manual included a requirement that for non-potable water supply, the licensee is to provide non-potable water on the basis that the customer is responsible for treatment of water fit for human drinking (obligations 92 to 139 and 144 to 154D). As the licensee provides non-potable water, this amendment applies to this audit.</i></p>	4	<p>The audit confirmed that Lancelin South has a dedicated website for Lancelin South Water that has written information on the prescribed matters regarding connection, including:</p> <ul style="list-style-type: none"> <li>• Customer Service Charter</li> <li>• A dedicated web page entitled: “Getting Connected – Connecting to our Services” and specific forms as follows: <ul style="list-style-type: none"> <li>○ Residents Account Establishment Form</li> <li>○ Service Supply Connection Requirements”; and</li> <li>○ Residents Water Service Connection Application Form</li> <li>○ Residential Pricing and Charges</li> </ul> </li> </ul> <p>The Customer Service Charter states under the heading Installation of Services that “Services will be connected upon request and within 10 business days of lodgement of the Application or as agreed.”</p>	A	1
93	Clauses 9(2) and (4)		<p>The licensee must ensure that, in any 12-month period, 90% of water supply service connections are completed before the end of 10 business days, starting on the day on which the customer has paid the relevant fees and complied with the relevant requirements.</p> <p>Note: Potable water supply only.</p>	4	<p>There were 6 new connections in the audit period. The GHD Technical Director confirmed these were made within 10 business days of the connection fee being paid.</p> <p>This obligation is stated in the Customer Service Charter. Also, the Regulatory Compliance Register acknowledges the obligations recorded in clauses 9(2) and (4) of the Code of Conduct.</p>	A	1

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94	Clause 10(2)	Clause 4.1.1	If the licensee charges a fixed charge, the licensee must issue a bill for a fixed charge to each customer at least once in every 12-month period.	4	The audit reviewed a sample of quarterly Lancelin South tax invoices issued to 6 out of 22 customers (27%) during the audit period. These tax invoices levied quarterly "Fixed Charges" for Base Water Service Charge and Base Sewerage Service Charge.  This obligation is stated in the Customer Service Charter and the Residential Pricing and Charges form on the website.	A	1
95	Clause 11(2)	Clause 4.1.1	If the licensee charges a quantity charge, the licensee must issue a bill - for a quantity charge to each customer at least once in every 4-month period.	4	The audit reviewed a sample of quarterly Lancelin South tax invoices issued to 6 out of 22 customers (27%) during the audit period. These tax invoices levied a quarterly Potable Water Usage Charge and Non Potable Water Usage Charge.  This obligation is stated in the Customer Service Charter and the Residential Pricing and Charges form on the website.	A	1
96	Clause 11(3)	Clause 4.1.1	A bill for usage must be based on a meter reading to ascertain the quantity supplied or discharged.	4	The audit reviewed a sample of quarterly Lancelin South tax invoices issued to 6 out of 22 customers during the audit period. These tax invoices recorded quarterly meter readings for the Potable Water Usage Charge and the Non Potable Water Usage Charge.  This obligation is stated in the Customer Service Charter and the Residential Pricing and Charges form on the website.	A	1
97	Clause 11(4)	Clause 4.1.1	If an accurate meter reading is not possible, a bill for usage must be based on an estimate, in accordance with the prescribed regulations (if any), of the quantity of water supplied or wastewater		The audit confirmed with the GHD Technical Consultant that during the audit period, Lancelin South did not estimate usage for billing purposes.	NP	NR

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			discharged. (Note: The Water Services Regulations 2013 did not address the estimation of bills at the time this Reporting Manual was published).		The control is the estimation procedure stated in the Customer Service Charter that complies with this obligation.		
98	Clause 11(5)	Clause 4.1.1	If an accurate meter reading is not possible and there are no applicable regulations, a bill for usage must be based on a reasonable estimate of supply or discharge using one of the prescribed methods.	4	Refer obligation 97.	NP	NR
98A	Clause 11(6)	Clause 4.1.1	Despite subclauses 11(4) and (5), a bill for usage based on a meter reading must be issued at least once in every 12-month period.	4	The audit reviewed a sample of quarterly Lancelin South tax invoices issued to 6 out of 22 customers (27%) during the audit period. These tax invoices included quarterly meter readings.  This obligation is stated in the Customer Service Charter and the Residential Pricing and Charges form on the website.	A	1
99	Clause 12	Clause 4.1.1	The licensee must send a bill to the address of the place where the water service is provided or, if the customer nominates another address, to the nominated address.	4	The audit confirmed that, during the audit period, Lancelin South sent bills to the water service delivery address or a nominated address.  The audit reviewed a sample of 6 Lancelin South tax invoices issued during the audit period. These tax invoices recorded the customers' postal addresses.  This obligation is stated in the Customer Service Charter.	A	1
100	Clause 13(1)	Clause 4.1.1	Each bill must contain the prescribed information.	4	The audit reviewed a sample of quarterly Lancelin South tax invoices issued to 6 out of 22 customers (27%) during the audit period. These tax invoices disclosed the information stipulated in clause 13(1) of the 2018 Code of Conduct	A	1

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					<p>The GHD Technical Consultant confirmed that during the audit period, no concessions were granted to customers; and no interest or fees were charged for late payment of outstanding amounts.</p> <p>The Regulatory Compliance Register acknowledges the obligation recorded in clause 13(1) of the Code of Conduct.</p>		
100A	Clause 13(3)	Clause 4.1.1	A bill issued for 2 or more water services must specify the charge payable for each water service.	4	<p>The audit reviewed a sample of 6 Lancelin South tax invoices issued during the audit period. These tax invoices recorded, where applicable:</p> <ul style="list-style-type: none"> <li>• Potable Water Usage Charge;</li> <li>• Non-Potable Water Usage Charge.</li> <li>• Base Water Service Charge; and</li> <li>• Base Sewerage Service Charge.</li> </ul>	NP	1
101	Clause 13(4)	Clause 4.1.1	Each bill for usage for a metered water service must contain the specified information.	4	<p>The audit reviewed a sample of 6 Lancelin South tax invoices issued during the audit period. These tax invoices contained the information stipulated in clause 13(4) of the 2018 Code of Conduct.</p> <p>The GHD Technical Consultant confirmed that during the audit period, Lancelin South did not estimate usage for billing purposes.</p>	NP	1
101A	Clause 13(5)	Clause 4.1.1	If a bill for usage for a metered water service was based on an estimate, the bill must inform the customer that the licensee will tell the customer the prescribed information on request.	4	<p>The audit confirmed with the GHD Technical Consultant that during the audit period, Lancelin South did not estimate usage for billing purposes.</p> <p>The control is the estimation procedure stated in the Customer Service Charter that complies with this obligation.</p>	NP	NR
102A	Clause 13(6)	Clause 4.1.1	Each bill must contain the prescribed information.	4	<p>The audit reviewed a sample of 6 Lancelin South tax invoices issued during the audit period. These tax</p>	NP	1

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					<p>invoices contained the information stipulated in clause 13(6) of the Code of Conduct including:</p> <ul style="list-style-type: none"> <li>• Telephone number for complaints;</li> <li>• Freecall telephone number for the office of the water services ombudsman;</li> <li>• A statement that the website contains information about estimates, meter reading and testing, complaints and review; and</li> <li>• A statement that the bill can be reviewed in accordance with the licensee's review procedure mentioned in clause 20.</li> </ul>		
103	Clause 14(1)	Clause 4.1.1	If a bill is based on an estimate, the licensee must tell the customer on request the basis of the estimate and the reason for the estimate.	4	Refer obligation 101A.	NP	NR
104	Clause 14(2)	Clause 4.1.1	If a bill is based on an estimate, the licensee must make any adjustments to the next bill to take into account the extent to which the estimate was not reasonable having regard to a subsequent and accurate meter reading.	4	Refer obligation 101A.	NP	NR
104A	Clause 15(3)	Clause 4.1.1	Each bill for usage to which clause 15 applies must, in addition to the requirements of clause 13, contain the prescribed information.	4	The Lancelin South document Residential Pricing & Charges records a single Water Usage Charge for both potable water and non-potable water irrespective of the volume of usage. Therefore, this is not rated.	NP	NR
105	Clause 16(1)	Clause 4.1.1	The licensee must provide to the customer on request a meter reading and a bill (or revised bill if applicable) for outstanding charges outside of the usual	4	The audit confirmed by review of the LSW Communications Register that there were no requests for meter readings outside the usual cycle or if a customer disputed the metering.	NP	NR

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			bill cycle, or in case the customer disputes an estimate.				
106	Clause 17(2) and (3)	Clause 4.1.1	The licensee must have a written policy, standard or set of guidelines (available on the licensee's website and a hardcopy provided to a customer upon request at no charge) in relation to granting a discount to a customer whose meter reading indicates a water usage that is higher than normal for the customer but is likely to have been wasted because of a leak from the customer's system.	4	Lancelin South's "Leak Allowance Procedure" on the website states: "Lancelin South accept that leaks may occur and may not be obvious (i.e. are hidden) to customers and that significant volumes of water can be wasted. Lancelin South accept that this may have significant impact on a customer and consequently, may grant a leak allowance of up to 1,000 kilolitres, on either their potable or non-potable (irrigation) water supply, to a customer who has experienced an increase in water consumption caused by a hidden leak or burst."	A	1
107	Clause 18(2)	Clause 4.1.1	The licensee cannot recover an undercharged amount from a customer unless it is for water services provided in the 12-month period ending on the day on which the licensee informed the customer of the undercharging.	4	The auditor confirmed by review of the LSW Communications Register that during the audit period, Lancelin South did not recover an undercharged amount from a customer. Lancelin South's "Customer Service Charter" states under the heading Payment. "If you are accidentally undercharged, the shortfall will be included in your next account."	NP	NR
108	Clause 18(3)	Clause 4.1.1	An undercharged amount must be the subject of, and explained in, a special bill or a separate item in the next bill.	4	Refer obligation 107.	NP	NR
109	Clause 18(4)	Clause 4.1.1	The licensee must not charge interest or late payment fees on an undercharged amount.	4	Refer obligation 107.	NP	NR
110	Clause 18(5)	Clause 4.1.1	The licensee must allow a customer to pay an undercharged amount by way of a repayment plan that has effect for the	4	Refer obligation 107.	NP	NR

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			duration of the shorter of the prescribed periods starting on the day that the bill in clause 18(3) is issued.				
111A	Clause 19(2)	Clause 4.1.1	The licensee must, within 15 business days of becoming aware of an overcharge, credit the overcharged amount to the customer's account or send the customer a notice informing the customer of the overcharging and recommending options for how the overcharged amount may be refunded or credited to the customer's account.	4	The audit noted from the LSW Communications Register that during the audit period, there was one overcharge in the audit period, due to a meter being allocated to the incorrect property during a sale process. The customer was advised by email and the customer was credited within 15 business days.	NP	1
112A	Clause 19(3)	Clause 4.1.1	If the licensee sends the customer an overcharging notice and receives instructions from the customer about the refunding or crediting of the overcharged amount, the licensee must refund the overcharged amount, or credit the overcharged amount to the customer's account within 15 business days of the licensee receiving the instructions.	4	Refer obligation 111A.	NP	1
112B	Clause 19(4)	Clause 4.1.1	If instructions from the customer about the refunding or crediting of the overcharged amount have not been received by the licensee at the end of the period of 10 business days starting on the day an overcharging notice is sent, the licensee must credit the overcharged amount to the customer's account before the end of the period of the next 15 business days.	4	Refer obligation 111A.	NP	1

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112C	Clause 19(5)	Clause 4.1.1	The licensee must notify the customer immediately after crediting the overcharged amount to the customer's account under subclause (2)(a), (3) or (4).	4	Refer obligation 111A.	NP	1
113	Clause 20(1)	Clause 4.1.1	The licensee must review a bill on the customer's request.	4	The GHD Technical Consultant confirmed that during the audit period, no customers requested bill reviews. There were some billing enquiries during the audit period that were noted in the LSW Communications Register. However, these were no formal bill review requests and were resolved by communication.  Lancelin South's "Billing Enquiries Procedure", as available on the website, has a procedure for the review of a bill on the customer's request.	NP	NR
114	Clause 20(2)	Clause 4.1.1	The license must have a written procedure for the review of a bill on the customer's request.	4	Lancelin South's "Billing Enquiries Procedure", as available on the website, has a procedure for the review of a bill on the customer's request.	A	1
115	Clause 20(3) and (6)	Clause 4.1.1	The review procedure in clause 20(2) must include the specified information and be available on the licensee's website and a hardcopy provided to a customer upon request at no charge.	4	Lancelin South's Billing Enquiries Procedure, as available on the website, includes appropriate references to: <ul style="list-style-type: none"> <li>• Water meter testing – Infield test and Water meter testing – Independent test (clause 20(3)(a));</li> <li>• Review of Outcome – Undercharged bill and Overcharged bill (clause 20(3)(b); and</li> <li>• Appeals and Complaints (clause 20(3)(c)).</li> </ul> The GHD Technical Consultant that during the audit period, no customers requested a hard copy of the "Billing Enquiries Procedure".	A	1

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116	Clause 20(4)	Clause 4.1.1	The review procedure must state that the customer may, but does not have to, use the licensee's complaints procedure mentioned in clause 46 before or instead of applying to the water services ombudsman or, if available, making an appeal from, or applying for a review of, the decision under regulations mentioned in section 222(2)(k) of the Act.	4	Lancelin South's Billing Enquiries Procedure includes appropriate references to the alternative complaints avenues available to customers following bill reviews.  This obligation is stated in the Customer Service Charter.	A	1
117	Clause 20(5)	Clause 4.1.1	The licensee must inform the customer of the outcome of a review of the customer's bill as soon as practicable or otherwise less than 15 business days from the day the customer's request for review was received.	4	The GHD Technical Consultant confirmed that during the audit period, no customers requested bill reviews.  Lancelin South's "Billing Enquiries Procedure", available on the website, has a procedure for the review of a bill on the customer's request.	NP	NR
117A	Clause 21	Clause 4.1.1	The licensee must notify each of its customers of any change to the amount or rate of a water service charge in accordance with the requirements in clause 21(2).	4	The GHD Technical Consultant confirmed that, during the audit period, Lancelin South made no changes to the amount or rate of a water service charge.	NP	NR
118	Clause 23	Clause 4.1.1	The time set by the licensee for the payment of a bill must be after 14 days from when the bill is issued.	4	The audit reviewed a sample of 6 Lancelin South tax invoices issued during the audit period. These tax invoices show customers were given at least 21 days after tax invoices were issued for payment thereof.  This obligation is stated in the Customer Service Charter.	A	1

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119	Clause 24(1)	Clause 4.1.1	The licensee must allow a customer to pay a bill using any of the prescribed methods selected by the customer.	4	<p>The audit reviewed a sample 6 of Lancelin South tax invoices issued during the audit period. These tax invoices provided customers with the following payment options:</p> <ul style="list-style-type: none"> <li>• Centrepay;</li> <li>• Internet (direct deposit and BPay);</li> <li>• Mail; and</li> <li>• Telephone contact number.</li> </ul> <p>The Regulatory Compliance Register acknowledges the obligation recorded in clause 24(1) of the Code of Conduct.</p>	A	1
120	Clause 24(2)	Clause 4.1.1	The licensee must, when offering bill payment method options, inform the customer of the fees and charges (if any) associated with each bill payment method offered.	4	The auditor confirmed with the GHD Technical Consultant that during the audit period, Lancelin South did not levy fees and charges for the different bill payment methods options provided to customers. This was also confirmed by review of a sample of 6 invoices issued in the audit period.	NP	NR
121	Clause 25(1)	Clause 4.1.1	Before receiving a bill payment by direct debit, the licensee must obtain the express consent of the customer or of an adult person nominated by the customer to give consent.	4	<p>The auditor confirmed by interview of a director of Lancelin South that, during the audit period, Lancelin South received bill payments by direct debit from some customers. Written consent was obtained from the customer via the Direct Debit Form.</p> <p>The Regulatory Compliance Register acknowledges the obligation recorded in clause 25(1) of the Code of Conduct.</p>	A	1
122	Clause 26(1)	Clause 4.1.1	The licensee must accept payment in advance from a customer on a customer's request.	4	The GHD Technical Consultant confirmed that during the audit period, Lancelin South did not receive any customer request to pay in advance and there were none listed in the LSW Communications Register.	NP	NR

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123	Clause 27	Clause 4.1.1	The licensee must on request and at no charge redirect a customer's bills because of the customer's absence or illness.	4	The GHD Technical Consultant confirmed that during the audit period, Lancelin South did not receive any customer request to redirect a customer's bills due to absence or illness and there were none listed in the LSW Communications Register.	NP	NR
124A	Clause 28(2)	Clause 4.1.1	The licensee must advise a customer who has been assessed as experiencing payment difficulties that they have a right to pay the bill under a payment plan or other arrangement under which the customer is given more time to pay the bill or arrears, and the licensee must offer to enter into an appropriate plan or arrangement with the customer.	4	The GHD Technical Consultant confirmed that during the audit period, Lancelin South did not receive any customer request to enter a payment plan and none were provided.	NP	NR
124B	Clause 28(3)	Clause 4.1.1	When formulating a payment plan or other arrangement for a customer that the licensee has assessed as experiencing payment difficulties, the licensee must take the customer's capacity to pay the bill into account. In the case of a bill for usage, the licensee must also take into account how much water has been supplied or wastewater has been discharged in previous billing periods.	4	Refer obligation 124A.	NP	NR
124C	Clause 28(4)	Clause 4.1.1	The licensee must consider and decide whether or not the payment plan or other arrangement for a customer who has been assessed as experiencing	4	Refer obligation 124A.	NP	NR

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			payment difficulties should be interest-free, or fee-free, or both.				
125	Clause 29(1) and (2)	Clause 4.1.1 and Schedule 3, clause 1.1.1	The licensee must have a written policy in relation to financial hardship that is approved by the ERA.	4	Lancelin South has a Financial Hardship Policy that was updated in October 2021 and approved by the ERA. The Policy was published on the Lancelin South and ERA websites.	A	1
126A	Clause 29(3)	Clause 4.1.1	Unless the ERA approves otherwise, the licensee's financial hardship policy must comply with the ERA's guidelines (if any) in relation to financial hardship policies.	4	Refer obligation 125.	A	1
126B	Clause 29(4)	Clause 4.1.1	Unless the ERA approves otherwise, amendments to the licensee's financial hardship policy must be approved by the ERA and comply with the ERA's guidelines (if any) in relation to financial hardship policies.	4	Refer obligation 125.	A	1
127	Clause 29(5)	Clause 4.1.1	The licensee's financial hardship policy must be in effect within 6 months of the day of the grant of the license.	4	Lancelin South's water services licence commenced on 10 March 2017. Lancelin South's Financial Hardship Policy was first issued in June 2016 which complies with this obligation.	A	1
128	Clause 29(6)	Clause 4.1.1	The licensee's financial hardship policy must be available on the licensee's website and a hardcopy provided to a customer upon request at no charge.	4	Lancelin South's Financial Hardship Policy is available on the website. The auditor confirmed with the GHD Technical Consultant that, during the audit period, no customers requested a hard copy of Lancelin South's Financial Hardship Policy.	A	1
129A	Clause 29(7)	Clause 4.1.1	The licensee must review its financial hardship policy at least once in every 5 year period.	4	The Financial Hardship Policy was reviewed and updated in October 2021 after the previous audit.	NP	1

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129B	Clause 29(8)	Clause 4.1.1	The licensee must review its financial hardship policy if directed to do so by the ERA.	4	The GHD Technical Director confirmed that during the audit period, Lancelin South was not directed by the ERA to review its financial hardship policy.	NP	NR
129C	Clause 29(9)	Clause 4.1.1	The licensee must consult with relevant consumer organisations when formulating or reviewing its financial hardship policy.	4	Lancelin South made minor amendments to its financial hardship policy as a result of the 2021 audit report. These did not constitute a review so consultation with relevant consumer organisations was not required.	NP	NR
130A	Clause 30(2)	Clause 4.1.1	The licensee must advise a customer who has been assessed as experiencing financial hardship that they have a right to pay the bill under an interest-free and fee-free payment plan or other arrangement under which the customer is given more time to pay the bill or arrears, and the licensee must offer to enter into an appropriate plan or arrangement with the customer.	4	The auditor confirmed with the GHD Technical Consultant and review of the LSW Communications Register that, during the audit period, Lancelin South did not assess any customer as experiencing financial hardship.	NP	NR
130B	Clause 30(3)	Clause 4.1.1	When formulating a payment plan or other arrangement for a customer that the licensee has assessed as experiencing financial hardship, the licensee must take the customer's capacity to pay the bill into account. In the case of a bill for usage, the licensee must also take into account how much water has been supplied or wastewater has been discharged in previous billing periods.	4	Refer obligation 130A.	NP	NR
131A	Clause 30(4)(a)	Clause 4.1.1	The licensee must consider reducing the amount owing by the customer.	4	Refer obligation 130A.	NP	NR

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131B	Clause 30(4)(b)	Clause 4.1.1	The licensee must review, upon request, how a customer is paying a bill under clause 30(2) and (3) and revise the payment plan or arrangement if the review indicates the customer is unable to meet the obligations.	4	Refer obligation 130A.	NP	NR
131C	Clause 30(4)(c)	Clause 4.1.1	The licensee must provide the specified written information to a customer.	4	Refer obligation 130A.	NP	NR
133	Clause 31(4) and (5)	Clause 4.1.1	The licensee must have written information regarding the payment schemes and other assistance that is available to customers. The information must be available on the licensee's website and a hardcopy provided to a customer upon request at no charge.	4	Lancelin South's Customer Service Charter on the website provides written assistance about the payment schemes and other assistance available to the customer. Also, the Financial Hardship Policy.	A	1
133A	Clause 32	Clause 4.1.1	The licensee must not charge interest or fees for late payment of a bill by a customer in the specified circumstances.	4	The GHD Technical Consultant confirmed that during the audit period, Lancelin South did not charge interest or fees for late payment of a bill by a customer in the specified circumstances.	NP	NR
134	Clause 33(1)(a)-(c)	Clause 4.1.1	The licensee must not commence or continue proceedings to recover a debt from a customer if the customer is complying with a payment plan or other arrangement, is being assessed for payment difficulties or is being assessed for financial hardship.	4	The GHD Technical Consultant confirmed that during the audit period, Lancelin South did not commence or continue proceedings to recover a debt from a customer in the specified circumstances.	NP	NR
134A	Clause 33(1)(d)-(e)	Clause 4.1.1	The licensee must not commence or continue proceedings to recover a debt from a customer if a complaint made by the customer to the licensee or water services ombudsman, which directly	4	The GHD Technical Consultant confirmed that during the audit period, Lancelin South did not commence or continue proceedings to recover a debt from a customer in the specified circumstances.	NP	NR

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			relates to the water service charge to which the debt relates, is not resolved by the licensee (or is not determined or is upheld by the ombudsman).				
135	Clause 40(1)	Clause 4.1.1	If the licensee has cut off or reduced the rate of flow of water to land under section 95(1)(b) of the Act, the licensee must restore the supply of water if the amount owing is paid, or if the customer enters into a payment arrangement for the amount owing that is satisfactory to the licensee.	4	The GHD Technical Consultant confirmed that during the audit period, Lancelin South did not cut off or reduce the rate of flow of water to land.	NP	NR
136	Clause 40(2)	Clause 4.1.1	If the licensee has, under section 95(1)(a), (c), (d) or (e) of the Act, cut off or reduced the flow of water, the licensee must restore the supply of water if the licensee is satisfied that the reason for the disconnection or reduction no longer applies.	4	Refer obligation 135.	NP	NR
137A	Clause 36(1)	Clause 4.1.1	The licensee must not start a water supply restriction unless the licensee has given the customer a reminder notice (that includes the information specified in clause 35), the water service charge has still not been paid in full, and the licensee has given the customer a restriction notice.	4	The GHD Technical Consultant confirmed that during the audit period, Lancelin South did not apply any water supply restrictions for which restriction notices were required.	NP	NR
137B	Clause 36(2)	Clause 4.1.1	The licensee must not give a customer a restriction notice less than 7 days before the day on which the water supply restriction is proposed to start.	4	Refer obligation 137A.	NP	NR

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137C	Clause 36(3)	Clause 4.1.1	The restriction notice must include the specified information.	4	Refer obligation 137A.	NP	NR
138	Clause 37(1)(a)-(e) and (h)	Clause 4.1.1	The licensee must not start a water supply restriction if the specified circumstances apply.	4	Refer obligation 137A.	NP	NR
138A	Clause 37(1)(f)-(g)	Clause 4.1.1	The licensee must not start a water supply restriction if the specified circumstances apply.	4	Refer obligation 137A.	NP	NR
138B	Clause 38	Clause 4.1.1	The licensee must not start a water supply restriction on or during the specified times.	4	Refer obligation 137A.	NP	NR
139	Clause 39	Clause 4.1.1	The licensee must not, under section 95(1)(b) or (2) of the Act, reduce the rate of flow of water to a customer to below 2.3 litres each minute.	4	The GHD Technical Consultant confirmed that during the audit period, Lancelin South did not cut off or reduce the rate of flow of water to land.	NP	NR
142	Clause 41(4)	Clause 4.1.1	The licensee (other than the Water Corporation) must restore a water supply to land within the specified timeframe, unless the licensee and customer expressly agree otherwise.	4	The GHD Technical Consultant confirmed that during the audit period, Lancelin South did not cut off or reduce the rate of flow of water to land. Therefore, no restore of water was required.	NP	NR
144	Clause 41(6)	Clause 4.1.1	The licensee (other than the Water Corporation) must ensure that there is a 90% compliance rate with clause 41(4) in any 12-month period ending on 30 June.	4	Refer obligation 142.	NP	NR

No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority <sup>4</sup>	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
144A	Clause 43(1)	Clause 4.1.1	The licensee must give notice of any planned service interruption to each customer that will be affected by the service interruption.	4	The GHD Technical Consultant confirmed that during the audit period, Lancelin South gave notice of planned service interruptions to customers via email. The audit sighted examples of emails sent to customers for planned service interruptions.  This obligation is stated in the Customer Service Charter and the Maintenance Works Guidelines.	A	1
144B	Clause 43(2)	Clause 4.1.1	The notice of any planned service interruption must be given within the prescribed timeframes.	4	The audit confirmed that at least 48 hours' notice of planned service interruptions was given to customers by email.  This obligation is stated in the Customer Service Charter and the Maintenance Works Guidelines.	A	1
144C	Clause 44(1)	Clause 4.1.1	The licensee must have policies, practices and procedures for dealing with and minimising the impact of a burst, leak or blockage in its water supply works or sewerage works.	4	Lancelin South's "Asset Management Plan" in section 4.4 entitled: "Asset Maintenance" mentions breakdowns and/or failures may require maintenance. There is also a detailed Asset Risk Register that includes actions re dealing with any bursts, leaks or blockages in the water supply or sewerage works.  Lancelin South has as-constructed drawings of the drinking water, non-potable water and sewer pipelines. Lancelin South has a Maintenance Procedure that includes fortnightly checks for any leaks, bursts or blockages in the water supply and sewerage works and rectification actions.  Lancelin South also has a Leak Allowance Procedure advising customers about claims for leakage.	A	1
144D	Clause 44(2)	Clause 4.1.1	The policies, practices and procedures under clause 44(1) must deal with the prescribed matters.	4	Refer obligation 144C.	A	1

No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority <sup>4</sup>	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
144E	Clause 45	Clause 4.1.1	The licensee must provide a 24 hour information line by means of which, at the cost of a local telephone call (excluding mobile telephones), a customer can notify the licensee of emergencies and faults, and get information about the reason for, and the expected duration of, any unplanned service interruption.	4	The website on its Home page includes a linkable section entitled: "Report a fault or a leak". Double clicking this section opens up a webpage with a local telephone number for "Urgent Calls".  The sample of 6 Lancelin South tax invoices lists the number for "Faults & Emergencies (24/7)".	A	1
145	Clause 46(1)	Clause 4.1.1	The licensee must have a written complaints procedure in relation to investigating and dealing with complaints of customers about the provision of water services by the licensee or a failure by the licensee to provide a water service.	4	Lancelin South's Customer Complaints Procedure is available on the website. This procedure addresses investigating and dealing with customer complaints.	A	1
146	Clause 46(2)	Clause 4.1.1	The licensee's complaints procedure must be developed using as minimum standards the relevant provisions of AS/NZS 10002-2014 and the ERA's guidelines (if any).	4	The audit confirmed that since the previous audit, Lancelin South's Customer Complaints Procedure has been reviewed and updated in October 2021 to conform with the AS/NZS 10002-2014 Standard.	A	1
147	Clause 46(3)	Clause 4.1.1	The licensee's complaints procedure must provide for the matters specified in relation to lodgment of complaints, responding to complaints, dispute resolution arrangements and resolving complaints.	4	Lancelin South's Customer Complaints Procedure provides for: <ul style="list-style-type: none"> <li>• Lodgement of complaint using several different communication avenues;</li> <li>• Responding to complaints;</li> <li>• Dispute resolution arrangements which include the Energy and Water Ombudsman Western Australia; and</li> </ul>	A	1

No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority <sup>4</sup>	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
					<ul style="list-style-type: none"> <li>Resolution of complaints within 15 business days of receipt.</li> </ul>		
148A	Clause 46(4)	Clause 4.1.1	The licensee's complaints procedure must list the procedures available to the customer under the Act as to applying to the water services ombudsman or making an appeal from, or applying for a review of, the decision that gave rise to the complaint, if an appeal or review is available under regulations mentioned in section 222(2)(k).	4	Lancelin South's Customer Complaints Procedure provides for making an application to the Energy and Water Ombudsman Western Australia.	A	1
149	Clause 46(5)	Clause 4.1.1	The licensee's complaints procedure must be available on the licensee's website and a hardcopy provided to a customer upon request at no charge.	4	<p>Lancelin South's Customer Complaints Procedure is available on the website.</p> <p>The GHD Technical Consultant confirmed that during the audit period, Lancelin South did not receive any customer requests for a hard copy of its Customer Complaints Procedure. This was also confirmed by review of the LSE Communications Register.</p>	A	1
149A	Clause 47	Clause 4.1.1	When the licensee considers that a customer's complaint has been resolved the licensee must advise the customer accordingly, inform the customer that the customer has a right to apply to the water services ombudsman for a review of the complaint, and provide a Freecall telephone number for the water services ombudsman.	4	<p>Lancelin South's LSW Communications Register provides comprehensive details of its communication with customers regarding enquiries and complaints. From review of the Register and confirmation by the GHD Technical Consultant, the audit concluded that there were no customer complaints in the audit period.</p> <p>This obligation is stated in the Customer Complaints Procedure.</p>	NP	NR

No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority <sup>4</sup>	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
150	Clause 48(1)	Clause 4.1.1	The licensee must provide a customer with the specified services on request and at no charge.	4	The GHD Technical Consultant confirmed that during the audit period, Lancelin South did not receive any customer requests for a large-print version of any of the licensee's publicly available documents.  The audit reviewed a sample of 6 Lancelin South tax invoices issued during the audit period. These tax invoices provided customers with telephone numbers for the National Relay Services and Translation and Interpreter Service.	NP	NR
152	Clause 48(2)	Clause 4.1.1	The licensee must make available to each customer, at no charge, the customer's personal account information including information about bills previously issued to the customer and about the quantity of water supplied to, or wastewater discharged by, the customer in previous billing periods.	4	The audit reviewed a sample of 6 Lancelin South tax invoices issued during the audit period. These tax invoices recorded personal account information.  The GHD Technical Consultant and review of the LSW Communications Register confirmed that during the audit period, Lancelin South did not receive any customer requests for transactional history.	NP	NR
153	Clause 49(1)	Clause 4.1.1	The licensee must make the prescribed information publicly available.	4	The Lancelin South website includes the prescribed information in the following documents: <ul style="list-style-type: none"> <li>• Form 4 - Residential Pricing &amp; Charges"</li> <li>• Customer Service Charter</li> <li>• Financial Hardship Policy</li> <li>• Our Contact Details</li> <li>• Restricting and Restoring Your Water Flow</li> <li>• Sustainable Use of Water.</li> </ul>	A	1
154	Clause 49(2)	Clause 4.1.1	The licensee must ensure that the specified information about bills may be obtained from its website.	4	Lancelin South's website has information in compliance with clause 49(2) of the Code of Conduct, as follows:	A	1

No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority <sup>4</sup>	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
					<ul style="list-style-type: none"> <li>Customer Service Charter” which includes: Meter Reading:               <ul style="list-style-type: none"> <li>Estimates and bills therefore disclosing the reason for and basis thereof (clause 49(2)(a)); and</li> <li>Meter readings and bills for periods different to the usual billing cycle (clause 49(2)(b)).</li> </ul> </li> <li>Water meter testing – Infield test:               <ul style="list-style-type: none"> <li>Meter testing, applicable fees and fees reimbursement (clause 49(2)(d)).</li> </ul> </li> <li>Billing Enquiries Procedure (clause 49(2)(c) and (e)); and</li> <li>Customer Complaints Procedure (clause 49(2)(f)).</li> </ul>		
154A	Clause 49(3)	Clause 4.1.1	The licensee must ensure that its website contains a link to the current version of this code appearing on the website that is maintained by or on behalf of the Western Australian Government and that provides public access to electronic versions of Western Australian legislation.	4	The website contains a link on its “Home” page to the Code of Conduct (2018) as disclosed on the www.legislation.wa.gov.au website.	A	1
154B	Clause 51(1) and (3)	Clause 4.1.1	The licensee must maintain an up-to-date preserved supply register for the purposes of Part 9 of the Code if the licensee meets the criteria in clause 51(2). The register must record the prescribed information in clause 51(3) if the criteria in clause 51(2) applies to the licensee.	2	The GHD Technical Consultant confirmed that during the audit period, Lancelin South was not obliged to maintain a preserved supply register (as it did not meet the criteria in clause 51(2) of the Code of Conduct (2018) as follows:  “This subclause applies if a licensee —	NP	NR

No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority <sup>4</sup>	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
					a) receives notice or otherwise becomes aware that a person who resides at a supply address requires water for the operation of a dialysis machine or other life support equipment; or b) assesses and determines that a person who resides at a supply address requires water for a special need of another kind.”		
154C	Clause 52	Clause 4.1.1	The licensee must not, under section 95(1)(b) of the Act, reduce the rate of flow of a supply of water to a supply address recorded on the preserved supply register.	2	Refer obligation 154B.	NP	NR
154D	Clause 53	Clause 4.1.1	Despite clause 43(3), in the case of a service interruption that will affect a supply address recorded on the preserved supply register, the notice required by clause 43(1) must be sent by post or delivered to that supply address.	2	Refer obligation 154B.	NP	NR
Other License conditions							
155	<i>Water Services Act</i> Section 12	Clause 4.2.1	The licensee must pay the applicable fees and charges in accordance with the Economic Regulation Authority (Licensing Funding) Regulations 2014.	4	The audit confirmed the fees were paid to the ERA by the due dates in the audit period. There were no non-compliances reported in the Annual Compliance Reports for 2020/21 and 2021/22. The Regulatory Compliance Register acknowledges the obligation recorded in clause 4.2.1 of WL47.	A	1
159	<i>Water Services Act</i>	Clause 4.1.2	The licensee must comply with a direction from the ERA in relation to a breach of applicable legislation.	4	The GHD Technical Consultant confirmed that during the audit period, Lancelin South did not	NP	NR

No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority <sup>4</sup>	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
	Section 12				receive any ERA direction in relation to a breach of applicable legislation.		
160	<i>Water Services Act</i> Section 12	Clause 4.6.1	The licensee and any related body corporate must maintain accounting records that comply with standards issued by the Australian Accounting Standards Board or equivalent International Accounting Standards.	4	Lancelin South provided a financial statement for the year to date for 2021/22 that confirms that accounting records are being maintained.  The company is non-reporting since there are unlikely to be any users who would rely on the general purpose financial statements.  The auditor accepts the approach taken by Lancelin South in the preparation of its financial statements.	A	1
161	<i>Water Services Act</i> Section 12	Clause 5.2.1	The licensee must comply with any individual performance standards prescribed by the ERA.	4	The auditor reviewed performance datasheets for Lancelin South for 2020/21 and 2021/22 that recorded 22 connected properties and that pressure and flow met the performance standards in Schedule 2 of the Licence.  No notification to ERA in respect of pressure and flow of supplied water outside of the standard pressure and flow range was required; and  No restrictions were applied in accordance with the <i>Water Services Regulations 2013</i> to a potable water supply.  The minimum supply flow of 20L/minute is included in Section 2.4.3 of the Asset Management Plan.	A	1
162	<i>Water Services Act</i> Section 12	Clause 5.3.4	The licensee must cooperate with the independent expert and comply with the ERA's audit and review guidelines dealing with the operational audit.	4	Lancelin South cooperated with the auditor during the performance of this operational audit.  This obligation is listed in the Lancelin South Reporting Info. Compliance Calendar.	A	1
163	<i>Water Services Act</i> Section 12	Clause 4.7.1(a), (b), (c)	The licensee must report to the ERA, in the manner prescribed, if a licensee is under external administration or there is a change in the circumstances upon	4	The auditor confirmed with the VIMG Director that VIMG WA Pty Ltd was not under external administration.	NP	1

No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority <sup>4</sup>	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
			which the licence was granted which may affect a licensee's ability to meet its obligations.		The ERA was informed by letter dated 17 June 2022 of the change in ownership to VIMG WA Pty Ltd.		
165	<i>Water Services Act</i> Section 12	Clause 4.8.1	The licensee must provide the ERA specified information relevant to the operation of the licence or the licensing scheme, or the performance of the ERA's function under the Act in the manner and form specified by the ERA.	4	The GHD Technical Consultant confirmed that during the audit period, Lancelin South provided the performance data and reports, compliance reports standing charges data as required by the ERA.  This obligation is included in the Lancelin South Reporting Info. Compliance Calendar.	A	1
167	<i>Water Services Act</i> Section 12	Clause 4.8.2	The licensee must provide the ERA with the data required for performance reporting purposes that is specified in the Water, Sewerage and Irrigation Licence Performance Reporting Handbook, and the National Performance Framework that apply to the licensee.	4	The audit confirmed that Lancelin South's performance data for 2020/21 and 2021/22 were sent by email to ERA by the due dates.  This obligation is included in the Lancelin South Reporting Info. Compliance Calendar.	A	1
168	<i>Water Services Act</i> Section 12	Clause 3.8.1 and 3.8.2	Subject to clause 3.8.3, the licensee must publish within the specified timeframe any information that the ERA has directed the licensee to publish under clause 3.8.1.	4	The GHD Technical Consultant confirmed that during the audit period, Lancelin South was not directed by the ERA to publish any information.	NP	NR
169	<i>Water Services Act</i> Section 12	Clause 3.7.1	Unless otherwise specified, all notices must be in writing.	4	Lancelin South gave notices in writing during the audit period. Numerous examples, as referred to throughout this Audit Report and in the procedures, were sighted to support this statement.	A	1
170A	<i>Water Services Act</i> Section 12	Clause 5.1.1(a) and (b)	The licensee must notify the ERA of the details of the asset management system within five business days from the later of:	4	This audit and review confirms the ERA has been previously notified of the asset management system.	A	1

No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority <sup>4</sup>	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
	<i>(Applicable from May 2020)</i>		a) the commencement date; or b) the completion of construction of the licensee's water service works.		This obligation is noted in the Asset Management Plan.		
171	<i>Water Services Act</i> Section 12	Clause 5.1.3	The licensee must notify the ERA of any material change to the asset management system within 10 business days of the change.	4	This audit and review confirmed that Lancelin South has an asset management system in respect of the water service works. The asset management review confirmed there have been no major changes to the asset management system in the audit period. The Regulatory Compliance Register acknowledges the obligations to report any material changes to the ERA.	A	NR
172	<i>Water Services Act</i> Section 12	Clause 5.1.7	The licensee must cooperate with the independent expert and comply with the ERA's audit and review guidelines dealing with the asset management system review.	4	Lancelin South cooperated with the reviewer during the performance of this asset management system review. This obligation is listed in the Lancelin South Reporting Info. Compliance Calendar.	A	1
172A	<i>Water Services Act</i> Section 12	Clause 6.1.1	If the ERA considers that one or more of a licensee's standard terms and conditions of service is no longer in the public interest, the ERA may direct the licensee: a) to amend: i. the standard term or condition of service; or ii. the standard term or condition of service in accordance with a term proposed by the ERA; and b) to do so within a specified period.	4	The auditor confirmed with the GHD Technical Consultant and by review of the correspondence with ERA listing, that during the period, Lancelin South did not receive any ERA direction regarding its standard terms and conditions of service.	NP	NR

No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority <sup>4</sup>	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
172B	Water Services Act Section 12	Clause 6.1.2	The licensee must comply with a direction given to the licensee under clause 6.1.1.	4	Refer obligation 172A.	NP	NR
181	Water Services Act Section 12	Clause 6.3.1	If the licensee is appointed as the supplier of last resort for a designated area in relation to the provision of a particular water service, the licensee must perform the functions of a supplier of last resort, comply with the duties imposed by the Act and carry out its operations under or for the purpose of the last resort plan in accordance with the Act.	4	The auditor confirmed with the GHD Technical Consultant that during the audit period, Lancelin South was not a supplier of last resort for a designated area in relation to the provision of a particular water service.	NP	NR
182	Water Services Act Section 12	Clause 4.4.1(b)	If the licensee provides a water service outside of the operating area the licensee must apply to amend the licence unless otherwise notified by the ERA.	4	The GHD Technical Consultant and the site visit confirmed that no water services were provided outside of the operating area.	NP	NR
184	Water Services Act Section 12	Clause 7.1.1	Where the licensee provides potable water, the licensee must enter into a Memorandum of Understanding with the Department of Health as soon as practicable after the commencement date or as otherwise agreed with Department of Health.	4	Lancelin South entered into a Memorandum of Understanding (MoU) with the Department of Health for drinking water in June 2020. The MoU (Binding Protocol 1) was updated in October 2022 for the change in ownership of Lancelin South and new contact details. The changes were confirmed in writing by the Department of Health.	A	1
185	Water Services Act Section 12	Clause 7.1.4	A Memorandum of Understanding must comply with the specified requirements in relation to legal standing of the	4	The MoU has been accepted by the Department of Health's requirements as noted in obligation 184.	A	1

No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority <sup>4</sup>	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
			document and compliance audits by the Department of Health.		The auditor confirmed with the GHD Technical Consultant that during the audit period, Lancelin South was not subjected to compliance audits by the Department of Health.		
186	<i>Water Services Act</i> Section 12	Clause 6.1.3	The licensee must comply with the terms of a Memorandum of Understanding.	4	The auditor confirmed with the GHD Technical Consultant that during the audit period, Lancelin South complied with the terms of the Memorandum of Understanding.	A	1
187	<i>Water Services Act</i> Section 12	Clause 7.1.6	The licensee must publish in the form agreed with the Department of Health, a Memorandum of Understanding and any amendments to a Memorandum of Understanding within one month of signing or making the amendment.	4	Lancelin South's Memorandum of Understanding with the Department of Health for Drinking Water signed in June 2020 is available on the LSW website. The Binding Protocols are not published as these are considered to be confidential information and are not required to be published. There have been no changes to the main MoU that required publishing.  The Regulatory Compliance Register acknowledges the obligation recorded in clause 47 of the Code of Conduct 2018.	A	1
188	<i>Water Services Act</i> Section 12	Clause 7.1.7	The licensee must publish the audit report on compliance with its obligations under a Memorandum of Understanding on its website within one month of the completion of the audit.	4	The auditor confirmed with the GHD Technical Consultant that during the audit period, Lancelin South was not subjected to compliance audits by the Department of Health.	NP	NR
189	<i>Water Services Act</i> Section 12	Clause 7.1.8	The licensee must publish, in a form agreed with the Department of Health, any other reports required by the Department of Health or required by a Memorandum of Understanding on the licensee's website, at a reporting	4	The LSW website includes the Water Quality Reports being: <ul style="list-style-type: none"> <li>• Quarterly reports from 06/2021 to 12/2022.</li> <li>• Annual reports for 2020/21 and 2021/22.</li> </ul> This obligation is included in the Lancelin South Reporting Info. Compliance Calendar.	A	1

No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority <sup>4</sup>	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
			frequency specified by the Department of Health.				
190	<i>Water Services Act</i> Section 12	Schedule 2	The licensee must comply with the standards set out in Schedule 2 of the licence.	4	The auditor reviewed performance datasheets for Lancelin South for 2020/21 and 2021/22 that recorded 22 connected properties and that pressure and flow met the performance standards in Schedule 2 of the Licence. No restrictions were applied in accordance with the <i>Water Services Regulations 2013</i> to a potable water supply. The minimum supply flow of 20L/minute is included in Section 2.4.3 of the Asset Management Plan.	A	1
<b>Water Services Code of Practice (Family Violence) 2020)</b>							
191	Clause 5(1)	Clause 4.1.1	The Licensee must have a family violence policy that sets out the matters specified in clause 5(1).	4	Lancelin South has a Family Domestic Violence Policy that complies with the Water Services Code of Practice (Family Violence) 2020.	A	1
192	Clause 5(2)	Clause 4.1.1	The licensee must have a family violence policy before the end of the six- month period starting on either: 9 December 2020; or if the day of the grant of the licensee's licence is after 9 December 2020, the day of the grant of the licensee's licence.	4	Lancelin South has a Family Domestic Violence Policy.	A	1
193	Clause 6	Clause 4.1.1	A licensee must publish its family violence policy on its website and provide a hard copy of the policy to a customer on request and at no charge.	4	Lancelin South's Family Domestic Violence Policy is available on the website and the GHD Technical Consultant confirmed that a hardcopy is available to a customer upon request and at no charge.	A	1
194	Clause 7	Clause 4.1.1	A licensee must review its family violence policy at least once in every 5- year	4	The Family Domestic Violence Policy was reviewed and updated in October 2021 after the previous audit.	A	1

No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority <sup>4</sup>	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
			period, and additionally, if directed to do so by the Minister.		It also states that the Policy will be reviewed at least every two years.		
195	Clause 8(1)	Clause 4.1.1	A licensee must maintain adequate records in relation to compliance with this code or any policy made under the code. If the licensee is in a government organisation, as defined in section 3(1) of the State Records Act 2000 (WA), then records must be maintained in accordance with its obligations under that Act	4	The GHD Technical Consultant confirmed that during the audit period, Lancelin South was not approached by a customer regarding family violence. There is also no record in the LSW Communications Register.	NP	NR
196	Clause 8(2)	Clause 4.1.1	If the licensee is not a government organisation according to the <i>State Records Act 2000 (WA)</i> , a record that relates to a customer, must be retained for at least 7 years after the last communication between the licensee and the customer, or water services ombudsman. If the record does not relate to a customer, then the record must be kept for at least 7 years after the record is made.	4	Refer obligation 195.	NP	NR
197	Clause 9	Clause 4.1.1	When a customer affected by family violence first contacts a licensee about a particular matter relating to the family violence, the licensee must inform the customer of the existence and operation of the licensee's complaints procedure under clause 46 of the Water Services Code of Conduct (Customer Service Standards) 2018.	4	Refer obligation 195.	NP	NR

No <sup>3</sup>	Legislative Reference	Licence Condition	Description	Audit Priority <sup>4</sup>	Systems, Processes, Controls in Place to Comply with Licence <i>(including any recommendations)</i>	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
198	Clause 10	Clause 4.1.1	A licensee must ensure that its website contains a link that provides access to the current version of the code as it appears on the website that is maintained by or on behalf of the Western Australian Government and that provides public access to electronic versions of Western Australian legislation.	4	Lancelin South's Family Domestic Violence Policy on its website contains a link which provides access to the current version of the <i>Water Services Code of Practice (Family Violence) 2020</i> (as it appears on the Department of Justice – Government WA website).	A	1

### 3.7 Audit Recommendations

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

A. Resolved during current audit period			
Recommendation (no./year)	Non-Compliance/Controls Improvement (Rating/Licence obligation ref. and obligation/Non-compliance or inadequacy of control)	Date Resolved (& management action taken)	Auditor's Comments
	Nil		

B. Unresolved at end of current audit period			
Recommendation (no./year)	Non-Compliance/Controls Improvement (Rating/Licence obligation ref. and obligation/Non-compliance or inadequacy of control)	Auditor's Recommendation	Action taken by the licensee by end of audit period
	Nil		

## 4. Asset Management System Review

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### 4.1 Description of Infrastructure

Lancelin South Pty Ltd ('Lancelin South Water') has a Water Services Licence (WL47), issued by the Economic Regulation Authority ('ERA') under the *Water Services Act 2012* ('Act'), for the provision of potable water supply, non-potable water supply and sewerage services in the estates of Lancelin South, located in the Shire of Gingin.

The assets are owned by VIMG (WA) Pty Ltd and operated by its subsidiary company, Lancelin South Pty Ltd. The assets include:

- Ground water production bore and two monitoring bores;
- Water Treatment plant, located on Lancelin Road, installed in 2012;
- Potable water conveyance pipeline approximately 1.6 km long between the water treatment plant and Lancelin South development;
- Potable water reticulation pipework around the Lancelin South residential estate, including hydrants and individual meters at each developed lot;
- Non-potable water conveyance pipeline approximately 1.6 km long between the water treatment plant and Lancelin South;
- Non-potable water reticulation pipework around the Lancelin South residential estate, including individual meters at each developed lot where requested;
- Gravity sewer reticulation system round the Lancelin South residential estate;
- Sewerage pump station, sewerage treatment plant and infiltration pond, installed in 2018; and
- Various equipment and spare parts to support the operation of Lancelin South Water.

There were 22 connected properties at 30 June 2022.

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

### 4.2 Objectives and Scope

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

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

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

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

- Asset planning
- Environmental analysis

- Asset operations
- Asset maintenance
- Contingency planning
- Financial planning
- Capital expenditure planning.

This review covers the period from the previous review, being 1 April 2021 to 31 March 2023.

The previous review did not identify any major deficiencies but as there has been a change of ownership on 30 June 2022 to Victorian Investment Management Group (VIMG), this is a reasonable assurance engagement.

#### 4.3 Asset Management Process and Performance Rating Scales

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

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

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

##### Asset Management Performance Ratings

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

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

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

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

##### Summary of Asset Management Performance Ratings

Process and Policy Definition – Adequacy Rating	Performance Rating for Effectiveness Criteria					
	Rating	1 Performing effectively	2 Opportunity for improvement	3 Corrective action required	4 Some action required	Total
	A -Adequately defined	40	8		-	48
	B – Requires some improvement	3	5	-	-	8
	C – Requires significant improvement	-	2	-	-	2
	D – Inadequate	-	-	-	-	-
Total	43	15	-	-	58	

##### Asset Management System Performance Ratings

ASSET MANAGEMENT SYSTEM COMPONENT & EFFECTIVENESS CRITERIA	Process and Policy rating				Performance rating				
	Adequately defined	Requires some improvement	Requires significant improvement	Inadequate	Performing effectively	Opportunity for improvement	Corrective action required	Serious action required	Not Rated
	A	B	C	D	1	2	3	4	NR
<b>1. Asset planning</b>	<b>A</b>					<b>2</b>			
1.1 Asset management plan covers the processes in this table.	✓					✓			
1.2 Planning process and objectives reflect the needs of all stakeholders and are integrated with business planning.	✓					✓			
1.3 Service levels are defined in the asset management plan.	✓				✓				
1.4 Non-asset options (e.g. demand management) are considered.	✓				✓				

ASSET MANAGEMENT SYSTEM COMPONENT & EFFECTIVENESS CRITERIA	Process and Policy rating				Performance rating				
	Adequately defined	Requires some improvement	Requires significant improvement	Inadequate	Performing effectively	Opportunity for improvement	Corrective action required	Serious action required	Not Rated
	A	B	C	D	1	2	3	4	NR
1.5 Lifecycle costs of owning and operating assets are assessed.	✓					✓			
1.6 Funding options are evaluated.	✓					✓			
1.7 Costs are justified and cost drivers identified.	✓				✓				
1.8 Likelihood and consequences of asset failure are predicted.	✓				✓				
1.9 Asset management plan are regularly reviewed and updated.	✓				✓				
<b>2. Asset creation/ acquisition</b>	<b>A</b>				<b>1</b>				
2.1 Full project evaluations are undertaken for new assets, including comparative assessment of non-asset solutions.	✓				✓				
2.2 Evaluations include all life-cycle costs.	✓				✓				
2.3 Projects reflect sound engineering and business decisions.	✓				✓				
2.4 Commissioning tests are documented and completed.	✓				✓				
2.5 Ongoing legal/environmental/safety obligations of the asset owner are assigned and understood.	✓					✓			
<b>3. Asset disposal</b>	<b>A</b>				<b>1</b>				
3.1 Under-utilised and under-performing assets are identified as part of a regular systematic review process.	✓				✓				
3.2 The reasons for under-utilisation or poor performance are critically examined and corrective action or disposal undertaken.	✓				✓				
3.3 Disposal alternatives are evaluated.	✓				✓				
3.4 There is a replacement strategy for assets.		✓				✓			
<b>4. Environmental analysis</b>	<b>A</b>					<b>2</b>			
4.1 Opportunities and threats in the asset management system environment are assessed.	✓				✓				
4.2 Performance standards (availability of service, capacity, continuity, emergency response, etc) are measured and achieved.	✓				✓				

ASSET MANAGEMENT SYSTEM COMPONENT & EFFECTIVENESS CRITERIA	Process and Policy rating				Performance rating				
	Adequately defined	Requires some improvement	Requires significant improvement	Inadequate	Performing effectively	Opportunity for improvement	Corrective action required	Serious action required	Not Rated
	A	B	C	D	1	2	3	4	NR
4.3 Compliance with statutory and regulatory requirements.	✓					✓			
4.4 Achievement of customer service levels.	✓					✓			
<b>5. Asset operations</b>		<b>B</b>				<b>2</b>			
5.1 Operational policies and procedures are documented and linked to service levels required.			✓			✓			
5.2 Risk management is applied to prioritise operations tasks.	✓				✓				
5.3 Assets are documented in an Asset Register including asset type, location, material, plans of components, and an assessment of assets' physical/structural condition.			✓			✓			
5.4 Accounting data is documented for assets.	✓				✓				
5.5 Operational costs are measured and monitored.		✓				✓			
5.6 Staff resources are adequate and staff receive training commensurate with their responsibilities.		✓				✓			
<b>6. Asset maintenance</b>		<b>B</b>				<b>2</b>			
6.1 Maintenance policies and procedures are documented and linked to service levels required.		✓			✓				
6.2 Regular inspections are undertaken of asset performance and condition.		✓				✓			
6.3 Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule.		✓				✓			
6.4 Failures are analysed and operational/maintenance plans adjusted where necessary.	✓				✓				
6.5 Risk management is applied to prioritise maintenance tasks.		✓			✓				
6.6 Maintenance costs are measured and monitored.	✓				✓				
<b>7. Asset Management Information System</b>	<b>A</b>				<b>1</b>				
7.1 Adequate system documentation for users and IT operators.	✓				✓				

ASSET MANAGEMENT SYSTEM COMPONENT & EFFECTIVENESS CRITERIA	Process and Policy rating				Performance rating				
	Adequately defined	Requires some improvement	Requires significant improvement	Inadequate	Performing effectively	Opportunity for improvement	Corrective action required	Serious action required	Not Rated
	A	B	C	D	1	2	3	4	NR
7.2 Input controls include appropriate verification and validation of data entered into the system.	✓				✓				
7.3 Security access controls appear adequate, such as passwords.	✓				✓				
7.4 Physical security access controls appear adequate.	✓				✓				
7.5 Data backup procedures appear adequate and backups are tested.	✓				✓				
7.6 Computations for licensee performance reporting are accurate.	✓				✓				
7.7 Management reports appear adequate for the licensee to monitor licence obligations.	✓					✓			
7.8 Adequate measures to protect asset management data from unauthorised access or theft by persons outside the organisation.	✓				✓				
<b>8. Risk management</b>	<b>A</b>				<b>1</b>				
8.1 Risk management policies and procedures exist and are being applied to minimise internal and external risks associated with the asset management system.		✓			✓				
8.2 Risks are documented in a risk register and treatment plans are actioned and monitored.	✓				✓				
8.3 The probability and consequences of asset failure are regularly assessed.	✓				✓				
<b>9. Contingency planning</b>	<b>A</b>				<b>1</b>				
9.1 Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks.	✓				✓				
<b>10. Financial planning</b>	<b>A</b>				<b>1</b>				
10.1 The financial plan states the financial objectives and identifies strategies and actions to achieve those.	✓				✓				
10.2 The financial plan identifies the source of funds for capital expenditure and recurrent costs.	✓				✓				
10.3 The financial plan provides projections of operating statements (profit and loss) and statement of financial position (balance sheets).	✓				✓				

ASSET MANAGEMENT SYSTEM COMPONENT & EFFECTIVENESS CRITERIA	Process and Policy rating				Performance rating				
	Adequately defined	Requires some improvement	Requires significant improvement	Inadequate	Performing effectively	Opportunity for improvement	Corrective action required	Serious action required	Not Rated
	A	B	C	D	1	2	3	4	NR
10.4 The financial plan provides firm predictions on income for the next five years and reasonable indicative predictions beyond this period.	✓				✓				
10.5 The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services.	✓				✓				
10.6 Large variances in actual/budget income and expenses are identified and corrective action taken where necessary.	✓				✓				
<b>11. Capital expenditure planning</b>	<b>A</b>				<b>1</b>				
11.1 There is a capital expenditure plan covering works to be undertaken, actions proposed, responsibilities and dates.	✓				✓				
11.2 The capital expenditure plan provides reasons for capital expenditure and timing of expenditure.	✓				✓				
11.3 The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan.	✓				✓				
11.4 There is an adequate process to ensure that the capital expenditure plan is regularly updated and implemented.	✓				✓				
<b>12. Review of asset management system</b>	<b>A</b>				<b>1</b>				
12.1 A review process is in place to ensure that the asset management plan and the asset management system described in it remain current.	✓				✓				
12.2 Independent reviews (e.g. internal audit) are performed of the asset management system.	✓				✓				

#### 4.5 Status of Previous Review Recommendations

The previous audit covered the period from 1 April 2019 to 31 March 2021 and was reported in September 2021. Recommendations from the previous review are listed in the following table together with the action taken to address the recommendations. All recommendations have been completed.

Reference (no./year)	Previously Assessed Process and Policy Deficiency (Asset management Process, Rating, Details)	Previous Auditor's Recommendation and <i>Action Taken</i>	Date Resolved	Further action required
<b>A. Resolved before end of previous review</b>				
	Nil			
<b>B. Resolved during current review period</b>				
17/2021	<p><b>Operational Tasks</b></p> <p><i>Process: Asset Operations</i></p> <p><i>Rating: C2</i></p> <p>Operational procedures and policies should be documented and linked to service levels required</p> <p>Operations arrangements are set out in section 4.3 of the AMP. Operation of the water treatment plant (WTP) and the wastewater treatment plant (WWTP) are undertaken by their specialist process contractors. Other operations related tasks including site inspections, sampling and operation data recording are undertaken by LSPL's consultants.</p> <p>Those responsible for operational tasks are clearly set out in Table 10 of the AMP.</p> <p>The reviewer noted that:</p> <ul style="list-style-type: none"> <li>Tasks initially assigned to the consultant Conterra are now undertaken by Urbaqua;</li> </ul>	<ol style="list-style-type: none"> <li>References to consultants Conterra to be corrected to read consultants Urbaqua;</li> <li>Hours run meters for each pump should be installed in the control box; and</li> <li>Fortnightly recording of hours of operation for each pump and inspection of the wet well should be monitored and recorded.</li> </ol> <p><b>Status: Completed</b></p> <ol style="list-style-type: none"> <li>References in the AMP to Conterra have been corrected to Urbaqua.</li> <li>A flowmeter is installed on the outlet of the WWTP pump station providing indication and recording of the pump operation. The pumps are installed in a duty standby arrangement so a failure of one will not limit operation of the sewerage system. Considered adequate.</li> </ol>	November 2021	No further action required

Reference (no./year)	Previously Assessed Process and Policy Deficiency (Asset management Process, Rating, Details)	Previous Auditor's Recommendation and <i>Action Taken</i>	Date Resolved	Further action required
	<ul style="list-style-type: none"> <li>• Operation of the sewage pumping station - hours run meters should be installed in the control box to allow the performance of each pump to be assessed over time; and</li> <li>• Fortnightly recording of hours of operation for each pump and inspection of the wet well should be monitored and recorded.</li> </ul>	<p>3. Checking and maintenance requirements for sewerage pumps have been included on the LSPL Asset &amp; Maintenance register.</p>		
18/2021	<p><b>Maintenance Recording</b></p> <p><i>Process: Asset Maintenance;</i></p> <p><i>Rating: C2</i></p> <p>Maintenance policies and procedures should be documented and linked to service levels required.</p> <p>LSPL provided the Reviewer with copies of maintenance agreements (and associated maintenance schedules) between LSPL and the specialist process installers for the WTP (Novotron Pty Ltd) and the WWTP (Biomax Pty Ltd). A typical inspection report following a maintenance inspection of the WWTP was also provided. Both agreements and schedules should be included in the AMP.</p> <p>The reviewer also noted an absence of maintenance schedules for the:</p> <ul style="list-style-type: none"> <li>• Potable and non-potable water reticulation network - checking and flushing to clear stale water, operating valves to avoid jamming etc.;</li> <li>• Sewerage reticulation system - checking and flushing as required to reduce stranding and blockages due to low flows, annual greasing of access chamber lids to avoid sticking etc.; and</li> </ul>	<p>1. Maintenance schedules undertaken by specialist process installers for the WTP (Novotron Pty Ltd) and the WWTP (Biomax Pty Ltd) be included in the AMP; and</p> <p>2. Maintenance for the potable and non-potable water and sewerage reticulation systems and sewage pumping station be implemented and documented in the AMP.</p> <p><b>Status: Completed</b></p> <p>1. LSPL has amended the AMP to include specialist process contractors for the WTP (Novotron Pty Ltd), the WWTP (Biomax Pty Ltd) and pipelines (Troy's Plumbing).</p> <p>2. Maintenance schedules and requirements for the WTP, water reticulation, SPS, WWTP and sewerage piping have been created as a stand-alone document, referenced in the AMP.</p>	October 2021	No further action required

Reference (no./year)	Previously Assessed Process and Policy Deficiency (Asset management Process, Rating, Details)	Previous Auditor's Recommendation and <i>Action Taken</i>	Date Resolved	Further action required
	<ul style="list-style-type: none"> <li>Sewerage pumping station - responsibility for operation of valves to avoid subsequent jamming, inspection of wet well condition and hose down of walls and fortnightly reading of pump running hours.</li> </ul>			
19/2021	<p><b>Maintenance Schedules</b></p> <p><i>Process: Asset Maintenance</i></p> <p><i>Rating: C2</i></p> <p>Maintenance plans (emergency, corrective and preventative) should be documented and completed on schedule.</p> <p>All maintenance classifications on the WTP and WWTP are documented and undertaken on time as outlined in item 6.1 above. Maintenance/repair on the water and sewerage reticulation is undertaken by local plumbing and electrical trades companies; and</p> <p>The reviewer noted an absence of documented maintenance schedules for the:</p> <ul style="list-style-type: none"> <li>Potable and non-potable water reticulation network - checking and flushing to clear stale water, operating valves to avoid jamming etc.;</li> <li>Sewerage reticulation system - checking and flushing as required to reduce stranding and blockages due to low flows, annual greasing of access chamber lids to avoid sticking etc.; and</li> <li>Sewerage pumping station - responsibility for operation of valves to avoid subsequent jamming, inspection of wet well condition and hose down of walls and fortnightly reading of pump running hours.</li> </ul>	<p>Further to Recommendation 18/2021 above, that maintenance schedules be prepared for:</p> <ul style="list-style-type: none"> <li>Potable and non-potable water reticulation network - checking and flushing to clear stale water, operating valves to avoid jamming etc.;</li> <li>Sewerage reticulation system - checking and flushing as required to reduce stranding and blockages due to low flows, annual greasing of access chamber lids to avoid sticking etc.; and</li> <li>Sewerage pumping station - responsibility for operation of valves to avoid subsequent jamming, inspection of wet well condition and hose down of walls and fortnightly reading of pump running hours.</li> </ul> <p><b>Status: Completed</b></p> <p>A new internal document "Maintenance Procedures" has been developed for the maintenance of the WTP, water reticulation, SPS, WWTP and sewerage piping, referencing vendor and other technical and maintenance procedures.</p>	November 2021	No further action required

Reference (no./year)	Previously Assessed Process and Policy Deficiency (Asset management Process, Rating, Details)	Previous Auditor's Recommendation and <i>Action Taken</i>	Date Resolved	Further action required
20/2021	<p><b>Emergency Response Plan</b></p> <p><i>Process: Contingency Planning;</i></p> <p><i>Rating: C2</i></p> <p>Contingency plans should be documented, understood and tested to confirm their operability and to cover higher risks; and</p> <p>Section 3.6 of the AMP outlines the response that will be provided by the Shire of Gingin to emergencies associated with hazardous materials. The AMP also refers to an Emergency Response Plan which was provided to the Reviewer and is considered adequate. The plan has not been included in the AMP as LSPL wishes to retain it as a separate document for wider distribution. Nevertheless, the document should also be included in the AMP as an appendix.</p> <p>The reviewer considers the Emergency Response Plan adequate for the assets involved. However, while the plan identifies activities that should be undertaken for a broad range of emergencies, it does not indicate:</p> <p>The sequence of LSPL's individual responses following contact to LSPL's emergency phone number is not clear, specifically:</p> <ul style="list-style-type: none"> <li>• Presumably LSPL's consultants Urbaqua - which monitors the emergency phone number, will contact a director of LSPL who may contact specialist consultants or contractors to assess and advise action required;</li> <li>• Who will have overall responsibility for assessing the emergency and initiating the response;</li> <li>• Who will arrange the response and supervise its implementation; and</li> </ul>	<p>The sequence of LSPL individual responses following contact with LSPL's emergency phone number should be stated in the Emergency Response Plan;</p> <p>The Emergency Response Plan should state who will have overall responsibility for assessing the emergency and initiating the response; who will arrange the response and supervise its implementation and who will initiate any necessary advice to authorities;</p> <p>The Emergency Response Plan should provide contact details for maintenance contractors for the WTP and WWTP and a requirement to test the Emergency Response Plan.</p> <p>A copy of the Emergency Response Plan should be attached to the AMP as an appendix.</p> <p><b>Status: Completed</b></p> <p>LSPL has amended the Emergency Response Plan (ERP) in accordance with recommendations 1 to 4.</p> <p>LSPL prefer to retain the ERP separate to the AMP because:</p> <ul style="list-style-type: none"> <li>• Makes the ERP more accessible</li> <li>• Maintains document size more manageable</li> <li>• Maintains ease of updating</li> </ul> <p>In this review, it is agreed that the Plan should be separate to the AMP to make it a workable document.</p> <p>The Plan includes a requirement for annual testing and was reviewed and updated in May 2023.</p>	October 2021	No further action required

Reference (no./year)	Previously Assessed Process and Policy Deficiency (Asset management Process, Rating, Details)	Previous Auditor's Recommendation and <i>Action Taken</i>	Date Resolved	Further action required
	<ul style="list-style-type: none"> <li>Who will initiate any necessary advice to authorities; The contact details for maintenance contractors for the WTP and WWTP whose input would be essential for emergency response at those facilities.</li> </ul> <p>There should also be a requirement to test the Emergency Response Plan.</p>			
21/2021	<p><b>Long Term Financial Plan</b> <i>Process: Financial Planning</i> <i>Rating: C2</i></p> <p>The financial plan should provide firm predictions of income for the next five years and reasonable indicative predictions beyond this period; and</p> <p>The information provided is not in the format or over the term required.</p>	<p>LSPL should, irrespective of ownership, prepare and implement a long-term financial plan as soon as possible.</p> <p><b>Status: Completed</b></p> <p>LSPL has amended the Asset Management Plan Section 5 "Financial Summary" to include a 10 year financial plan.</p>	October 2021	No further action required
22/2021	<p><b>Long-Term Capital Expenditure Plan</b> <i>Process: Capital Expenditure Planning</i> <i>Rating: C2</i></p> <p>There should be a capital expenditure plan that covers issues to be addressed, actions proposed, responsibilities and dates.</p> <p>The AMP provides reasons for capital expenditure and timing of expenditure and the plan is consistent with the asset life and condition identified in the asset management plan.</p> <p>Item 4.2.2 of the AMP discusses asset renewal and replacement, including a table of the expected life of existing assets. In general, no assets are due for replacement.</p>	<p>LSPL should irrespective of ownership, prepare and implement a long-term capital expenditure plan as soon as possible.</p> <p><b>Status: Completed</b></p> <p>LSPL has amended the Asset Management Plan Section 5 "Financial Summary" to include a 10 year financial plan.</p>	October 2021	No further action required

Reference (no./year)	Previously Assessed Process and Policy Deficiency (Asset management Process, Rating, Details)	Previous Auditor's Recommendation and <i>Action Taken</i>	Date Resolved	Further action required
	<p>A small allowance for capital expenditure has been included in the estimates provided. The amount entered is not based on specific acquisitions - as the existing assets are fairly new, their performance requirements are lower than design and the twelve-months horizon does not invoke planned capital expenditure. In view of the current ownership and proposed sale of the project and assets, the approach is considered reasonable. However, it does not satisfy the requirement of a long-term capital expenditure plan.</p>			

#### 4.6 Detailed Review Observations

The review period is from 1 April 2021 to 31 March 2023<sup>7</sup>.

Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating	Performance Rating
<b>1</b>		<b>ASSET PLANNING</b>		<b>A</b>	<b>2</b>
1.1	2	Asset management plan covers the processes in this table.	<p>The reviewer was provided with the Lancelin South Pty Ltd Asset Management Plan (AMP) – Revision 2 dated 22 October 2021. The AMP was prepared by GHD Consultants on behalf of Lancelin South Pty Ltd.</p> <p>The AMP addresses the components of Asset Planning, Asset Creation, Asset Disposal, Asset Operations, Asset Maintenance, Asset Management Information System, Risk Management, Contingency Planning, Financial &amp; Capital Planning and Asset Management System review.</p> <p>The AMP states it will be reviewed during annual budget planning processes and amended to recognise any material changes in service levels and/or resources available to provide services resulting from budget decisions. The AMP also states it will be reviewed and updated approximately every two years to ensure it represents the current position of Lancelin South Pty Ltd.</p> <p><i>Improvement - The ownership of Lancelin South Pty Ltd has changed since the last update to the AMP. The current AMP refers to the roles of Key Stakeholders in Asset Management. However, many of the Stakeholders have changed (including ownership) and require updating to maintain the Asset Management roles described (AMP Table 1).</i></p>	A	2
1.2	4	Planning processes and objectives reflect the needs of all stakeholders and are integrated with business planning.	The AMP states at 1.2 (Goals and Objectives) the goal in managing the assets is to meet the defined level of service in the most cost-effective manner for present and future consumers. Lancelin South lists what they see as the key elements of infrastructure asset management.	A	2

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

Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating	Performance Rating
			<p>A summary of services provided by Lancelin South is listed at 1.4.6 of the AMP which covers the operating and maintenance of assets and managing the services within the regulatory requirements.</p> <p>A section on Stakeholders (section 1.5) has an internal focus and provides a description of the Key Stakeholder roles in Asset Management. As mentioned in 1.2 above a number of roles have changed requiring an update of key people and confirmation of ongoing roles.</p> <p>The section on Customers and Expectations (2.1) states plans, systems and processes will be implemented and maintained to ensure the assets provide services on a reliable basis. The regulatory requirements are also stated in terms of the water services delivered.</p> <p>The content of the AMP reflects planning processes and objectives that address stakeholder needs.</p> <p><i>However an update to the AMP plan is required to confirm the ongoing commitment of the new owners of Lancelin South Water.</i></p>		
1.3	4	Service levels are defined in the asset management plan.	<p>Service levels are defined in section 2.4 of the AMP. These address non-potable water, potable water and sewerage services.</p> <p>It is noted that “Discharge Water Quality” is listed as a service level for sewerage service, however an indicator and performance target is yet to be defined.</p> <p>The target levels of service are reported as part of ERA, DoH and DWER reporting.</p>	A	1
1.4	4	Non-asset options (e.g., demand management) are considered.	Non-asset options are not currently discussed in the AMP as the current demands are well within the capacity of the existing water supply and sewerage systems.	A	1
1.5	4	Lifecycle costs of owning and operating assets are assessed.	Section 5.4 of the AMP provides a high level 10-year Financial Plan from 2022 to 2031. The plan includes revenue (forecast to grow with lot sales/water consumption) and costs including operating expenses and asset replacement.	A	2

Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating	Performance Rating
			Cost for additional asset development is assumed to be zero over this period with no new capital investment required for the forecast growth. <i>The next revision of the AMP should incorporate a review of the actual operating, maintenance and renewal costs, as part of updating the Financial Plan.</i>		
1.6	4	Funding options are evaluated.	As discussed in section 5.1 of the AMP (Funding Strategy) the cost of providing water and sewerage services exceeds the revenue generated. The AMP describes the arrangement that was in place for funding this shortfall. <i>An update to the AMP is required to identify how the funding shortfall is to be met into the future until the services are forecast to become financially self-sufficient.</i>	A	2
1.7	4	Costs are justified and cost drivers identified.	The understanding of costs is demonstrated in the Financial Plan, however with the experience gained in providing the services over the past 2 years (since the operation of assets have become more routine following initial establishment) it is expected that an updated AMP will be based on more information about the cost drivers.	A	1
1.8	4	Likelihood and consequences of asset failure are predicted.	Section 3.3 of the AMP (Risk Identification) defines the likelihood and consequence criteria and the risk matrix used. Critical assets are also defined. The risk assessment is undertaken in a spreadsheet. This was provided and included an initial assessment in March 2019, an update in April 2021 and the most recent update in March 2023. The risk assessment is planned to be updated at least every 2 years.	A	1
1.9	4	Asset management plan is regularly reviewed and updated.	The Asset Management Plan is currently at revision 2 dated October 2021. Rev 0 was prepared in August 2016 and Rev 1 in September 2020. The AMP is proposed to be reviewed approximately every 2 years so the next review is due by October 2023. It should include updates as noted in the effectiveness criteria above.	A	1

Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating	Performance Rating
<b>2</b>		<b>ASSET CREATION / ACQUISITION</b>		<b>A</b>	<b>1</b>
2.1	4	Full project evaluations are undertaken for new assets, including comparative assessment of non-asset solutions.	Section 4.2 of the AMP (Asset Creation) describes the approach to identifying and evaluating need for new assets. No assets have been constructed within the audit period.	A	1
2.2	4	Evaluations include all life-cycle costs.	Section 4.2 of the AMP indicates capital cost and variation to operating costs are part of the assessment required for new assets.	A	1
2.3	4	Projects reflect sound engineering and business decisions.	Section 4.2 of the AMP indicates Lancelin South Pty Ltd rely on technical consultants to advise on need, viability and priority of proposed asset changes, with approval to act provided by a Director of Lancelin South Pty Ltd.	A	1
2.4	4	Commissioning tests are documented and completed.	As no new assets have been created during the audit period, there has been no opportunity for commissioning tests.  The AMP does not specifically refer to commissioning, describing a reliance on technical consultants to implement new assets in a manner appropriate to the asset.	A	1
2.5	4	Ongoing legal/environmental /safety obligations of the asset owner are assigned and understood.	The AMP references the DWER groundwater licence, the ADWG (2011) and Department of Health MoU, the water services licence and the DWER, DoH and Shire of Gingin requirements for collection, treatment and disposal of sewerage. Section 2.3 of the AMP also lists legislative requirements relevant to Lancelin South Water operations. A range of obligations related to these requirements are included in section 2.4 (Levels of Service) and assigned as performance indicators.  Job safety is referred to in section 3.3.4 of the AMP (within the section on Risk). Safety documents referenced as part of the AMP include Emergency Response Plan, Health and Safety Guideline, WTP Hazardous Substances Risk Assessment and Material Safety Data Sheets.  <i>Re section 2.3 of the AMP - it should be clarified in an update to the AMP that as of January 2022 the relevant version of the ADWG is ADWG 2011 v3.7</i>	A	2

Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating	Performance Rating
			<p>(January 2022) and the relevant version of the Government Sewerage Policy is 2019.</p> <p>It should be confirmed that the location of the Lancelin South Water Reserve is incorporated into the Shire of Gingin's Local Planning Scheme (listed as recommendation 2 in the Lancelin South Water Reserve Drinking Water Source Protection Plan). A plan could not be located showing the location of the water reserve. The Source Protection Plan linked to the Lancelin South Water website does not include a plan.</p>		
<b>3</b>		<b>ASSET DISPOSAL</b>		<b>A</b>	<b>1</b>
3.1	4	Under-utilised and under-performing assets are identified as part of a regular systematic review process.	The general approach to review and replacement of assets is set out in Section 4.2.2 of the AMP (Renewal/Replacement). The Asset Register also identifies inspection frequencies and which items of equipment are intended for run to failure before replacement occurs.	A	1
3.2	4	The reasons for under-utilisation or poor performance are critically examined and corrective action or disposal undertaken.	Technical consultants engaged by Lancelin South review regular inspection and monitoring information (including water quality testing) and advise Lancelin South with recommended actions.	A	1
3.3	4	Disposal alternatives are evaluated.	Asset disposal is discussed at section 4.5 of the AMP. The focus of the Asset Disposal section is the approach beyond 2040 when the assets may be disposed of and replaced.	A	1
3.4	4	There is a replacement strategy for assets.	<p>The approach to replacement of assets is set out in Section 4.2.2 (Renewal/Replacement). Expected asset lives are assigned against each item of equipment in the asset register. The stated intention is to assess asset condition as they approach the expected asset life. The Asset Register also identifies items allowed to run to failure before replacement.</p> <p><i>It is expected that an asset condition assessment approach will be developed for significant items (e.g. tanks) as they age so the remaining asset life can be estimated and replacement programmed before failure.</i></p>	<b>B</b>	<b>2</b>

Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating	Performance Rating
<b>4</b>		<b>ENVIRONMENTAL ANALYSIS</b>		<b>A</b>	<b>2</b>
4.1	2	Opportunities and threats in the system environment are assessed.	Opportunities and threats are considered as part of the asset risk assessment process.	A	1
4.2	4	Performance standards (availability of service, capacity, continuity, emergency response, etc.) are measured and achieved.	Quarterly and annual reports submitted to the ERA, DWER and DOH indicate regulated performance standards achievement.	A	1
4.3	4	Compliance with statutory and regulatory requirements.	Quarterly and annual reports submitted to the ERA, DWER and DOH indicate regulated performance standards achievement. Some water quality parameters have been reported as non-compliant as the lab analysis has been limited by the analysis level of detection. <i>Improvement in the lab processing has been requested by Lancelin South's technical consultants and the situation has been discussed with the DOH as part of the quarterly water equality meetings.</i>	A	2
4.4	4	Achievement of customer service levels.	Level of service performance targets are listed in Tables 3, 4 and 5 of the AMP. Most of these measures are reported separately to DWER, ERA and DoH. <i>An improvement is that a consolidated Level of Service performance report could be of value in demonstrating the achievement.</i>	A	2

Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating	Performance Rating
5		<b>ASSET OPERATIONS</b>		<b>B</b>	<b>2</b>
5.1	2	Operational policies and procedures are documented and linked to service levels required.	<p>Operations arrangements are set out in section 4.3 of the AMP. Operating activities are undertaken by service providers engaged by Lancelin South. Tables 10 and 11 outline responsibilities of the service providers for operational aspects.</p> <p>The treatment and pumping processes are automated with alarms monitoring the operation being monitored by the nominated service providers.</p> <p>Operating tasks including site inspections are undertaken on a fortnightly basis by Urbaqua. A sample fortnightly report was provided. The report indicated a leak was continuing in the RO plant and clearing of weeds was required within the WTP compound, the firebreak and around the WWTP. The leak was observed inside the RO plant sea container while on site and the growth of weeds/vegetation within the treatment plant compound and firebreak. Vegetation also needs clearing from around the wastewater pump station and in the wastewater infiltration basin. The process for addressing issues raised from the fortnightly inspections needs to be reviewed to ensure tasks are actioned (who has responsibility for reviewing and actioning issues identified).</p> <p>The fortnightly report also recorded water quality results from the treated water sample report and showed 4 results outside of the guideline range. Discussion indicated the chlorine target level had been adjusted to deliver a better chlorine level at the consumer sample point. All results at the consumer sample point were within range. It is recommended that the fortnightly report be updated to reflect actual water quality targets at the treated water sample point.</p> <p>During the site inspection, the control cabinet at the sewer pump station had the key attached to it. Also, the control cabinet at the wastewater treatment site was unlocked. Both of these should be secured.</p> <p>The extent of vegetation around the sewer pump station indicated it had been some time since this was inspected. The asset register indicates inspection of these pumps are part of the Biomax Service Agreement (3 monthly). The asset register also shows the expected asset life for the pumps as 3 years, with expected replacement due 02/2022. A sample Biomax service report dated</p>	C	2

Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating	Performance Rating
			<p>10/03/2023 does not mention the sewer pump station. It is recommended that arrangements for inspection of the sewer pump station be confirmed.</p> <p>The asset register shows much of the Biomax installation with an expected 5 year asset life with replacement expected in 2024. Inspection and revision of remaining service life should be undertaken.</p> <p><b>Recommendation 1/2023</b></p> <ul style="list-style-type: none"> <li>a) <i>The process for addressing issues raised from the fortnightly inspections needs to be reviewed to ensure tasks are actioned (who has responsibility for reviewing and actioning issues identified).</i></li> <li>b) <i>The fortnightly report to be updated to reflect actual water quality targets at the treated water sample point.</i></li> <li>c) <i>The control cabinets at the sewer pump station and the wastewater treatment should be secured with the key locks.</i></li> <li>d) <i>The arrangements for inspection of the sewer pump station to be confirmed as part of the Biomax service agreement and the quarterly inspection included in the Biomax service reports.</i></li> <li>e) <i>As the Biomax sewer pump station has an expected 5 year asset life with replacement expected in 2024, inspection and revision of the remaining service life should be completed.</i></li> </ul>		
5.2	4	Risk management is applied to prioritise operations tasks.	A risk assessment of the water and sewerage services has been completed in 2019, 2021 and 2023. Existing controls for a number of the risks are operating activities – typically monitoring and inspection tasks.	A	1
5.3	4	Assets are documented in an Asset Register including asset type, location, material, plans of components, and an assessment of assets' physical/structural condition and accounting data.	<p>An asset register has been developed in an Excel spreadsheet.</p> <p>The potable and non-potable pipe lines are not included in the asset register. The gravity sewer lines and pressure main are not included in the asset register. Plans of the pipelines should also be identified in the asset register.</p> <p>Inspection intervals are shown in the asset register but there is no field for recording asset condition. There are fortnightly service reports that note any deterioration in the condition of individual assets.</p>	C	2

Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating	Performance Rating
			<p>During the inspection some filters were noted with a replacement date due labelled as 2019. The labelling system should either be removed or kept up to date. Some thought needs to be given to the usefulness of the detailed breakdown of the water treatment plant equipment in the asset register as it appears that current processes do not allow for replacement of equipment to be recorded. There are a number of items shown where the expected replacement date has passed (some in 2015 and 2018). Due to the slow take up of properties, there is no immediate need to replace these assets.</p> <p><b>Recommendation 2/2023</b></p> <ul style="list-style-type: none"> <li>a) <i>The asset register should include the potable and non-potable pipe lines and the gravity sewer lines and pressure main. Plans of the pipelines should also be identified in the asset register.</i></li> <li>b) <i>The asset register should include a field for recording asset condition that is updated at least quarterly based on inspections.</i></li> <li>c) <i>The asset register should include comments on assets that are overdue for replacement based on the replacement date in the register.</i></li> </ul>		
5.4	4	Accounting data is documented for assets.	<p>Lancelin South Pty Ltd utilise an accounting consultant (Armada Accountants) to perform financial management, including developing depreciation schedules for assets. Cost and life cycle information for all new assets are provided to the accounting consultant. The accounting consultant is responsible for the 5.3 Accounting and Financial Systems including billing, accounts payable, accounts receivable, banking, general accounting functions and reporting in accordance with appropriate Australian Accounting Standards.</p> <p>This includes maintaining an asset register showing individual asset cost and depreciation.</p>	A	1
5.5	4	Operational costs are measured and monitored.	<p>The AMP only provides an operating expense forecast as part of the 10 year financial plan. There is no breakdown or discussion of monitoring actual operating cost.</p>	B	2

Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating	Performance Rating
			<i>An improvement is to include in the AMP a description of how the actual operating costs are monitored against budget.</i>		
5.6	4	Staff resources are adequate and staff receive training commensurate with their responsibilities.	<p>Lancelin South Water has appointed a range of service providers to operate and maintain the water services. Amongst these are qualified plumbers and electricians and specialist companies providing water treatment and wastewater treatment services. Urbaqua undertake water sampling, regular inspection and a coordinating role. GHD provide technical advice as needed. The resources involved are appropriate for the services provided.</p> <p><i>An improvement is that assurance of the overall delivery, coordination and oversight may be strengthened by the development of a monthly report bringing together actions and observations from inspection reports, regulatory reporting, any incidents etc.</i></p>	B	2
<b>6</b>		<b>ASSET MAINTENANCE</b>		<b>B</b>	<b>2</b>
6.1	4	Maintenance policies and procedures are documented and linked to service levels required.	<p>The Lancelin South Water Maintenance Procedures document was provided. This outlines which of the water and wastewater assets each service provider maintains, the frequency of the maintenance and the checks and maintenance to be carried out.</p> <p>A Maintenance Policy document was also provided. This states a risk assessment of the water system assets will be undertaken and annually reviewed, to focus maintenance strategies on assets at highest risk of failure.</p> <p><i>An improvement is that the intent and frequency of the risk assessment should be reflected in the risk section of the AMP as it is not clearly a focus of the treatment actions in the asset risk register which is reviewed every 2 years.</i></p>	B	1
6.2	4	Regular inspections are undertaken of asset performance and condition.	Maintenance/service reports were provided for Novotron (water treatment plant service) and Biomax (wastewater treatment). A fortnightly report documents the outcomes of Urbaqua's checks. There does not appear to be any documented outcome of the 6 monthly maintenance/checks undertaken by Troys plumbing.	B	2

Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating	Performance Rating
			None of the inspection activities result in any outputs about asset condition that could be used to inform need for a change to maintenance or need for replacement. This would be helpful for major items of equipment (e.g. tanks). <b>Refer recommendation 2/2023</b> (in section 5.3 above).		
6.3	3	Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule.	Samples of the maintenance/service records for the water treatment plant and sewerage treatment plant were reviewed. There does not appear to be any documented outcomes of the maintenance/checks carried out by Troys Plumbing. <i>As suggested in 5.6 above, a monthly management report could be an effective way of documenting completed (and due maintenance) and any key outcomes such as updates to asset condition.</i>	B	2
6.4	4	Failures are analysed and operational/maintenance plans adjusted where necessary.	Lancelin South Water has engaged technical consultants and maintenance contractors to respond and advise on any failures.	A	1
6.5	4	Risk management is applied to prioritise maintenance tasks.	The Maintenance Policy document states a risk assessment of the water system assets will be undertaken and annually reviewed, to focus maintenance strategies on assets at highest risk of failure. <i>As suggested in section 6.1 above, the intent and frequency of the risk assessment should be reflected in the risk section of the AMP as it is not clearly a focus of the treatment actions in the asset risk register which is reviewed every 2 years.</i>	B	1
6.6	4	Maintenance costs are measured and monitored.	The AMP only provides an operating (and maintenance) expense forecast as part of the 10 year financial plan. Repairs and maintenance costs are recorded in the monthly Financial Statement for Lancelin South.	A	1
7		<b>ASSET MANAGEMENT INFORMATION SYSTEM</b>		<b>A</b>	<b>1</b>

Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating	Performance Rating
7.1	4	Adequate system documentation for users and IT operators.	<p>The consultants Urbaqua record and distributes water meter readings, flows through the WTP and WWTP etc. Urbaqua also undertakes asset inspections, water sampling and arranges tests.</p> <p>Water meter readings are forwarded to LSPL's accountants (Armada) which prepares and forwards accounts to lot owners, receives and records payments. Armada uses the Utility software to prepare invoices, record payments and water consumption etc.</p> <p>Urbaqua forwards details of WTP and WWTP flow readings and results of water quality tests to GHD - LSPL's consulting engineers.</p> <p>GHD records data in Excel spreadsheets and prepares subsequent performance reports to ERA, DWER and DOH. Based on the above data, GHD also provides the VIMG/Lancelin South Board with relevant operations/maintenance and asset condition/performance reports.</p> <p>The above procedures, and documentation appear to function well and are considered adequate for management of the current state of the residential development.</p>	A	1
7.2	4	Input controls include appropriate verification and validation of data entered into the system.	Data accuracy is controlled by edit checks of data fields in the key system and checks by the user when entering manually completed work order requests and updates. Considered adequate.	A	1
7.3	4	Logical security access controls appear adequate, such as passwords.	Access to all systems have restricted user access and require passwords that are regularly changed.	A	1
7.4	4	Physical security access controls appear adequate.	Security systems of VIMG Directors and their consultants, include servers located in a locked area and offices closed and locked after business hours.	A	1
7.5	4	Data backup procedures appear adequate and backups are tested.	Hourly backups are performed via Armada's IT consultant using Shadow Protect software. A direct copy is made of the main disk and transferred to external storage disks. The software validates backups and facilitates recovery of data.	A	1

Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating	Performance Rating
			GHD's Australian IT department provides backup of Lancelin South data, validation and recovery.		
7.6	4	Key computations related to licensee performance reporting are materially accurate.	From review of source data for the performance reporting, the calculations are considered to be accurate.	A	1
7.7	4	Management reports appear adequate for the licensee to monitor licence obligations.	The review confirmed that reports to management including Lancelin South's consultants generally provide adequate information and data regarding compliance obligations and financial performance. <i>An improvement noted in section 5.6 is that assurance of the overall delivery, coordination and oversight may be strengthened by the development of a monthly report bringing together actions and observations from inspection reports, regulatory reporting, any incidents etc.</i>	A	2
7.8	4	Adequate measures to protect asset management data from unauthorised access or theft by persons outside the organisation.	Access to all systems have restricted user access and require passwords that are regularly changed. Security systems of VIMG Directors and their consultants, include servers located in a locked area and offices closed and locked after business hours.	A	1
<b>8</b>		<b>RISK MANAGEMENT</b>		<b>A</b>	<b>1</b>
8.1	4	Risk management policies and procedures exist and are being applied to minimise internal and external risks associated with the asset management system.	Section 3.3 of the AMP outlines Lancelin South's approach to risk assessment including descriptions of the approach to assessing risks i.e., the likelihood of occurrence of risks is identified and their consequences. Following an assessment of risks, assets critical to the system are identified for the potable water, non-potable water and sewerage systems. <i>As suggested in section 6.1 above, the intent and frequency of the risk assessment should be reflected in the risk section of the AMP as it is not clearly a focus of the treatment actions in the asset risk register which is reviewed every 2 years.</i>	B	1

Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating	Performance Rating
8.2	4	Risks are documented in a risk register and treatment plans are actioned and monitored.	Section 3.3 of the AMP (Risk Identification) defines the likelihood and consequence criteria and the risk matrix used. Critical assets are also defined. The risk assessment is undertaken in a spreadsheet. This was provided and included an initial assessment in March 2019, an update in April 2021 and the most recent update in March 2023. The risk assessment is planned to be updated at least every 2 years.	A	1
8.3	4	The probability and consequences of asset failure are regularly assessed.	A risk assessment of the water and sewerage services has been completed in 2019, 2021 and 2023. Existing controls for a number of the risks are operating activities – typically monitoring and inspection tasks.	A	1
<b>9</b>		<b>CONTINGENCY PLANNING</b>		<b>A</b>	<b>1</b>
9.1	2	Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks.	Section 3.6 of the AMP outlines the response that will be provided by the Shire of Gingin to emergencies associated with hazardous materials. The AMP also refers to an Emergency Response Plan (ERP) which was provided to the reviewer and is considered adequate. The ERP is separate to the AMP to: <ul style="list-style-type: none"> <li>• Makes the ERP more accessible</li> <li>• Maintains document size more manageable</li> <li>• Maintains ease of updating.</li> </ul> The Plan includes a requirement for annual testing and was reviewed and updated in May 2023.	A	1
<b>10</b>		<b>FINANCIAL PLANNING</b>		<b>A</b>	<b>1</b>
10.1	4	The financial plan states the financial objectives and strategies and actions to achieve the objectives.	Section 5.4 of the AMP provides a high level 10-year Financial Plan from 2022 to 2031. The plan includes revenue (forecast to grow with lot sales/water consumption) and costs including operating expenses and asset replacement. Cost for additional asset development is assumed to be zero over this period with no new capital investment required for the forecast growth.	A	1
10.2	4	The financial plan identifies the source of funds for capital	The reviewer noted that expenditure is estimated to exceed income over the period and that VIMG will continue to provide finance.	A	1

Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating	Performance Rating
		expenditure and recurrent costs.	The above approach is considered reasonable under the circumstances.		
10.3	4	The financial plan provides projections of operating statements (profit and loss) and statement of financial position (balance sheets).	Refer section 10.1 above.	A	1
10.4	3	The financial plan provides firm predictions on income for the next five years and reasonable indicative predictions beyond this period.	Refer section 10.1 above.	A	1
10.5	4	The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services.	Refer section 10.1 above.	A	1
10.6	4	Significant variances in actual/budget income and expenses are identified and corrective action taken where necessary.	Income and expenses are monitored monthly and significant variances are noted and appropriate action taken. The monthly Financial Statements were sighted.	A	1
<b>11</b>		<b>CAPITAL EXPENDITURE PLANNING</b>		<b>A</b>	<b>1</b>
11.1	3	There is a capital expenditure plan that covers issues to be addressed, actions proposed, responsibilities and dates.	Item 4.2.2 of the AMP discusses asset renewal and replacement, including a table of the expected life of existing assets. In general, no assets are due for replacement.  A small allowance for capital expenditure has been included in the estimates provided. The amount entered is not based on specific acquisitions - as the existing assets are relatively new and their design performance levels exceed	A	1

Item no.	Review Priority (1 High to 5 Low)	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)	Process and Policy Rating	Performance Rating
			current demand requirements. Also, twelve months horizon does not invoke planned capital expenditure.		
11.2	4	The plan provides reasons for capital expenditure and timing of expenditure.	Refer section 11.1 above.	A	1
11.3	4	The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan.	Refer section 11.1 above.	A	1
11.4	4	There is an adequate process to ensure that the capital expenditure plan is regularly updated and actioned.	The performance of assets is continuously reviewed by Lancelin South's consulting engineers. The need for age, condition, or performance-based replacement is reviewed in accordance with the criteria and approval procedures set out in Section 4 of the AMP.	A	1
<b>12</b>		<b>REVIEW OF ASSET MANAGEMENT SYSTEM</b>		<b>A</b>	<b>1</b>
12.1	4	A review process is in place to ensure that the asset management plan and the asset management system described therein are kept current.	Section 6.3 of the AMP states "the Asset Management Plan and associated documents will be reviewed during annual budget planning processes and amended to recognise any material changes in service levels and/or resources available to provide those services as a result of budget decisions. The Asset Management Plan will be reviewed and updated at least every two (2) years to ensure it represents the current position of Lancelin South Pty Ltd". The AMP was reviewed in October 2021 and is next due for review in October 2023.	A	1
12.2	4	Independent reviews (e.g., internal audit) are performed of the asset management system.	The previous asset management system review was completed in September 2021 and every 2 years as required by the ERA.	A	1



## 4.7 Review Recommendations

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

A. Resolved during current review period			
Reference (no./year) Compliance rating	Asset System Deficiency (AMS Component/Effectiveness Criteria/Details)	Auditor's Recommendation	Management Action taken by end of review period
	Nil		
B. Unresolved during current review period			
Reference (no./year) Compliance rating	Asset System Deficiency (AMS Component/Effectiveness Criteria/Details)	Auditor's Recommendation	Management Action taken by end of audit period
1/2023  C2	<p><b>Asset Inspections</b></p> <p><i>Process: Asset Operations</i></p> <p><i>Criteria 5.1: Operational policies and procedures are documented and linked to service levels required.</i></p> <p>Operations arrangements are set out in section 4.3 of the AMP. Operating activities are undertaken by service providers engaged by Lancelin South. Tables 10 and 11 outline responsibilities of the service providers for operational aspects.</p> <p>The treatment and pumping processes are automated with alarms monitoring the operation being monitored by the nominated service providers.</p> <p>Operating tasks including site inspections are undertaken on a fortnightly basis by Urbaqua. A sample fortnightly report was provided. The report indicated a leak was continuing in the RO plant and clearing</p>	<p>a) The process for addressing issues raised from the fortnightly inspections needs to be reviewed to ensure tasks are actioned (who has responsibility for reviewing and actioning issues identified).</p> <p>b) The fortnightly report to be updated to reflect actual water quality targets at the treated water sample point.</p> <p>c) The control cabinets at the sewer pump station and the wastewater treatment should be secured with the keylocks.</p> <p>d) The arrangements for inspection of the sewer pump station to be confirmed as part of the Biomax service agreement and the quarterly inspection included in the Biomax service reports.</p>	Nil

B. Unresolved during current review period			
Reference (no./year) Compliance rating	Asset System Deficiency (AMS Component/Effectiveness Criteria/Details)	Auditor's Recommendation	Management Action taken by end of audit period
	<p>of weeds was required within the WTP compound, the firebreak and around the WWTP. The leak was observed inside the RO plant sea container while on site and the growth of weeds/vegetation within the treatment plant compound and firebreak. Vegetation also needs clearing from around the wastewater pump station and in the wastewater infiltration basin. The process for addressing issues raised from the fortnightly inspections needs to be reviewed to ensure tasks are actioned (who has responsibility for reviewing and actioning issues identified).</p> <p>The fortnightly report also recorded water quality results from the treated water sample report and showed 4 results outside of the guideline range. Discussion indicated the chlorine target level had been adjusted to deliver a better chlorine level at the consumer sample point. All results at the consumer sample point were within range. It is recommended that the fortnightly report be updated to reflect actual water quality targets at the treated water sample point.</p> <p>During the site inspection, the control cabinet at the sewer pump station had the key attached to it. Also, the control cabinet at the wastewater treatment site was unlocked. Both of these should be secured.</p> <p>The extent of vegetation around the sewer pump station indicated it had been some time since this was inspected. The asset register indicates inspection of these pumps are part of the Biomax Service Agreement (3 monthly). The asset register also shows the expected asset life for the pumps as 3 years, with expected replacement due 02/2022. A sample Biomax service report dated 10/03/2023 does not mention the sewer pump station. It is recommended that arrangements for inspection of the sewer pump station be confirmed.</p> <p>The asset register shows much of the Biomax installation with an expected 5 year asset life with replacement expected in 2024. Inspection and revision of remaining service life should be undertaken.</p>		

B. Unresolved during current review period			
Reference (no./year) Compliance rating	Asset System Deficiency (AMS Component/Effectiveness Criteria/Details)	Auditor's Recommendation	Management Action taken by end of audit period
2/2023  C2	<p><b>Asset Register</b></p> <p><i>Process: Asset Operations</i></p> <p><i>Criteria 5.3: Assets are documented in an Asset Register including asset type, location, material, plans of components, and an assessment of assets' physical/structural condition and accounting data.</i></p> <p>An asset register has been developed in an Excel spreadsheet.</p> <p>The potable and non-potable pipe lines are not included in the asset register. The gravity sewer lines and pressure main are not included in the asset register. Plans of the pipelines should also be identified in the asset register.</p> <p>Inspection intervals are shown in the asset register but there is no field for recording asset condition.</p> <p>During the inspection some filters were noted with a replacement date due labelled as 2019. The labelling system should either be removed or kept up to date. Some thought needs to be given to the usefulness of the detailed breakdown of the water treatment plant equipment in the asset register as it appears that current processes do not allow for replacement of equipment to be recorded. There are a number of items shown where the expected replacement date has passed (some in 2015 and 2018).</p>	<p>a) The asset register should include the potable and non-potable pipe lines and the gravity sewer lines and pressure main. Plans of the pipelines should also be identified in the asset register.</p> <p>b) The asset register should include a field for recording asset condition that is updated at least quarterly based on inspections.</p> <p>c) The asset register should include comments on assets that are overdue for replacement based on the replacement date in the register.</p>	Nil

## Appendix A - Methodology

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### A1. Audit and Review Approach

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

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

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

#### **Fieldwork**

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

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

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

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

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

- Water Services Act 2012
- Water Services Code of Conduct (Customer Service Standards) 2018
- Water Services Code of Practice (Family Violence) 2020
- Water Services Regulations 2013
- 2019 Audit and Review Guidelines: Water Licences
- Water Compliance Reporting Manual – September 2021
- Water, Sewerage and Irrigation Licence Performance Reporting Handbook – 2021 and 2022.
- Water Services Operating Licence WL47 – Version 2 (from 1 May 2020 to current)
- Map of Licence Operating Area OWR-OA-311
- Compliance reports to ERA for 2020/21 and 2021/22
- Performance reports to ERA for 2020/21 and 2021/22
- Performance reporting datasheets for 2002/21 and 2021/22.
- Department of Health licence and any compliance reporting (if applicable)
- Memorandum of Understanding between the Department of Health and Lancelin South on Drinking Water quality (Latest version)
- Energy & Water Ombudsman membership;
- Department of Water: Drinking water source protection plan;
- Relevant correspondence between the Licensee and the ERA, Department of Environment and Water Regulation (DEWR) and Department of Health (as applicable).

### ***Operational Audit***

- Financial Report – YTD to March 2023

- Relevant correspondence between the Licensee and the ERA
- Customer Service Charter
- Financial Hardship Policy
- Family Violence Policy
- Regulatory Compliance Register
- Standard Water Supply Customer Contract
- Lancelin South Water website
- Preserved Supply Register
- Sample of water invoices to customers
- Residents Account Establishment Form
- Residential Pricing and Charges
- Residents Water Service Connection Application Form
- Building Services Fixed Fees and Charges
- Billing Review Procedure
- Reporting Info. Compliance Calendar
- Letter to ERA re sale of Lancelin South Pty Ltd
- LSW Communications Register

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

- Asset Management Plan
- Asset Register
- Asset Risk Register
- Memorandum of Understanding with Department of Health (DoH)
- Minutes of Meetings – DoH
- DoH correspondence
- Department of Environment and Water Regulation (DEWR) correspondence
- Drinking Water Quality Management Plan
- Water Reserve Drinking Water Protection Plan
- Maintenance Policy
- Maintenance Procedures
- Maintenance Works Guidelines
- Service reports
- Inspection reports
- Sampling Schedule
- Maintenance Plan
- Emergency Response Plan
- Procedure – Leak Allowance

#### **A3. Key Contacts**

The licensee's representatives participating in the audit were:

- Gill Banez- Development Director (VIC)
- Grant Wilkins - WA State Director, Victorian Investment Management Group (VIMG)
- Blair Shackleton, Technical Director - GHD
- Claire Murray - Process Scientist - GHD (Technical Consultant)

#### **A4. Consultants**

NAME AND POSITION	BUDGET HOURS
Geoff White - Director	35
Geoff Hughes – Principal Planning Engineer	25
<b>TOTAL</b>	<b>60</b>

END OF REPORT