



Moama Lifestyle Villages Pty Ltd
(Tuart Lakes Lifestyle Village)

Operational Audit and Asset Management System Review
Water Licence WL40 (Non-potable and sewerage)

Final Report
Economic Regulation Authority
January 2015

Limitations of this Report

This report was prepared for distribution to the Economic Regulation Authority and Moama Lifestyle Villages Pty Ltd for the purpose of fulfilling Moama's operational audit and asset management system effectiveness review obligations under its Water Services Operating Licence. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the Authority and Moama, 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 Operating 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. Executive Summary

1.1 Background

The Economic Regulation Authority (the Authority) has engaged Quantum Management Consulting and Assurance (Quantum) to undertake an operational audit and asset management system effectiveness review of the Moama Lifestyle Villages Pty Ltd (Moama) sewerage and non-potable water supply, to comply with the licensing requirements of the Authority.

Moama Lifestyle Villages Pty Ltd is marketed as Tuart Lakes Lifestyle Village (TTLLV), under the parent organisation of National Lifestyle Villages (NLV) and is a lifestyle village for over 45's with development approval for 470 park homes, a club house and other recreational facilities. The Lifestyle Village model allows residents to purchase a Park Home and enter a long term land arrangement, typically 60 years.

The Water Recycling Scheme includes the operation of a Wastewater Treatment Plant (WWTP) and associated infrastructure to collect sewage from village residents. Moama Lifestyle Village had 143 connections in December 2014 and approximately 1 kilometre of connecting sewer to the wastewater treatment plant. The plant has a capacity of 300 connections. The treated water is used for underground irrigation purposes around the village. The key assets for Moama include the wastewater treatment plant, pipelines and service points including non-potable water supply assets (recycled water used for irrigation). The facility is located at Lots 102 and 1 (previously Lots 1, 3, and 703), Mandurah Road, Baldivis in the City of Rockingham.

Moama is required to comply with the terms and conditions of their license. There were two versions of the Water Operating License 40 in force: Version OL1 (7 September 2010 to 17 November 2013) and Version 2 (18 November 2013 onwards).

Not less than once in every period of 24 months, the Authority requires an operational audit of compliance with the licence conditions and a review of the asset management system to comply with the licensing requirements of the Authority.

The previous operational audit and asset management period was from the commencement date of the licence on 7 September 2010 to 30 September 2012. Due to significant deficiencies in the asset management system, a further review of the asset management system was completed for the period from 1 October 2012 to 30 September 2013. On 15 April 2014, the Authority issued Moama with a Section 31 rectification notice under the Water Services Act 2012 to rectify the deficiencies in the asset management system by 30 September 2014.

This audit covers the period from 1 October 2012 to 30 September 2014 (compliance with licence conditions) and the asset management system review covers the period from 1 October 2013 to 30 September 2014.

Our audit and review approach is based on the compliance obligations set out in the Licence, applicable legislation, regulatory guidelines (Water Compliance Reporting Manual – April 2014) and the Audit and Review Guidelines: Water Licences - July 2014.

1.2 Operational Audit

The 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 Moama Lifestyle Villages Pty Ltd has

- a) complied with its licence obligations during the audit period from 1 October 2012 to 30 September 2014 with the exception of:

- Performance and compliance reports are not always submitted by the due dates, and late reports are not being included as non-compliances in the compliance reporting to the Authority; and
 - Not having a written customer complaints procedure.
- b) implemented 13 of 15 recommended actions from the previous audit that remain applicable, including maintenance of a Customer Complaints Register and more comprehensive information provided to residents on the wastewater scheme. The following recommendations have not yet been implemented:
- Developing written procedures for complaints; and
 - Including version control on the customer service charter (opportunity for improvement).
- c) established an adequate control environment for ongoing compliance apart from the following issues identified in the audit:
- Performance report for 2012/13 and the compliance report for 2013/14 were submitted after the due dates (within the following month), the submission date for the 2013/14 performance date could not be determined and the non-compliances re late reports were omitted from the following years' compliance reports; and
 - There is no Compliance Register to ensure that due dates for reporting and non-compliances are recorded.
- d) maintained the data integrity of reporting to the Authority and the Department of Health.

The audit recommended that Moama:

- ensure that all future Compliance and Performance Reports are submitted to the Authority within the timeframes required and copies of correspondence between the licensee and the Authority are retained;
- maintain a Compliance Register as a reminder of license obligations for review, recording of any non-compliances and due dates for annual reporting to the Authority;
- develop a written customer complaints procedure; and
- include document version control in the TLLV Customer Charter.

1.3 Asset Management System Review

The review has been conducted in order to assess the effectiveness of the licensee's asset management system.

The assets are as described above. Plant modifications were implemented in December 2013 including converting the Anaerobic Tank to a Balancing Tank, increasing the Clarifier capacity to the Stage 1 capacity of 75 Cubic metres per day, converting the Aeration tank 1 into an Anoxic Tank with an anoxic mixer and improved monitoring and alarm systems. The scheme is a limited effluent system.

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 Moama Lifestyle Villages Pty Ltd has:

- a) implemented or closed out 16 of 22 recommended actions from the previous review, including implementation of plant modifications to address operational issues, engaged a new operations and maintenance contractor, improved the risk register and contingency plans and improved the incident reporting and monitoring. The following recommendations have not yet been implemented:
- reviewing and updating the Asset Management Plan;

-
- including service levels in the operations and maintenance contract, although they are defined in a separate internal document;
 - considering future options to cater for demand in approximately 3 years' time when the plant reaches maximum capacity (2 recommendations);
 - recording of staff and contractor induction and operator training (2 recommendations);
- b) the recommended actions in the Section 31 Rectification Notice issued by the Authority in March 2014 have been completed except for 5 out of the 18 recommendations and these are included in new recommendations in this report; and
- c) established an adequate control environment for ongoing compliance, apart from the actions noted below. The control environment has improved since the previous audit/review with regular site inspections, monthly reports and a six-monthly internal audit;

The review recommended that Moama:

- review and update the Asset Management Plan for changes since 2009 including the plant modifications, risk assessment, financial and capital expenditure plans;
- revise the Operations and Maintenance manual for the plant modifications and to include the daily inspection and alarm monitoring procedures.
- develop a new asset register;
- update the risk register to include risks relating to the water reticulation /re-use scheme;
- retain a copy of the Emergency Response Plan onsite at the plant and updating the contacts list when staff changes occur;
- include service levels in the next revision of the operations and maintenance contract; and
- continue to monitor plant capacity and consider future options to cater for demand in approximately 3 years' time when the plant reaches maximum capacity.

Overall, the review concluded that the plant is being well-maintained and is in good working order. There is an effective asset management system apart from updating the documentation of the system including the Asset Management Plan, the operations and maintenance procedures, asset register and risk assessment for the reticulation/reuse of water.

We confirm that the Authority's Audit and Review Guidelines: Water Licences (July 2014) 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 Management Consulting & Assurance

Geoff White
Director

6 February 2015

2. Operational Audit

2.1 Introduction

The Economic Regulation Authority (the Authority) has engaged Quantum Management Consulting and Assurance (Quantum) to undertake an operational audit and asset management system effectiveness review of the Moama Lifestyle Villages Pty Ltd (Moama) sewerage and non-potable water supply, to comply with the licensing requirements of the Authority.

Moama Lifestyle Villages Pty Ltd is marketed as Tuart Lakes Lifestyle Village, under the parent organisation of National Lifestyle Villages (NLV) and is a lifestyle village for over 45's with development approval for 470 park homes, a club house and other recreational facilities. The Lifestyle Village model allows residents to purchase a Park Home and enter a long term land arrangement, typically 60 years.

The Water Recycling Scheme includes the operation of a Wastewater Treatment Plant (WWTP) and associated infrastructure to collect sewage from village residents. Moama Lifestyle Village had 143 connections in December 2014 and approximately 1 kilometre of connecting sewer to the wastewater treatment plant. The plant has a capacity of 180 connections. The treated water is used for underground irrigation purposes around the village. The key assets for Moama include the wastewater treatment plant, pipelines and service points including non-potable water supply assets (recycled water used for irrigation). The facility is located at Lots 102 and 1 (previously Lots 1, 3, and 703), Mandurah Road, Baldivis in the City of Rockingham.

Moama is required to comply with the terms and conditions of their license. There were two versions of the Water Operating License 40 in force: Version OL1 (7 September 2010 to 17 November 2013) and Version 2 (18 November 2013 onwards).

The audit approach is based on the compliance obligations set out in the Licence, applicable legislation, regulatory guidelines (Water Compliance Reporting Manual – April 2014) and the Audit and Review Guidelines: Water Licences - July 2014.

2.2 Objectives and Scope

The objective of the audit was to provide an assessment of the effectiveness of measures taken by the licensee to meet the obligations referred to in the Licence.

The audit has applied a risk-based approach to focus on the systems and effectiveness of processes used to ensure compliance with the standards, outputs and outcomes required by the Licence. The approach is set out in a detailed Audit Plan approved by the Authority that was designed to focus on the higher risk areas with less intensive coverage of medium and low risk areas.

The scope of the audit covered the following areas:

- **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 and Codes of Conduct 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 Authority and to other regulatory organisations providing licences to the Shire for the water services.
- **Compliance** with any individual licence conditions – the requirements imposed on the licensee by the Authority or specific issues advised by the Authority.

The highest priority areas based on inherent risk and the previously assessed controls/processes were:

- **Provision of water services in accordance with the licence** – high inherent risk and Type 1 reporting obligation.
- **Asset Management System** – high inherent risk and improvements required at previous review.
- **Information provided to customers** - Some deficiencies in information provided to customers were noted in the previous audit.
- **Customer complaints** – some deficiencies in the procedures were noted in the previous audit.
- **Compliance with the service and performance standards** - area of high inherent risk.

The audit aimed to identify any areas where improvement is required and to recommend corrective action as necessary. This included reviewing the status of the previous audit recommendations.

The audit covered the period from 1 October 2012 to 30 September 2014.

2.3 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 in audit period	NR	Not rated as no activity

2.4 Status of Previous Audit Recommendations

The previous audit covered the period 7 September 2010 to 30 September 2012 and was reported in February 2013.

Table of Previous Non Compliances and Audit Recommendations				
Reference (no./year)	Legislative Obligation/ Compliance Rating/ Details of issue	Auditor's Recommendation or Action Taken	Date Resolved	Further Action Required (Yes/No/N/A) & Details of further action required. (Including current recommendation ref. if applicable)
A. Resolved before end of previous audit				
	Nil			
B. Resolved during current audit period				
01/2013	Schedule 6 - Other Provisions, Obligations to Customers, Clause 2.1 <i>Compliant</i> All work etc. connections done prior to occupation.	The licensee should include written information on the WWTP and the need to take care that unwanted items and substances are not flushed with new customers. The licensee should educate/remind customers of avoiding flushing unwanted materials and substances down the sewer at monthly meetings.	February 2013 February 2013	No No

Reference (no./year)	Legislative Obligation/ Compliance Rating/ Details of issue	Auditor's Recommendation or Action Taken	Date Resolved	Further Action Required (Yes/No/N/A) & Details of further action required. (Including current recommendation ref. if applicable)
02/2013	<p>Schedule 6 - Other Provisions, Obligations to Customers, Clause 5.2.</p> <p><i>Compliant</i></p> <p>Two requests for information from ERA were sighted.</p> <p>A letter from city of Rockingham relating to a complaint of untreated water discharge was sighted. A notification from DEC relating to the same discharge was also sighted. A number of modifications have been made to WWTP and were confirmed by observation.</p> <p>The Auditor was informed that Maintenance Contractor technicians attend the site mostly daily since September 16th. Only unreliable documentary evidence of this attendance was produced.</p>	The licensee should ensure a licensee's site representative sign each Maintenance Contractor site works record and the site to file the retained copy as proof of attendance by Maintenance Contractor.	October 2013	No
03/2013	<p>Customer Complaints, Clause 6.1, Schedule 3</p> <p><i>Compliant</i></p> <p>None concerning WWTP were found.</p> <p>Internal reports between Maintenance Contractor and NLV (14 reviewed).</p> <p>New register was produced. Previously no register was kept.</p> <p>Four compliant forms were viewed (only four in register) but there were no issues recorded against WWTP from customers (issue or complaints form).</p>	<p>The licensee should ensure the new TLLV Customer Complaint Register is maintained and reviewed.</p> <p>The licensee should utilise a unique numbering system for "Complaints and Issues" internal proformas.</p>	<p>May 2013</p> <p>May 2013</p>	<p>No</p> <p>No</p>

Reference (no./year)	Legislative Obligation/ Compliance Rating/ Details of issue	Auditor's Recommendation or Action Taken	Date Resolved	Further Action Required (Yes/No/N/A) & Details of further action required. (Including current recommendation ref. if applicable)
04/2013	Schedule 3, Customer Complaints, Clause 3.2 <i>Compliant</i> Complaints Register has no numbering system applied. Policy operations issues dealt with on site escalated only when unresolved. Only minor issues observed. No evidence of closure or timeframe provided. No written procedure for complaints/resolution Recently established file for complaints/disputes. No current entries relating to the WWTP were listed in the file.	Use a unique number for each complaint	May 2013	No
05/2013	Customer Service Charter, Schedule 3, Clause 2.1 <i>Compliant</i> The Charter is in accord with Authority's guidelines with minor exception (see Clause 2.2).	The licensee should review the Customer Service Charter and ensure it aligns with the Authority's guidelines.	Closed	No No longer required under the Moama's Water Services Operating Licence WL40, Version 2, dated 18 November 2013.
06/2013	Customer Service Charter, Schedule 3, Clause 2.2 <i>Compliant</i> Charter written in plain English. Does not address the importance of not disposing damaging waste into WWTP.	The licensee should include a section explaining the prohibition of allowing damaging waste to enter the sewer system in its customer service charter.	February 2013	No

Reference (no./year)	Legislative Obligation/ Compliance Rating/ Details of issue	Auditor's Recommendation or Action Taken	Date Resolved	Further Action Required (Yes/No/N/A) & Details of further action required. (Including current recommendation ref. if applicable)
07/2013	Customer Service Charter, Schedule 3, Clause 2.4 <i>Compliant</i> No changes noted. The Auditor was not able to confirm whether any past proposed amendment was forwarded to the Authority or not.	The License should ensure a system is in place to record notification to the Authority of any proposed amendment to the Customer Service Charter.	Closed	No - No longer required under the Moama's Water Services Operating Licence WL40, Version 2, dated 18 November 2013.
08/2013	Customer Service Charter, Schedule 3, Clause 2.5 Non-Compliant Not displayed. The customer services charter is contained in a management pack that is discussed by the Local Manager with each prospective new client. It is available upon request by not openly promoted within the village.	The licensee should display the customer services charter at village meeting points (such as the gym, community meeting rooms, etc.) and the administration office.	February 2013	No
09/2013	Customer Service Charter, Schedule 3, Clause 2.6 <i>Compliant</i> Not reviewed for at least 2 years. Correspondence on this matter with the Authority was not found.	The licensee should review the Customer Service Charter to ensure it effectively reflects the License requirements. The licensee shall forward a version controlled copy of the revised Customer Service Charter to the Authority before release to customers.	Closed	No - No longer required under the Moama's Water Services Operating Licence WL40, Version 2, dated 18 November 2013.

Reference (no./year)	Legislative Obligation/ Compliance Rating/ Details of issue	Auditor's Recommendation or Action Taken	Date Resolved	Further Action Required (Yes/No/N/A) & Details of further action required. (Including current recommendation ref. if applicable)
10/2013	<p>Customer Consultation, Schedule 3, Clause 4.1& 4.2</p> <p><i>Compliant</i></p> <p>Reviewed minutes of Village Liaison Committee (Customer Council) Evidence of regular meetings was observed.</p> <p>The site has a closed circuit TV messaging system which may or may not be regularly accessed by customers.</p> <p>Urgent notices were observed posted on gym and meeting room notice boards. The latest newsletter (distributed to all customers) was observed however no other previous edition were found.</p> <p>The site has Open Forum meetings (2 monthly) which may or may not be well attended as observed meeting's minutes. Client surveys are conducted.</p> <p>Individual residential site agreements are signed by customers and kept on file by the site manager.</p>	<p>The licensee should encourage customers to regularly access the closed circuit TV system to get up to date information and Park news.</p> <p>The licensee may wish to consider the establishment of a regular newsletter.</p> <p>The licensee may wish to include a sign-in register at the door of each Open Forum meeting as a record of attendance. It will also provide a gauge of the percentage of customers attending against total customer numbers in residence to help measure the effectiveness of the meetings.</p>	<p>April 2013</p> <p>April 2013</p> <p>N/A</p>	<p>No</p> <p>No</p> <p>No – The licensee didn't consider it necessary to establish a sign-in register at the door of each Open Forum meeting. <i>This audit agrees.</i></p>
11/2013	<p>Customer Complaints, Clause 1.2</p> <p><i>Compliant</i></p> <p>No register available at time of audit. New register being developed. Minor issues noted only.</p> <p>Verbal declaration by manager that all were quickly resolved. (None have been escalated to NLV).</p> <p>No resolution evident on forms used.</p> <p>WWTP complaints were not raised through this system.</p>	<p>The licensee shall keep a complaints' register.</p> <p>The licensee may wish to record all customer complaints.</p> <p>The licensee may wish to declare resolution outcomes for review purposes.</p>	<p>May 2013</p>	<p>No</p>

Reference (no./year)	Legislative Obligation/ Compliance Rating/ Details of issue	Auditor's Recommendation or Action Taken	Date Resolved	Further Action Required (Yes/No/N/A) & Details of further action required. (Including current recommendation ref. if applicable)
12/2013	<p>Sewerage Services, Clause 2.1</p> <p><i>Compliant</i></p> <p>General blockages causing overflows were noted.</p> <p>All blockages were at the WWTP itself.</p> <p>Estimated 1 km – 10 blockages.</p> <p>Viewed maintenance logs and Maintenance Contractor incident reports. The documentary evidence reviewed was not fully reliable as in some cases work logs were not completed at the site and were not signed off by a licensee representative.</p> <p>No overflows at customers' residences. Sewer system design is such that a backup would overflow from a manhole rather than at a customers' residence. All overflows noted were at WWTP.</p> <p>The licensee has engaged a consulting firm to investigate and offer solutions to prevent blockages at the plant that cause overflows.</p>	The licensee should introduce a system where all maintenance contractor work sheets/logs are countersigned by a licensee's site representative.	October 2013	No
13/2013	<p>Customer Service Charter, Schedule 3, Clause 2.7</p> <p><i>Compliant</i></p> <p>Feedback from customers on this subject is not solicited.</p>	The licensee should include a question on customer service provision in the customer survey feedback form.	Closed	No No longer required by the legislation.

Reference (no./year)	Legislative Obligation/ Compliance Rating/ Details of issue	Auditor's Recommendation or Action Taken	Date Resolved	Further Action Required (Yes/No/N/A) & Details of further action required. (Including current recommendation ref. if applicable)
C. Unresolved at end of current audit period				
14/2013	<p>Schedule 3, Customer Complaints, Clause 3.1</p> <p><i>Compliant</i></p> <p>TLLV site has a complaints system but it was not documented.</p> <p>No evidence of recorded ongoing/unresolved complaints at site –generated through local management system.</p>	<p>Develop a written procedure for complaints and ensure staff are aware of the process.</p> <p>The procedure should set out the process for receiving, recording and (where possible) resolving customer complaints within a timeframe of 15 business days. It should also outline how the process will accurately monitor and record the number, nature and outcome of complaints.</p> <p>Ensure the procedure is such so as to fulfil the Conditions of this Licence including the requirements to provide information set out in this licence to complainants.</p>	Open	<p>Yes</p> <ul style="list-style-type: none"> The licensee (Moama) should create a written complaints procedure in relation to investigating and dealing with complaints from TLLV on behalf of its customers about the provision of water services. The licensee's complaints procedure must: <ul style="list-style-type: none"> be developed using as a minimum standard, the relevant provisions of the AS/ISO 10002-2006 and the Authority's guidelines (if any); provide for the matters specified in relation to lodgement of complaints, responding to complaints, dispute resolution arrangements and resolving complaints; and inform the customer (TLLV) that they do not have to use the licensee's complaints procedure, provide details of procedures under the Act, and set out the costs and benefits to the customer of the complaint resolution procedure or of the procedures under the Act. <p>Refer recommendation 02/2014</p>

Reference (no./year)	Legislative Obligation/ Compliance Rating/ Details of issue	Auditor's Recommendation or Action Taken	Date Resolved	Further Action Required (Yes/No/N/A) & Details of further action required. (Including current recommendation ref. if applicable)
15/2013	Customer Service Charter, Schedule 3, Clause 7.1 <i>Compliant</i> Charter exists but not as a controlled document. Has a section for policy updates and amendments but no updates noted.	The licensee should establish a document control system to manage version control of the Customer Service Charter.	Open	The Charter is still considered a useful document for residents and should be retained. Therefore, version control should be included in the document. <i>Refer recommendation 01/2014</i>

2.5 Summary of Audit Ratings of Controls and Compliance

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

No. ¹	Operating Area	Legislative Reference	Audit Priority applied (rated 1 = High to 5 = Low)	Adequacy of Controls Rating ² (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
Water Licensing Services Act 1995 (repealed 17 October 2013)													
-	Customer Service Charter (no longer mandatory)	Previous legislation	4	✓					✓				
-	Customer consultation process (no longer mandatory)	Previous legislation	4	✓					✓				
Water Services Act 2012													
1	Nature of services	Sec. 21(1)(a)	2	✓					✓				
2	Terms of service	Sec. 21(1)(b)	2					✓					✓
3	Provision of services	Sec. 21(1) (c)	2	✓					✓				
4	Operating area	Sec. 22	5					✓					✓
5	Outsourcing of services	Sec. 23	4	✓					✓				
6	Asset management system	Sec. 24(1)(a) & 24(2)	2	✓					✓				
7	Changes to asset management system	Sec. 24(1)(b)	5	✓					✓				
8	Asset management system review	Sec. 24(1)(c)	5	✓					✓				
9	Operational audit	Sec. 25	5	✓					✓				
10	Code of Practice	Sec. 26(3)	5					✓					✓
11	Code of Conduct	Sec. 27	4		✓					✓			
12	Compliance generally	Sec. 29	4		✓					✓			
13	Termination of service	Sec. 36	5					✓					✓
14	Supplier of last resort	Sec. 24(1)(b)	5					N/A					N/A
15	Ombudsman scheme	Sec. 66	5	✓					✓				
16	Interruption of water supplies	Sec. 77(3)	5	✓									✓
17	Notification of building works	Sec. 84(4)&(5)	5					✓					✓
18	Ensuring water service works are done	Sec. 84(2)	5					✓					✓
19	Review of decisions	Sec. 87(2)	5					✓					✓
20	Construction near water service works	Sec. 90(7)	5					✓					✓
21	Termination of water supply (irrigation)	Sec. 95(3)	4					N/A					N/A
22-23	Fire hydrants	Sec. 96(1)&(5)	4					N/A					N/A
24	Sewer connections	Sec. 98(3)	5					✓					✓

¹ The number refers to the item reference in the Water Compliance Reporting Manual, ERA April 2014

² Refer Controls and Compliance Rating Scales in Section 2.3.

No. ¹	Operating Area	Legislative Reference	Audit Priority applied (rated 1 = High to 5 = Low)	Adequacy of Controls Rating ²					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
25	Compliance notice issued by licensee re not maintaining pipes	Sec. 106(2)	5					✓					✓
26-27	N/A to this licence												
28	Compliance notice issued by licensee re building works	Sec. 119(2)	5					✓					✓
29	Review of decisions	Sec. 122(2)	5					✓					✓
30	Apportionment of fees between properties	Sec. 125(2)	5					✓					✓
31	Lodging memorial to secure fees owing	Sec. 128(4)	5					N/A					N/A
32-33	Notice to property owner	Sec. 129(5) & 139(3)	5					✓					✓
34	Notice to roads authority	Sec. 141(1)	5					✓					✓
35-41	Proposal for major works	Sec. 142, 143(2)&(3), 144(3), 145(2), 147(3)&(4)	5					✓					✓
42-48	Proposal for general works	Sec. 151(1)-(3), 153(3), 166(5)-(6), 170	5					✓					✓
49-64	Notice of entry to property and authority to enter	Sec. 174(1),(3)&(4) Sec. 175(2)&(5), 176(1),(3)&(4), 181, 186, 187(1)-(3), 190(4)-(5), 210(5), 218(2)-(3).	5					✓					✓
Water Services Regulations 2012													
65-68	Metering of water supply	Reg. 23(2), 24(4), 26(3), 26(5),	5					N/A					N/A
69	Infrastructure contribution	Reg. 29(2)	5					N/A					N/A
70-72	Backflow prevention	Reg. 42(2), (3)&(6)	5					N/A					N/A
73	Provision of plans	Reg. 53(3)	5					N/A					N/A
74-75	Work affecting roads	Reg. 60(2), 63	5					✓					✓
76-88	Water service charges, records and review of decisions	Reg. 65(1), (2), &(4), 67, 68(5)-(8), 69(3), 70(2), 74(1)&(2), 75(1).	5					N/A					N/A
89	Compliance notice issued by licensee to include consequences and rights	Reg. 85	5					✓					✓
Water Services Code of Conduct (Customer Service Standards) 2013													
92	Information for customers	Cl. 7	3	✓					✓				
93	Timeliness of connections	Cl. 8	4					N/A					N/A

No. ¹	Operating Area	Legislative Reference	Audit Priority applied (rated 1 = High to 5 = Low)	Adequacy of Controls Rating ²					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
94	Annual service charges	Cl. 9	5	✓					✓				
95-98	Usage bills at least 6 monthly	Cl.10(2)-(5)	5					N/A					N/A
99	Address for billing	Cl. 11	5					N/A					N/A
103-104	Basic of billing estimate	Cl. 13(1)&(2)	5					N/A					N/A
105	Request for meter reading	Cl. 14(1)	5					N/A					N/A
106	Higher than normal charge	Cl. 15	5					N/A					N/A
107-112	Under and over charges	Cl. 16(2)-(5), 17(1)-(2)	5					N/A					N/A
113-117	Review of bill	Cl. 18(1)-(6)	5					N/A					N/A
118	At least 14 days for payment	Cl 20	5					N/A					N/A
119-121	Payment methods	Cl. 21(1)-(2), 22	5					N/A					N/A
122	Payment in advance	Cl. 23(1)	5					N/A					N/A
123	Redirection of bills	Cl. 24	5					N/A					N/A
124	Payment plan	Cl. 25	5					N/A					N/A
125-133	Financial hardship policy	Cl. 26(1)-(6), 27(2)-(3), 28(1), (4)&(5)	5					N/A					N/A
134	Debt recovery	Cl. 29	5					N/A					N/A
145-149	Complaints procedure	Cl. 35(1)-(4)&(6)	3		✓					✓			
150-151	No charge for information	Cl. 36(1)	5					N/A					N/A
152	Access to customer information	Cl. 37(1)	5					N/A					N/A
153	All Code of Conduct information to be publicly available in hardcopy and website	Cl. 37(1)	5					N/A					N/A
Licence Conditions – Specific Clauses													
155	Fees to regulator	Cl. 4	5					✓					✓
156	Compliance with legislation	Cl. 5.1	5		✓					✓			
157	Compliance with Code of Practice	Cl. 5.2	5					N/A					N/A
158	Compliance with Code of Conduct	Cl. 5.3	5		✓					✓			
159	Compliance re any breaches	Cl. 5.4	5	✓					✓				
160	Compliance with Accounting Standards	Cl. 12	5	✓					✓				
161	Compliance with performance standards	Cl. 13.1	5	✓					✓				
162	Operational audit	Cl. 14.4	5	✓					✓				
163	External administration	Cl. 15.1(a)-(c)	5					✓					✓
164	Advise Authority of major or general works	Cl. 15.1(d)	4					✓					✓
165	Provision of information to the Authority	Cl. 16.1	5		✓					✓			
166	Compliance reporting to	Cl. 16.1	5		✓					✓			

No. ¹	Operating Area	Legislative Reference	Audit Priority applied (rated 1 = High to 5 = Low)	Adequacy of Controls Rating ²					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
	Authority												
167	Performance reporting to Authority	Cl. 16.3	5		✓					✓			
168	Publishing information	Cl. 17.2	5					✓					✓
169	Notices in writing	Cl. 18.1	5					✓					✓
170	Notify Authority of asset management system (AMS)	Cl. 20.1	5					N/A					N/A
171	Notify Authority of material change to AMS	Cl. 20.2	5	✓					✓				
172	AMS review	Cl. 20.6	5	✓					✓				
173	Ombudsman scheme	Cl. 21.1	5	✓					✓				
174	Customer contract – standard terms	Cl. 22.1	4					N/A					N/A
175-180	Customer contract approval and amendment	Cl. 23.1-23.3, 23.6, 24.1-2 24.4.	4					N/A					N/A
181	Obligations of supplier of last resort	Cl. 25.1	5					N/A					N/A
182	No services outside operating area	Cl. 28.1(b)	5					N/A					N/A
183	Financial hardship policy guidelines	Cl. 30.3	5					N/A					N/A
190	Service and performance standards (if applicable)	Schedule 3	2					N/A					N/A

2.6 Audit Observations and Recommendations

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
Additional Obligations under Licence WL 40 Version 1 (applicable to 17 November 2013)⁶							
-	Customer Charter	(Previous) Water Services Licensing Act 1995	The licensee must establish a Customer Service Charter and make it available to customers.	4	<p>The auditor confirmed that TLLV Customer Charter existed for customers up to 17 November 2013 (customers are defined as village residents to 17 November 2013 and Tuart Lakes Lifestyle Village (TLLV) from 18 November 2013) and is still in use.</p> <p>The auditor sighted the TLLV Customer Charter displayed at the TLLV Administration office. The Charter is also contained in a management pack that is discussed by the Village Manager with each prospective new client and the Charter is provided to village residents upon request. The Village Manager also confirmed that a copy of the Charter was delivered to all residents in February 2013.</p> <p>As the TLLV Customer Charter contains information on the resident's as well as TLLV responsibilities for a healthier recycled water system, the auditor considers the continual provision of the TLLV Customer Charter to be beneficial to the village residents, although the document version control should be introduced.</p> <p><i><u>Recommendation 01/2014</u></i> <i>The licensee should include document version control in the TLLV Customer Charter.</i></p>	A	1

³ Number refers to the item reference in the Water Compliance Reporting Manual, ERA April 2014

⁴ Controls Rating Scale: A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed.

⁵ Compliance Rating Scale: 1=Compliant, 2=Non-compliant (minor impact), 3=Non-compliant – moderate impact, 4=Non-compliant - major impact, NR=Not rated.

⁶ Licence WL40 Versions 1 applied until the new licence Version 2 was issued on 18 November 2013.

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
-	Customer consultation	(Previous) Water Services Licensing Act 1995	The licensee must establish a customer consultation process.	4	<p>The auditor confirmed that a satisfactory customer consultation process existed for customers up to 17 November 2013 (customers are defined as village residents to 17 November 2013 and Tuart Lakes Lifestyle Village from 18 November 2013) and is still in place.</p> <p>The Village Liaison Committee (Customer Council) has been established which usually meets monthly. The minutes of these meetings are available at the Village Administration office. Additionally, regular open forums are held where residents can discuss issues with NLV management in a more informal environment.</p> <p>In addition, the site has a closed circuit TV messaging system, Noticeboards are used to post topical information and a monthly newsletter is being delivered to all residents as a letter box drop.</p> <p>The Village Manager advised that the customer surveys are being conducted on a quarterly basis. However the Customer Survey Feedback Form that was provided to the auditor for review did not contain a question regarding the licensee's provision of the sewerage and non-potable supply services.</p> <p>The auditor considers the established customer consultation process to be adequate.</p>	A	1

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
Water Services Act 2012							
1.	Nature of services	Section 21(1)(a)	The licensee must provide a water service authorised by the licence to persons entitled to the service under the Act, except to the extent otherwise provided for by the Act.	2	The auditor confirmed by interview with the licensee's staff, review of the Asset Management System documentation and drawings, observation and review of the Register of Existing and Available Connections that the licensee provides water services in accordance with the licence (ie sewerage and non-potable water services) to village residents As a site is planned to be occupied, a connection is made available from the existing network. All connections are done by a licensed plumber prior to occupation.	A	1
2.		Section 21(1)(b)	The licensee must offer to provide a water service on reasonable terms, unless provision of the service is not financially viable or is otherwise not practicable, to persons within the operating area who are not entitled to the service under the Act.	2	The auditor confirmed by interview with the licensee's staff that no request for connection was made to the licensee from a person within the operating area who is not entitled to the service.	NP	NR
3.		Section 21(1)(c)	The licensee must provide, operate and maintain the water service works specified by the Authority in the licence.	2	Confirmed by this audit and review.	A	1
4.	Operating area	Section 22	The licensee must notify the Authority as soon as practicable before commencing to provide the water service outside of the operating area of the licence.	5	The auditor confirmed by a site visit that the water service is only provided in the area designated in the licence.as set out in Plan Number: OWR-OA-298(A).	NP	NR

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
5.	Outsourcing of services	Section 23	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 an agreement whereby the licensee can operate the works so as to comply with its obligations, or must fit in to other prescribed categories under the Act.	4	Moama Lifestyle Villages Pty Ltd ('Moama') who is the licence provider for the Water Recycling Scheme at Tuart Lakes Lifestyle Village (TLLV) is a subsidiary company of National Lifestyle Villages (NLV). All water service works are funded and owned by the parent company NLV. The auditor confirmed the ownership structure to the audited National Lifestyle Villages Pty Ltd and Controlled Entities Special Purpose Annual Report for the year ended 30 June 2013 (2014 not yet available).	A	1
6.	Asset management system	Sections 24(1)(a) & 24(2)	The licensee must have an asset management system that provides for the operation and maintenance of the water service works.	2	This audit and review confirmed that the licensee has an asset management system.	A	1
7.	Changes to asset management system	Section 24(1)(b)	The licensee must give details of the asset management system and any changes to it to the Authority.	5	The auditor confirmed by interview, review of Asset Management System documentation and observation (site visit was conducted on 19th of November 2014) that no material changes were made to the WWTP assets during the audit period. There have been changes to the operating plant as recommended in the Tristar Report M2051-IR-001 (dated 13th Nov 2013) and in the previous Asset Management System Review Report (dated March 2014). The Authority has been kept informed of the status of these changes, as part of the Post-Review Implementation Plan updates.	A	1
8.	Asset management system review	Section 24(1)(c)	A licensee must provide the Authority 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 Authority.	5	Reviews undertaken as required by the Authority.	A	1

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
9.	Operational audit	Section 25	A licensee must, not less than once every 24 months, or such longer period as determined by the Authority, provide the Authority with an operational audit conducted by an independent expert acceptable to the Authority.	5	Audits undertaken as required by the Authority.	A	1
10.	Code of Practice	Section 26(3)	The licensee must comply with each code of practice made by the Minister to the extent to which it applies to the licensee.	5	The Minister has not issued any Codes of Practice to date.	NP	NR
11.	Code of Conduct	Section 27	The licensee must comply with the code of conduct that may be made by the Authority to the extent to which it applies to the licensee and is not inconsistent with the licence.	4	The licensee complies with the obligations under the Code of Conduct with the exception of no written complaints procedure.	B	2
12.	Compliance generally	Section 29	The licensee must comply with the duties imposed on it by the Act in relation to its licence and must carry out its operations in respect of the licence in accordance with the Act.	4	The licensee complies with the legislation apart from the issues noted in this report.	B	2
13.	Termination of service	Section 36	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.	5	Confirmed by interview with the licensee's staff that no water services had ceased. The licensee has a written Decontamination Procedure in place that sets out the requirements to decontaminate any part of the plant that might be de-commissioned.	NP	NR
14.	Supplier of last resort	Section 60	If the licensee is the supplier of last resort for a designated area, the licensee must perform the functions of the supplier of last resort and must comply with the relevant duties and carry out the relevant operations prescribed.	5	Confirmed by interview with the licensee's staff that the licensee is not a supplier of last resort.	N/A	N/A
15.	Ombudsman scheme	Section 66	licensees who are required to be a member of the water services ombudsman scheme agree to be bound by, and compliant with, any decision of direction of the water services ombudsman under the scheme.	5	Confirmed by interview with the licensee's staff and review of the correspondence between the licensee and the Energy and Water Ombudsman (WA) Limited that the licensee is a member of the Water Services Ombudsman scheme.	A	1

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
16.	Interruption of water supplies	Section 77(3)	The licensee must take reasonable steps to minimise the extent or duration of any interruption of water services it is responsible for.	5	Confirmed by interview with the licensee's staff and by review of the underlying information recording systems including incident reports, TLLV complaints register and a sample of Tristar Service Reports that during the audit period there were no planned or unplanned interruptions of water services.	A	NR
17.	Notification of building works	Sections 82(4) & (5)	If a person must give the licensee notice of any building work to be carried out on land in the operating area of a license, the licensee must return a copy of the plans and specifications contained in the notice with any written directions about the proposed building work that the licensee considers necessary to ensure the safety and efficacy of the provision of water services provided, or to be provided. The licensee must do this within 7 days of receiving the fee for dealing with the notification.	5	NLV oversee the design, development and governance of the TLLV. A person who decides to purchase a Park Home in the village enters into the TLLV Residential Site Agreement. As a site is planned to be occupied, a connection is made available from the existing network. All connections are done prior to occupation by licensed plumber. Under the Residential Site Agreement, the village residents must not undertake any development or erect, alter or extend any building on, or attach any fixture or renovate, alter or add to the Residential Site or the Village Home without the Village Owner's prior written approval. The licensee confirmed that during the audit period the licensee did not receive any notices from village residents proposing alteration to a residential site or home.	NP	NR
18.	Ensuring water service works are done	Section 84(2)	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.	5	The auditor confirmed by interview with the licensee's staff that there was no requirement for additional water services during the audit period.	NP	NR

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
19.	Review of decisions	Section 87(2)	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.	5	As per item 18.	NP	NR
20.	Construction near water service works	Section 90(7)	If the licensee gives a compliance notice to a person who is undertaking construction or carrying out similar works in the vicinity of water service works, the licensee must, to the extent practicable, consult with the owner of the land on which the obstruction is located or the activity is taking place if the person to be given the notice is not the owner of the land.	5	The licensee confirmed that no compliance notices have been issued by the licensee to any party during the audit period.	NP	NR
21.	Termination of water supply (irrigation)	Section 95(3)	The licensee cannot cut off the supply of water to an occupied dwelling unless the occupier agrees to that.	4	Confirmed by the interview with the licensee's staff and review of the Asset Management System documentation and drawings that the non-potable water supply (irrigation) does not apply to occupied dwellings. TLLV utilizes recycled water to irrigate designated grassed areas and for the protection of the residents the recycled water is irrigated below ground.	N/A	N/A
22.	Fire hydrants	Section 96(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 licensee does not provide water reticulation works.	N/A	N/A

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
23.		Section 96(5)	The licensee must comply with requests made under sections 96(3) and 96(4) of the Act to the extent practicable and within a reasonable time.	5	As per item 22.	N/A	N/A
24.	Sewer connections	Section 98(3)	If required to by the Minister, the licensee must connect a wastewater inlet on land to the sewerage works of the licensee.	5	The licensee confirmed that no written notice requiring connection to sewerage works of the licensee had been received from the Minister.	NP	NR
25.	Compliance notice issued by licensee re not maintaining pipes	Section 106(2)	The licensee must include the information specified in a compliance notice given in relation to failure to maintain fittings, fixtures and pipes.	5	The auditor confirmed by interview with the licensee's staff and review of the Register of Existing and Available Connections that there is no trade waste discharged to the TLLV WWTP i.e. wastewater other than wastewater of the kind and volume ordinarily discharged from an ordinary dwelling used solely or primarily as the dwelling of the occupants. Therefore, Division 6 – Sewerage Services, Subdivision 2 – Discharge of Trade Waste under Part 5 the Act does not apply to the licensee.	NP	NR
26.	N/A				Not applicable to this type of licence – only		
27.	N/A				Not applicable to this type of licence – only		
28.	Compliance notice issued by licensee re building works	Section 119(2)	The licensee must include the information specified in a compliance notice given in relation to the matters set out in section 119(1).	5	The licensee confirmed that no compliance notices have been issued by the licensee to any party during the audit period.	NP	NR
29.	Review of decisions	Section 122(2)	If a person makes an application to the State Administrative Tribunal under section 122(1), the licensee cannot take, or continue to take, action against the person except in the circumstances specified.	5	As per item 28.	NP	NR

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
30.	Apportionment of fees between properties	Section 125(2)	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 Strata Titles Act 1985.	5	<p>The auditor confirmed by interview and review of an example of a Lifestylar Customer Ledger entries, that village residents (defined as “customers” under the previous licence to 17 November 2013) were not and are not being billed any charges for the sewerage and non-potable water supply services.</p> <p>The auditor confirmed with the licensee’s staff that Moama Lifestyle Village Pty Ltd as the licence holder, bills the cost of the water services via an internal charge to Tuart Lakes Lifestyle Village Pty Ltd as its sole customer (under the Water Services Act 2012). There is no apportionment of fees.</p>	NP	NR
31.	Lodging memorial to secure fees owing	Section 128(4)	If the licensee has previously lodged a memorial with the Registrar, the licensee must lodge a withdrawal of memorial with Registrar along with the prescribed fee (if any) if the charge or contribution has been paid.	5	As Moama Lifestyle Village Pty Ltd as the licence holder and Tuart Lakes Lifestyle Village Pty Ltd as its sole customer are related parties, no memorial would ever be lodged.	N/A	N/A

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
32.	Notice to property owner	Section 129(5)	If a routine inspection or maintenance is likely to cause disruption to the occupants of a place at least 48 hours' notice of a proposed entry must be given to the occupier of the place unless the occupier agrees otherwise.	5	<p>The key assets for Moama include the wastewater treatment plan, pipelines and service points including non-potable water supply assets (recycled water used for irrigation).</p> <p>The auditor confirmed by interview, review of the Asset Management System documentation and a sample of Tristar Operational Checklist - daily report and a sample of Tristar Service Reports that during the audit period, no routine maintenance of the water service works was undertaken that would require entry to the residential dwelling or likely to cause disruption to the occupants of a place. Therefore, no notice of a proposed entry was given in relation to the routine maintenance of the water service works. The licensee advised that it is very unlikely that the access to the residential dwelling would ever be required for the purpose of routine maintenance of water service works. All connections are done prior to occupation by licensed plumber.</p> <p>Nevertheless, the Residential Site Agreement contains a section on the village owner's access to Residential Site.</p>	NP	NR
33.		Section 139(3)	If the licensee removes or erects a fence or gate when exercising a works power conferred by the Act, the licensee must take all reasonable steps to notify the owner before doing so.	5	The auditor confirmed by interview with the licensee's staff and review of the Asset Management System documentation that the licensee did not exercise ancillary work powers during the audit period.	NP	NR

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
34.	Notice to roads authority	Section 141(1)	In certain instances, if a person authorised by the licensee carries out road work that involves breaking the surface of the road or that would cause major obstruction to road traffic, the licensee must give at least 48 hours' notice to the public authority managing the road.	5	The auditor confirmed by interview with the licensee's staff, review of the Asset Management System documentation and drawings and review of a sample of Tristar Service Reports that during the audit period, the licensee did not carried out any road works that involved breaking the surface of the road or that would cause major obstruction to road traffic.	NP	NR
35.	Proposals for major works (includes WWTP with capacity over 2ML per day, dams, irrigation schemes, etc.)	Sections 142	The licensee must comply with sections 143 and 144 of the Act in relation to the proposed major works, and has given any notice required under section 148.	5	The auditor confirmed by interview with the licensee's staff and review of the Asset Management System documentation and drawings that no additional major works have been proposed during the audit period. Therefore, Division 3 – Major works, requirements for public notification and Ministerial authorisation under Part 6 the Act did not apply to the licensee during the audit period.	NP	NR
36.		Sections 143 (2)	Before the licensee submits a proposal for the provision of major works to the Minister, the licensee must prepare, publish and make available plans and details of those major works as specified.	5	As per item 35.	NP	NR
37.		Sections 143 (3)	The licensee must, within 5 days of publishing the plans and details on the licensee's website, give notice setting out the matters prescribed in section 143(4) to the persons and agencies specified.	5	As per item 35.	NP	NR
38.		Sections 144(3)	The licensee must have regard to an objection or submission lodged within the relevant period.	5	As per item 35.	NP	NR

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
39.		Section 145(2)	If the licensee makes alterations to the plans or details referred to in section 143(2), the licensee must give written notice of the alterations to any person who is likely to be adversely affected by those alterations.	5	As per item 35.	NP	NR
40.		Section 147(3)	The licensee must comply with a direction given by a Minister in respect of a proposal to provide water service works that are major works under section 143(3).	5	As per item 35.	NP	NR
41.		Section 147(4)	If the Minister gives a direction that further notices in relation to the proposed major works be given under section 143(3), the licensee must resubmit the proposal.	5	As per item 35.	NP	NR
42.	Proposals for general works (includes new WWTP with capacity up to 2ML per day, reticulation mains and trunk lines, pumping stations, etc.)	Section 151(1)	A licensee proposing to provide water service works that are general works must prepare plans and details of the proposed works and publish and make them available for inspection.	5	The auditor confirmed by interview with the licensee's staff and review of the Asset Management System documentation and drawings that no additional general works have been proposed during the audit period. Therefore, Division 4 – General works, requirements for public notification and, in certain cases, for Ministerial authorisation under Part 6 of the Act did not apply to the licensee during the audit period.	NP	NR
43.		Section 151(2)	The licensee must give a notice setting out the matters referred to in section 151(3) to the persons and agencies specified.	5	As per item 42.	NP	NR
44.		Section 152(3)	The licensee must have regard to an objection or submission lodged by the date specified in the notice given under section 151(2).	5	As per item 42.	NP	NR

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
45.		Section 153(3)	If the licensee makes alteration to those plans or details referred to in section 151, the licensee must give written notice of the alterations to any person who is likely to be adversely affected by those alterations.	5	As per item 42.	NP	NR
46.		Section 166(5)	On being advised by the Minister that an interest in land is appropriate to the licensee's needs, the licensee is required to acquire the interest.	5	The licensee is a subsidiary company of NLV, the owner and developer of the land. The Lifestyle Village model entails the residents to purchase a Park Home and enter a long term land lease arrangement (typically 60 years). Unlike a typical housing development NLV retains the ongoing responsibility of the land and residents. Therefore, Part 7 – Powers in relation to interest in land under the Act does not apply to the licensee.	NP	NR
47.		Section 166(6)	Any costs incurred in taking an interest in land are to be paid by the licensee.	5	As per item 46.	NP	NR
48.		Section 170	The licensee must not sell an interest in land if the purchaser would hold a parcel of land that did not comply with the minimum lot size and zoning requirements under the Planning and Development Act 2005, unless the Minister permits the licensee to do so.	5	As per item 46.	NP	NR

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
49.	Notice of entry to property and authority to enter	Section 173(4)	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.	5	<p>The auditor confirmed by interview, review of the Asset Management System documentation and a sample of Tristar Operational Checklist - daily report and a sample of Tristar Service Reports that during the audit period no entry to the residential dwelling was required for the purposes of doing works. Therefore, no notice of a proposed entry was given in relation to the water service works.</p> <p>The licensee advised that it is very unlikely that the access to the residential dwelling would ever need to be required for the purpose of water service works. All connections are done prior to occupation by licensed plumber.</p> <p>Nevertheless, the Residential Site Agreement contains a section on the village owner's access to Residential Site.</p>	NP	NR
50.		Section 174(1)	Notice of a proposed entry by the licensee must be in writing and must set out the purpose of the entry, including (if applicable) any work proposed to be carried out.	5	As per item 49.	NP	NR
51.		Section 174(3)	Even if in a particular instance the licensee may enter a place under the Act without having to give notice of proposed entry, the licensee must when practicable, and when it will not compromise the reason for entry, give notice of entry to the occupier.	5	As per item 49.	NP	NR
52.		Section 175(2)	If an occupier is present when the licensee proposes to enter a dwelling, the licensee must perform the prescribed actions before entering the premises.	5	As per item 49.	NP	NR
53.		Section 175(5)	If the licensee enters a dwelling that is unoccupied, the licensee must leave a notice or a copy of the warrant (as applicable) in a prominent position in the dwelling before leaving the dwelling.	5	As per item 49.	NP	NR

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
54.		Section 176(1)	If the licensee has entered a place with or without consent, the licensee must leave the premises as soon as practicable after being notified that the owner or occupier has refused or withdrawn their consent.	5	As per item 49.	NP	NR
55.		Section 176(3)	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 until they are not able to do so.	5	As per item 49.	NP	NR
56.		Section 176(4)	If the licensee enters or proposes to enter a place, and the owner or occupier requests the licensee produce evidence of authority for that entry, then the licensee must leave the place if they are unable to do so unless the owner or occupier agrees otherwise.	5	As per item 49.	NP	NR
57.		Section 181	The licensee, or a person assisting the licensee, must, as far as is practicable comply with any reasonable request from the owner or occupier intended to limit interference with the lawful activities of the owner or occupier.	5	As per item 49.	NP	NR
58.		Section 186	If the licensee applies for a warrant, the application must contain the prescribed information.	5	The licensee confirmed that no application was made by the licensee for a warrant during the audit period.	NP	NR
59.		Section 187(1) – (3)	If the licensee applies for a warrant to enter, the application must be made in accordance with the procedures specified depending on the location of the applicant and the justice.	5	As per item 58.	NP	NR
60.		Section 190(4)	Unless required to give a copy of the warrant, the licensee executing the warrant must produce the warrant for inspection by the occupier of the place concerned on entry (if practicable), and if requested to do so.	5	As per item 58.	NP	NR

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
61.		Section 190(5)	On completing the execution of a warrant the licensee must record the prescribed information on that warrant.	5	As per item 58.	NP	NR
62.		Section 210(5)	If the licensee designates a person as an inspector or compliance officer, the licensee must give that person a certificate of authority that includes certain prescribed information.	5	The licensee confirmed that no person has been designated as an inspector or compliance officer.	NP	NR
63.		Section 218(2)	In the exercise or purported exercise of a power under the Act, the licensee must ensure that, to the extent practicable, the free use of any place is not obstructed, and that as little damage, harm or inconvenience is caused as is possible.	5	As per item 62.	NP	NR
64.		Section 218(3)	If the licensee does any physical damage in the exercise of a works power or a power of entry, the licensee must ensure that the damage is made good, and pay compensation to the extent that it is not practicable to make good the damage.	5	The licensee confirmed that no entry had been required to any residential dwelling so this did not apply for the audit period.	NP	NR
Water Services Regulations 2012							
65.	Metering of water supply	Regulation 23(2)	If the licensee provides a water supply service in respect of a multi- unit development, the licensee, on the owner's request, is to assess whether a meter is satisfactory for measuring the quantity or flow of water through a pipe supplying water to the unit.	5	The auditor confirmed by interview with the licensee's staff and review of the Asset Management System documentation and irrigation drawings that the non-potable water supply (irrigation) does not apply to occupied dwellings.	N/A	N/A
66.		Regulation 24(4)	If the licensee gives a compliance notice to a person in respect of access to meters, the notice must specify the specified information.	5	As per item 65.	N/A	N/A

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
67.		Regulation 26(3)	If the owner or occupier requests the licensee to test a meter, subject to the payment of the charge (if any) for testing that type of meter, the licensee must test the meter in accordance with the approved procedure.	5	As per item 65.	N/A	N/A
68.		Regulation 26(5)	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	5	As per item 65.	N/A	N/A
69.	Infrastructure contribution	Regulation 29(2)	If the developer of a lot makes a request to the licensee to defer payment of an infrastructure contribution, the licensee must, subject to regulations 29(3) and 29(4), allow the payment to be deferred.	5	The licensee is a subsidiary company of NLV, the owner and developer of the land. Therefore, this section under the Regulation does not apply to the licensee.	N/A	N/A
70.	Backflow prevention device	Regulation 42(2)	The written order requiring the owner or occupier of land to install a backflow prevention device must set out the date which the device must be installed and tested (which must be at least 7 days after the order is given).	5	The auditor confirmed by interview with the licensee's staff and review of the Asset Management System documentation and irrigation drawings that the non-potable water supply (irrigation) does not apply to occupied dwellings. The TLLV utilizes recycled water to irrigate designated grassed areas and for the protection of the residents the recycled water is irrigated below ground. Therefore, this section under the Regulation does not apply to the licensee.	N/A	N/A
71.		Regulation 43(3)	The compliance notice requiring the owner or occupier of land to have their backflow prevention device tested or maintained in accordance with the standard by a specified date (which must be at least 7 days after the notice is given).	5	As per item 70.	N/A	N/A

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
72.		Regulation 43(6)	The compliance notice requiring the owner or occupier of land to have their backflow prevention device made good as specified in the notice must include the work that is required to be done, the manner in which the work is to be done and the date by which the work is to be done (which must be at least 7 days after the notice is given).	5	As per item 70.	N/A	N/A
73.	Provision of plans	Regulation 53(3)	The licensee must provide a person with a plan of the existing drainage plumbing for a building on request and on receipt of payment from the person.	5	The auditor confirmed by interview with the licensee's staff and review of the Asset Management System documentation and drawings that no drainage plumbing is connected to the sewerage works of a licensee. Therefore, Subdivision 1 — Diagrams of drainage plumbing under the Division 6, Part 4 of the Regulation does not apply to the licensee.	N/A	N/A
74.	Works affecting roads	Regulation 60(2)	If the licensee proposes to exercise a works power in a road and considers that it is necessary to alter the position of infrastructure, the licensee must notify the person who is responsible for the infrastructure and may request that the person make the alterations within the time specified in the notice.	5	The auditor confirmed by interview with the licensee's staff that during the audit period the licensee did not propose to exercise and did not exercise a works power in a road. As a site is planned to be occupied a connection is made available from the existing network.	NP	NR
75.		Regulation 63	If the licensee opens or breaks up the surface of a road, the licensee must complete the relevant work and reinstate and make good the road, and must take all reasonable measures to prevent that part of the road from being hazardous.	5	As per item 74.	NP	NR

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
76.	Water service charges, records and review of decisions	Regulation 65(1)	The licensee must maintain records for all land in respect of which water service charges apply.	5	<p>The auditor confirmed by interview and review of an example of a Lifestyler Customer Ledger entries, that village residents (defined as “customers” under the previous licence to 17 November 2013) were not and are not being billed any charges for the sewerage and non-potable water supply services.</p> <p>The auditor confirmed with the licensee’s staff that Moama Lifestyle Village Pty Ltd as the licence holder, bills the cost of the water services via an internal charge to Tuart Lakes Lifestyle Village Pty Ltd as its sole customer (under the Water Services Act 2012).</p> <p>As the licensee bills TLLVV the cost of the service via an internal charge rather than land records, this clause is not applicable.</p>	N/A	N/A
77.		Regulation 65(2)	The records for all land in respect of which water service charges apply must contain prescribed information.	5	As per item 76.	N/A	N/A
78.		Regulation 65(4)	The licensee must make the records for all land in respect of which water service charges apply available for inspection by any person without charge, and give a copy of particular records to a person with a material interest in them, on payment of the prescribed charge.	5	As per item 76.	N/A	N/A
79.		Regulation 67	Except as otherwise provided under the Act, the records maintained by the licensee for a period in relation to land are the basis upon which the licensee must determine the water service charges applicable for the period.	5	As per item 76.	N/A	N/A
80.		Regulation 68(5)	The licensee must consider an objection to the records maintained by a licensee under regulation 65 as soon as practicable.	5	As per item 76.	N/A	N/A

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
81.		Regulation 68(6)	The licensee must give the person by whom the objection was made written notice of the licensee's decision on the objection together with a brief statement of the licensee's reasons for the decision.	5	As per item 76.	N/A	N/A
82.		Regulation 68(7)	If the licensee disallows an objection, wholly or in part, to entries in the records maintained by a licensee under regulation 65, the licensee must advise the person who objected of any consequent amendment of the records.	5	As per item 76.	N/A	N/A
83.		Regulation 68(8)	If the licensee allows an objection, wholly or in part, to entries in the records maintained by a licensee under regulation 65, the licensee must advise the person of the time within which and the manner in which a review of the decision may be sought.	5	As per item 76.	N/A	N/A
84.		Regulation 69(3)	Upon receipt of a notice from a person dissatisfied with a decision of the licensee on an objection, the licensee must promptly refer the relevant records to the State Administrative Tribunal for a review.	5	As per item 76.	N/A	N/A
85.		Regulation 70(2)	Upon receipt of a notice from a person dissatisfied with a decision of the licensee to refuse to extend the time for giving an objection to the licensee or a notice under regulation 69(2), the licensee must promptly refer the decision to the State Administrative Tribunal for a review.	5	As per item 76.	N/A	N/A
86.		Regulation 74(1)	The licensee must make any amendment of the records necessary as a consequence of an allowance, wholly or in part, of an objection under the Act or the Valuation of Land Act 1978 or as a consequence of a review by the State Administrative Tribunal.	5	As per item 76.	N/A	N/A

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
87.		Regulation 74(2)	The licensee must, if necessary as a consequence of the amendment to the records under regulation 74(1) re-determine and if necessary provide a rebate or refund.	5	As per item 76.	N/A	N/A
88.		Regulation 75(1)	If a person is liable, under an agreement with the owner of land, for payment of the water service charges in respect of certain land, the person is entitled to receive from the licensee all information necessary for the person to assess his or her liability under the agreement.	5	As per item 76.	N/A	N/A
89.	Compliance notice issued by licensee to include consequences and rights	Regulation 85	Compliance notices issued by the licensee must include a brief description of the possible consequences under the Act of not complying with the notice, and the rights of review under the Act in relation to the notice and who may apply for review.	5	The licensee confirmed that no compliance notices have been issued by the licensee to any party during the audit period.	NP	NR
Water Services Code of Conduct (Customer Service Standards) 2013							
92.	Information for customers	Clause 7	The licensee must have written information for customers about the specified matters.	3	<p>Under the previous licence, the licensee provides water services to village residents who entered into the TLLV Residential Site Agreement that outlines the village owner's as well as village resident's obligations. The TLLV Customer Charter that provides information on the recycled water system as well as the resident's and TLLV responsibilities for a healthier recycled water system is contained in a management pack that is discussed by the Village Manager with each prospective new client.</p> <p>Under the current licence, the sole customer is TLLV. The licensee has provided written information to TLLV as per the TLLV Residential Site Agreement.</p>	A	1

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
93.	Timeliness of connections	Clause 8	The licensee must ensure that, in any 12 month period, 90% of connections are completed before the end of 10 business days, starting on the day on which the customer has paid the relevant fees and complied with the relevant requirements.	4	<p>The auditor confirmed by interview with the licensee's staff and review of the Asset Management System documentation and irrigation drawings that the non-potable water supply (irrigation) does not apply to occupied dwellings.</p> <p>The TLLV utilizes recycled water to irrigate designated grassed areas and for the protection of the residents the recycled water is irrigated below ground.</p> <p>As there is no connection of a metered water supply to occupied dwellings, Section 8 of the Code of Conduct does not apply to the licensee.</p>	N/A	N/A
94.	Annual service charges	Clause 9	The licensee must issue a bill for non-quantity charges to each customer at least once in every 12 month period.	5	<p>The auditor confirmed by interview and review of an example of a Lifestylar Customer Ledger entries, that village residents (defined as "customers" under the previous licence to 17 November 2013) were not and are not being billed any charges for the sewerage and non-potable water supply services.</p> <p>The auditor confirmed with the licensee's staff that Moama Lifestyle Village Pty Ltd as the licence holder, bills the cost of the water services via an internal charge to Tuart Lakes Lifestyle Village Pty Ltd as its sole customer (under the Water Services Act 2012). The auditor confirmed that this is an annual charge for each year ending 30 June.</p>	A	1
95.	Usage bills at least 6 monthly	Clause 10(2)	The licensee must issue a bill for usage to each customer at least once in every 6 month period.	5	The licensee does not charge on the basis of water usage.	N/A	N/A

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96.		Clause 10(3)	The licensee must ensure a bill for usage is based on a meter reading to ascertain the quantity supplied or discharged.	5	As per 95.	N/A	N/A
97.		Clause10(4)	If an accurate meter reading is not possible, a bill for usage must be based on an estimation (in accordance with the prescribed regulations) of the quantity of water supplied or waste water discharged.	5	As per 95.	N/A	N/A
98.		Clause 10(5)	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.	5	As per 95.	N/A	N/A
99.	Address for billing	Clause 11	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.	5	As per 95.	N/A	N/A
103.	Basis of billing estimate	Clause 13(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.	5	As per 95.	N/A	N/A
104.		Clause 13(2)	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.	5	As per 95.	N/A	N/A
105.	Request for meter reading	Clause 14(1)	The licensee must provide to the customer on request a meter reading and a bill in the prescribed circumstances.	5	As per 95.	N/A	N/A
106.	Higher than normal usage	Clause 15	The licensee must have a publicly available written policy, standard or set of guidelines in relation to granting a discount to a customer whose meter reading indicates a water usage that is higher than normal for the customer but is likely to have been wasted because of a leak.	5	As per 95.	N/A	N/A

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
107.	Under and over charges	Clause 16(2)	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.	5	As per 94.	N/A	N/A
108.		Clause 16(3)	An undercharged amount must be the subject of, and explained in, a special bill or a separate item in the next bill. The licensee cannot charge interest or late payment fees on an undercharged amount. The licensee must allow a customer to pay an undercharged amount by way of a repayment plan as specified in the code of conduct.	5	As per 94.	N/A	N/A
109.		Clause 16(4)	The licensee must not charge interest or late payment fees on an undercharged amount.	5	As per 94.	N/A	N/A
110.		Clause 16(5)	The licensee must allow a customer to pay an undercharged amount by way of a repayment plan that has effect for the duration of shorter of the prescribed periods starting on the day that the bill in clause 16(3) is issued.	5	As per 94.	N/A	N/A
111.		Clause 17(1)	If the licensee overcharges a customer, the licensee must credit the customer's account and must immediately afterwards notify the customer, or inform the customer of the overcharging and recommended options for refunding or crediting the overcharged amount.	5	As per 94.	N/A	N/A
112.		Clause 17(2)	The licensee must, in accordance with the customer's instructions, refund or credit the customer's account within 15 business days from starting on the day the licensee receives the instructions.	5	As per 94.	N/A	N/A
113.	Review of bill	Clause 18(1)	The licensee must review a bill on the customer's request.	5	As per 94.	N/A	N/A

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
114.		Clause 18(2)	The license must have a written procedure for the review of a bill on the customer's request.	5	As per 94.	N/A	N/A
115.		Clause 18(3) & (6)	The review procedure in clause 18(2) must include the specified information and be publicly available.	5	As per 94.	N/A	N/A
116.		Clause 18(4)	The review procedure must state that the customer may, but does not have to, use the licensee's complaints procedure mentioned in clause 35 before or instead of applying to the water services ombudsman or, if available, making an appeal from, or applying for a review or, the decision under regulations mentioned in section 222(2)(k) of the Act.	5	As per 94.	N/A	N/A
117.		Clause 18(5)	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.	5	As per 94.	N/A	N/A
118.	At least 14 days for payment	Clause 20	The time set by the licensee for the payment of a bill must be after 14 days from when the bill is issued.	5	As per 94.	N/A	N/A
119.	Payment methods	Clause 21(1)	The licensee must allow a customer to pay a bill using any of the prescribed methods selected by the customer.	5	As per 94.	N/A	N/A
120.		Clause 21(2)	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.	5	As per 94.	N/A	N/A

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
121.		Clause 22	Before receiving a bill payment by direct debit the licensee must obtain the express consent, either orally or in writing, of the holder of the account to be debited and of the customer or an adult person nominated by the customer, to do so.	5	As per 94.	N/A	N/A
122.	Payment in advance	Clause 23(1)	The licensee must accept payment in advance from a customer on a customer's request.	5	As per 94.	N/A	N/A
123.	Redirection of bills	Clause 24	The licensee must on request and at no charge redirect a customer's bills because of the customer's absence or illness.	5	As per 94.	N/A	N/A
124.	Payment plan	Clause 25	The licensee must allow a customer to pay a bill under a payment plan or other arrangement under which the customer is given more time to pay the bill or to pay arrears if the customer is assessed by the licensee as experiencing payment difficulties.	5	As per 94.	N/A	N/A
125.	Financial hardship policy	Clauses 26(1) & (2)	The licensee must have a written policy in relation to financial hardship that is approved by the Authority.	5	As the licensee does not supply residential customers (only TLLV), no Financial Hardship Policy is required.	N/A	N/A
126.		Clause 26(3)	If the licensee's licence was in place before the commencement of the Act, the licensee must have a financial hardship policy before the end of the 6 month period starting on the day on which section 27 of the Act comes into effect.	5	As per 125.	N/A	N/A
127.		Clause 26(4)	If the licensee's licence was granted after the day on which the Act came into effect, the licensee must have a financial hardship policy within 6 months of the day of the grant of the license.	5	As per 125.	N/A	N/A
128.		Clause 26(5)	The licensee's financial hardship policy must be publicly available.	5	As per 125.	N/A	N/A

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
129.	Debt recovery	Clause 26(6)	The licensee must review its financial hardship policy at least once in every 5 year period and, as part of the review process, consult with relevant consumer organisations.	5	As per 125.	N/A	N/A
130.		Clause 27(2)	The licensee must allow a customer experiencing financial hardship to pay a bill under an interest-free or fee-free payment plan other arrangement under which the customer is given more time to pay the bill or to pay arrears.	5	As per 125.	N/A	N/A
131.		Clause 27(3)	The licensee must also consider reducing the amount owed, review and revise, if appropriate, how a customer is paying a bill under clause 27(2) and provide the specified written information to a customer.	5	As per 125.	N/A	N/A
132.		Clause 28(1)	Before the licensee enters into a payment plan or other similar arrangement with a customer who is not the owner of the land in respect of which the water service is provided, the licensee must ensure that the owner is aware of the proposed plan or arrangement.	5	As per 125.	N/A	N/A
133.		Clause 28(4) & (5)	The licensee must have publicly available written information regarding the payment plans, arrangements and other assistance that is available to customers.	5	As per 125.	N/A	N/A
134.		Clause 29	The licensee must not commence or continue proceedings to recover a debt from a customer who is complying with a payment plan or other arrangement, or who is being assessed for payment difficulties or who is being assessed for financial hardship.	5	As per 125.	N/A	N/A
139.	Reducing flow rate	Clause 33	The licensee must not reduce the rate of flow of water to a customer to below 2.3 litres each minute.	5	The licensee does not provide a water reticulation service.	N/A	N/A

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
142.	Timeframe to restore service	Clause 34(4)	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.	5	The licensee does not provide a water reticulation service..	N/A	N/A
144.		Clause 34(6)	The licensee (other than the Water Corporation) must ensure that there is a 90% compliance rate with clause 34(4) in any 12 month period ending on 30 June.	5	As per 142.	N/A	N/A

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
145.	Complaints procedure	Clause 35(1)	The licensee must have a written complaints procedure in relation to investigating and dealing with complaints of customers about the provision of water services by the licensee or a failure by the licensee to provide a water service.	3	<p>Tuart Lakes Lifestyle Village is the sole customer (under the Water Services Act 2012) but it should record any complaints from village residents and lodge these with Moama for action.</p> <p>The auditor was advised by the licensee that any complaints from TLLV relating to their customers would be forwarded to the licensee for attention. TLLV has a written complaints procedure in the TLLV Customer Charter in a management pack that is discussed by the Village Manager with each prospective new resident and displayed in the TLLV administration office.</p> <p>The auditor reviewed the TLLV Complaints Register and noted that there were no complaints received that related to water services provided by the licensee.</p> <p><u>Recommendation 02/2014</u> <i>The licensee (Moama) should create a written complaints procedure in relation to investigating and dealing with complaints from TLLV on behalf of their customers about the provision of water services by the licensee or a failure by the licensee to provide a water service.</i></p>	B	2
146.		Clause 35(2)	The licensee's complaints procedure must be developed using as minimum standards the relevant provisions of the AS ISO 10002-2006 and the Authority's guidelines (if any).	5	As per 145.	B	2
147.		Clause 35(3)	The licensee's complaints procedure must provide for the matters specified in relation to lodgement of complaints, responding to complaints, dispute resolution arrangements and resolving complaints.	5	As per 145.	B	2

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
148.		Clause 35(4)	The licensee's complaints procedure must inform the customer that they do not have to use the licensee's complaints procedure, provide details of procedures under the Act, and set out the costs and benefits to the customer if the use the complaint resolution procedure or	5	As per 145.	B	2
149.		Clause 35(6)	The licensee's complaints procedure must be publicly available.	5	As per 145.	B	2
150, 151	No charge for information	Clause 36(1)	The licensee must provide a customer with the specified services on request and at no charge.	5	As the only customer is Tuart Lakes Lifestyle Village Pty Ltd the following services would never be required:: <ul style="list-style-type: none"> Services for general enquiries for use by customers with hearing or speech impaired; Interpreter services for general enquiries; A large-print version of any of the licensee's publicly available documents. 	N/A	N/A
152.	Access to customer information	Clause 36(2)	The licensee must make available to each customer the customer's personal account information.	5	As per 94, the billing obligations under the Code of Conduct do not apply.	N/A	N/A
153.	All Code of Conduct information to be publicly available in hardcopy and website	Clause 37(1)	The licensee must make the prescribed information publicly available.	5	As the licensee, Moama, and the customer, TLLV, are related parties; the licensee has access to any of the prescribed information in the Code of Conduct. The licensee has exercised this right, an example being providing the auditor access to information held by TLLV. This information is available in hardcopy and on the TLLV computer network.	N/A	N/A
Licence Conditions – Specific Clauses							

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
155.	Fees to regulator	Clause 4	The licensee must pay the applicable fees in accordance with the Regulations.	5	No fees were payable in the audit period. The Authority has introduced an annual fee from 1 January 2015.	NP	NR
156.	Compliance generally	Clause 5.1	Subject to any modifications or exemptions granted pursuant to the Act, the licensee must comply with any applicable legislation.	5	The audit has confirmed the licensee is complying with all legislation with minor exceptions noted in this report.	B	2
157.		Clause 5.2	The licensee must comply with any code of practice made by the Minister to the extent it applies to the licensee.	5	The Minister has not issued any Code of Practice.	N/A	N/A
158.		Clause 5.3	The licensee must comply with any code of conduct made by the Authority to the extent it applies to the licensee and is not inconsistent with the terms and conditions of the licence.	5	The above assessment of the detailed obligations under the Code of Conduct confirmed compliance apart from no written complaints procedure (non-compliant – minor impact). Refer recommendation 03/2014.	B	2
159.		Clause 5.4	The licensee must comply with a direction from the Authority in relation to a breach of applicable legislation.	5	The asset management review confirms the licensee has complied with the Section 31 Notice issued by the Authority as confirmed by the review of the post audit action items. Refer section 3.3 above.	A	1
160.	Compliance with Accounting Standards	Clause 12	The licensee and any related body corporate must maintain accounting records that comply with the Australian Accounting Standards Board Standards or equivalent International Accounting Standards.	5	The auditor reviewed the audited National Lifestyle Villages Pty Ltd and Controlled Entities Special Purpose Annual Report for the year ended 30 June 2013 and confirmed compliance (2014 not yet available).	A	1

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
161.	Compliance with performance standards	Clause 13.1	The licensee must comply with any individual performance standards prescribed by the Authority.	5	There are currently no individual service and performance standards set out in Schedule 3 of the Moama's licence WL40, Version 2, 18 November 2013. Under the previous Moama's licence that was in operation until 17 November 2013, the services and performance standards were set out in Schedule 4. The auditor reviewed the licensee's Performance Reports for the years' ending 30 June 2013 and 2014 and confirmed that the licensee has complied with all services and performance standards as set out in Schedule 4 of the previous licence.	A	1
162.	Operational audit	Clause 14.4	The licensee must cooperate with the independent expert and comply with the Authority's standard audit guidelines dealing with the operational audit.	5	This audit/review is designed in accordance with the Audit Guidelines.	A	1
163.	External administration	Clause 15.1(a), (b), (c)	The licensee must report to the Authority, in the manner prescribed, if a licensee is under external administration or there is a material change in the circumstances upon which the licence was granted which may affect a licensee's ability to meet its obligations.	5	The auditor confirmed by interview and review of the audited National Lifestyle Villages Pty Ltd and Controlled Entities Special Purpose Annual Report for the year ended 30 June 2013 that there is no external administration.	NP	NR
164.	Advise Authority of major or general works	Clause 15.1(d)	The licensee must report to the Authority within 10 business days of providing or undertaking water service works that are major works or general works.	4	The auditor confirmed by interview with the licensee's staff and review of the Asset Management System documentation and drawings that no additional major works or general works have been proposed, provided or undertaken by the licensee during the audit period.	NP	NR

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
165.	Provision of information to Authority	Clause 16.1	The licensee must provide the Authority any information that the Authority may require in connection with its functions under the Act in the time, manner and form specified by the Authority.	5	The auditor reviewed the licensee's correspondence with the Authority and confirmed that the licensee provided the Authority information required in connection with the update of Post-Audit and Post-Review Implementation Plan in the time, manner and form specified by the Authority. However, issues were noted with the compliance and performance reporting to the Authority. <i>Refer obligations 166 and 167.</i>	B	2

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
166.	Compliance reporting to Authority	Clause 16.2	The licensee must comply with any information reporting requirements prescribed by the Authority, including but not limited to the provisions of the Water Compliance Reporting Manual that apply to the licensee.	5	<p>In accordance with the Water Compliance Reporting Manual April 2014, the licensee is required to submit to the Authority annual compliance reports by 31 August for the year ending 30 June. The auditor reviewed the licensee's correspondence with the Authority and licensee's Compliance Reports 2012/13 and 2013/14 and noted the following exceptions:</p> <ul style="list-style-type: none"> • Performance Report for 2012/13 was submitted on 1 August 2013. This should be reported as a non-compliance in the 2014 Compliance Report. • No evidence was available on whether the 2013/14 Performance Report was submitted by the due date. • Compliance Report for 2013/14 was submitted on 8 September. <p><u>Recommendation 03/2014</u></p> <p>a) <i>The licensee should ensure that all future Compliance and Performance Reports are submitted to the Authority within the timeframes required and copies of correspondence between licensee and the Authority retained.</i></p> <p>b) <i>The licensee should maintain a Compliance Register as a reminder of license obligations for review, recording of any non-compliances and due dates for annual reporting to the Authority.</i></p>	B	2

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
167.	Performance reporting to Authority	Clause 16.3	The licensee must provide the Authority with the data required for performance reporting purposes that is specified in Water Compliance Reporting Manual and the National Performance Framework that apply to the licensee.	5	As per 165.	B	2
168.	Publishing information	Clause 17.2	Subject to clause 17.3, the licensee must publish within the specified timeframe any information that the Authority has directed the licensee to publish under clause 17.1.	5	Reviewed correspondence with the Authority in the audit period and confirmed that in the audit period the licensee was not directed by the Authority to publish any information.	NP	NR
169.	Notices in writing	Clause 18.1	Unless otherwise specified, all notices must be in writing.	5	Reviewed correspondence with the Authority in the audit period and confirm compliance. All correspondence observed was in hard copy letter or email.	NP	NR
170.	Notify Authority of asset management system (AMS)	Clause 20.1	The licensee must provide for, and notify the Authority of, an asset management system within the specified time unless otherwise notified by the Authority.	5	The Authority has been notified of and has approved the asset management system as part of the licence approval.	N/A	N/A
171.	Notify Authority of material change to AMS	Clause 20.2	The licensee must notify the Authority of any material change to the asset management system within 10 business days of the change.	5	The auditor confirmed by interview, review of Asset Management System documentation and observation (site visit was conducted on 19th of November 2014) that no material changes were made to the WWTP assets during the audit period. There have been changes to the operating plant as recommended in the Tristar Report M2051-IR-001 (dated 13th Nov 2013) and in the previous Asset Management System Review Report (dated March 2014). The Authority has been kept informed of the status of these changes, as part of the Post-Review Implementation Plan updates. of WWTP from the beginning of October 2013.	A	1

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
172.	Asset Management System Review	Clause 20.6	The licensee must cooperate with the independent expert and comply with the Authority's standard guidelines dealing with the asset management system review.	5	This review is being undertaken in accordance with the Audit and Review Guidelines.	A	1
173.	Ombudsman scheme	Clause 21.1	The licensee must not supply water services to customers unless the licensee is a member of and bound by the water services ombudsman scheme.	5	Confirmed by interview with the licensee's staff and review of the correspondence between the licensee and the Energy and Water Ombudsman (WA) Limited that the licensee is a member of the Water Services Ombudsman scheme.	A	1
174	Customer contract	Clause 22.1	Subject to the Act and the terms of a customer contract that apply to the water service, the licensee must supply water services in accordance with the terms and conditions set out in Schedule 4 (if any).	4	There are currently no standard terms and conditions of service set out in Schedule 4 of the Moama's licence WL40, Version 2, 18 November 2013 and there were no standard terms and conditions of contract set out in the previous Moama's licence that was in operation until 17 November 2013.	N/A	N/A
175.		Clause 23.1	If directed by the Authority, the licensee must submit a draft customer contract for approval.	5	The licensee advised that there is no customer contract between Moama and Tuart Lakes Lifestyle Village and no other agreements are in force with village residents (defined as customers under the previous licence to 17 November 2013) apart from the Residential Site Agreement. The auditor confirmed by interview with the licensee and review of correspondence between the licensee and the Authority that the licensee did not receive any direction by the Authority to submit a draft customer contract for approval.	N/A	N/A
176.		Clause 23.2	The licensee must comply with any Customer Contract Guidelines that apply to the licensee.	5	There are currently no Customer Contract Guidelines in place.	N/A	N/A

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
177.		Clause 23.3	The licensee may only amend the customer contract with the Authority's approval.	5	As per 175.	N/A	N/A
178.		Clause 23.6	The licensee must comply with any direction by the Authority to amend the customer contract.	5	As per 175.	N/A	N/A
179.		Clauses 24.1 and 24.2	Unless clause 24.3 applies, the licensee cannot enter into an agreement with a customer to provide water services that exclude, modify or restrict the terms and conditions of the licence or the requirements of the Customer Services Code without the prior approval of the Authority.	5	As per 175.	N/A	N/A
180.		Clause 24.4	If the licensee enters into an agreement that excludes, modifies or restricts the terms and conditions of the licence or the requirements of the Customer Services Code, the licensee must publish an annual report containing the information specified.	5	As per 175.	N/A	N/A
181.	Obligations of supplier of last resort	Clause 25.1	If the licensee is appointed as the supplier of last resort for a designated area, the licensee must perform the functions of a supplier of last resort, comply with the duties imposed by the Act and carry out its operations under or for the purpose of the last resort plan in accordance with the Act.	5	The auditor confirmed with the licensee that the licensee was not appointed as the supplier of last resort. Therefore, this licence condition does not apply.	N/A	N/A
182.	No services outside operating area	Clause 28.1(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 Authority.	5	The auditor confirmed by interview, review of Asset Management System documentation and drawings and observation (site visit was conducted on 19th of November 2014) that the licensee does not provide a water service outside of the operating area set out in Plan Number: OWR-OA-298(A).	N/A	N/A

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems , Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
183.	Financial hardship Policy guidelines	Clause 30.3	The licensee must comply with the Authority's Financial Hardship Policy Guidelines as they apply to the licensee.	5	As the licensee does not supply residential customers (only TLLV), no Financial Hardship Policy is required.	N/A	N/A
190.	Service and performance standards (if applicable)	Schedule 3	The licensee must comply with the service and performance standards as set out in Schedule 3.	2	There are currently no individual service and performance standards set out in Schedule 3 of the Moama's licence WL40, Version 2, 18 November 2013.	N/A	N/A

2.7 Current Audit Non-Compliances and Recommendations

Table of Current Audit Non- Compliances and Recommendations			
A. Resolved during current audit period			
Manual Reference	Non-Compliance/Controls Improvement (Legislative Obligation/ Rating/ /Details)	Date Resolved (& management action taken)	Auditor's Comments
	Nil		
B. Unresolved at end of current audit period			
Reference (no./year)	Non-Compliance/Controls Improvement (Legislative Obligation/ Rating/ /Details)	Auditor's Recommendation	Management Action
01/2014	Customer Charter (Previous) Water Services Licensing Act 1995 <i>Compliant</i> As the TLLV Customer Charter contains information on the resident's as well as TLLV responsibilities for a healthier recycled water system that are not being provided to the village residents in any other document, the auditor considers the continual provision of the TLLV Customer Charter to be beneficial to the village residents. Document version control should be introduced.	The licensee should arrange for TLLV to include document version control in the TLLV Customer Charter. <i>(process improvement opportunity)</i>	

Reference (no./year)	Non-Compliance/Controls Improvement (Legislative Obligation/ Rating/ /Details)	Auditor's Recommendation	Management Action
02/2014	<p>Customer Complaints Procedure</p> <p>Water Services Code of Conduct (Customer Service Standards) 2013, Clause 35.1</p> <p><i>Non-Compliant – Minor impact</i></p> <p>Tuart Lakes Lifestyle Village is the sole customer (under the Water Services Act 2012) but it should record any complaints from village residents and lodge these with Moama for action.</p> <p>The auditor was advised by the licensee that any complaints from TLLV relating to their customers would be forwarded to the licensee for attention. TLLV has a written complaints procedure in the TLLV Customer Charter in a management pack that is discussed by the Village Manager with each prospective new resident and displayed in the TLLV administration office.</p> <p>The auditor reviewed the TLLV Complaints Register and noted that there were no complaints received that related to water services provided by the licensee.</p>	<p>The licensee (Moama) should create a written complaints procedure in relation to investigating and dealing with complaints from TLLV on behalf of their customers about the provision of water services by the licensee or a failure by the licensee to provide a water service.</p> <p>The licensee's complaints procedure must:</p> <ul style="list-style-type: none"> • be developed using as a minimum standard, the relevant provisions of the AS/ISO 10002-2006 and the Authority's guidelines (if any); • provide for the matters specified in relation to lodgement of complaints, responding to complaints, dispute resolution arrangements and resolving complaints; and • inform the customer (TLLV) that they do not have to use the licensee's complaints procedure, provide details of procedures under the Act, and set out the costs and benefits to the customer of the complaint resolution procedure or of the procedures under the Act. 	

Reference (no./year)	Non-Compliance/Controls Improvement (Legislative Obligation/ Rating/ /Details)	Auditor's Recommendation	Management Action
03/2014	<p>Compliance and Performance Reporting to the Authority</p> <p>Licence WL40 Clause 16.1 – 16.3</p> <p><i>Non-compliant – Minor impact</i></p> <p>In accordance with the Water Compliance Reporting Manual April 2014, the licensee is required to submit to the Authority annual compliance reports by 31 August for the year ending 30 June. The auditor reviewed the licensee's correspondence with the Authority and licensee's Compliance Reports 2012/13 and 2013/14 and noted the following exceptions:</p> <ul style="list-style-type: none"> • Performance Report for 2012/13 was submitted on 1 August 2013. This should be reported as a non-compliance in the 2014 Compliance Report. • Compliance Report for 2013/14 was submitted on 8 September. • No evidence was available on whether the 2013/14 Performance Report was submitted by the due date. 	<p>a) The licensee should ensure that all future Compliance and Performance Reports are submitted to the Authority within the timeframes required and copies of correspondence between licensee and the Authority retained.</p> <p>b) The licensee should maintain a Compliance Register as a reminder of license obligations for review, recording of any non-compliances and due dates for annual reporting to the Authority.</p>	

2.8 Conclusion

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 Moama Lifestyle Villages Pty Ltd has

- a) complied with its licence obligations during the audit period from 1 October 2012 to 30 September 2014 with the exception of:
 - Performance and compliance reports are not always submitted by the due dates, and late reports are not being included as non-compliances in the compliance reporting to the Authority; and
 - Not having a written customer complaints procedure.
- b) implemented 13 of 15 recommended actions from the previous audit that remain applicable, including maintenance of a Customer Complaints Register and more comprehensive information provided to residents on the wastewater scheme. The following recommendations have not yet been implemented:
 - Developing written procedures for complaints; and
 - Including version control on the customer service charter (opportunity for improvement).
- c) established an adequate control environment for ongoing compliance apart from the following issues identified in the audit:
 - Performance report for 2012/13 and the compliance report for 2013/14 were submitted after the due dates (within the following month), the submission date for the 2013/14 performance date could not be determined and the non-compliances re late reports were omitted from the following years' compliance reports; and
 - There is no Compliance Register to ensure that due dates for reporting and non-compliances are recorded.
- d) maintained the data integrity of reporting to the Authority.

The audit recommended that Moama:

- ensure that all future Compliance and Performance Reports are submitted to the Authority within the timeframes required and copies of correspondence between the licensee and the Authority are retained;
- maintain a Compliance Register as a reminder of license obligations for review, recording of any non-compliances and due dates for annual reporting to the Authority;
- develop a written customer complaints procedure; and
- include document version control in the TTLV Customer Charter.

3. Asset Management System Review

3.1 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 based on inherent risk and the previously assessed processes were:

- **Asset Planning** - high inherent risk.
- **Asset Disposal** – Previous review noted asset failures and the need to ensure procedures to decontaminate any plant that is de-commissioned.
- **Environmental Analysis** – high inherent risk and previous review noted inadequate monitoring of contractor and clean water testing and reporting to Health Department.
- **Asset Operations** – previous review noted lack of evidence of contractor inspections, training, supervision and licensee monitoring.
- **Asset Maintenance** – previous review noted inadequate site monitoring and incident management procedures.
- **Asset Management Information System** - Previous review noted inadequate information systems and management reporting.
- **Risk Management** – Previous review noted Risk Register not regularly updated and further development needed for risk treatment plans.
- **Contingency Planning** - high inherent risk.
- **Review of the AMS** – Previous review noted no review process.

The review assessed the status of the previous review recommendations and also identified areas where improvement is required.

The review covered the period from 1 October 2013 to 30 September 2014.

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

Asset Management Performance ratings

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

3.3 Status of Previous Review Recommendations

Reference (no./year)	Effectiveness criteria/ Details of issue	Auditor's Recommendation or Action Taken	Date Resolved	Further Action Required (Yes/No/N/A) & Details of further action required. (Including current recommendation ref. if applicable)
Compliance rating				
A. Resolved before end of previous review period				
	Nil			
B. Resolved during current review period				
01/2013 B2	Asset Disposal <i>Disposal alternatives are evaluated.</i> Documentary evidence of review was not sighted however the interviewee indicated that this would be considered as the plant aged and upgrades were needed.	The licensee should prepare a written procedure setting out requirements to decontaminate any part of the plant that might be de-commissioned.	31/7/2014	No
02/2013 C3	Environmental Analysis <i>Compliance with statutory and regulatory requirements.</i> The licensee is required to submit monthly clean water analysis reports to Department of Health (DOH). Only 8 were provided to DOH.	The licensee must insist and monitor that appropriate clean water testing is undertaken and that the 12 subsequent reports are submitted to DOH.	Ongoing	No
03/2013 C3	Asset Operations <i>The WWTP operations are able to provide a reliable service to customers</i> Significant facility operational issues have been identified by TriStar Water Solutions.	Prioritise the recommendations in the TriStar Report M2051-IR-001 (dated 13 th Nov 2013). Determine a plan for their implementation commensurate with urgency, risk and practicability.	30/6/2014	No
04/2013 C3	Asset Operations <i>Where the licensee contracts a third party to manage the WWTP assets, the licensee effectively monitors the performance of the third party.</i>	It is recommended that the licensee closely monitor the new contractor's performance and provide corrective direction when required.	Ongoing	No

Reference (no./year) Compliance rating	Effectiveness criteria/ Details of issue	Auditor's Recommendation or Action Taken	Date Resolved	Further Action Required (Yes/No/N/A) & Details of further action required. (Including current recommendation ref. if applicable)
	In the opinion of the reviewer it is apparent that Aquasol's staffing arrangements and responsibilities were not adequate for effective asset operations.			
05/2013 B3	Asset Maintenance <i>Regular inspections are undertaken of asset performance and condition.</i> The system is subject to sludge build up and high levels of suspended solids which is leading to blockages causing backup of flow and subsequent overflows.	The licensee is to monitor sludge levels and ensure the periodic removal and appropriate disposal is managing sludge at levels that do not impede flow through the system.	Ongoing	No
06/2013 B3	Asset Maintenance <i>Maintenance Plans (emergency, corrective and preventative) are documented and completed on schedule.</i> Aquasol managed and undertook the planned maintenance. If there was an issue an incident report should have been raised and provided to the licensee, along with details of corrective actions. Time taken to restore the plant to normal compliant operations was to be documented as well. The licensee has stated that in some cases an incident had occurred and the contractor had failed to notify them. The required schedule is set down in the Operational Service Requirements document.	The licensee is to develop stronger policing of site incidents to ensure notification is provided immediately to site management who in turn will follow internal procedures to notify the operations manager.	1/2/2014	No
07/2013 B3	Asset Maintenance <i>The current staffing arrangements and responsibilities are adequate for effective asset maintenance.</i> The contractor for the review period, Aquasol, did not appear to be adequately staffed and was not	It is recommended that the licensee closely monitor the new contractor's performance and provide corrective direction when required.	Ongoing	No

Reference (no./year) Compliance rating	Effectiveness criteria/ Details of issue	Auditor's Recommendation or Action Taken	Date Resolved	Further Action Required (Yes/No/N/A) & Details of further action required. (Including current recommendation ref. if applicable)
	controlling the asset's effective operation.			
08/2013 A1	Asset Management Information Systems <i>Management reports appear adequate for the licensee to monitor licence obligations</i> Monthly reports are planned to be provided against statutory requirements in relation to service levels but not all deadlines were met.	The licensee should ensure the reviews of monthly reports are undertaken by due date.	Closed	No Monthly internal reports have been produced for first few months after the new operator Tristar took over from the former operator Aquasol, in order to monitor the new operator's performance. After Tristar's performance was assured, the licensee stopped preparing the monthly internal reports.. Therefore, the previous recommendation that reviews of monthly reports are undertaken by the due date is no longer relevant.
09/2013 B2	Risk Management <i>The probability and consequences of asset failure are regularly assessed.</i> A risk based approach to the operation of the WWTP is reflected in the risk register but the register is not revisited on a regular basis.	The licensee should review the risk register and interrogate the effectiveness treatment of each hazard to ensure the hazard is controlled to ALARP (as low as reasonably practicable). A high residual risk should not be tolerated without explicit written and supervised processes. Once any high residual risks are managed to ALARP it is recommended that medium residual risks are further interrogated.	30/3/2014	No
10/2013 B2	Risk Management <i>The probability and consequences of asset failure are regularly assessed.</i> The reviewer noted that several new hazards have been identified by the new maintenance contractor	The licensee should conduct a workshop to update the facility risk register to incorporate the newly identified hazards.	1/3/2014	No

Reference (no./year) Compliance rating	Effectiveness criteria/ Details of issue	Auditor's Recommendation or Action Taken	Date Resolved	Further Action Required (Yes/No/N/A) & Details of further action required. (Including current recommendation ref. if applicable)
	which are not included in the site's risk register.			
11/2013 B2	Risk Management <i>Risks are documented in a risk register and treatment plans are actioned and monitored</i> Contingency plans are not tested except during emergencies.	The licensee should test the adequacy of contingency of contingency plans on a regular basis to ensure they are indeed meeting expectations.	Closed	No As the risk treatment plans are mainly based on contingencies that are part of the design of the plant, backup equipment and routine checks and maintenance performed as part of the daily inspections of the plant, the risk treatment plans are being actioned and monitored as part of the daily operation and maintenance of the plant. Also, the risk treatment plans are being reviewed for adequacy on a 6 monthly basis with the attendance of the Tristar's representatives. As such separate testing of risk treatment plans, as recommended in the previous review of the AMS, is not warranted.
12/2013 B2	Contingency Planning <i>Contingency plan for the unavailability or loss of key operational staff (including third party contract staff).</i> The Emergency Response Plan sets out clear lines of authority and responsibility for both the licensee and the maintenance contractor. Backup to cover for during an emergency was not clearly stated although a priority the escalating	The licensee should update the Emergency Response Plan to identify alternative contacts in the case of an emergency should the person of primary responsibility not be contactable.	1/2/2014	No

Reference (no./year) Compliance rating	Effectiveness criteria/ Details of issue	Auditor's Recommendation or Action Taken	Date Resolved	Further Action Required (Yes/No/N/A) & Details of further action required. (Including current recommendation ref. if applicable)
	mobile phone notification system.			
13/2013 B1	Review of AMS <i>A review process is in place to ensure that the asset management plan and the asset management system described therein are kept current.</i> Minimal internal AMS reviews are undertaken. The reviewer has noted that some difficulty occurred in obtaining the full picture of the operation for the review period.	The licensee should implement an annual regime of an independent review of their entire AMS both in operation for the ERA AMS review and to provide feedback internally should the ERA AMS review period is extended beyond 12 months. (It would be helpful that the licensee should provide sample relevant documents so it can be either accepted or discarded by the reviewer).	26/2/2014	No
14/2013 B3	Asset Maintenance <i>Regular inspections are undertaken of asset performance and condition</i> There is some doubt whether the previous contracted operator maintained regular inspections however the new contractor, operating under the document Operating Service Requirements (TLB015-20131204-WWTP) sets out the inspection requirements to be performed by the contractor. It refers directly to the following actionable compliance requirements: <ul style="list-style-type: none"> • Emergency Notifications • Normal Operations Compliance • Treated Water Quality Reporting 	The licensee should monitor the regularity of TriStar's performance in providing daily inspections. Once asset control is demonstrated this frequency could be reduced, however Moama should ensure daily monitoring of the WWTP by its own staff to offset the daily inspection regime by TriStar. Site personnel must be trained to observe alarms and act as required.	31/3/2014	No
15/2013 A1	Asset Management Information Systems <i>Adequate system documentation for users and IT operators</i> System documentation for users and IT operators is not adequate.	It is recommended that hard copy files of principal operating documents such as inspection reports, completed maintenance reports, water quality test reports be scanned and stored electronically for backup.	31/3/2014	No

Reference (no./year)	Effectiveness criteria/ Details of issue	Auditor's Recommendation or Action Taken	Date Resolved	Further Action Required (Yes/No/N/A) & Details of further action required. (Including current recommendation ref. if applicable)
Compliance rating				
C. Unresolved at end of current review period				
16/2013 B2	Asset Planning <i>Service Levels are defined</i> Service Levels were not well defined in Aquasol's contract.	The licensee should ensure that clear and well defined service levels are set out in any future operation and maintenance contracts.	Open	Yes The licensee should ensure that clear and well defined service levels are set out in any future operations and maintenance contracts. Refer recommendation 05/2014
17/2013 A1	Asset Planning <i>Non-asset options (e.g. demand management) are considered.</i> Currently the WWTP has 120 connections and a maximum capacity of 180. The reviewer was advised the current projected new connection rate is approximately 50/60 per year. The WWTP could reach capacity within 12 months and given the issues of the year past the WWTP may not be effective at its rated capacity.	A written plan should be developed to incorporate early planning and approvals applications for the WWTP expansion should the ability to connect to Water Corporation's sewer not be available when current capacity is met.	Open	Yes The WWTP was planned to be installed in two stages. The capacity of the system was reportedly adequate for a design flow of 75 cubic metres per day. Based on the assumption of the WWTP operating at its maximum capacity per day, the WWTP was assumed to have a maximum capacity to serve 180 connections under Stage 1. Stage 2 was to upgrade the WWTP to meet growing need. However, the current actual flow, from 143 residences, is 35 cubic metres per day. Therefore, the WWTP has a capacity to serve at approximately 300 residences. Once the capacity of the system is reached in approximately 3

Reference (no./year) Compliance rating	Effectiveness criteria/ Details of issue	Auditor's Recommendation or Action Taken	Date Resolved	Further Action Required (Yes/No/N/A) & Details of further action required. (Including current recommendation ref. if applicable)
				years at the current sales rate, there are various development options that will be considered such as possible connection to a future Water Corporation system. Refer recommendation 06/2014
18/2013 A1	Asset Creation <i>Full project evaluations are undertaken for new assets, including comparative assessment of non-asset solutions.</i> It should be noted that the facility is expected to reach full capacity in 12 to 18 months. A transition plan was not provided.	As a matter of urgency the licensee should develop a solid transition plan for Stage two development of WWTP incorporating approvals, long lead component ordering, construction and commissioning activities.	Open	Yes Refer comments for 17/2013 above. Refer recommendation 06/2014
19/2013 C3	Asset Operations <i>Staff resources are adequate and staff receive training commensurate with their responsibilities</i> The interviewer was informed that a local staff member conducts a daily visual inspection of the WWTP. No documented evidence of these inspections was sighted and when interviewed the staff member indicated that no formal training was provided.	The new O&M contractor provides regular inspection of the WWTP. However it is recommended that local Tuart Lakes (Moama) staff could perform daily inspections such as the monitoring of compound security, alarms, odour emissions and overflows. This procedure should be included in the operational procedures of both WWTP and the site general responsibilities. Staff training should be provided and documented.	Open	Yes A record of Tristar operators training as well as NLV staff where relevant, should be documented in the TLLV WWTP Asset Management System Competency and Training Record template. The licensee should ensure that all NLV staff involved with daily plant inspection and frontline operation monitoring activities are inducted in Health and Safety Guidelines prior to conducting the daily inspections and a record of this is kept in

Reference (no./year) Compliance rating	Effectiveness criteria/ Details of issue	Auditor's Recommendation or Action Taken	Date Resolved	Further Action Required (Yes/No/N/A) & Details of further action required. (Including current recommendation ref. if applicable)
				the Plant Induction Record template. The licensee should ensure that both TLLV WWTP Asset Management System Competency and Training Record and the Plant Induction record is regularly reviewed and kept up to date. Refer recommendation 10/2014
20/2013 C3	Asset Operations <i>Staff resources are adequate and staff receive training commensurate with their responsibilities</i> The interviewer was informed that a local staff member conducts a daily visual inspection of the WWTP. No documented evidence of these inspections was sighted and when interviewed the staff member indicated that no formal training was provided.	It is further recommended that selected Tuart Lakes (Moama) site staff should be appropriately trained, including health and safety aspects, to enter the compound to provide a more detailed daily plant inspections and frontline operation monitoring activities.	Open	Yes Refer above recommendation 19/2013. Refer recommendation 10/2014
22/2013 A1	Capital Expenditure Planning <i>There is a capital expenditure plan that covers issues to be addressed, actions proposed, responsibilities and dates.</i> A transition plan has not been developed beyond that an upgrade of asset will be required when the trigger point of an expansion is reach. A part of operational budget for Tuart Lakes Lifestyle Village has been ear market for the expansion. No particular date is recorded for the expansion.	As the facility's capacity is approaching maximum it is recommended that the expansion plan is revisited and developed in detail including timing, permits, design, budget allocations, etc.	Open	Yes Refer comments for 17/2013 above. Refer recommendation 06/2014

3.4 Summary of Asset Management System Effectiveness Ratings

The audit assessment of the asset management system process and policy definitions and their effectiveness, based on the ratings scale in Section 3.2, is shown in the table below.

Section 3.5 provides further details of the rating for each process in the asset management system.

ASSET MANAGEMENT SYSTEM COMPONENT & EFFECTIVENESS CRITERIA	Process and policy definition 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	N/R
ASSET PLANNING			C				3		
Asset management plan covers key requirements.			C				3		
Planning process and objectives reflect the needs of all stakeholders and is integrated with business planning.		B				2			
Service levels are defined.			C				3		
Non-asset options (e.g. demand management) are considered.	A				1				
Lifecycle costs of owning and operating assets are assessed.			C				3		
Funding options are evaluated.	A				1				
Costs are justified and cost drivers identified.			C				3		
Likelihood and consequences of asset failure are predicted.			C				3		
Plans are regularly reviewed and updated.			C				3		
ASSET CREATION AND ACQUISITION	A				1				
Full project evaluations are undertaken for new assets, including comparative assessment of non-asset solutions.	A				1				
Evaluations include all life-cycle costs.	A				1				
Projects reflect sound engineering and business decisions.	A				1				
Commissioning tests are documented and completed.	A				1				

ASSET MANAGEMENT SYSTEM COMPONENT & EFFECTIVENESS CRITERIA	Process and policy definition rating				Performance rating				
Ongoing legal/ environmental /safety obligations of the asset owner are assigned and understood.	A				1				
ASSET DISPOSAL	A				1				
Under-utilised and under-performing assets are identified as part of a regular systematic review process.	A				1				
The reasons for under-utilisation or poor performance are critically examined and corrective action or disposal undertaken.	A				1				
Disposal alternatives are evaluated.	A				1				
There is a replacement strategy for assets.	A				1				
ENVIRONMENTAL ANALYSIS		B				2			
Opportunities and threats in the system environment are assessed.	A				1				
Performance standards (availability of service, capacity, continuity, emergency response, etc) are measured and achieved.		B			1				
Compliance with statutory and regulatory requirements.	A					2			
Achievement of customer service levels.	A				1				
ASSET OPERATIONS			C				3		
Operational policies and procedures are documented and linked to service levels required.			C				3		
Risk management is applied to prioritise operations tasks.	A				1				
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.			C				3		
Operational costs are measured and monitored.	A				1				
Staff resources are adequate and staff receive training commensurate with their responsibilities.			C				3		
ASSET MAINTENANCE		B				2			
Maintenance policies and procedures are documented and linked to service levels required.			C				3		
Regular inspections are undertaken of asset performance and condition.	A				1				
Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule.		B				2			

ASSET MANAGEMENT SYSTEM COMPONENT & EFFECTIVENESS CRITERIA	Process and policy definition rating				Performance rating				
Failures are analysed and operational/maintenance plans adjusted where necessary.	A								NR
Risk management is applied to prioritise maintenance tasks.	A				1				
Maintenance costs are measured and monitored.	A				1				
ASSET MANAGEMENT INFORMATION SYSTEM	A				1				
Adequate system documentation for users and IT operators.	A				1				
Input controls include appropriate verification and validation of data entered into the system.	A				1				
Logical security access controls appear adequate, such as passwords.	A				1				
Physical security access controls appear adequate.	A				1				
Data backup procedures appear adequate and backups are tested.	A				1				
Key computations related to licensee performance reporting are materially accurate.	A				1				
Management reports appear adequate for the licensee to monitor licence obligations.	A				1				
RISK MANAGEMENT		B				2			
Risk management policies and procedures exist and are being applied to minimise internal and external risks associated with the asset management system.	A				1				
Risks are documented in a risk register and treatment plans are actioned and monitored.		B				2			
The probability and consequences of asset failure are regularly assessed.	A				1				
CONTINGENCY PLANNING		B				2			
Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks.		B				2			
FINANCIAL PLANNING		B				2			
The financial plan states the financial objectives and strategies and actions to achieve the objectives.		B				2			
The financial plan identifies the source of funds for capital expenditure and recurrent costs.	A				1				
The financial plan provides projections of operating statements (profit and loss) and		B				2			

ASSET MANAGEMENT SYSTEM COMPONENT & EFFECTIVENESS CRITERIA	Process and policy definition rating				Performance rating			
statement of financial position (balance sheets).								
The financial plan provides firm predictions on income for the next five years and reasonable indicative predictions beyond this period.		B				2		
The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services.		B				2		
Significant variances in actual/budget income and expenses are identified and corrective action taken where necessary.	A				1			
CAPITAL EXPENDITURE PLANNING		B				2		
There is a capital expenditure plan that covers issues to be addressed, actions proposed, responsibilities and dates.		B				2		
The plan provides reasons for capital expenditure and timing of expenditure.		B				2		
The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan.		B				2		
There is an adequate process to ensure that the capital expenditure plan is regularly updated and actioned.	A				1			
REVIEW OF ASSET MANAGEMENT SYSTEM	A				1			
A review process is in place to ensure that the asset management plan and the asset management system described therein are kept current.	A				1			
Independent reviews (e.g. internal audit) are performed of the asset management system.	A				1			

3.5 Review Observations and Recommendations

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
1	ASSET PLANNING	Asset management process and policy definition adequacy rating ⁷	C	Asset management performance rating ⁸	3
1.1	Asset management plan covers key requirements.	The historical Tuart Lakes Lifestyle Village (TLLV) Asset Management Plan (AMP), dated 13 th October 2009 was provided to the Authority and has been approved as part of the licence approval. The AMP is outdated and thorough revision of the AMP is required as per recommendation in item 1.9 below. C3			
1.2	Planning process and objectives reflect the needs of all stakeholders and is integrated with business planning.	These considerations were addressed in the historical AMP. B2			
1.3	Service levels are defined.	<p>There is a Service Agreement in place with Tristar to perform daily operational and maintenance tasks at the WWTP. The Operational Service Requirements are documented in a separate TLLV internal document that outlines the service levels required. However, this document is not part of the Service Agreement with Tristar. The service levels are not well defined in the Tristar Service Agreement.</p> <p>The Service Agreement with Tristar was dated 11 February 2014 and is for a term of 12 months and due for renewal in February 2015. Moama could not locate the signed Service Agreement. However, it could be argued that the contract is implied as Moama continued to use Tristar's services and pay their bills.</p> <p><u>Recommendation 05/2014:</u></p> <ul style="list-style-type: none"> ▪ <i>The licensee should ensure that clear and well defined service levels are included in the next revision of the operations and maintenance contract.</i> ▪ <i>The licensee should ensure that a signed copy of any future operations and maintenance contract is retained.</i> <p>C3</p>			
1.4	Non-asset options (e.g. demand management) are considered.	Demand is linked solely to the occupancy level of the village which is capped at a maximum of 470 residences when the village is complete. Once TLLV reaches maximum occupancy, no further allowance will be made by NLV for expansion of the WWTP operations and the associated Water Recycling Scheme infrastructure.			

⁷ Process ratings: A=adequately defined, B=requires some improvement, C=requires significant improvement, D=inadequate.

⁸ Performance ratings: 1=performing effectively, 2=opportunity for improvement, 3=corrective action required, 4=serious action required

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)
		<p>The WWTP was planned to be installed in two stages. The capacity of the system was reportedly adequate for a design flow of 75 cubic metres per day. Based on the assumption of the WWTP operating at its maximum capacity per day, the WWTP was assumed to have a maximum capacity to serve 180 connections under Stage 1. Stage 2 was to upgrade the WWTP to meet growing need.</p> <p>However, the current actual flow, from 143 residences, is 35 cubic metres per day. Therefore, the WWTP has a capacity to serve at approximately 300 residences. Once the capacity of the system is reached in approximately 3 years at the current sales rate, there are various development options that will be considered such as possible connection to a future Water Corporation system.</p> <p><u>Recommendation 06/2014:</u></p> <ul style="list-style-type: none"> <i>The licensee should continue to monitor the capacity of the WWTP, currently at 50% capacity for 143 houses. When the system nears its maximum capacity, an Asset Transition Plan should be developed to provide further capacity, depending upon the options available at the time such as connecting to the Water Corporation's sewer network or upgrading the plant.</i> <p>A1</p>
1.5	Lifecycle costs of owning and operating assets are assessed.	<p>As part of the licence application, the historical financial projections of net income, maintenance costs and capital expenditure for TLLV WWTP were presented in the Appendix O of the AMP for the life of the licence (2010 – 2034) as a static cash flow forecast. The financial projections allowed for full replacement costs of all capital assets every ten years. Income predictions have been calculated based upon the initial headworks fees obtained from village occupants as well as yearly service rates per home at that time.</p> <p>As the assumptions made in the historical financial forecasts were based on 2009 figures prior to operation of the plant, the accuracy of the financial forecasts should be improved based on current costs and in terms of WWTP modifications and current operation of the WWTP. <i>Refer recommendations made in section 10 - Financial Planning and Section 11 – Capital Expenditure Planning of this AMS review.</i></p> <p>C3</p>
1.6	Funding options are evaluated.	<p>Funding is by the parent company National Lifestyle Villages who own Tuart Lakes Lifestyle Village and Moama Lifestyle Village.</p> <p>A1</p>
1.7	Costs are justified and cost drivers identified.	<p>The primary cost drivers are identified in the AMP as maintenance costs and capital costs. However as the assumptions made in the historical financial plan in preparing forecasts of required capital expenditure and asset values, operations and maintenance, depreciation expense and carrying estimates were based on the 2009 figures prior to the operation of the WWTP, the accuracy of the financial forecasts should be improved based on the current costs and in terms of WWTP modifications and current operation of the WWTP. <i>Refer recommendation in item 10.5.</i></p> <p>C3</p>

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
1.8	Likelihood and consequences of asset failure are predicted.	Financial projections allowed for full replacement costs of all capital every ten years. However, taking into account the modifications of the WWTP that were implemented in May 2014, the capital expenditure plan should be reviewed for timing of the expenditure to be consistent with the asset life and current assets condition. <i>Refer recommendation in item 11.3</i> C3			
1.9	Plans are regularly reviewed and updated.	The historical Tuart Lakes Lifestyle Village (TLLV) Asset Management Plan (AMP), dated 13 th October 2009 is outdated and revision and update of the AMP is required to incorporate modifications of the plant and changes to all aspects of the AMP that have occurred since its issue in October 2009. Also, the financial forecasts of owning and operating assets should be reviewed and updated based on the current costs and in terms of the current operation of the plant. The reviewer also noted that the AMP is not included on the TLLV WWTP Document Register. The AMP should be reviewed and updated every two years or whenever major changes occur. <u>Recommendation 07/2014</u> <ul style="list-style-type: none"> The licensee should ensure that a full review and revision of the Asset Management Plan is undertaken covering all aspects of the AMP, including the financial information and modifications of the plant. The licensee should include the AMP on the TLLV WWTP Document Register and ensure that AMP is reviewed and updated every two years or whenever major changes occur. C3			
2	ASSET CREATION AND ACQUISITION	Process Rating	A	Performance Rating	1
2.1	Full project evaluations are undertaken for new assets, including comparative assessment of non-asset solutions.	Plant modifications were implemented in December 2013 including converting the Anaerobic Tank to a Balancing Tank, increasing the Clarifier capacity to the Stage 1 capacity of 75 Cubic metres per day, converting the Aeration tank 1 into an Anoxic Tank with an anoxic mixer and improved monitoring and alarm systems. The reviewer sighted the report from external consulting engineers that considered the options and recommended these changes. A1			
2.2	Evaluations include all life-cycle costs.	The ongoing costs of the plant modifications were considered in the report from the external consulting engineers. A1			
2.3	Projects reflect sound engineering and business decisions.	The design and operational efficacy is achieved with the assistance of an External Consulting Engineer and the contracted operator. A1			
2.4	Commissioning tests are documented	The WWTP was modified based on the recommendations from two independent third party engineering verification			

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
	and completed.	reports (Emerson Stewart in November 2012 and Cardno in December 2013) produced for the WA Department of Health and Tristar Water Services Pty Ltd who conducted their own review of the plant status in November 2013 (Tristar Report M2051-IR-001. All recommendations from the reports were prioritised and implemented in order of urgency, risk and practicability. The reviewer confirmed by interview, review of the Audit of Plant Modifications – June 2014 report prepared by PDC Engineering Evolved (dated 26 June 2014) and observation that of 25 plant modification items identified in the three reports, 22 were completed and 3, all pertaining to the membrane filter, are identified as not being required at present. The membrane filtration system is currently considered unnecessary for the correct operation of the plant and has been bypassed. A1			
2.5	Ongoing legal/environmental/safety obligations of the asset owner are assigned and understood.	Moama Lifestyle Villages Pty Ltd holds the licence. The operation and maintenance of the plant is contracted out to Tristar Water Solutions Pty Ltd under the Service Agreement (dated 26 th February 2014). The performance standards are defined in the internal TLLV WTP Operation Service Requirements document. Both documents outline the legislative and environmental obligations that need to be observed. The understanding of the operator's safety obligations was evident from the review of the Safety Work Procedures sighted on the operator's work file kept on site. In addition, all NLV personnel involved in daily visual inspections of the plant are required to be inducted in Health and Safety Guidelines. The licensee's periodic statutory and regulatory reporting requirements are identified in the AMS Reporting Requirements document. In addition, an External Consulting Engineer has been engaged by the licensee to provide water engineering support and development strategies to better manage the WWTP. A1			
3	ASSET DISPOSAL	Process Rating	A	Performance Rating	1
3.1	Under-utilised and under-performing assets are identified as part of a regular systematic review process.	Tristar monitors the asset performance and condition three times a week as per the Operational Checklist – Daily Report observed. These daily log sheets reported on the operation and maintenance of all separate items of the plant infrastructure and were in keeping with the needs of the infrastructure. Sampling and in-situ testing requirements were added to the operator's daily log sheet, including fortnightly sampling for laboratory analysis, daily pH, DO, colour, odour, turbidity, pressures and flows. The Tristar's Perth-based process engineer reviews plant log sheets and provides a weekly report to the NLV's External Consulting Engineer for review and monitoring of Tristar's performance. Corrective direction is provided when required. In addition to Tristar's inspections, a daily visual inspection of the plant by NLV maintenance personnel was reported to be carried out focusing on compound security, alarms, odour emissions and overflows. The daily inspection tasks performed by NLV personnel have been documented in the daily NLV WWTP inspection log sheet and evidence of these daily inspections has been sighted. A1			

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
3.2	The reasons for under-utilisation or poor performance are critically examined and corrective action or disposal undertaken.	<p>The Tristar Service Reports are completed for service and maintenance issues identified during the daily inspections. On completion, the pre-numbered Service Reports are provided to the licensee's site representative who countersigns each report. Copies of all completed Service Reports are kept on contractor's work file on site. All sighted copies of Service Reports were countersigned by the licensee's site representative.</p> <p>Site inspection confirmed that all aspects of the plant observed were well maintained and in good working order. There were no indications of existing or historic liquid leakage, or system overflow observed.</p> <p>If there was an issue, an incident report is required to be raised and provided to the licensee, along with details of corrective action. The reviewer confirmed that during the review period no incident occurred that would require an Incident Report to be raised.</p> <p>A1</p>			
3.3	Disposal alternatives are evaluated.	<p>Plant modifications were implemented in December 2013 including converting the Anaerobic Tank to a Balancing Tank, increasing the Clarifier capacity to the Stage 1 capacity of 75 Cubic metres per day, converting the Aeration tank 1 into an Anoxic Tank with an anoxic mixer and improved monitoring and alarm systems. The reviewer sighted the report from external consulting engineers that considered the options and recommended these changes.</p> <p>A1</p>			
3.4	There is a replacement strategy for assets.	<p>As reflected in the cash flow predictions provided as part of the original licence application. Financial projections allowed for full replacement costs of all capital every ten years.</p> <p>A1</p>			
4	ENVIRONMENTAL ANALYSIS	Process Rating	B	Performance Rating	2
4.1	Opportunities and threats in the system environment are assessed.	<p>The opportunities and threats in the system environment were assessed and provided to the Authority as part of the licence approval.</p> <p>The threats in the system environments are being further assessed during the Risk Register review workshops that are being facilitated by an independent 3rd party. The latest Risk Register review workshop was conducted on 10th September 2014 and Tristar's representatives also participated in the workshop.</p> <p>A1</p>			
4.2	Performance standards (availability of service, capacity, continuity, emergency response, etc) are measured and achieved.	<p>Performance standards are defined in the TLLV WWTP AMS Operation Service Requirements document. The External Consulting Engineer continuously monitors that the standards are being achieved through weekly review of operator's daily log sheets, incident reports, service reports and water sampling results. However, the performance standards are not formalised in the service agreement with Tristar.</p> <p><u>Recommendation 05/2014</u></p>			

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)
		<p><i>The licensee should ensure that clear and well defined service levels are included in the next revision of the operations and maintenance contract.</i></p> <p>B1</p>
4.3	Compliance with statutory and regulatory requirements.	<p>The licensee's periodic reporting requirements are identified in the AMS Reporting Requirements document, however the deadlines are not always adhered to by the licensee.</p> <p>Regular compliance and performance reports are submitted to the Authority to report on compliance with the licence and performance standards. During the review of licensee's Compliance and Performance Reports for 2012/13 and 2014, under the Operational Audit section of this report, the auditor noted that Performance and Compliance Reports are not always provided to the Authority by the due date and that Compliance Reports do not always include all the contraventions of the licence conditions. The auditor made recommendations in the Operational Audit section of this report in order to ensure compliance with the reporting requirements to the Authority in the future.</p> <p>The licensee is required to provide a minimum of 12 samples (one per each month) to the Department of Health (DoH) as well as an Annual Report. The reviewer sighted the TLLV Annual Report to DoH for financial year 2013/14 as well as the response from DoH to the licensee (Ref EHB-01648_2) and noted that recycled water sample results for the months of October 2013 and November 2013 were not reported to DoH.</p> <p>The External Consulting Engineer advised that water samples were not taken in October and November 2013 mainly due to the new operator focusing on removal of excess sludge and on cleaning out the plant to enable a stable operation of the WWTP to be again achieved, in first two months of their contract. The reviewer has sighted the TLLV e-Laboratory Results worksheet as well as copies of individual laboratory reports and reviewed the correspondence between the licensee and DoH and confirmed that water sampling has been resumed in December 2013 and is being performed on at least monthly basis and results reported to DoH as required.</p> <p>Treated Water Quality service requirements and water quality criteria are included in the internal TLLV WWTP Operation Service Requirements document that is included on the TLLV WWTP AMS Document Register. The tertiary treated water from Tank 8 is being monitored continuously by on-line instrumentation as required by the DoH Recycled Water Supply Scheme Approval and sampled at least in 1 calendar month intervals and the samples analysed by an independent laboratory with appropriate NATA registration.</p> <p>Sampling and in-situ testing requirements were added to operator's daily log sheet, including fortnightly sampling for laboratory analysis, daily pH, DO, colour, odour, turbidity, pressures and flows.</p> <p>Water sampling results as well as data from operator's daily log sheets are being reviewed and analysed by the External Consulting Engineer. <i>Refer section 5.1 re recommendation on water sampling.</i></p> <p>A2</p>

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
4.4	Achievement of customer service levels.	Records indicate service levels are regularly achieved. A1			
5	ASSET OPERATIONS	Process Rating	C	Performance Rating	3
5.1	Operational policies and procedures are documented and linked to service levels required.	<p>The WWTP is operated and maintained by an independent contractor. Aquasol designed, constructed and operated the plant from commissioning until the end of September 2013. On 1 October 2013, Tristar Water Solutions Pty Ltd (Tristar) took over the operation and maintenance contract for the WWTP.</p> <p>There is a Service Agreement in place with Tristar to perform daily operational and maintenance tasks of the WWTP. The Operational Service Requirements are documented in a separate TLLV internal document that outlines the service levels required. This document however does not form part of the Service Agreement with Tristar. <i>Refer recommendation 05/2014.</i></p> <p>Wastewater from all dwellings and facilities in the Village is treated to tertiary level by the WWTP. Treated water is chlorinated and distributed through subsoil irrigation of open spaces within the Village complex.</p> <p>Documentation of an update to the Operation and Maintenance Manual was not available. The Tristar O&M Manual sighted, consisted of only manufacturers' manuals for two items of plant infrastructure. The historic Aquasol O&M manual provided has details of the original plant and would require revision to incorporate plant modifications if adopted.</p> <p>The daily operations procedure was only evident from the Operational Checklist – Daily Report. These report sheets are detailed and report on the operation and maintenance of all separate items of the plant infrastructure. The Operational Checklist – Daily report was updated for the plant modifications. All operational activities were the subject of an individual report.</p> <p>In addition to Tristar inspections, a daily visual inspection of the plant by NLV maintenance personnel was reported to be carried out focusing on compound security, alarms, odour emissions and overflows. Although, the daily inspection tasks performed by NLV personnel have been documented in the daily NLV WWTP inspection log sheet and evidence of these daily inspections has been sighted, the WWTP Operational and Maintenance policies and procedures should be updated for NLV personnel daily inspection requirement and procedure.</p> <p>The alarm system has been improved to include sludge levels. The alarm monitoring is carried out by Tristar and NLV staff. An informal cross check within NLV staffing is carried out prior to referral of the alarm callout to Tristar. A daily visual inspection of the plant by NLV maintenance personnel was reported to be carried out.</p> <p>As noted in section 4.3 above, monthly recycled water samples are taken with the exception of October 2013 and November 2013 not being reported to DoH.</p> <p>Documentation of all aspects of alarm monitoring procedures, including a formal hierarchy of referrals, is required to ensure failsafe operation of the WWTP.</p>			

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)
		<p>While actual operation and maintenance of the WWTP is adequate, the revision of the documentation of all O&M procedures is required to ensure continued adequacy of WWTP operation regardless of personnel or contractual changes.</p> <p><u>Recommendation 08/2014</u></p> <ul style="list-style-type: none"> ▪ The licensee should revise the documentation of all Operational and Maintenance policies and procedures. ▪ The licensee should ensure that the procedure of a daily visual inspection of the plant undertaken by NLV personnel is added to the Operational and Maintenance policies and procedures. ▪ The licensee should ensure that monthly recycled water samples are taken, analysed and reported to the Department of Health. ▪ The licensee should ensure that all aspects of alarm monitoring procedures, including a formal hierarchy of referrals, are documented to ensure failsafe operation of the WWTP. <p>C3</p>
5.2	Risk management is applied to prioritise operations tasks.	<p>A risk management approach to prioritise operations tasks is evident in the risk register and Tristar has an Operational Checklist – Daily Report that addresses high risk operations and maintenance tasks.</p> <p>A1</p>
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.	<p>The original Aquasol Asset Register sighted, covers most of the plant components, but does not reflect recent changes and has not been fully populated with all required details.</p> <p>The reviewer was advised by the licensee that the External Consulting Engineer is in the process of producing a new asset register but it is still at an early stage.</p> <p>The historical cost information for the assets has not been transferred to the Asset Register but is kept in the licensee's Financial Management Information System (FMIS). This is considered to be satisfactory.</p> <p><u>Recommendation 09/2014</u></p> <ul style="list-style-type: none"> ▪ The licensee should ensure that a new Asset Management Register is developed and includes all assets including asset type, location, material, plans of components, and an assessment of assets' physical/structural condition. <p>C3</p>
5.4	Operational costs are measured and monitored.	<p>All Financial Management Information System (FMIS) used to run the TLLV recycled water scheme is the same system that is used to run all of the developments that NLV own and operate. The FMIS covers all purchasing by the entity, payments, receipts, financial reporting and depreciation of assets.</p> <p>The maintenance arm of NLV manages the maintenance of the plant and equipment, supported by a service and maintenance contract with Tristar. The Maintenance Department has a yearly budget allocated to it comprising of</p>

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)
		<p>service contract costs, staff costs and replacement parts and preventative maintenance costs.</p> <p>The financial viability, capital investment and maintenance of the WWTP is monitored and reviewed at Board of Director meetings.</p> <p>A1</p>
5.5	<p>Staff resources are adequate and staff receive training commensurate with their responsibilities.</p>	<p>The Service Agreement between NLV and Tristar Water Solution Pty Ltd (dated 26 February 2014) provides for one service technician on site for 3 days per week, one engineer on site as required and Perth-based process engineering support during normal working hours, including weekly review of plant log sheets. The service technician is also available by telephone to provide trouble-shooting assistance to plant operators if required in case of emergency. No evidence of appropriate training of Tristar technicians was sighted.</p> <p>The TLLV WWTP Asset Management System Competency and Training Record template has been developed as part of the Register of TLLV Asset Management System Documents but has not been populated as yet. A record of Tristar operators training is required as well as NLV staff where relevant.</p> <p>The reviewer was advised by the licensee that all maintenance team members that are involved with daily plant inspection and frontline operation monitoring activities are inducted in Health and Safety Guidelines. The reviewer sighted the Plant Induction Record provided and noted that one maintenance staff member advised to the reviewer as performing the majority of the daily inspections of the plant was not included on the Plant Induction Record. The reviewer also noted that the entries in the Plant Induction Record for the External Consulting Engineer and two other NLV staff members were dated 6th and 11th of November 2014.</p> <p>The licensee introduced the AMS Internal Audit Checklist to monitor the performance of obligations by Tristar as well as by NLV staff and to provide corrective direction when required. The audit is being performed on 6 monthly basis by the External Consulting Engineer and results of the audit documented in the AMS Internal Audit Checklist sighted. The reviewer acknowledges that inadequacy of both training and plant induction records have been also identified during these internal audits.</p> <p><u>Recommendation 10/2014</u></p> <ul style="list-style-type: none"> <i>A record of Tristar operators training as well as NLV staff where relevant should be documented in the TLLV WWTP Asset Management System Competency and Training Record template.</i> <i>The licensee should ensure that all NLV staff involved with daily plant inspection and frontline operation monitoring activities are inducted in Health and Safety Guidelines prior to conducting the daily inspections and a record of this is kept in the Plant Induction Record template.</i> <i>The licensee should ensure that the TLLV WWTP Asset Management System Competency and Training Record and Plant Induction record are regularly reviewed and kept up to date.</i> <p>C3</p>

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
		Process Rating	B	Performance Rating	2
6	ASSET MAINTENANCE				
6.1	Maintenance policies and procedures are documented and linked to service levels required.	Refer comments at 5.1 above. C3			
6.2	Regular inspections are undertaken of asset performance and condition.	<p>Tristar monitors asset performance and condition 3 x per week as per the Operational Checklist – Daily Report observed. These daily log sheets report on the operation and maintenance of all separate items of the plant infrastructure and were in keeping with the needs of the infrastructure. Sampling and in-situ testing requirements were added to operator's daily log sheet, including fortnightly sampling for laboratory analysis, daily pH, DO, colour, odour, turbidity, pressures and flows.</p> <p>The required monthly reporting by Department of Health on the quality of the effluent exceeds requirements and is carried out fortnightly to assist with adequate plant operation.</p> <p>The Tristar's Perth-based process engineer reviews plant log sheets and provides weekly report to the NLV's External Consulting Engineer for review and monitoring of Tristar's performance. Corrective direction is provided when required.</p> <p>A1</p>			
6.3	Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule.	<p>Daily operation and maintenance procedure was only evident from Operational Checklist – Daily Report observed. These report sheets detailed and had reported on the operation and maintenance of all separate items of the plant infrastructure and were in keeping with the needs of the infrastructure. All maintenance activities were subject of an individual report. A summary of the report sheet was not available.</p> <p>The Tristar Service Reports are completed for service and maintenance issues identified during the daily inspections. On completion, the pre-numbered Service Reports are provided to the licensee's site representative who countersigns each report. Copies of all completed Service Report are kept on contractor's work file on site. All sighted copies of Service Reports were countersigned by the licensee's site representative.</p> <p>Site inspection confirmed that all aspects of the plant observed were well maintained and in good working order. There were no indications of existing or historic liquid leakage, or system overflow observed.</p> <p>While actual operation and maintenance of the WWTP is adequate the revision of the documentation of all O&M procedures, including the alarm monitoring, is required to ensure continued adequacy of WWTP operation owing to personnel or contractual changes. <i>Refer recommendation in 5.1 above.</i></p> <p>B2</p>			
6.4	Failures are analysed and operational/maintenance plans adjusted where necessary.	The current operating and maintenance procedures, while not adequately documented, have not resulted in any further reported overflows or leakages of the system to date. This could be due to the excess treatment capacity which provides an additional buffering factor as well as modifications of the WWTP implemented in December 2013.			

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
		<p>The assets observed, tanks, pipework, pumps, filters, were well maintained and in good condition.</p> <p>If there was an issue an incident report is required to be raised and provided to the licensee, along with details of corrective actions. The reviewer confirmed that during the review period, no incident occurred that would require Incident Report to be raised.</p> <p>The Moama/TLLV/NLV – Communication Protocol is in place to ensure timely notification of any incident internally and externally. Both documents are included on the AMS Document Register.</p> <p>A NR</p>			
6.5	Risk management is applied to prioritise maintenance tasks.	<p>A risk management approach to prioritise maintenance tasks is evident in the risk register and Tristar has an Operational Checklist – Daily Report that addresses high risk operation and maintenance tasks.</p> <p>A1</p>			
6.6	Maintenance costs are measured and monitored.	<p>All Financial Management Information System (FMIS) used to run the TLLV recycled water scheme is the same system that is used to run all of the developments that NLV own and operate. The FMIS covers all purchasing by the entity, payments, receipts, financial reporting and depreciation of assets.</p> <p>The maintenance arm of NLV manages the maintenance of the plant and equipment, supported by a service and maintenance contract with Tristar. The Maintenance Department has a yearly budget allocated to it comprising of service contract costs, staff costs and replacement parts and preventative maintenance costs.</p> <p>A1</p>			
7	ASSET MANAGEMENT INFORMATION SYSTEM	Process Rating	A	Performance Rating	1
7.1	Adequate system documentation for users and IT operators.	<p>The Programmed Logic Control (PLC) system of the plant is managed by the contracted operator, which will alert staff of any issues with an SMS. Operator's Manual was not sighted. As per 5.1 above, the reviewer recommended the licensee documents all aspects of alarm monitoring procedures, including a formal hierarchy of referrals, to ensure failsafe operation of the WWTP.</p> <p>There is no dedicated AMIS in use. Information is recorded manually and then entered into FMIS or spread sheets. This is adequate given the small size and simple system.</p> <p>All AMS documents are included on the TLLV WWTP AMS Document Register and copies of version controlled AMS documents are being kept on the system.</p> <p>Principal operating documents such as inspection reports, completed Operational Checklist – Daily Reports, water quality test are now being scanned and stored electronically for backup with exception for copies of completed pre-numbered Tristar's Service Reports that are not being scanned but are kept on the operator's hard copy file on site.</p> <p>A1</p>			

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)
7.2	Input controls include appropriate verification and validation of data entered into the system.	There are adequate controls over data entry via manual checking of data entered into spreadsheets and the FMIS. A1
7.3	Logical security access controls appear adequate, such as passwords.	Passwords are required to access the Moama/TTLV computer network and have a 90 day expiry period. A1
7.4	Physical security access controls appear adequate.	The asset is fenced and the gate is locked at all times, unless personnel on site. A padlock and chain were sighted. The TLLV Administration Office is locked if unattended. Strong physical security access control has been observed in Moama's head office. A1
7.5	Data backup procedures appear adequate and backups are tested.	The NLV Backup Strategy (dated 15 th September 2014) sighted - provides for backup of the entire system to a Cloud based environment. The backups are by default offsite. The system is being backed up daily for retention of 4 weeks and monthly for retention of 24 months. A1
7.6	Key computations related to licensee performance reporting are materially accurate.	The usage recordings are recorded manually and entered into a spread sheet. The reviewer reviewed the licensee's Performance Reports for 2012/13 and 2013/14 and the underling information recording systems such as incident reports, TLLV complaints register and a sample of Tristar's Service Reports and confirmed the accuracy and completeness of the data. The Register of results of water tests was viewed and found to have been entered on the system accurately and in date order with copies of all laboratory reports kept on the system. A1
7.7	Management reports appear adequate for the licensee to monitor licence obligations.	At the time of the previous audit, the internal monthly reports were planned` to be provided by the licensee against statutory requirements in relation to service levels. It was recommended in the previous AMS review that reviews of monthly reports are undertaken by due date. The reviewer was advised by the External Consulting Engineer that monthly internal reports have been produced for a short period of time, for first few months after the new operator Tristar took over the operation and maintenance of the WWTP from the former operator Aquasol, in order to monitor the new operator's performance. After the Tristar's performance was assured, the licensee stopped preparing the monthly internal reports as they were no longer found serving the purpose. Therefore, the previous AMS review recommendation that reviews of monthly reports are undertaken by due date is no longer relevant. Performance standards are defined in the TLLV WWTP AMS Operation Service Requirements document. The External Consulting Engineer continuously monitors that the standards are being achieved through weekly review of

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
		operator's daily log sheets, incident reports, service reports and water sampling results via the monthly reports to the Department of Health. Any issues are advised to the licensee for action. A1			
8	RISK MANAGEMENT	Process Rating	B	Performance Rating	2
8.1	Risk management policies and procedures exist and are being applied to minimise internal and external risks associated with the asset management system.	<p>Although the risk management policies and procedures are not separately documented, the TLLV WWTP Risk Register sighted contains a worksheet with likelihood and consequence definitions and associated risk ratings.</p> <p>The TLLV WWTP Risk Register is included on the TLLV WWTP AMS Document Register and is being reviewed on a 6 monthly basis, including review of probability and consequences of asset failure.</p> <p>The latest Risk Register review workshop was conducted on 10th September 2014. The Tristar's representatives also participated in the workshop.</p> <p>A1</p>			
8.2	Risks are documented in a risk register and treatment plans are actioned and monitored.	<p>The risks that were identified and their treatment plans are documented in the TLLV WWTP Risk Register Worksheet (Rev 4 – 11 September 2014) sighted.</p> <p>As the treatment plans are mainly based on contingencies that are part of the design of the plant, backup equipment and routine checks and maintenance performed as part of the daily inspections of the plant, the treatment plans are being actioned and monitored as part of the daily operation and maintenance of the plant. Also, the treatment plans are being reviewed for adequacy on a 6 monthly basis with the attendance of the Tristar's representatives. As such separate testing of treatment plans, as recommended in the previous review of the AMS, is not warranted.</p> <p>All the 33 risks currently identified relate to the WWTP (plant failure, tank rupture, power failure, etc). The risks associated with the non-potable water reticulation/re-use (e.g. cross connection, unauthorised use of recycled water, residents coming into contact with below ground irrigation system, etc.) are not captured in the Risk Register.</p> <p>A current copy of the WWTP Risk Register was not observed to be included on the Tristar's WWTP procedures file kept on site. The requirement to keep current copy of the WWTP Risk Register on the Tristar's WWTP procedures file should be added into the Internal Audit Checklist and compliance reviewed regularly.</p> <p><u>Recommendation 11/2014</u></p> <ul style="list-style-type: none"> <i>The licensee should ensure that risks associated with the non-potable water reticulation/re-use (e.g. cross connection, unauthorised use of recycled water, residents coming into contact with below ground irrigation system, etc.) are captured in the Risk Register.</i> <i>The licensee should ensure that a current copy of the WWTP Risk Register is kept on the Tristar's WWTP procedures file kept on site.</i> <i>The requirement to keep current copy of the WWTP Risk Register on the Tristar's WWTP procedures file should be added into the Internal Audit Checklist and compliance reviewed regularly.</i> 			

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
		B2			
8.3	The probability and consequences of asset failure are regularly assessed.	<p>The TLLV WWTP Risk Register is included on the TLLV WWTP AMS Document Register and is being reviewed on a 6 monthly basis, including review of probability and asset failure. The latest review of the Risk Register was conducted on 10th September 2014 with the attendance of Tristar's representatives.</p> <p>The reviewer sighted the current Risk Register and confirmed that all hazards are now controlled to ALARP (as low as reasonable practicable). There are currently no high residual risks on the Risk Register.</p> <p>A1</p>			
9	CONTINGENCY PLANNING	Process Rating	B	Performance Rating	2
9.1	Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks.	<p>Contingencies are part of the design of the plant, such as inclusion of a sump to capture overflow and prevent discharge to ground, etc.</p> <p>The WWTP Emergency Response Plan (dated 4th December 2013) sighted was developed by Tristar and is included on the TLLV WWTP AMS Document Register. The plan has considered the risk per the risk register. WWTP is to be reviewed on a 12 monthly basis and is now due for a review. The TLLV Emergency Plan is also in place.</p> <p>The WWTP Emergency Response Plan provides contingency plans for Discharge to Environment and Spillage to Bund Area and sets out clear lines of authority and responsibility for both the licensee and the maintenance contractor. No regular testing is carried out, due to simplicity of the procedure.</p> <p>The associated Contact List identifies primary and alternate contacts and contact mobile phone numbers for Tristar, NLV as well as licensed waste disposal contractor. The AMS Contact is included on the TLLV WWTP AMS Document Register and is to be reviewed on a 12 monthly basis. The AMS Contact List sighted was last updated on 28th February 2014. The reviewer noted that the name and mobile phone number of General Manager Operations, who recently resigned, is still listed as an alternate contact in case of emergency.</p> <p>The AMS Contact List was observed to be clearly displayed on electrical control cabinet on site. Emergency contact number was sighted on sign at WWTP gate.</p> <p>A current copy of the WWTP Emergency Response Plan as well as TLLV Emergency Response Plan was not observed to be included on the Tristar's WWTP procedures file kept on site.</p> <p><u>Recommendation 12/2014</u></p> <ul style="list-style-type: none"> <i>The licensee should ensure that a current copy of the WWTP Emergency Response Plan as well as TLLV Emergency Response Plan is kept on the Tristar's WWTP procedures file kept on site.</i> <i>The licensee should update the AMS Contact List, outside of the normal review frequency, when changes to staffing occur.</i> <p>B2</p>			

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
10	FINANCIAL PLANNING	Process Rating	B	Performance Rating	2
10.1	The financial plan states the financial objectives and strategies and actions to achieve the objectives.	<p>As part of the licence application, the financial plan was presented in the historical AMP (dated 13th October 2009) sighted. The financial plan was not updated since.</p> <p>The historical financial plan states the financial objectives and strategies and actions to achieve the objectives. However as the key assumptions in preparing the financial plan were based on 2009 figures prior to the operation of the WWTP, the financial objectives and strategies and actions to achieve the objectives in the AMP should be reviewed for validity and accuracy in term of the current operation of the WWTP.</p> <p><u>Recommendation 13/2014</u></p> <p><i>a) The licensee should review the financial objectives and strategies and actions to achieve the objectives in the Financial Plan, for validity and accuracy in terms of the current operation of the WWTP.</i></p> <p>B2</p>			
10.2	The financial plan identifies the source of funds for capital expenditure and recurrent costs.	<p>The financial plan sighted identifies source of fund for capital expenditure and recurrent costs. All of Moama's financial obligations are to be met by NLV in the form of bank funding. WWTP equipment replacement and maintenance costs are funded through a sinking fund created from a portion of weekly rental payments and annual rate payments from TLLV customers.</p> <p>A1</p>			
10.3	The financial plan provides projections of operating statements (profit and loss) and statement of financial position (balance sheets).	<p>The Financial Plan provided financial projections of operating statements (profit/loss) and statements of financial position for NLV, Moama's parent company and primary source of funding, for first five years (2010-2014). No projections of operating statements (profit/loss) and statements of financial position were made beyond 2014.</p> <p><u>Recommendation 13/2014</u></p> <p><i>b) The licensee should update the Financial Plan for financial projections of operating statements (profit/loss) and statements of financial position for the next 5 years from 2014.</i></p> <p>B2</p>			
10.4	The financial plan provides firm predictions on income for the next five years and reasonable indicative predictions beyond this period.	<p>As part of the licence application, the financial projections of net income, total equity and net cash flow for NLV, Moama's parent company and primary source of funding, were presented for first 5 years (2010-2014) in Appendix N of the AMP.</p> <p>Indicative projections of income were presented in the Appendix O of the AMP for life of the licence (2010 – 2034) in the static cash flow forecast. Income predictions have been calculated based upon initial headworks fees obtained from village occupants as well as yearly service rates per home at that time.</p> <p>As the assumptions made in the historical financial plan in preparing forecasts of income were based on the 2009 figures, the financial forecasts should be updated.</p>			

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
		<u>Recommendation 13/2014</u> <i>c) The licensee should update the Financial Plan for firm predictions of income for next 5 years from 2014 and reasonable indicative predictions beyond this period.</i> B2			
10.5	The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services.	As part of the licence application, the historical financial projections of net income, maintenance costs and capital costs for TLLV WWTP were presented in the Appendix O of the AMP for life of the licence (2010 – 2034) as a static cash flow forecast. Financial projections allowed for full replacement costs of all capital every ten years. As the assumptions made in the historical financial plan in preparing forecasts of required capital expenditure and asset values, operations and maintenance, depreciation expense and carrying estimates were based on the 2009 figures prior to the operation of the WWTP, the financial forecasts should be updated. <u>Recommendation 13/2014</u> <i>d) The licensee should review and update the Financial Plan for operations and maintenance, administration and capital expenditure requirements of the services based on the current data collections and verifications, and for the WWTP modifications and current operation of the WWTP.</i> B2			
10.6	Significant variances in actual/budget income and expenses are identified and corrective action taken where necessary.	The financial plan stipulates that the financial viability, capital investment and maintenance of the WWTP is to be monitored and reviewed at the annual Board of Director meeting. A1			
11	CAPITAL EXPENDITURE PLANNING	Process Rating	B	Performance Rating	2
11.1	There is a capital expenditure plan that covers issues to be addressed, actions proposed, responsibilities and dates.	As part of the licence application, the financial plan was presented in the historical AMP (dated 13 th October 2009) sighted. The financial plan was not updated since. The historical financial projections of net income, maintenance costs and capital costs for TLLV WWTP were presented in the Appendix O of the AMP for life of the licence (2010 – 2034) as a static cash flow forecast. Financial projections allowed for full replacement costs of all capital every ten years. However, taking into account the modifications of the WWTP that were implemented in May 2014, the capital expenditure plan should be reviewed for timing of the expenditure to be consistent with the asset life and current assets condition, as recommended in item 11.3 B2			
11.2	The plan provides reasons for capital	Financial projections allowed for full replacement costs of all capital every ten years. However, taking into account the			

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
	expenditure and timing of expenditure.	modifications of the WWTP that were implemented in May 2014, the capital expenditure plan should be reviewed for timing of the expenditure to be consistent with the asset life and current assets condition, as recommended in item 11.3 B2			
11.3	The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan.	<p>As part of the licence application, the historical financial projections capital costs for TLLV WWTP were presented in the Appendix O of the AMP for life of the licence (2010 – 2034) in a static cash flow forecast. The financial projections allowed for full replacement costs of all assets every ten years.</p> <p>As the assumptions made in the historical financial plan in preparing forecasts of required capital expenditure and asset values were based on the 2009 figures prior the operation of the WWTP, the accuracy of the financial forecasts should be improved based on the current data collections and verifications and in terms of WWTP modifications and current operation of the WWTP.</p> <p><u>Recommendation 14/2014</u></p> <ul style="list-style-type: none"> As part of the Financial Plan review and update, the licensee should review and update the capital expenditure plan in the financial plan to be consistent with the asset life and current assets. <p>B2</p>			
11.4	There is an adequate process to ensure that the capital expenditure plan is regularly updated and actioned.	The financial plan stipulates that the financial viability, capital investment and maintenance of the WWTP is to be monitored and reviewed at the Board of Directors meeting. A1			
12	REVIEW OF ASSET MANAGEMENT SYSTEM	Process Rating	A	Performance Rating	1
12.1	A review process is in place to ensure that the asset management plan and the asset management system described therein are kept current.	<p>As recommended in previous review, the licensee has developed an Asset Management System Internal Audit Procedure and AMS Internal Audit Checklist that are included on the TLLV WWTP AMS Document Register. The Internal Audits of the AMS are being performed by the External Consulting Engineer on 6 monthly basis and results and audit recommendations documented in the Internal Audit Checklist. The reviewer sighted completed Internal Audit Checklists dated 26 February 2014 and 3 September 2014.</p> <p>The licensee has also introduced the TLLV WWTP AMS Document Register which includes review frequencies for each AMS document. The AMS documents are to be reviewed at least in 12 months intervals.</p> <p>However, the reviewer noted that AMP (dated 13th October 2009) is not included on the AMS Document Register and has not been updated since. As per item 1.9, the reviewer recommended a full review and revision of the Asset Management Plan is undertaken covering all aspects of the AMP, including the financial information and modifications of the plant and that AMP to be included on the TLLV WWTP Document Register reviewed and updated every two years or whenever the major changes occur.</p>			

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)
		A1
12.2	Independent reviews (e.g. internal audit) are performed of the asset management system.	An independent review of AMS is performed as directed by the Authority. A1

3.6 Current Review Asset System Deficiencies and 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)	Date Resolved (& management action taken)	Auditor's Comments
	Nil		
B. Unresolved at end of current review period			
Reference (no./year) Rating	Asset System Deficiency (AMS Component/Effectiveness Criteria/Details)	Auditor's Recommendation	Management Action taken by end of audit period
05/2014 C3	<p>Asset Planning – Service Levels</p> <p><i>Service levels are defined</i></p> <p>There is a Service Agreement in place with Tristar to perform daily operational and maintenance tasks at the WWTP. The Operational Service Requirements are documented in a separate TLLV internal document that outlines the service levels required. However, this document is not part of the Service Agreement with Tristar. The service levels are not well defined in the Tristar Service Agreement.</p> <p>The Service Agreement with Tristar was dated 11 February 2014 is for a term of 12 months and due for renewal in February 2015. Moama could not locate the signed Service Agreement. However, it could be argued that the contract is implied as Moama continued to use Tristar's services and pay their bills.</p>	<p>a) The licensee should ensure that clear and well defined service levels are included in the next revision of the operations and maintenance contract.</p> <p>b) The licensee should ensure that a signed copy of any future operations and maintenance contract is retained.</p>	

Reference (no./year) Rating	Asset System Deficiency (AMS Component/Effectiveness Criteria/Details)	Auditor's Recommendation	Management Action taken by end of audit period
06/2014 A1	<p>Asset Planning – Future Capacity</p> <p><i>Non asset options are considered (eg demand management).</i></p> <p>Demand is linked solely to the occupancy level of the village which is capped at a maximum of 470 residences when the village is complete. Once TLLV reaches maximum occupancy, no further allowance will be made by NLV for expansion of the WWTP operations and the associated Water Recycling Scheme infrastructure.</p> <p>The WWTP was planned to be installed in two stages. The capacity of the system was reportedly adequate for a design flow of 75 cubic metres per day. Based on the assumption of the WWTP operating at its maximum capacity per day, the WWTP was assumed to have a maximum capacity to serve 180 connections under Stage 1. Stage 2 was to upgrade the WWTP to meet growing need.</p> <p>However, the current actual flow, from 143 residences, is 35 cubic metres per day. Therefore, the WWTP has a capacity to serve at approximately 300 residences. Once the capacity of the system is reached in approximately 3 years at the current sales rate, there are various development options that will be considered such as possible connection to a future Water Corporation system.</p>	<p>The licensee should continue to monitor the capacity of the WWTP, currently at 50% capacity for 143 houses. When the system nears its maximum capacity, an Asset Transition Plan should be developed to provide further capacity, depending upon the options available at the time such as connecting to the Water Corporation's sewer network or upgrading the plant.</p>	
07/2014 C3	<p>Asset Planning – Asset Management Plan</p> <p><i>Plans are regularly reviewed and updated</i></p> <p>The historical Tuart Lakes Lifestyle Village (TLLV) Asset Management Plan (AMP), dated 13th October 2009 is outdated and revision and update of the AMP is required to incorporate modifications of the plant and changes to all aspects of the AMP that have occurred since its issue in October 2009. Also, the financial forecasts of owning and operating assets should be reviewed and updated based on the current costs and in terms of the current operation of the plant.</p> <p>The reviewer also noted that the AMP is not included on the TLLV WWTP Document Register. The AMP should be reviewed and</p>	<p>a) The licensee should ensure that a full review and revision of the Asset Management Plan is undertaken covering all aspects of the AMP, including the financial information and modifications of the plant.</p> <p>b) The licensee should include the AMP on the TLLV WWTP Document Register and ensure that AMP is reviewed and updated every two years or whenever major changes occur.</p>	

Reference (no./year) Rating	Asset System Deficiency (AMS Component/Effectiveness Criteria/Details)	Auditor's Recommendation	Management Action taken by end of audit period
	updated every two years or whenever major changes occur.		
08/2014 C3	<p>Asset Operations – Policies and Procedures</p> <p><i>Operational policies and procedures are documented and linked to service levels required.</i></p> <p>Documentation of an update to the Operation and Maintenance Manual was not available. The Tristar O&M Manual sighted, consisted of only manufacturers' manuals for two items of plant infrastructure. The historic Aquasol O&M manual provided has details of the original plant and would require revision to incorporate plant modifications if adopted.</p> <p>The daily operations procedure was only evident from the Operational Checklist – Daily Report. These report sheets are detailed and report on the operation and maintenance of all separate items of the plant infrastructure. The Operational Checklist – Daily report was updated for the plant modifications. All operational activities were the subject of an individual report.</p> <p>In addition to Tristar inspections, a daily visual inspection of the plant by NLV maintenance personnel was reported to be carried out focusing on compound security, alarms, odour emissions and overflows. Although, the daily inspection tasks performed by NLV personnel have been documented in the daily NLV WWTP inspection log sheet and evidence of these daily inspections has been sighted, the WWTP Operational and Maintenance policies and procedures should be updated for NLV personnel daily inspection requirement and procedure.</p> <p>Monthly recycled water samples are taken with the exception of October 2013 and November 2013 not being reported to DoH.</p> <p>The alarm system has been improved to include sludge levels. The alarm monitoring is carried out by Tristar and NLV staff. An informal cross check within NLV staffing is carried out prior to referral of the alarm callout to Tristar. A daily visual inspection of the plant by NLV maintenance personnel was reported to be carried out.</p> <p>Documentation of all aspects of alarm monitoring procedures,</p>	<p>a) The licensee should revise the documentation of all Operational and Maintenance policies and procedures.</p> <p>b) The licensee should ensure that the procedure of a daily visual inspection of the plant undertaken by NLV personnel is added to the Operational and Maintenance policies and procedures.</p> <p>c) The licensee should ensure that monthly recycled water samples are taken, analysed and reported to the Department of Health.</p> <p>d) The licensee should ensure that all aspects of alarm monitoring procedures, including a formal hierarchy of referrals, are documented to ensure failsafe operation of the WWTP.</p>	

Reference (no./year) Rating	Asset System Deficiency (AMS Component/Effectiveness Criteria/Details)	Auditor's Recommendation	Management Action taken by end of audit period
	including a formal hierarchy of referrals, is required to ensure failsafe operation of the WWTP. While actual operation and maintenance of the WWTP is adequate, the revision of the documentation of all O&M procedures is required to ensure continued adequacy of WWTP operation regardless of personnel or contractual changes.		
09/2014 C3	Asset Operations – Asset Register <i>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> The original Aquasol Asset Register sighted, covers most of the plant components, but does not reflect recent changes and has not been fully populated with all required details. The reviewer was advised by the licensee that the External Consulting Engineer is in the process of producing a new asset register but it is still at an early stage.	The licensee should ensure that a new Asset Management Register is developed and includes all assets including asset type, location, material, plans of components, and an assessment of assets' physical/structural condition.	
10/2014 B2	Asset Operations – Competency and Training <i>Staff resources are adequate and staff receive training commensurate with their responsibilities.</i> The Service Agreement between NLV and Tristar Water Solution Pty Ltd (dated 26 February 2014) provides for one service technician on site for 3 days per week, one engineer on site as required and Perth-based process engineering support during normal working hours, including weekly review of plant log sheets. The service technician is also available by telephone to provide trouble-shooting assistance to plant operators if required in case of emergency. No evidence of appropriate training of Tristar technicians was sighted. The TLLV WWTP Asset Management System Competency and Training Record template has been developed as part of the Register of TLLV Asset Management System Documents but has	a) A record of Tristar operators training as well as NLV staff where relevant should be documented in the TLLV WWTP Asset Management System Competency and Training Record template. b) The licensee should ensure that all NLV staff involved with daily plant inspection and frontline operation monitoring activities are inducted in Health and Safety Guidelines prior to conducting the daily inspections and a record of this is kept in the Plant Induction Record template. c) The licensee should ensure that the	

Reference (no./year) Rating	Asset System Deficiency (AMS Component/Effectiveness Criteria/Details)	Auditor's Recommendation	Management Action taken by end of audit period
	<p>not been populated as yet. A record of Tristar operators training is required as well as NLV staff where relevant.</p> <p>The reviewer was advised by the licensee that all maintenance team members that are involved with daily plant inspection and frontline operation monitoring activities are inducted in Health and Safety Guidelines. The reviewer sighted the Plant Induction Record provided and noted that one maintenance staff member advised to the reviewer as performing the majority of the daily inspections of the plant was not included on the Plant Induction Record. The reviewer also noted that the entries in the Plant Induction Record for the External Consulting Engineer and two other NLV staff members were dated 6th and 11th of November 2014.</p>	TLLV WWTP Asset Management System Competency and Training Record and Plant Induction record are regularly reviewed and kept up to date.	
11/2014 B2	<p>Risk Management – Reticulation Risks</p> <p><i>Risks are documented in a risk register and treatment plans are actioned and monitored.</i></p> <p>All the risks currently identified relate to the WWTP. The risks associated with the non-potable water reticulation/re-use (e.g. cross connection, unauthorised use of recycled water, residents coming into contact with below ground irrigation system, etc.) are not captured in the Risk Register.</p> <p>A current copy of the WWTP Risk Register was not observed to be included on the Tristar's WWTP procedures file kept on site. The requirement to keep current copy of the WWTP Risk Register on the Tristar's WWTP procedures file should be added into the Internal Audit Checklist and compliance reviewed regularly.</p>	<p>a) The licensee should ensure that risks associated with the non-potable water reticulation/re-use (e.g. cross connection, unauthorised use of recycled water, residents coming into contact with below ground irrigation system, etc.) are captured in the Risk Register.</p> <p>b) The licensee should ensure that a current copy of the WWTP Risk Register is kept on the Tristar's WWTP procedures file kept on site.</p> <p>c) The requirement to keep current copy of the WWTP Risk Register on the Tristar's WWTP procedures file should be added into the Internal Audit Checklist and compliance reviewed regularly.</p>	
12/2014	<p>Contingency Plans – Location and Contacts</p> <p><i>Contingency plans are documented, understood and tested to</i></p>	a) The licensee should ensure that a current copy of the WWTP	

Reference (no./year) Rating	Asset System Deficiency (AMS Component/Effectiveness Criteria/Details)	Auditor's Recommendation	Management Action taken by end of audit period
B2	<p><i>confirm their operability and to cover higher risks.</i></p> <p>The WWTP Emergency Response Plan provides contingency plans for Discharge to Environment and Spillage to Bund Area and sets out clear lines of authority and responsibility for both the licensee and the maintenance contractor. No regular testing is carried out, due to simplicity of the procedure.</p> <p>The associated Contact List identifies primary and alternate contacts and contact mobile phone numbers for Tristar, NLV as well as licensed waste disposal contractor. The AMS Contact is included on the TLLV WWTP AMS Document Register and is to be reviewed on a 12 monthly basis. The AMS Contact List sighted was last updated on 28th February 2014. The reviewer noted that the name and mobile phone number of General Manager Operations, who recently resigned, is still listed as an alternate contact in case of emergency.</p> <p>The AMS Contact List was observed to be clearly displayed on electrical control cabinet on site. Emergency contact number was sighted on sign at WWTP gate.</p> <p>A current copy of the WWTP Emergency Response Plan as well as TLLV Emergency Response Plan was not observed to be included on the Tristar's WWTP procedures file kept on site.</p>	<p>Emergency Response Plan as well as TLLV Emergency Response Plan is kept on the Tristar's WWTP procedures file kept on site.</p> <p>b) The licensee should update the AMS Contact List, outside of the normal review frequency, when changes to staffing occur.</p>	
13/2014 B2	<p>Financial Planning – Income and Expenditure Forecasts</p> <p><i>The financial plan states the financial objectives and strategies and actions to achieve the objectives.</i></p> <p><i>The financial plan provides projections of operating statements (profit and loss) and statement of financial position (balance sheets).</i></p> <p><i>The financial plan provides firm predictions on income for the next five years and reasonable indicative predictions beyond this period.</i></p> <p><i>The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services.</i></p> <p>As part of the licence application, the financial plan was presented in the historical AMP (dated 13th October 2009) sighted. The financial</p>	<p>a) The licensee should review the financial objectives and strategies and actions to achieve the objectives in the Financial Plan, for validity and accuracy in terms of the current operation of the WWTP.</p> <p>b) The licensee should update the Financial Plan for financial projections of operating statements (profit/loss) and statements of financial position for the next 5 years from 2014.</p> <p>c) The licensee should update the Financial Plan for firm predictions of income for next 5 years from 2014 and</p>	

Reference (no./year) Rating	Asset System Deficiency (AMS Component/Effectiveness Criteria/Details)	Auditor's Recommendation	Management Action taken by end of audit period
	<p>plan was not updated since.</p> <p>The historical financial plan states the financial objectives and strategies and actions to achieve the objectives. However as the key assumptions in preparing the financial plan were based on 2009 figures prior to the operation of the WWTP, the financial objectives and strategies and actions to achieve the objectives in the AMP should be reviewed for validity and accuracy in term of the current operation of the WWTP.</p> <p>The Financial Plan provided financial projections of operating statements (profit/loss) and statements of financial position for NLV, Moama's parent company and primary source of funding, for first five years (2010-2014). No projections of operating statements (profit/loss) and statements of financial position were made beyond 2014.</p> <p>Indicative projections of income were presented in the Appendix O of the AMP for life of the licence (2010 – 2034) in the static cash flow forecast. Income predictions have been calculated based upon initial headworks fees obtained from village occupants as well as yearly service rates per home at that time.</p> <p>As the assumptions made in the historical financial plan in preparing forecasts of income were based on the 2009 figures, the financial forecasts should be updated.</p> <p>As the assumptions made in the historical financial plan in preparing forecasts of required capital expenditure and asset values, operations and maintenance, depreciation expense and carrying estimates were based on the 2009 figures prior to the operation of the WWTP, the financial forecasts should be updated.</p>	<p>reasonable indicative predictions beyond this period.</p> <p>d) The licensee should review and update the Financial Plan for operations and maintenance, administration and capital expenditure requirements of the services based on the current data collections and verifications, and for the WWTP modifications and current operation of the WWTP.</p>	
14/2014 B2	<p>Capital Expenditure – Plan</p> <p><i>The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan.</i></p> <p>As part of the licence application, the historical financial projections capital costs for TLLV WWTP were presented in the Appendix O of the AMP for life of the licence (2010 – 2034) in a static cash flow forecast. The financial projections allowed for full replacement costs</p>	<p>a) As part of the Financial Plan review and update, the licensee should review and update the capital expenditure plan in the financial plan to be consistent with the asset life and current assets.</p>	

Reference (no./year) Rating	Asset System Deficiency (AMS Component/Effectiveness Criteria/Details)	Auditor's Recommendation	Management Action taken by end of audit period
	of all assets every ten years. As the assumptions made in the historical financial plan in preparing forecasts of required capital expenditure and asset values were based on the 2009 figures prior the operation of the WWTP, the accuracy of the financial forecasts should be improved based on the current data collections and verifications and in terms of WWTP modifications and current operation of the WWTP.		

3.7 Conclusion

The review has been conducted in order to assess the effectiveness of the licensee's asset management system.

The assets are as described above. Plant modifications were implemented in December 2013 including converting the Anaerobic Tank to a Balancing Tank, increasing the Clarifier capacity to the Stage 1 capacity of 75 Cubic metres per day, converting the Aeration tank 1 into an Anoxic Tank with an anoxic mixer and improved monitoring and alarm systems. The scheme is a limited effluent system.

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 Moama Lifestyle Villages Pty Ltd has:

- a) implemented or closed out 16 of 22 recommended actions from the previous review, including implementation of plant modifications to address operational issues, engaged a new operations and maintenance contractor, improved the risk register and contingency plans and improved the incident reporting and monitoring. The following recommendations have not yet been implemented:
 - reviewing and updating the Asset Management Plan;
 - including service levels in the operations and maintenance contract, although they are defined in a separate internal document;
 - considering future options to cater for demand in approximately 3 years' time when the plant reaches maximum capacity (2 recommendations);
 - recording of staff and contractor induction and operator training (2 recommendations);
- b) the recommended actions in the Section 31 Rectification Notice issued by the Authority in March 2014 have been completed except for 5 out of the 18 recommendations and these are included in new recommendations in this report; and
- c) established an adequate control environment for ongoing compliance, apart from the actions noted below. The control environment has improved since the previous audit/review with regular site inspections, monthly reports and a six-monthly internal audit;

The review recommended that Moama:

- review and update the Asset Management Plan for changes since 2009 including the plant modifications, risk assessment, financial and capital expenditure plans;
- revise the Operations and Maintenance manual for the plant modifications and to include the daily inspection and alarm monitoring procedures.
- develop a new asset register;
- update the risk register to include risks relating to the water re-use scheme;
- retain a copy of the Emergency Response Plan onsite at the plant and updating the contacts list when staff changes occur;
- include service levels in the next revision of the operations and maintenance contract; and
- continue to monitor plant capacity and consider future options to cater for demand in approximately 3 years' time when the plant reaches maximum capacity.

Overall, the review concluded that the plant is being well-maintained and is in good working order. There is an effective asset management system apart from updating the documentation of the system including the Asset Management Plan, the operations and maintenance procedures, asset register and risk assessment for the water re-use.

Appendix A - Methodology

A1. Audit and Review Approach

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

Audit and Review Planning

- Contact Moama to gain an understanding of the business, relevant management plans, systems, and any changes since the previous review that may affect the risk assessment for planning purposes.
- Update the risk assessment in the previous report for 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 Authority for review and approval.
- Send a Pre-Visit Checklist of information and documentation required to Moama to enable staff to prepare for the visit (and where possible, send us information prior to the site visit).

Fieldwork

- Undertake visits to Moama's East Perth office and the wastewater treatment plant and non-potable water assets (irrigation) in Rockingham. 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.
- Obtain copies of the latest asset management plans, performance reporting statistics and relevant correspondence between the licensee and the Authority for the audit period.

The audit steps for the **Operational Audit** will include:

- review the status of actions in the previous Post Audit Implementation.
- analysis of documented procedures to assess whether they are consistent with regulatory requirements or arrangements under the licence;
- review the 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 and documentation describing the information system;

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- **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:

- review the status of actions in the previous Post Review Implementation Plan.
- 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 sewerage and non-potable water supply assets at Rockingham; and
- assess the effectiveness of the processes and system in place.

Audit and Review Reporting

- Prior to the conclusion of the site visits, 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 Authority for review no later than two weeks before the final report is due and make any revisions necessary.
- Obtain responses via the Authority to the proposed actions in the Post Audit Implementation Plan.
- Provide the updated draft report to the Authority for review and feedback prior to finalising the report.
- Issue the final report to the Authority.

The audit report will comply with the format prescribed in section 11 of the Audit and Review Guidelines: Water Licences – July 2014.

The report will also include a separate assessment of Moama's progress in addressing the Section 31 rectification notice.

A2. Key Documents and Information Sources

- Audit and Review Guidelines: Water Licences – July 2014
- Moama Lifestyle Villages Pty Ltd - Water Operating Licence 40 – version 1 and version 2.
- Moama Lifestyle Villages - Audit and Asset Management Review report – February 2013
- Moama Lifestyle Villages - Asset Management System Review report – March 2014
- Post Audit and Review Action Plans – current status reports
- Compliance reports to the Authority – 2012/13 and 2013/14
- Performance reports to the Authority – 2012/13 and 2013/14

- Section 31 Rectification Notice
- Customer complaints register and complaint records
- Tuart Lakes Lifestyle Village Customer Charter
- Village Code of Conduct
- Residential Site Agreement – Tuart Lakes Lifestyle Village
- Lifestyler's Manual
- Tuart Lakes Clubhouse Induction
- Tuart Lakes Helpful Information
- Tuart Lakes Village Emergency Standing Orders
- Tuart Lakes Village Policies
- Tuart Lakes customer survey document
- Tuart Lakes Asset Management Plan
- Tuart Lakes Wastewater Treatment Plant (WWTP) file containing:
 - Sewer Design
 - Irrigation Design
 - WWTP Location Plan
 - WWTP Site Plan
 - Media Filtration Scheme
 - WWTP Design Information
 - Operating procedures
 - Risk Management Plan and Risk Register
 - Contingency Plans
 - Maintenance – Expenditure Report
 - Water Examination Laboratory Reports to Department of Health
 - Contractor performance monitoring procedures and reports
- TriStar Report M2051-IR-001 (dated 13th Nov 2013).
- WWTP Emergency Response Plan (dated 4th December 2013)
- TLLV WWTP AMS Document Register.
- Tristar Water Solutions Pty Ltd Service Agreement (dated 26th February 2014).
- TLLV Annual Report to DoH for financial year 2013/14 and response from DoH to the licensee (Ref EHB-01648_2)
- Third party engineering verification reports (Emerson Stewart in November 2012 and Cardno in December 2013) produced for the WA Department of Health
- Tristar Water Services Pty Ltd review of the plant status in November 2013 (Tristar Report M2051-IR-001.
- Audit of Plant Modifications – June 2014 report prepared by PDC Engineering Evolved.

A3. Licensee's Representatives

The primary contacts were:

- Bill Marshall - Group General Manager – Client Services and Business Growth
- Melissa Cattai – Project Assistant
- Blair Shackleton – External Consulting Engineer
- Customer Representative - Adan Nicholson – Village Manager.

A4. Audit and Review Team and Hours

NAME AND POSITION	HOURS
Geoff White – Director	10
Andrea Stefkova – Assistant Manager	40
David Wills – Principal Engineer (David Wills and Associates)	12
TOTAL	62

END OF REPORT