

Management Response to 2017 Operational Audit Findings

Current Audit: Non-Compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
Reference ⁶ (no./year)	Compliance and Control Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation (LO)		
	Details for Compliance and/or Control Rating		
43 (1/2017)	<ul style="list-style-type: none"> Ratings: A 2; Obligations: Act – section 151(2) and Water Services Licence (“WSL”) – clause 3.1.1; and Detail: <ul style="list-style-type: none"> Aqwest has stated it did give notice of general works setting out the matters referred to in section 151(3) of the Act to the persons and agencies specified; Paxon examined a document entitled: “<i>Aqwest – Caltex Gelorup Main Extension</i>”. Paxon also examined a sample of letters written to stakeholders. Paxon noted none of the letters included in the sample were signed by the author; and Paxon noted that neither the document entitled: “<i>Aqwest – Caltex Gelorup Main Extension</i>” nor the above-mentioned cover letters indicated the times when, and the places at which, the plans and details could have been inspected. 	<ul style="list-style-type: none"> The Shire should comply with its obligations in terms of section 151(3)(d) of the Act in respect of general works as defined in the Act; and The Shire should keep properly completed records (letters) to proof compliance with its obligations. 	<p>The recommendations refer to “Shire” and are very general.</p> <p>Based on the findings, the following recommendations are suggested in place of those made:</p> <ul style="list-style-type: none"> Aqwest should ensure records of notice of general works are signed by the author. Management Action Taken: Aqwest will review its project planning procedures to ensure that records of notice of general works are signed by the author. Target Date 31 May 2018 Aqwest should ensure notices of general works include the times when and the places at which plans and details can be inspected. Management Action Taken: Aqwest

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			will review its project planning procedures to ensure that notices of general works include the times when and the places at which plans and details can be inspected Target Date 31 May 2018
6	The 'No.' refers to the compliance obligation reference number, as per the ERA's document entitled: "Water Compliance Reporting Manual – Water Services Act 2012 – July 2016"		
57 (2/2017)	<ul style="list-style-type: none"> Ratings: D NR; Obligations: Water Services Act 2012 – section 181 and Water Services Licence ("WSL") – clause 3.1.1; and Detail: <ul style="list-style-type: none"> 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. Paxon has noted Aqwest's "Water Services Act Obligations Register" does not list this compliance obligation. 	<ul style="list-style-type: none"> Aqwest should include an appropriate reference to compliance obligation 57 as included in the ERA's "Water Compliance Reporting Manual – Water Services Act 2012 - July 2016" in its "Water Services Act Obligations Register". 	Complete

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67 (3/2017)	<ul style="list-style-type: none"> Ratings: B 1; Obligations: Water Services Regulations 2013 – clause 26(3) and WSL – clause 3.1.1; and Details: <ul style="list-style-type: none"> Paxon has examined a “Meter Testing Procedure” document. Paxon notes this document discloses the identity of the author but does not record whether the CEO approved it as stipulated in clause 26(3). 	<ul style="list-style-type: none"> The CEO should approve Aqwest’s “Meter Testing Procedure” document as stipulated in regulation 26(3) of the Water Services Regulations 2013. 	Agree, will be completed by 31 st March 2018.
72 (4/2017)	<ul style="list-style-type: none"> Ratings: A 2; Obligations: Water Services Regulations 2013 – clause 43(6) and WSL – clause 3.1.1; and Details: <ul style="list-style-type: none"> Aqwest has stated compliance notices issued during the Audit Period which required the owner or occupier of land to have their backflow prevention device made good did contain the stipulated information. However, Aqwest has stated at present it communicates requests to repair backflow prevention device per e-mail or verbally. 	<ul style="list-style-type: none"> Aqwest should design and implement an appropriate compliance notice to require the owner or occupier of land to repair (make good) backflow prevention devices. This compliance notice should comply with the stipulations of regulation 43(6) of the Water Services Regulations 2013. 	Aqwest will review its communication plan for Backflow Prevention to ensure an appropriate template is in place (due 30 June 2018).

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84-87 (5/2017)	<ul style="list-style-type: none"> • Ratings: D NR; • Obligations: Water Services Regulations 2013 – clauses 69(3), 70(2), 74(1) and 74(2) and WSL – clause 3.1.1; and • Details: <ul style="list-style-type: none"> • Aqwest has stated no objections were lodged to the land records it maintained during the Audit Period; and 	<ul style="list-style-type: none"> • The Aqwest “Water Services Regulations 2013” obligations spread sheet should record these obligations as a management responsibility and list controls therefore. 	Complete
84-87 (5/2017) (continued)	<ul style="list-style-type: none"> • Aqwest’s “Water Services Regulations 2013” obligations spread sheet records that this obligation is not relevant as it refers to property valuations. However, Aqwest has stated land records were the base for the annual supply charges it levied during the Audit Period. Thus, regulations 69(3), 70(2), 74(1) and 74(2) were applicable to Aqwest’s operations during the Audit Period. 		
92 (6/2017)	<ul style="list-style-type: none"> • Ratings: D 2; • Obligations: Water Services Code of Conduct (Customer Service Standards) 2013 (“Code of Conduct”) – clause 7 and WSL – clause 3.1.1; and • Details: 	<ul style="list-style-type: none"> • Aqwest should provide written information to customers in respect of the stipulations of the clauses 2(a)(i) and 2(d), 2 (e) and 2(f) of the Water Services Code of Conduct (Customer Service Standards) 2013. 	Part 2 Clause 7 sub clause 2 refers. Aqwest supplies this information to customers using the Residential Water Service Application Form available on the website at

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92 (6/2017) (continued)	<ul style="list-style-type: none"> The Aqwest document entitled: <i>“Commitment to Customers – January 2017”</i> states: <i>“We will: Supply drinking water that is safe to all of our customers.”</i> Paxon does not regard this statement as indicative of persons’ entitlement to services /under the Act as stipulated in section 73 of the Act; The Aqwest document entitled: <i>“Commitment to Customers – January 2017”</i> states: <i>“We will: Install or activate a standard water service within 10 business days, or on an agreed day, once the conditions for connection (including fees and charges) have been met.”;</i> However, the Aqwest document entitled: <i>“Commitment to Customers – January 2017”</i> does not disclose: <ul style="list-style-type: none"> How to apply for a connection; 		<p>http://aqwest.com.au/LinkClick.aspx?fileticket=FxbrMI5CqzI%3d&portalid=0</p> <p>Please indicate if this form does not comply with requirements.</p>

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	<ul style="list-style-type: none"> The things that a customer must do, and the things that must be complied with, before a connection is made; and The fees that apply in relation to connections and when the fees are payable. Aqwest's "Water Services Code of Conduct (Customer Service Standards) 2013" obligations spread sheet records this obligation but does not list a control therefore. 		
93 (7/2017)	<ul style="list-style-type: none"> Ratings: A 2; Obligations: Code of Conduct – clause 8 and WSL – clause 3.1.1; and Details: <ul style="list-style-type: none"> Aqwest has stated all connections made during the Audit Period were completed within 10 business days from when the customers complied with their obligations; and Paxon examined a document entitled: "Connections made during the 12 month period from 01/01/2015 to 31/12/2015". Based on the "Start Date" and "End Date" included in this 	<ul style="list-style-type: none"> Aqwest should comply with its obligations in terms of the stipulations of clause 8 of the Water Services Code of Conduct (Customer Service Standards) 2013. 	<p>The statement attributed to Aqwest is incomplete. Aqwest states all connections made during the period of the audit were completed within 10 business days of when customers complied with their obligations, or <u>on the day agreed with the customer</u>, as allowed by clause 8 (3).</p> <p>Based on the findings, the following recommendation is suggested in place of that made:</p>

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	document, less than 90% of connections were completed before the end of 10 business days, starting on the day on which the customer paid the relevant fees and complied with the relevant requirements.		<ul style="list-style-type: none"> Records of compliance should include information on when customers complied with all their obligations (including payment of fees) and any connection date requested by the customer. <p>Management Action Taken: Aqwest will make changes to its data systems to ensure there is sufficient information to demonstrate compliance. Target Date: 30th June 2018.</p>
100 (8/2017)	<ul style="list-style-type: none"> Ratings: A 2; Obligations: Code of Conduct – clause 12(1) and WSL – clause 3.1.1; and 	<ul style="list-style-type: none"> Aqwest should ensure that bills refer to the fact the website contains information about estimates, meter readings and complaints. 	This has been rectified.
100 (8/2017) (continued)	<ul style="list-style-type: none"> Details: <ul style="list-style-type: none"> Paxon examined a sample of “<i>Supply and Water Consumption Notices</i>” issued after this date and found these notices, with one exception, complied with the stipulations of regulation 		

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	12(1). The notices did not state the website contains information about estimates, meter readings and complaints (regulation 12(1)(p)).		
102 (9/2017)	<ul style="list-style-type: none"> • Ratings: A 2; • Obligations: Code of Conduct – clause 12(3) and WSL – clause 3.1.1; and • Details: <ul style="list-style-type: none"> • Paxon examined a sample of “<i>Supply and Water Consumption Notices</i>” issued after this date and found these notices, with one exception, complied with the stipulations of regulation 12(3). The notices did not state complaints about the provision of a water service by the licensee or a failure by the licensee to provide a water service can be made in accordance with the licensee’s complaints procedure. 	<ul style="list-style-type: none"> • Aqwest should ensure that bills refer to the fact complaints about the provision of a water service by the licensee or a failure by the licensee to provide a water service can be made in accordance with the licensee’s complaints procedure. 	This has been rectified.
103 (10/2017)	<ul style="list-style-type: none"> • Ratings: D 1; • Obligations: Code of Conduct – clause 13(1) and WSL – clause 3.1.1; and • Details: 	<ul style="list-style-type: none"> • Aqwest should develop and implement controls to ensure compliance with clause 13(1) of the Water Services Code of Conduct (Customer Service Standards) 2013. 	Aqwest will ensure adequate controls are available to ensure customers are informed, on request, the basis of the estimate and the reason for the estimate. Target Date 30 th June 2018.

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	<ul style="list-style-type: none"> 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. Aqwest's "Water Services Code of Conduct (Customer Service Standards) 2013" obligations spread sheet records this obligation but does not list a control therefore; and Aqwest's "Water Services Code of Conduct (Customer Service Standards) 2013" obligations spread sheet records this obligation but does not list a control therefore. 		
104 (11/2017)	<ul style="list-style-type: none"> Ratings: D 1; Obligations: Code of Conduct – clause 13(2) and WSL – clause 3.1.1; and Details: <ul style="list-style-type: none"> Paxon examined Aqwest policy number 1.17 entitled: "Water Meters – Out of Commission". This policy document provides detail as to the method of calculation and period of estimates. However, policy number 1.17 does not address an adjustment to the next bill to take into account the extent to which the estimate 	<ul style="list-style-type: none"> Aqwest should consider amending policy number 1.17 to take account of the stipulations of clause 13(2) of the Water Services Code of Conduct (Customer Service Standards) 2013. 	Aqwest will amend policy number 1.17 to address an adjustment 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. Target Date 31 st October 2018.
104 (11/2017) (continued)			

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	was not reasonable having regard to a subsequent and accurate meter reading.		
105 (12/2017)	<ul style="list-style-type: none"> • Ratings: D 1; • Obligations: Code of Conduct – clause 14(1) and WSL – clause 3.1.1; and • Details: <ul style="list-style-type: none"> • Paxon examined Aqwest policy number 1.15 entitled: <i>“Water Consumption Charges for Incoming Tenants”</i>. However, as the title indicates, its application is limited to incoming tenants and not customers in general; and • Aqwest’s <i>“Water Services Code of Conduct (Customer Service Standards) 2013”</i> obligations spread sheet records this obligation but does not list a control therefore. 	<ul style="list-style-type: none"> • Aqwest should develop and implement controls to ensure compliance with clause 14(1) of the Water Services Code of Conduct (Customer Service Standards) 2013. 	Aqwest will either amend Policy 1.15 or develop an alternative control that provides for all new customers. Target date: 31 August 2018.
110 (13/2017)	<ul style="list-style-type: none"> • Ratings: A 2; • Obligations: Code of Conduct – clause 16(5) and WSL – clause 3.1.1; and • Details: <ul style="list-style-type: none"> • Aqwest has stated it did allow customers to pay undercharged amounts by way of a repayment plan during the Audit Period. 	<ul style="list-style-type: none"> • Aqwest should ensure it keeps proper records to proof it complies with clause 16(5) of the Water Services Code of Conduct (Customer Service Standards) 2013. 	Aqwest will ensure that a payment plan option will be offered to the customer in any future instance of undercharging. Aqwest keeps copies of all payment plans in accordance with the State Records Act.
110 (13/2017) (continued)			

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	<p>Aqwest continued such plans were for the shorter of the prescribed periods;</p> <ul style="list-style-type: none"> • Paxon examined Aqwest's accounting records and found the undercharged amounts were paid as follows: <ul style="list-style-type: none"> • Unit 1: 5 months later; and • Unit 2; more than 2 months later. <p>These periods are shorter than the 12 months stipulated. Notwithstanding a specific request, Aqwest did not provide Paxon with copies of the payment plans entered with the customer in respect of the undercharges. Thus, Paxon could not determine whether the customers' payments followed a payment plan or not.</p>		
111 (14/2017)	<ul style="list-style-type: none"> • Ratings: A 2; • Obligations: Code of Conduct – clause 17(1) and WSL – clause 3.1.1; and • Details: 	<ul style="list-style-type: none"> • Aqwest should ensure it informs overcharged customers of options for refunding or crediting overcharged amounts in compliance with clause 17(1) of the Water Services Code of Conduct (Customer Service Standards) 2013. 	Aqwest will include options for refunding or crediting the overcharged amounts in the letter template used to notify customers of overcharging (Target date: 30 June 2018).
111 (14/2017) (continued)	<ul style="list-style-type: none"> • Aqwest has stated instances occurred where customers were overcharged during the Audit Period. Aqwest continued in such instances, customers' accounts were credited, and 		

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	<p>customers were informed of the overcharging and recommended options for refunding or crediting the overcharged amount; and</p> <ul style="list-style-type: none"> • Paxon examined details of the overcharging, as provided by Aqwest, and found only two such instances occurred during the Audit Period. Paxon found in both cases: <ul style="list-style-type: none"> • Letters were written to the customers to inform them of the overcharging; and • Amended assessments were issued. <p>However, these letters did not inform the customers of options for refunding or crediting the overcharged amounts.</p>		
116 (15/2017)	<ul style="list-style-type: none"> • Ratings: D 2; • Obligations: Code of Conduct – clause 18(4) and WSL – clause 3.1.1; and • Details: <ul style="list-style-type: none"> • The Aqwest website does contain a document entitled: “Aqwest – Customer Account Reviews” which states: <i>“If the matter still has not been resolved to your satisfaction within 15 business days, you can refer</i> 	<ul style="list-style-type: none"> • The document entitled: “Aqwest – Customer Account Reviews” should explicitly disclose the customer’s options in respect of the review of a bill as stipulated in regulation 18(4). 	<p>Aqwest will amend the document entitled: “Aqwest – Customer Account Reviews” to explicitly disclose the customer’s options in respect of the review of a bill (Target date: 30 June 2018).</p>
116 (15/2017) (continued)			

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	<p><i>the matter to the Energy and Water Ombudsman, Western Australia"</i></p> <p>Thus, the document does not explicitly state the customer has the option to apply to the water services ombudsman - it makes such an application dependent on the customer first approaching Aqwest.</p>		
132 (16/2017)	<ul style="list-style-type: none"> • Ratings: A 2; • Obligations: Code of Conduct – clause 28(1) and WSL – clause 3.1.1; and • Details: • Aqwest has stated, during the Audit Period, it did ensure the owner was aware of proposed payment plans or arrangements prior to entering such instruments with customers who were not the owners of the land in respect of which the water service was provided; and 	<ul style="list-style-type: none"> • Aqwest should keep adequate records to proof its compliance with clause 28(1) of the Water Services Code of Conduct (Customer Service Standards) 2013. 	Tenant payment plans provided to Paxon were each addressed to the land owner. This informs the landowner and it is Aqwest's assumption that the landowner passes the plan onto his/her tenant. Not considered to be an issue by Aqwest.
132 (16/2017) (continued)	<ul style="list-style-type: none"> • Paxon has examined a sample of payment plans entered with tenants during the Audit Period. Aqwest has stated copies of these plans were 		

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	provided to land owners. However, Paxon could not determine from the information provided how and when the land owners were made aware of the payment plans entered with their tenants.		
144 (17/2017)	<ul style="list-style-type: none"> • Ratings: B 1; • Obligations: Code of Conduct – clause 34(6) and WSL – clause 3.1.1; and • Details: <ul style="list-style-type: none"> • Aqwest has stated during the Audit Period, it did achieve a 90% compliance rate with clause 34(4) in all 12-month periods ending on 30 June; and • Paxon examined an Excel spread sheet which discloses payment dates and water service restoration dates for a period of approximately 11 months during the Audit Period. Paxon found this record indicates in more than 90% of cases, services were restored on the actual payment date or before that date if the customer entered a payment plan with Aqwest (and made payments thereafter). However, as stated this record was only 	<ul style="list-style-type: none"> • Aqwest should keep records to proof its compliance with clause 34(6) of the Code of Conduct across the whole Audit Period (and not only a portion thereof). 	The report provided was for the full 12 month period. There were no “restorations” during the “missing” month.
144 (17/2017) (continued)			

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	provided for a period of approximately 11 months during the Audit Period.		
166 (18/2017)	<ul style="list-style-type: none"> • Ratings: A 2; • Obligations: Water Services Act 2012 – section 12 and WSL – clause 3.8.2; and • Details: <ul style="list-style-type: none"> • Compliance reports for the period 2013-2014 to 2016-2017 refer to the “Water Services Licensing Act 1995” and not the Water Services Act 2012. 	<ul style="list-style-type: none"> • Aqwest should refer to the Water Services Act 2012 in the Compliance Reports its provides to the ERA. 	Aqwest will refer to the Water Services Act 2012 in future Compliance Reports