



Shire of Lake Grace

Water Services (Operating) Licence –
WL22

Operational Audit and Asset
Management System
Effectiveness Review

Report
27 March 2018

PAXON GROUP

Private Client Services
Audit and Assurance
Taxation

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1 Executive Summary

1.1 Operational Audit

Audit Objective

The operational audit ("Audit") was conducted to assess the Shire of Lake Grace's ("Shire") level of compliance with the conditions of its licence.

The Audit covered the period from 1 December 2014 to 30 November 2017 ("Audit Period") inclusive.

Licence, Business and Major Changes

The Shire provides water services under the provisions of a Water Services (Operating) Licence (WL22) ("WSOL") issued by the Economic Regulation Authority ("ERA").

The WSOL commenced on 29 April 1996 and authorises the Shire to provide non - potable water supply services and sewerage services.

The legislation that governs the licensing of water service providers is the Water Services Act 2012 ("Act"). The Act, except for some sections, commenced on 18 November 2013. An 'amendment by substitution' was made to the WSOL, dated 18 November 2013, to take account of the provisions of the Act.

No major change in the business of the Shire took place during the Audit Period.

Shire's Response to Previous Audit Report Recommendations

The previous Audit was conducted by Quantum Assurance in respect of the period 1 December 2011 to 30 November 2014. The Quantum Assurance Report, dated 14 May 2015, identified nine "*Current Audit Non-Compliances and Recommendations*".

This Audit concluded that three of the nine recommendations included in the Quantum Assurance report, dated 14 May 2015, has been resolved. The remaining six recommendations are still unresolved.

Details of all nine recommendations included in the Quantum Assurance report are included in section 3 of this Report entitled: "*Previous Audit: Non-Compliances and Recommendations*".

Summary of Non-Compliances and Recommendations Arising from the Current Audit

The Audit identified several non-compliances with the conditions of the Shire's WSOL.

Two separate assessments are provided in respect of the individual compliance obligations and the controls for each obligation:

- A summarised assessment of both compliance and controls per individual obligation is disclosed in Table 9 entitled: "*Audit: Obligation Ratings Summary*" as in section 4.2 of this Report; and
- A detailed assessment of both compliance and controls per individual obligation, including recommendations for findings of non-compliance and/or weak controls,

is disclosed in Table 10 entitled: *“Audit Observations and Recommendations”* as in section 4.3 of this Report.

Furthermore, specific detailed information as to those individual obligations assessed as being non-compliant and/or as having weak controls is disclosed in Table 11 entitled: *“Current Audit: Non-Compliances and Recommendations”* as included in section 4.4 of this Report.

Control Environment

The control environment operated by the Shire during the Audit Period to help ensure compliance with its Licence conditions was assessed to have been unsatisfactory.

Licence Compliance

In the auditor’s professional view, apart from the instances of non-compliance with the conditions of the Shire’s WSOL (as amended) referred to above, the Shire complied with the conditions of its Licence during the Audit Period.

Table 1 below provides a summary of the Audit ratings for both controls and compliance across all obligations. Table 1 provides this summary from the perspective of the Audit priorities determined during the Audit planning phase, and is as follows:

Audit	Adequacy of Controls Rating						Compliance Rating					
Audit Priority Applied	Adequate Controls	Generally Adequate Controls	Inadequate Controls	No Controls Evident	Not Performed	Not Applicable	Compliant	Non-compliant – Minor Impact	Non-compliant – Moderate Impact	Non-compliant – Major Impact	Not Rated	Not Applicable
	A	B	C	D	NP	NA	1	2	3	4	NR	NA
1 (Highest)												
2	4		1	3	3	2	4	2			5	2
3	28	2	7	7		1	5	3			36	1
4	19	3	1	39	6	18	32	4			32	18
5 (Lowest)	9		1	9		2	2				17	2
Not applicable						20						20
Not used						5						5
Total	60	5	10	58	9	48	43	9			90	48

Table 1: Summary of Audit Ratings for Controls and Compliance

1.2 Asset Management System Effectiveness Review

Review Objective

The Act requires the Shire to provide for and to maintain an asset management system. The system should set out the processes to be taken by Shire to ensure the proper planning, operation, financing, maintenance, repair and renewal of its assets and for monitoring of its water services. The Act requires the Shire to provide the ERA with a report by an independent expert on the effectiveness of the system.

This asset management system effectiveness review ("Review") will provide the ERA with an independent opinion on whether or not the Shire has in place the appropriate systems for the planning, construction, operation and maintenance of its water services assets.

A detailed description of the scope of the Review and the methodology adopted is provided in Section 2 of this report.

The Review covered the period from 1 December 2014 to 30 November 2017.

Summary of Conclusions

This review concludes the Shire operates its sewage collection, pumping stations, and primary settlement (Imhoff Tank) systems competently. An indifferent attitude appears to exist regarding the operation and maintenance of its treatment plant lagoons.

The Shire's Asset Management information system is appropriate for a small sewerage system. However, documentation of the system in terms of data and information entry, updating and response to recommendations of reviewer and consultant reports has been slow or simply not implemented. Reviewer attributes the above comments to a lack of a staff member with experiences in sewerage system operations and maintenance and a Technical Assistant overloaded by his appointed asset management system duties and other tasks since accrued to him.

Of the twelve key processes reviewed, six were assigned "B 2" ratings (*requires improvement/opportunity for improvement*) and one "B 3" (*requires improvement/corrective action required*). The remaining five processes were assigned a "C 3" rating (*requires significant improvement/ corrective action required*).

Shire's Response to Previous Review Report Recommendations

The previous Review was conducted by Quantum Assurance in 2015. The Review Report, dated 14 May 2015, identified a number of issues and provided eleven detailed recommendations to resolve the issues identified.

This Review concluded that of the eleven recommendations of the May 2015 report on the Asset Management System, one has been resolved. Of the ten remaining recommendations, three were assessed as mainly or partly resolved. Seven recommendations were assessed as unresolved because the recommendations were not adequately or fully addressed

Details of the recommendations and actions taken by Shire in response, together with the Reviewer's assessment are provided in Table 7 entitled: "Previous Review: Deficiencies and Recommendations" as in section 3 of this Report.

The intent of the recommendations of the above-mentioned Review and subsequent status related to each recommendation are provided in the following summary:

Asset Creation and Acquisition – Legislative Requirements

Recommendation 10/2014 - Status: resolved

Update the Legislative Requirements of the Asset Management Plan (“AMP”) to indicate the current Act under which Licence W22 was issued.

Asset Operations – Asset Register

Recommendation 11/2014 – Status: unresolved

Update the Asset Register to include all assets.

Asset Operations – Staff Resources

Recommendation 12/2014 – Status: unresolved

Ensure adequate staff resources and training.

Asset Maintenance - Inspections

Recommendation 13/2014 - Status: partly resolved

Undertake a condition assessment of all assets as soon as practicable. Record the results and prioritise maintenance based on the result.

Asset Maintenance – Completion of Maintenance

Recommendation 14/2014 – Status: mainly resolved

Ensure all recommendations of the Health Department are implemented, de-sludge ponds and stabilize banks.

Asset Management Information System

Recommendation 15/2014 – Status: partly resolved

Ensure the asset management documents are mounted on the Shire’s computer system. Ensure responsibility for updating and back up of the system is allocated to a staff member

Risk Management

Recommendation 16/2014 – Status: unresolved

Review and amend the risk management work sheet and review annually thereafter.

Contingency Planning

Recommendation 17/2014 – Status: unresolved

Based on the risk analysis prepare a set of contingency plans. Review and test the plans annually.

Financial Planning - Update

Recommendation 18/2014 – Status: unresolved

Review and update the Asset Management Plan – Financial Summary section as well as accompanying financial planning spreadsheet including projections of income, operations and maintenance, administration and capital expenditure requirements of the scheme.

Assess the adequacy of the sewerage reserve.

Capital Expenditure Plan – Update

Recommendation 19/2014 – Status: unresolved

The Shire should review and update the capital expenditure plan in the Asset Management Plan on an annual basis, as stated in the Plan.

Review of the Asset Management System

Recommendation 20/2014 – Status: unresolved

The Shire should review and update the AMP and accompanying Excel spreadsheets to bring it up to date. The AMP should be revised at least every five years.

Licence Compliance

Tables 8 & 9 of the ERA's: *"Audit and Review Guidelines: Water Licences – July 2014"* provided the basis for the effectiveness ratings allocated for the "Asset Management Process and Policy Definition" and "Asset Management Performance" during the Review.

The Reviewer's assessment (based on the above tables) of the effectiveness of the Shire's Asset Management System is summarised in Table 2 below:

Asset Management System Component	Asset Management Process and Policy Definition Adequacy Ratings				Asset Management Performance Ratings			
	Adequately Defined	Requires Some Improvement	Requires Significant Improvement	Inadequate	Performing Effectively	Opportunity for Improvement	Corrective Action Required	Serious Action Required
	A	B	C	D	1	2	3	4
Asset Planning		✓					✓	
Asset Creation and Acquisition		✓				✓		
Asset Disposal		✓				✓		
Environmental Analysis		✓				✓		
Asset Operations			✓				✓	
Asset Maintenance		✓				✓		
Asset Management Information System		✓				✓		
Risk Management		✓				✓		
Contingency Planning			✓				✓	
Financial Planning			✓				✓	
Capital Expenditure Planning			✓				✓	
Review of Asset Management System			✓				✓	

Table 2: Summary of Review Ratings

2 Scope of Work

2.1 Objectives

2.1.1 Operational Audit

The objective of the Audit was to assess the effectiveness of measures taken by the Shire to meet the conditions referred to in the Licence including the legislative obligations called up by the Licence.

This Audit Report identifies areas where improvement is required and recommends corrective action (see Table 11 entitled: “*Current Audit: Non-Compliances and Recommendations*” as in section 4.4 of this Report).

2.1.2 Asset Management System Effectiveness Review

The Act requires that the Shire provides for and maintains an asset management system. The system should set out the processes to be taken by the Shire to ensure the proper planning, operation, financing, maintenance, repair and renewal of its assets and for monitoring of its water services. The Act requires the Shire to provide the ERA with a report by an independent expert on the effectiveness of the system.

This review will provide the ERA with an independent opinion on whether the Shire has in place the appropriate systems for the planning, construction, operation and maintenance of its water services assets.

This Review Report identifies areas where improvement is required and recommends corrective action (see Table 15 entitled: “*Review Observations and Recommendations*” as in section 5.3 of this Report).

2.2 Scope

2.2.1 Operational Audit

The Audit focused on the systems and effectiveness of processes used to ensure compliance with the standards, outputs and outcomes required by the Licence. The scope of the Audit included the adequacy and effectiveness of performance against the requirements of the Licence and considered:

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

by the ERA.

Further references to the Audit scope are covered in detail in this section of the Report.

2.2.2 Asset Management System Effectiveness Review

The Review focused on the asset management system, including asset management plans, which set out the measures that are to be taken by the Shire for the proper operation and maintenance of assets. The plans must convey the Shire's business strategies to ensure the effective management of assets over at least a five-year period.

The scope of the Review included an assessment of the adequacy and effectiveness of the asset management system by evaluation of the 12 key asset management processes mandated, being:

- 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; and
- Asset management system.

Further references to the Review scope are covered in detail in this section of the Report.

2.3 Audit/Review Methodology

2.3.1 Audit Plan

A risk-based approach was used to develop an Audit and Review Plan. This approach assessed the appropriate risk factors and consequently the Audit and Review were focused on higher risk areas, with less intensive coverage of medium and lower risk areas.

2.3.2 Fieldwork

The Audit fieldwork consisted of the following steps:

- Conducted an initial meeting with relevant staff at the Shire and reviewed processes to obtain an understanding of procedures, systems and controls which were in place to ensure compliance with license conditions;
- Evaluated the adequacy of the controls to cover the identified risks and performed more extensive audit/review testing of higher risk areas to provide sufficient assurance and confirmed lower risk areas by discussion and observation;
- Assessed compliance with License conditions over the Audit Period as well as at the

time of the Audit;

- Followed up and confirmed action taken on any previous Audit issues and recommendations;
- Researched the issues, weaknesses and potential improvements noted from our discussions and review of the existing processes; and
- Developed appropriate recommendations for improvement for discussion with management.

The Review fieldwork consisted of the following steps:

- In company with the Shire's Works Manager and Technical Officer inspected the water services facilities, including the wastewater collection system, pumping stations and treatment plant. General operation practises, strategies, process implications and quality monitoring procedures were discussed during the inspection;
- The adequacy or otherwise of the outputs of the system - including documentation of performance standards and statutory requirements, system opportunities and threats, preparation of operations manuals, maintenance schedules and action records, registers of the location, condition, age etc. of assets;
- The extent to which the risks associated with the system environment and/or unexpected system failures have been assessed, quantified, documented as contingency plans and reduced by specific practices - such as stocking selected spare parts or, equipment items subject to extended delivery or repair periods, additional storage etc.;
- The existence and effectiveness of systems implemented for the assessment, planning, financing and construction of new, replacement and major maintenance works and disposal of redundant assets;
- Whether or not the system has been subjected to regular internal review; with systems in place to ensure plans are regularly updated to current status, provide for prior identification of new or replacement assets, their implementation; and initiatives to improve the overall effectiveness of the asset management system; and
- The Shire's response to the recommendations made in previous reviews.

2.3.3 Audit/Review Reporting

The Audit/Review reporting consisted of the following steps:

- Provided a draft Audit and Review Report to the ERA for review. The ERA forwarded the draft Audit and Review Report to the Shire for their comment;
- The ERA provided comments on the Draft Audit and Review Report to Paxon. Paxon considered the comments received and made amendments to the Draft Audit and Review Report, as appropriate; and
- Paxon provided the final Audit and Review Report to the ERA.

The ERA will procure the post-audit/review implementation plan from the Shire.

2.4 Time Interval Covered in Audit/Review

The Audit/Review covered the period from 1 December 2014 to 30 November 2017. The previous Audit and Review covered the period from 1 December 2011 to 30 November 2014.

2.5 Audit/Review Dates

The Audit/Review fieldwork was conducted during December 2017.

2.6 Licensee's Representatives

Shire employees who participated in the Audit are as follows:

Staff Member	Position
Denise Gobbart	Chief Executive Officer
Kairi Nigol	Finance Coordinator
Tash McHugh	Governance Officer
Jason Lip	Technical Officer

Table 3: Shire Employees Who Participated in the Audit

Shire employees who participated in the Review are as follows:

Staff Member	Position
Denise Gobbart	Chief Executive Officer
David Holland	Works Manager
Jason Lip	Technical Officer
Linda Gray	Deputy Chief Executive Officer and Accountant
Lee Trevenen	Administration Coordinator

Table 4: Shire Employees Who Participated in the Review

2.7 Key Documents and Other Information Sources

2.7.1 Operational Audit

Details of key documents and other information sources examined during the Audit are as follows:

- Water Services Act 2012;
- Water Services Code of Conduct (Customer Service Standards) 2013;
- Water Services Regulations 2013;
- Water Services Operating Licence – Shire of Lake Grace – WL22, Version 3, 18

November 2013;

- Water Services Licence – Shire of Lake Grace – WL22, Version 4, 1 July 2016;
- Shire of Lake Grace - Audit and Review Plan – Operational Audit and Asset Management System Effectiveness Review of the Water Services (Operating) Licence for 2014 - 2017;
- Quantum Assurance – Shire of Lake Grace – Operational Audit and Asset Management System Review – Water Licence WL22 (Non-potable and sewerage) - Report – Economic Regulation Authority – 14 May 2015;
- ERA’s Audit and Review Guidelines: Water Licences – July 2014;
- ERA’s Water Compliance Reporting Manual – Water Services Act 2012 – April 2014;
- ERA’s Water Compliance Reporting Manual – Water Services Act 2012 - July 2016;
- ERA’s Water Compliance Reporting Manual – Water Services Act 2012 – October 2017;
- ERA’s Water Services Act 2012 – Water, Sewerage and Irrigation Licence Performance Reporting Handbook – May 2015;
- ERA’s Water Services Act 2012 – Water, Sewerage and Irrigation Licence Performance Reporting Handbook – May 2017;
- Shire of Lake Grace – 2014/15 - Annual Report;
- Shire of Lake Grace - Annual Report – 2015-2016;
- Shire of Lake Grace – 2016/17 - Annual Report;
- Compliance Report – 01/07/2014 to 30/06/2015;
- Compliance Report – 01/07/2015 to 30/06/2016;
- Compliance Report – 01/07/2016 to 30/06/2017;
- Performance Reporting Data Sheets – 2014-2015;
- Performance Reporting Data Sheets – 2015-2016;
- Performance Reporting Data Sheets – 2016-2017;
- GHD – Shire of Lake Grace - Asset Management Plan – Sewerage Scheme – September 2016 – December 2016;
- Shire of Lake Grace – Compliments and Feedback – Lake Grace Sewerage Scheme brochure;
- Shire of Lake Grace - Customer Service Charter for Wastewater Services for the Lake Grace Townsite Sewerage Scheme – Adopted 28 October 1998 – Revised May 2009;
- A sample of Rate Notice(s)/Tax Invoice(s) issued during the Audit Period;
- Procedure documents in force during the Audit Period;
- Shire of Lake Grace – Policy Manual – March 2017;
- Wastewater Asset Management – Compliance Schedule 2016/17; and
- Shire of Lake Grace – Compliments and Feedback - Lake Grace Sewerage Scheme brochure.

2.7.2 Asset Management System Effectiveness Review

Details of key documents and other information sources examined during the Review are as follows:

- Water Services Operating Licence – Shire of Lake Grace – WL22, Version 3, 18 November 2013;
- ERA’s Audit and Review Guidelines: Water Licences – July 2014;
- Quantum Assurance – Shire of Lake Grace – Operational Audit and Asset Management System Review – Water Licence WL22 (Non-potable and sewerage) - Report – Economic Regulation Authority – 14 May 2015;
- Performance Reporting Data Sheets – 2014-2015;
- Performance Reporting Data Sheets – 2015-2016;
- Performance Reporting Data Sheets – 2016-2017;
- Compliance Report – 01/07/2014 to 30/06/2015;
- Compliance Report – 01/07/2015 to 30/06/2016;
- GHD – Shire of Lake Grace - Asset Management Plan – Sewerage Scheme – September 2016 – December 2016;
- Shire of Lake Grace – Asset Management Information System spread sheets;
- Shire of Lake Grace Annual Budgets for years 2014/15, 2015/16 and 2016/17;
- Shire of Lake Grace Employees Training Register 2017/18;
- ERA Lake Grace Inspector’s Reports dated 2/5/2016 and 12/10/2016; and
- Barry Robbins Engineering & Project Management - *“Report on Inspection of the Lake Grace Water Facility and Defect Solutions, of the water Re-use System 10/7/2017”*.

2.8 Audit/Review Team Members and Hours Utilised

The Audit and Review team for this appointment was as follows:

Team Member	Hours
Cameron Palassis – Executive Director	10
Anton Prinsloo – Senior Consultant	25
Barry Robbins - Barry Robbins Engineering and Project Management	31
TOTAL	66

Table 5: Audit/Review Team Members and Hours Utilised

3 Licensee's Response to Previous Recommendations

3.1 Previous Audit: Non-Compliances and Recommendations

Previous Audit: Non-Compliances and Recommendations							
A. Resolved Before End of Previous Audit Period							
Reference (no./year)	Control and Compliance Rating	Auditor's Recommendation and Action Taken	Date Resolved	Further Action Required (FAR) (Yes/No/Not Applicable)			
	Legislative Obligation and						
	Details of the Issue						

There is no content in Part A.

Table 6: Previous Audit: Non-Compliances and Recommendations (Part A)

Previous Audit: Non-Compliances and Recommendations			
B. Resolved During Current Audit Period			
Reference (no./year)	Control and Compliance Rating	Auditor's Recommendation and Action Taken	Further Action Required (FAR) (Yes/No/Not Applicable)
	Legislative Obligation and Details of the Issue		Details of Further Action Required (Including Current Recommendation Reference if Applicable)
02/2014	<ul style="list-style-type: none"> • Ratings: D 2; • Legislative obligations: Water Services Code of Conduct (Customer Service Standards) 2013 – clause 8; and • Details: <ul style="list-style-type: none"> ○ 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; ○ Reviewed Performance Reports for 2011/12, 2012/13 and 2013/14 and noted that 4 new properties were connected to the scheme in 2013/14. The Shire could not provide evidence that 90% of new connections in 2013/14 were completed within the timeframes required. Therefore, this needs to be treated as a non-compliance with this provision of the Code; ○ The Shire's EHO also advised that a new subdivision of 10 blocks have been completed in 2013. However, there were no properties constructed to date on this block of land and no fees were collected in relation to this subdivision; and 	<p><u>Auditor's Recommendations:</u></p> <ul style="list-style-type: none"> • 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; and • The Shire should update the Asset Management Plan - Levels of Service section for the requirement that, in any 12-month period, 90% of connections must be completed before the end of 10 business days of a customer paying the relevant fees and complying with the relevant requirements. <p><u>Action Taken:</u></p> <ul style="list-style-type: none"> • Paxon confirmed by interview of the Shire's Technical Officer that, during the Audit Period, the Shire only approved connection to the wastewater system and that customers employed independent plumbers to make the physical connection; • Paxon examined the Shire's Customer Service Charter which states in section 2.7 entitled: "Connecting to our Services": <i>"Where a Shire wastewaters reticulation main is available to your land and had the capacity for the required service, the Shire shall, on application by you,</i> 	<ul style="list-style-type: none"> • FAR: no.

Previous Audit: Non-Compliances and Recommendations			
B. Resolved During Current Audit Period			
Reference (no./year)	Control and Compliance Rating	Auditor's Recommendation and Action Taken	Further Action Required (FAR) (Yes/No/Not Applicable)
	Legislative Obligation and Details of the Issue		Details of Further Action Required (Including Current Recommendation Reference if Applicable)
02/2014 (continued)	<ul style="list-style-type: none"> o The requirement for timeliness of connections is not documented in the Shire's Asset Management Plan nor in any other Shire's internal document e.g. Compliance Schedule. 	<p><i>approve connection to the wastewater system, under the terms and conditions set out in this Charter, the License and the Water Acts."</i></p> <p><i>(emphasis added);</i></p> <ul style="list-style-type: none"> • Paxon examined the Shire's Customer Service Charter which states in section 3.4 entitled: "Maintenance": <p><i>"You are responsible for all plumbing, pipes and fixtures on or serving your property to the point where pipes connect to the Shire's sewer property connection.";</i> and</p> <ul style="list-style-type: none"> • Paxon examined the document entitled: "Shire of Lake Grace – Asset Management Plan – Sewerage Scheme – September 2016" ("Asset Management Plan") which in section 2.1.2 entitled: "Timeliness" states: <p><i>"The Shire, if all requirements of a connection application are satisfied and fees paid, will connect a new building or construction to the sewerage system within 10 business days, starting from the date the fee is paid."</i></p>	
03/2014	<ul style="list-style-type: none"> • Ratings: D 2; • Legislative obligations: Water Services Code of Conduct (Customer Service Standards) 2013 – clause 18(1) to 18(5); and 	<p><u>Auditor's Recommendations:</u></p> <ul style="list-style-type: none"> • The Shire should develop a written procedure for review of bills (rates notices with sewerage charges); 	<ul style="list-style-type: none"> • FAR: no.

Previous Audit: Non-Compliances and Recommendations			
B. Resolved During Current Audit Period			
Reference (no./year)	Control and Compliance Rating	Auditor's Recommendation and Action Taken	Further Action Required (FAR) (Yes/No/Not Applicable)
	Legislative Obligation and Details of the Issue		Details of Further Action Required (Including Current Recommendation Reference if Applicable)
03/2014 (continued)	<ul style="list-style-type: none"> Details: <ul style="list-style-type: none"> The licensee must have a written procedure for the review of a bill on the customer's request; The Shire does not have a written procedure for review of a bill on the customer's request; and The Shire's staff advised that no request for review of the rates notices relating to sewerage charges had been received during the audit period. 	<ul style="list-style-type: none"> The procedure should be made publicly available on the Shire's website and in hardcopy; and The procedure should include: <ul style="list-style-type: none"> What happens if the customer has been undercharged or overcharged; What the customer can do if dissatisfied with the outcome of the review; That the customer may, but does not have to, use the licensee's complaints procedure before or instead of applying to the Water Services Ombudsman or making an appeal from, or applying for a review of, the decision that gave rise to the complaint, to the State Administrative Tribunal; and That 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. <p><u>Action Taken:</u></p> <ul style="list-style-type: none"> Paxon examined the Shire's website and found a page entitled: "Change of Ownership and Address". This page includes a section entitled: "Rate reviews and dispute resolution" which refers to: 	

Previous Audit: Non-Compliances and Recommendations			
B. Resolved During Current Audit Period			
Reference (no./year)	Control and Compliance Rating	Auditor's Recommendation and Action Taken	Further Action Required (FAR) (Yes/No/Not Applicable)
	Legislative Obligation and Details of the Issue		Details of Further Action Required (Including Current Recommendation Reference if Applicable)
03/2014 (continued)		<ul style="list-style-type: none"> o The "Compliments and Feedback" brochure which states: "Where a customer has been incorrectly charged an invoice/refund will be issued within 15 days. "; o Both the "Energy and Water Ombudsman" (alternative procedure) and the State Administrative Tribunal; and o Informing the customer of the outcome of the review within 15 business days. 	
04/2014	<ul style="list-style-type: none"> • Ratings: C 2; • Legislative obligations: Water Services Code of Conduct (Customer Service Standards) 2013 – clause 35(4) and 35(6); and • Details: <ul style="list-style-type: none"> o The Shire's complaints handling procedure as outlined in the Shire's Compliments and Feedback Brochure does not 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 instead of the procedures under the Act; and o The Shire's Compliments and Feedback Brochure is not publicly available. Although, 	<p><u>Auditor's Recommendations:</u></p> <ul style="list-style-type: none"> • The Shire should update its complaints handling procedure in the Compliments and Feedback Brochure to: <ul style="list-style-type: none"> o State that a customer may, but does not have to, use the complaints procedure before or instead of the procedures under the Act i.e. applying to the Water Services Ombudsman or making an appeal from, or applying for a review of, the decision to the State Administrative Tribunal; o In addition to an option of applying to the Water Services Ombudsman, list the option of making an appeal from, or applying for a review of, the decision that gave rise to the complaint to the State Administrative Tribunal; 	<ul style="list-style-type: none"> • FAR: no.

Previous Audit: Non-Compliances and Recommendations			
B. Resolved During Current Audit Period			
Reference (no./year)	Control and Compliance Rating	Auditor's Recommendation and Action Taken	Further Action Required (FAR) (Yes/No/Not Applicable)
	Legislative Obligation and Details of the Issue		Details of Further Action Required (Including Current Recommendation Reference if Applicable)
04/2014 (continued)	the Brochure was observed to be displayed at the Shire's office, the auditor was unable to locate the Shire's Compliments and Feedback Brochure on the Shire's website.	<ul style="list-style-type: none"> o Set out the benefits to the customer, in relation to time and costs, if the customer chooses to use the complaints procedure chooses to use the complaints procedure before or instead of the procedures under the Act i.e. Water Services Ombudsman or State Administrative Tribunal; and • The Shire should publish its Compliments and Feedback Brochure on its website. <p><u>Action Taken:</u></p> <ul style="list-style-type: none"> • Paxon has examined the Shire's: "<i>Compliments and Feedback – Lake Grace Sewerage Scheme</i>" brochure which refers to: <ul style="list-style-type: none"> o Alternative complaint resolution procedures; o Water Ombudsman and the State Administrative Tribunal; and o Set out the costs and benefits to the customer of using the Shire's complaints procedure in comparison with alternative complaints procedures. • Paxon has noted the Shire's "<i>Compliments and Feedback – Lake Grace Sewerage Scheme</i>" brochure is available on its website. 	

Table 6: Previous Audit: Non-Compliances and Recommendations (Part B)

Previous Audit: Non-Compliances and Recommendations			
C. Unresolved at End of Current Audit Period			
Reference (no./year)	Control and Compliance Rating	Auditor's Recommendation and Action Taken	Further Action Required (FAR) (Yes/No/Not Applicable)
	Legislative Obligation and		Details of Further Action Required
	Details of the Issue		(Including Current Recommendation Reference if Applicable)
01/2014	<ul style="list-style-type: none"> • Ratings: D 4; • Legislative obligations: <ul style="list-style-type: none"> ◦ Act - section 24(1)(b); and ◦ WSOL Version 3 - clauses 15(1)(d) and 20(2). • Details: <ul style="list-style-type: none"> ◦ The asset management system comprises of the Asset Management Plan, the related schedules, the IT system supporting the AMS and the people that manage the AMS; ◦ The requirement to notify the Authority of any significant changes to the asset management system, within 10 business days, is not documented in the Shire's Asset Management Plan nor in any other Shire's internal document e.g. Compliance Schedule; ◦ The audit noted that the person responsible for the AMS (the former EHO) left the Shire in January 2013 and no-one was appointed to take responsibility for the AMS until November 2014. Also, electronic versions of the AMP and other schedules appear to have been lost by the Shire. The fact that these issues were not identified and reported to the Authority is a breach of section 24(1)(b) of the Act; and 	<p><u>Auditor's Recommendations:</u></p> <ul style="list-style-type: none"> • The Shire should ensure that the Authority is notified about any future significant changes to the asset management system within 10 business days; • The Shire should update the Asset Management Plan – Monitoring and Review Procedures section for the requirement to notify the Authority of any significant changes to the asset management system within 10 business days; • The Shire should update the Asset Management Plan – Monitoring and Review Procedures section for the requirement to notify the Authority of any significant changes to the asset management system within 10 business days; • The Shire should ensure that there is adequate staffing for the maintenance of asset management system; and • The Shire should ensure that complete documentation of the AMS is retained by the Shire when contracted resources are utilised. <p><u>Action Taken:</u></p> <ul style="list-style-type: none"> ◦ Paxon examined the Shire's Asset Management Plan which in section 2.3.1 entitled: "Legislative 	<ul style="list-style-type: none"> • FAR: yes; and • Details: <ul style="list-style-type: none"> ◦ The reviewer has stated: <i>"The Technical Assistant is overloaded with his Asset Management duties and those accrued to him since his appointment"</i> (see Review Recommendation 2/2017).

Previous Audit: Non-Compliances and Recommendations			
C. Unresolved at End of Current Audit Period			
Reference (no./year)	Control and Compliance Rating	Auditor's Recommendation and Action Taken	Further Action Required (FAR) (Yes/No/Not Applicable)
	Legislative Obligation and Details of the Issue		Details of Further Action Required (Including Current Recommendation Reference if Applicable)
01/2014 (continued)	<ul style="list-style-type: none"> Also refer recommendation 09/2014 below re lack of a Compliance Schedule. 	<p><i>Requirements – Water Services Act 2012</i> specifically records the Shire's responsibility in terms of section 24(1)(b) of the Act; and</p> <ul style="list-style-type: none"> See section 5.3 of this Report entitled: <i>"Review Observations and Recommendations"</i> in respect of the adequacy of AMS documentation. 	
05/2014	<ul style="list-style-type: none"> Ratings: C 2; Legislative obligations: Water Services Code of Conduct (Customer Service Standards) 2013 – clause 37(1); and Details: <ul style="list-style-type: none"> The licensee must make the prescribed information publicly available. The definition of "publicly available" per Clause 3 of the Water Services Code of Conduct is website and hardcopy; The hardcopy annual Rates Notice contains information about fees and charges, bill payment methods and the fees and charges associated with each option, and the exemptions, discounts, rebates and concessions that are available to customers; The hardcopy annual Your Rates Summary Brochure that is being forwarded to each customer together with the annual Rate Notice 	<p><u>Auditor's Recommendations:</u></p> <ul style="list-style-type: none"> The Shire should update the annual Your Rates Summary Brochure to provide information on: <ul style="list-style-type: none"> Fees and charges associated with each bill payment option offered; Discounts, rebates and concessions that are available to customers; and Services provided by the stipulated in clause 36(1) of the Code. The Shire should publish the annual Your Rates Summary Brochure on the Shire's website. <p><u>Action Taken:</u></p> <ul style="list-style-type: none"> Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, the Shire did not levy fees or charges for the different bill payment methods it offered to customers; Paxon examined a sample of <i>"Rate Notice/Tax Invoice(s)"</i> issued during the Audit Period and 	<ul style="list-style-type: none"> FAR: yes; and Details: <ul style="list-style-type: none"> Paxon could not find any reference to providing customers with a large-print version of any of the licensee's publicly available documents (see Recommendation 15/2017).

Previous Audit: Non-Compliances and Recommendations			
C. Unresolved at End of Current Audit Period			
Reference (no./year)	Control and Compliance Rating	Auditor's Recommendation and Action Taken	Further Action Required (FAR) (Yes/No/Not Applicable)
	Legislative Obligation and Details of the Issue		Details of Further Action Required (Including Current Recommendation Reference if Applicable)
05/2014 (continued)	<p>also contains information about fees and charges, bill payment methods and the exemptions, however the Brochure is silent on the fees and charges associated with each payment option and on discounts, rebates and concessions that are available to customers;</p> <ul style="list-style-type: none"> o The Shire's website provides information only on payment options that are available to customers; and o The licensee is also required to make publicly available information about the services provided by the licensee under clause 36(1) of the Code. The auditor was unable to locate information about provision of these services in hardcopy or on the Shire's website. 	<p>found it provided details of discounts, rebates and concessions that are available to customers;</p> <ul style="list-style-type: none"> • Paxon examined the document entitled: "Compliments and Feedback form". This document which is in brochure format states: <i>"If you have hearing or speech difficulties you can call the National Relay Service on 133 677 and request number 08 9890 2500</i> <i>If English is not your first language, call the telephone interpreter service on 13 14 50 and request number 08 9890 2500"</i>; and • Paxon found the Shire's "Your 2017-2018 Rates Summary" is available on the Shire's website. 	
06/2014	<ul style="list-style-type: none"> • Ratings: C 2; • Legislative obligations: WSOL 3 – clauses 16(1) – (3); and • Details: <ul style="list-style-type: none"> o In accordance with the Water Compliance Reporting Manual April 2014, the Shire is required to submit to the Authority: <ul style="list-style-type: none"> • Annual performance reports no later than 31 July for the reporting year ending 30 June; and 	<ul style="list-style-type: none"> • The Shire should ensure that all future Compliance and Performance Reports are submitted to the Authority within the timeframes required; and • The Shire should ensure that all future updated post-audit and post-review implementation plans are submitted to the Authority by the requested dates. 	<ul style="list-style-type: none"> • FAR: yes; and • Details: <ul style="list-style-type: none"> o Paxon was not provided with any documentation to proof the timely submission of either the Shire's Compliance Report nor Performance Report for 2014-2015 to the ERA. (See recommendations 15/2017 and 16/2017)

Previous Audit: Non-Compliances and Recommendations			
C. Unresolved at End of Current Audit Period			
Reference (no./year)	Control and Compliance Rating	Auditor's Recommendation and Action Taken	Further Action Required (FAR) (Yes/No/Not Applicable)
	Legislative Obligation and Details of the Issue		Details of Further Action Required (Including Current Recommendation Reference if Applicable)
06/2014 (continued)	<ul style="list-style-type: none"> Annual compliance reports by 31 August for the year ending 30 June. The auditor reviewed the Shire's correspondence with the Authority and the Compliance and Performance Reports for 2011/12, 2012/13, 2013/14 and noted the following exceptions: <ul style="list-style-type: none"> The 2011/12 Compliance Report was submitted on 2 October and therefore after the due date. This was not reported as non-compliance in 2012/13 Compliance Report; The 2012/13 Compliance Report also omitted a non-compliance regarding the failure to provide updated post-audit implementation plan by the requested date which constituted a contravention of clause 21.1 of the licence Version 2 during the 2012/13 reporting period; and The 2012/13 Performance Report as well as 2012/13 Compliance Report were submitted after the due date. The late submission of 2013 Performance Report was not reported as contravention of clause 20.1 of the licence Version 2 in the 2013/14 Compliance Report. In addition to the reporting requirements under the Water Compliance Reporting Manual April 		

Previous Audit: Non-Compliances and Recommendations			
C. Unresolved at End of Current Audit Period			
Reference (no./year)	Control and Compliance Rating	Auditor's Recommendation and Action Taken	Further Action Required (FAR) (Yes/No/Not Applicable)
	Legislative Obligation and Details of the Issue		Details of Further Action Required (Including Current Recommendation Reference if Applicable)
06/2014 (continued)	2014, the Shire is also required to submit to the Authority updates on post-audit implementation plan by the requested date. The auditor reviewed the correspondence between the Authority and the Shire and noted that Notice of Contravention of clause 21.1 of the licence Version 2 was issued by the Authority to the Shire on 3 March 2013 in respect of failure to provide the updated post-audit implementation plan by the requested date. Subsequent to the Notice, the Shire submitted the updated plan to the Authority the same day. As noted above, this contravention of the licence was not included in 2012/13 Compliance Report.		
07/2014	<ul style="list-style-type: none"> • Ratings: C 2; • Legislative obligations: WSOL 3 – clauses 16(2); and • Details: <ul style="list-style-type: none"> • Section 9.3.2.3 of the Audit and Review Guidelines: Water Licenses July 2014 states that Authority expects licensees to maintain a compliance (or breach) register in respect of their licence conditions. The Shire's CEO advised that they don't keep a compliance breach register. 	<ul style="list-style-type: none"> • The Shire should maintain a Compliance Breach register in respect of their licence conditions to ensure that all contraventions of the licence conditions for each financial year are reported to the Authority in the annual compliance report. 	<ul style="list-style-type: none"> • FAR: yes; and • Details: <ul style="list-style-type: none"> ○ Paxon examined the Shire's "Incidents Register" which does not contain any entries. Thus, the recommendation is still outstanding.

Previous Audit: Non-Compliances and Recommendations			
C. Unresolved at End of Current Audit Period			
Reference (no./year)	Control and Compliance Rating	Auditor's Recommendation and Action Taken	Further Action Required (FAR) (Yes/No/Not Applicable)
	Legislative Obligation and Details of the Issue		Details of Further Action Required (Including Current Recommendation Reference if Applicable)
08/2014	<ul style="list-style-type: none"> • Ratings: D NR; • Legislative obligations: <ul style="list-style-type: none"> • Act: - sections 82(4) and (5), 84(2), 87(2), 90(7), 119(2), 122(2), 128(4), 142, 143(2) and (3), 144(3), 145(2), 147(3) and (4), 151(1) - (3), 153(3), 165(5) and (6), 170, 173(4), 174(1) and (3), 175(2) and (5), 176(1),(3) and (4), 181, 186, 187(1) - (3), 190(4)-(5) and 218(2); • Water Services Regulations 2013 – regulation 85; • Water Services Code of Conduct (Customer Service Standards) 2013 – clauses 16(2) - (5), 17(1) - (2); and • WSOL 3 – clause 15.1(d). • Details: <ul style="list-style-type: none"> • The licence includes compliance obligations in respect of notification of building works, 48 hours' notice of intention to commence works, decisions under review, compliance notice and consultation with owner, information on compliance notice, actions on persons named in compliance notice, lodgement of memorial, acquiring interest in land, proposal for major works, minimising damage when undertaking works, issuance of compliance notices, under 	<ul style="list-style-type: none"> • The Shire should develop and/or update internal procedures with the requirements under the licence in respect of notification of building works, 48 hours' notice of intention to commence works, decisions under review, compliance notice and consultation with owner, information on compliance notice, actions on persons named in compliance notice, acquiring interest in land, lodgement of memorial, proposal for major works, minimising damage when undertaking works, issuance of compliance notices, under and over charges, and informing the Authority within 10 days of major and general works; and • The detailed compliance obligations listed in this report could be used as a reference. 	<ul style="list-style-type: none"> • FAR: yes; and • Details: <ul style="list-style-type: none"> ○ Paxon examined the Shire's procedure documents and found a document entitled: "Wastewater Asset Management – Compliance Obligation Procedure List" which does refer to numerous compliance obligations as included in the Act (see section 4.3 entitled: "Audit Observations and Recommendations" – specifically compliance obligations 1 to 64 as included in Table 10). However, Paxon identified several compliance obligations which are not addressed by the Shire's internal documents. A recommendation (2/2017) was made in this regard (as per section 4.4 entitled: "Current Audit: Non-Compliances and Recommendations").

Previous Audit: Non-Compliances and Recommendations			
C. Unresolved at End of Current Audit Period			
Reference (no./year)	Control and Compliance Rating	Auditor's Recommendation and Action Taken	Further Action Required (FAR) (Yes/No/Not Applicable)
	Legislative Obligation and		Details of Further Action Required (Including Current Recommendation Reference if Applicable)
	Details of the Issue		
08/2014 (continued)	<p>and over charges, and informing the Authority within 10 days of major and general works; and</p> <ul style="list-style-type: none"> The audit confirmed the above activities had not occurred in the audit period. However, there are no documented internal procedures that would ensure compliance with these conditions of the licence in future. 		
09/2014	<ul style="list-style-type: none"> Ratings: D 4; Legislative obligations: <ul style="list-style-type: none"> Act - section 24(1)(b); Water Services Code of Conduct (Customer Service Standards) 2013 - clause 26(6); and WSOL 3 - clauses 15(1)(d), 16(1) and 20(2). Details: <ul style="list-style-type: none"> The Shire's staff was unable to locate the Shire's Compliance Deadlines Schedule that was in place during the previous audit period; and Therefore, at present the Shire has no hardcopy record of compliance activities and due dates to comply with the licence. 	<ul style="list-style-type: none"> The Shire should develop and implement a Compliance Schedule documenting the compliance activities, responsibilities and due dates including the annual performance and compliance reporting due dates; the requirement to review the financial hardship policy and the next policy review due date; the requirement to notify the Authority of any significant changes to the asset management system within 10 business days, notifying the Authority of any major or general water service works within 10 business days, the requirement for timeliness of connections etc. to ensure regulatory timeframes are met; and The Shire should place the hardcopy Compliance Schedule on the front of the hardcopy Licence file. 	<ul style="list-style-type: none"> FAR: yes; and Details: <ul style="list-style-type: none"> Paxon has examined the document entitled: "Wastewater Asset Management – Compliance Schedule 2016/17". However, this document records an insignificant number of the Shire's compliance obligations in terms of the: <ul style="list-style-type: none"> Water Services Act 2012; Water Services Code of Conduct (Customer Service Standards) 2013; Water Services Regulations 2013; and Shire's Water Services Licence.

Table 6: Previous Audit: Non-Compliances and Recommendations (Part C)

3.2 Previous Review: Deficiencies and Recommendations

Previous Review: Deficiencies and Recommendations						
A. Resolved Before End of Previous Review Period						
Reference (no./year)	Asset Management System Effectiveness Rating	Reviewer's Recommendation and Action Taken			Date Resolved	Further Action Required (FAR) (Yes/No/Not Applicable)
	Asset Management System Component					Details of Further Action Required (Including Current Recommendation Reference if Applicable)
	Criteria/Details of Asset Management System Deficiency					

There is no content in Part A.

Table 7: Previous Review: Deficiencies and Recommendations (Part A)

Previous Review: Deficiencies and Recommendations					
B. Resolved During Current Review Period					
Reference (no./year)	Asset Management System Effectiveness Rating	Reviewer's Recommendation and Action Taken		Further Action Required (FAR) (Yes/No/Not Applicable)	
	Asset Management System Component			Details of Further Action Required (Including Current Recommendation Reference if Applicable)	
	Criteria/Details of Asset Management System Deficiency				
10/2014	<ul style="list-style-type: none"> • Rating: B 3; • Component: Asset Creation and Acquisition – legislative requirements (Ongoing legal/environmental/safety obligations of the asset owner are assigned and understood.); and • Details: <ul style="list-style-type: none"> ○ Section 2.3 of the AMP outlines the legislative requirements. The Health Act, Environmental Protection and Occupational Health, Safety and Welfare are briefly considered; and ○ However, the Legislative Requirements Section of the AMP still refers to the Water Services Act 1995 and the operating licence issued in 2009 and do not reflect the most recent changes to the legislation including Water Services Act 2012, Water Services Regulation 2013 and Water Services Code of Conduct (Customer Service Standards) 2013 as well as changes to the operating licence (new version of the operating licence was issued on 18 November 2013). 	<ul style="list-style-type: none"> • The Legislative Requirements Section of the AMP should be updated to reflect the recent changes to the legislative requirements including Water Services Act 2012, Water Services Regulation 2013 and Water Services Code of Conduct (Customer Service Standards) 2013 as well as for the new version of the operating licence issued on 18 November 2013. 		<ul style="list-style-type: none"> • FAR: no. 	

Table 7: Previous Review: Deficiencies and Recommendations (Part B)

Previous Review: Deficiencies and Recommendations					
C. Unresolved at End of Current Review Period					
Reference (no./year)	Asset Management System Effectiveness Rating	Reviewer's Recommendation and Action Taken		Further Action Required (FAR) (Yes/No/Not Applicable)	
	Asset Management System Component			Details of Further Action Required (Including Current Recommendation Reference if Applicable)	
	Criteria/Details of Asset Management System Deficiency				
11/2014	<ul style="list-style-type: none"> • Ratings: C 3; • Component: Asset Operations – asset register (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.); and • Details: <ul style="list-style-type: none"> ○ The AMP provides a summary description of each installation within the scheme. A detailed listing of assets is documented in the Asset Register for the scheme (Excel worksheet); ○ The Asset Register was last updated on 16 November 2011. Therefore, the new subdivision of 10 blocks that was completed in 2013 is not included in the Asset Register; ○ The Asset Register includes construction dates and replacement values for all main asset groups including chambers, pipes, treatment plant, pump station and effluent re-use. The assets are discretely numbered with an alpha-numeric asset number and include the relevant construction material, asset type and descriptions. However, the reviewer noted 	<ul style="list-style-type: none"> • The Shire should review and update the Asset Register to ensure that all assets are documented in the Asset Register accurately and completely (including the new subdivision assets) and that all required information, including the GPS co-ordinates, is recorded for all asset groups. 		<ul style="list-style-type: none"> • FAR: yes; and • Details: <ul style="list-style-type: none"> ○ Condition of Access Chambers and Pipes to be inserted (See comments in Item 5 and Recommendation No.2 of this Report); and ○ GPS not considered necessary as they are not sufficiently accurate unless sophisticated expensive equipment is deployed. 	

Previous Review: Deficiencies and Recommendations			
C. Unresolved at End of Current Review Period			
Reference (no./year)	Asset Management System Effectiveness Rating	Reviewer's Recommendation and Action Taken	Further Action Required (FAR) (Yes/No/Not Applicable)
	Asset Management System Component		Details of Further Action Required (Including Current Recommendation Reference if Applicable)
	Criteria/Details of Asset Management System Deficiency		
11/2014 (continued)	<p>that some of the relevant fields in the Asset Register are still marked as 'Unknown'; and</p> <ul style="list-style-type: none"> Also, the AMP states that the Shire has collected GPS co-ordinates for all accessible access chambers. However, no GPS co-ordinates for any asset are recorded in the Asset Register. 		
12/2014	<ul style="list-style-type: none"> Ratings: B 2; Component: Asset Operations – staff resources (Staff resources are adequate and staff receive training commensurate with their responsibilities); and Details: <ul style="list-style-type: none"> The latest available update of the AMP is dated February 2011. The AMP provides information on human resources required to support the plan as follows: <ul style="list-style-type: none"> Works Manager – tasked with establishing and maintaining the drawing information system; EHO – responsible for updating asset register, inventory control and procurement, asset condition and performance, risk assessment and management, maintenance planning and 	<ul style="list-style-type: none"> The Shire should ensure that there are adequate staff resources assigned to operate and maintain the sewerage scheme. This may include engaging an external contractor to perform the planned maintenance activities; and The Shire should ensure that staff that support the scheme (as per the roles in the Asset Management Plan receive adequate training and records thereof are maintained. This could include the Water Corporations' sewerage plant operators training program. 	<ul style="list-style-type: none"> FAR: yes; and Details: <ul style="list-style-type: none"> The Technical Assistant is overloaded with his Asset Management duties and those accrued to him since his appointment; and See comments in Item 5 and Recommendation 2/2017 of this Report.

Previous Review: Deficiencies and Recommendations			
C. Unresolved at End of Current Review Period			
Reference (no./year)	Asset Management System Effectiveness Rating	Reviewer's Recommendation and Action Taken	Further Action Required (FAR) (Yes/No/Not Applicable)
	Asset Management System Component		Details of Further Action Required (Including Current Recommendation Reference if Applicable)
	Criteria/Details of Asset Management System Deficiency		
12/2014 (continued)	<p>works management systems, financial management and budgeting, and data and information storage and retrieval; and</p> <ul style="list-style-type: none"> • Administrative Support Officer – responsible for data entry into the AMIS from condition appraisal inspections and completed works orders. <p>External licensed plumbers and electricians are also utilised as necessary;</p> <ul style="list-style-type: none"> ○ The Shire didn't have any EHO from January 2013, when the former EHO left, until September 2014. The current EHO was approved by the Department of Health to the position of Environmental Health Officer to the Shire of Lake Grace with effect from 26 November 2014. Prior to this, there were two other officers appointed to the position of Shire's EHO on 12 September 2014. Staff resources were not adequate over this period; ○ At the date of the audit, the new staff had not been training in the licencing requirements of the scheme; and ○ Also, as noted in the Asset Maintenance section below there appears to have been a general lack of maintenance of the scheme since 2011. 		

Previous Review: Deficiencies and Recommendations			
C. Unresolved at End of Current Review Period			
Reference (no./year)	Asset Management System Effectiveness Rating	Reviewer's Recommendation and Action Taken	Further Action Required (FAR) (Yes/No/Not Applicable)
	Asset Management System Component		Details of Further Action Required (Including Current Recommendation Reference if Applicable)
	Criteria/Details of Asset Management System Deficiency		
13/2014	<ul style="list-style-type: none"> • Ratings: C 3; • Component: Asset Maintenance - inspections (Regular inspections are undertaken of asset performance and condition.); and • Details: <ul style="list-style-type: none"> ○ The latest available record of asset condition appraisal is from October 2010 as recorded in the Asset Condition and Performance Excel spreadsheet. The record indicates that the condition of access chambers, gravity mains and most of the rising mains was not assessed at the time of the appraisal; ○ Some of the assets that were observed by the reviewer during the site visit as being in poor condition, were assessed as having a poor condition already in 2010 e.g. the condition of chlorinator was already found to be "Poor" back in 2010 and replacement was recommended as well as the need to repair spalling concrete and removal of a sludge cake from the Imhoff tank. Apparently, no action was done since 2010 to improve condition of these assets; ○ The current EHO advised that all manholes were checked by the external plumber in early 	<ul style="list-style-type: none"> • The Shire should undertake a condition appraisal of all assets as soon as practicable and record the results of the appraisal in the Asset Condition and Performance Excel spreadsheet; • The Shire should obtain a record of manholes check from the external plumber and record results of the check in the Asset Condition and Performance Excel spreadsheet; • The Shire should prioritise the maintenance tasks resulting from the asset condition appraisal and implement a plan for asset condition improvement commensurate with urgency, risk and practicability; and • The Shire should resume the annual condition appraisal program of all assets. 	<ul style="list-style-type: none"> • FAR: yes; and • Details: <ul style="list-style-type: none"> ○ Condition appraisal: the condition of manholes has been assessed but not added to the asset register; ○ Record of manholes checked: the manhole checks have been listed but not entered in the asset register; ○ Maintenance task prioritisation: no action required; and ○ Annual condition appraisal program: manholes, pumping stations and WWTP have been assessed but not pipelines. <p>(See comments in Item 6 and Recommendations 2 and 3 of this Report)</p>

Previous Review: Deficiencies and Recommendations					
C. Unresolved at End of Current Review Period					
Reference (no./year)	Asset Management System Effectiveness Rating	Reviewer's Recommendation and Action Taken		Further Action Required (FAR) (Yes/No/Not Applicable)	
	Asset Management System Component			Details of Further Action Required (Including Current Recommendation Reference if Applicable)	
	Criteria/Details of Asset Management System Deficiency				
13/2014 (continued)	<p>2014 and that record of this assessment was retained by the plumber. At the time of this review, the Shire did not have any record of the results of this assessment in its records; and</p> <ul style="list-style-type: none"> ○ The documentation available for review provided no evidence to substantiate that the required annual physical assessment of the infrastructure was occurring. 				
14/2014	<ul style="list-style-type: none"> • Ratings: C 3; • Asset Maintenance – completion of maintenance • (Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule); and • Details: <ul style="list-style-type: none"> • An Annual Maintenance Management Plan for 2011/12 was sighted, as no earlier versions of the Plan were available for review. The comprehensive Annual Maintenance Management Plan is part of the AMP and specifies maintenance tasks to be carried out for all assets and the intervals at which they need to be done. However, the documentation available for review provided no evidence to 	<ul style="list-style-type: none"> • The Shire should ensure that the recommendations in the Department of Health's Water Recycling Assessment Report (April 2015) are addressed; • The Shire should prioritise the recommendations set out in the Department of Health Water Recycling Assessment Report and determine a plan for their implementation commensurate with urgency, risk and practicability; • The Shire should not resume using treated effluent for irrigation purposes until the replacement of the chlorinator and until safe to do so based on the water quality sampling results; • The Shire should arrange for removal of sludge build up from both treatment ponds to increase 		<ul style="list-style-type: none"> • FAR: yes; • Details: <ul style="list-style-type: none"> ○ Recommendations for the effluent disposal system do not apply – as the system is no longer used. Sign for the WWTP and Main Pumping Station were purchased but have not been erected at the sites; ○ Prioritisation of Department of Health Water Recycling Assessment Report recommendations: no longer applicable as above; ○ Using treated effluent for irrigation purposes: no longer applicable as above; ○ Removal of sludge: the Imhoff tank removes most of the sludge before flows enter the lagoons. There is no visual evidence of sludge 	

Previous Review: Deficiencies and Recommendations				
C. Unresolved at End of Current Review Period				
Reference (no./year)	Asset Management System Effectiveness Rating	Reviewer's Recommendation and Action Taken		Further Action Required (FAR) (Yes/No/Not Applicable)
	Asset Management System Component			Details of Further Action Required (Including Current Recommendation Reference if Applicable)
	Criteria/Details of Asset Management System Deficiency			
14/2014 (continued)	<p>substantiate that routine maintenance is carried out as planned;</p> <ul style="list-style-type: none"> At the WWTP, the concrete structure of the Imhoff tank appears to be in reasonable condition, as is the pipework entering and leaving the tank. One chamber of the tank appears to be full of sludge. A sludge drying bed within the site appears not to have been used for some time. This indicates that there may be sludge build up at the bottom of the Imhoff tank that may need to be removed. The sludge drying bed should be cleaned out when sludge builds up to within 500mm of the top of the bed wall. It was observed that the paint on steelwork of the Imhoff tank walkway is beginning to fail; The storage ponds were observed to be enclosed by earth banks that are stabilised by grass growing on the inner bank face. The grass on the pond banks should be left intact to stabilise the banks. Erosion from wave action is occurring on the internal bank faces at some locations. The ponds were also observed having a reduced capacity due to the sludge build up and discharge to the adjoining land was clearly visible; 	<p>their capacity as well as removal of sludge from the Imhoff tank chamber and the bottom of the Imhoff tank and from the sludge drying bed;</p> <ul style="list-style-type: none"> The Shire should place coarse clayey gravel (stones up to 100mm diameter) to a minimum thickness of 500mm along those sections of eroded bank. Where possible, the gravel should be compacted with a plate compactor or similar equipment. Where this type of compaction cannot be achieved, the gravel shall be pressed into the bank with the face of a loader bucket; While not urgent, it is recommended that repainting of steel be programmed within the next five years; The Shire should monitor the ponding between the two treatment ponds to ensure that it is retained on site; and The Shire should resume the annual Maintenance Management Plan and ensure that all specified maintenance tasks are carried out and this is recorded in the planned/actual maintenance program spreadsheet. 		<p>build up in the ponds. Also, effluent BOD and Suspended Solids levels are below those Water Corporation considers an indication of a sludge build up; and</p> <ul style="list-style-type: none"> Eroded bank: bank protection has not been implemented. <p>(See comments in Item 6 and Recommendations 2 and 3 of this Report)</p>

Previous Review: Deficiencies and Recommendations			
C. Unresolved at End of Current Review Period			
Reference (no./year)	Asset Management System Effectiveness Rating	Reviewer's Recommendation and Action Taken	Further Action Required (FAR) (Yes/No/Not Applicable)
	Asset Management System Component		Details of Further Action Required (Including Current Recommendation Reference if Applicable)
	Criteria/Details of Asset Management System Deficiency		
14/2014 (continued)	<ul style="list-style-type: none"> o It was observed that water was forming a small lake between the two treatment ponds. The source of this water was unknown and could be either seepage from the ponds or stormwater. This water is localised and does not appear to be draining away from the site. The water level of this pool is well below the level of the adjacent treatment pond, suggesting that it is not infiltration from the pond. It is recommended that the only action taken is to monitor the ponding to make sure that it is retained on site; o The current Shire's EHO also advised that the Department of Health (DOH) performed an assessment of the scheme against the Guidelines for the Non-Potable Uses of Recycled Water in WA (dated August 2011) in April 2014. At the date of audit, the EHO also advised that no record of this assessment was available at the Shire. The report was subsequently provided to the Shire on 21 April 2015; o The reviewer was advised that as a result of this assessment and due to concerns about the quality of water for irrigation, the Shire has stopped using the treated effluent for 		

Previous Review: Deficiencies and Recommendations			
C. Unresolved at End of Current Review Period			
Reference (no./year)	Asset Management System Effectiveness Rating	Reviewer's Recommendation and Action Taken	Further Action Required (FAR) (Yes/No/Not Applicable)
	Asset Management System Component		Details of Further Action Required (Including Current Recommendation Reference if Applicable)
	Criteria/Details of Asset Management System Deficiency		
14/2014 (continued)	<p>irrigation purposes. The chlorinator was observed to be in a very poor condition and it is currently not being used to chlorinate recycled water. The EHO advised that only the rain water is currently being used to irrigate the town's sports oval; and</p> <ul style="list-style-type: none"> Overall, there has been a general lack of asset maintenance since 2011. 		
15/2014	<ul style="list-style-type: none"> Ratings: C 3; Component: Asset Management Information System (Adequate system documentation for users and IT operators); and Details: <ul style="list-style-type: none"> The asset management information system is a simple system based on the Excel spreadsheets available from the Authority. The system is documented in the Asset Management Plan (latest available version February 2011) which refers to each spreadsheet included in the Appendices; However, apart from a copy of the Asset Register Excel spreadsheet, the Shire had no electronic record of AMP or any other accompanying Excel spreadsheets. The 	<ul style="list-style-type: none"> The Shire should ensure that all Asset Management System documentation, including all future updates of the AMP and the accompanying Excel spreadsheets, is saved on the Shire's server and regularly backed up as part of the standard IT maintenance procedures. The backups should be tested each quarter; and The Shire should update the Asset Management Practices section of the AMP to stipulate the responsibilities for management, storage and back-up that would ensure that all Asset Management System records are provided to and retained by the Shire. 	<ul style="list-style-type: none"> FAR: yes; and Details: <ul style="list-style-type: none"> The AMIS is mounted on the Shire's IT server; and Responsibility for the AMIS is not adequately stated.

Previous Review: Deficiencies and Recommendations			
C. Unresolved at End of Current Review Period			
Reference (no./year)	Asset Management System Effectiveness Rating	Reviewer's Recommendation and Action Taken	Further Action Required (FAR) (Yes/No/Not Applicable)
	Asset Management System Component		Details of Further Action Required (Including Current Recommendation Reference if Applicable)
	Criteria/Details of Asset Management System Deficiency		
15/2014 (continued)	<p>reviewer had a record of the Shire's AMP and accompanying spreadsheets dated 2011 which were obtained by the reviewer during the previous review process. The reviewer provided copies of these documents to the current Shire's EHO as part of this review; and</p> <ul style="list-style-type: none"> As noted in the Asset Management Practices section of the AMP, the former EHO was a custodian of the AMP as well as all accompanying spreadsheets. Apart from the drawing information system, the EHO was responsible for the entire asset management information system. It appears that the data was not being passed on to the Shire for record keeping and backup. However, there have been other staffing changes at the Shire that may have affected the record-keeping. When the former EHO left the Shire in January 2013, the Shire was left without adequate records of the Asset Management System. 		
16/2014	<ul style="list-style-type: none"> Ratings: B 3; Component: Risk Management (The probability and consequences of asset failure are regularly assessed); and Details: 	<ul style="list-style-type: none"> The Shire should review and, where required, update the Risk Assessment worksheet to ensure that all current internal and external risks associated with the asset management system have been captured and considered, including the recent changes to the legislative 	<ul style="list-style-type: none"> FAR: yes; and Details: <ul style="list-style-type: none"> Recommendation has been partly implemented but is considered incomplete. (See Item 8 and Recommendation 4 of this

Previous Review: Deficiencies and Recommendations				
C. Unresolved at End of Current Review Period				
Reference (no./year)	Asset Management System Effectiveness Rating	Reviewer's Recommendation and Action Taken		Further Action Required (FAR) (Yes/No/Not Applicable)
	Asset Management System Component			Details of Further Action Required (Including Current Recommendation Reference if Applicable)
	Criteria/Details of Asset Management System Deficiency			
16/2014 (continued)	<ul style="list-style-type: none"> ○ The Risk Assessment worksheet has been sighted. It includes the probability and consequences of asset failure for all scheme components and non-compliance with licence obligations; ○ However, the latest version of the Risk Assessment worksheet that was available for review was dated 16 November 2011. No further updates of the worksheet were available beyond this date. Therefore, the reviewer concluded that the probability and consequences of asset failure are not being regularly assessed; and ○ Moreover, the Risk Assessment worksheet still refers to the operating licence issued in 2009 and do not reflect the most recent changes to the legislation including Water Services Act 2012, Water Services Regulation 2013 and Water Services Code of Conduct (Customer Service Standards) 2013 as well as changes to the operating licence (new version of the operating licence was issued on 18 November 2013). 	<p>requirements (Water Services Act 2012, Water Services Regulation 2013 and Water Services Code of Conduct (Customer Service Standards) 2013) as well as the new version of the operating licence issued on 18 November 2013;</p> <ul style="list-style-type: none"> • The Shire should ensure that treatment plans are actioned and monitored; and • The Shire should ensure that the probability and consequences of asset failure are assessed regularly i.e. annually as part of the annual review process of the AMP. 		Report)

Previous Review: Deficiencies and Recommendations			
C. Unresolved at End of Current Review Period			
Reference (no./year)	Asset Management System Effectiveness Rating	Reviewer's Recommendation and Action Taken	Further Action Required (FAR) (Yes/No/Not Applicable)
	Asset Management System Component		Details of Further Action Required (Including Current Recommendation Reference if Applicable)
	Criteria/Details of Asset Management System Deficiency		
17/2014	<ul style="list-style-type: none"> • Ratings: D 4; • Component: Contingency Planning (Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks); and • Details: <ul style="list-style-type: none"> ○ Key staff have an understanding of unwritten procedures, such as the calling of a plumber in the case of a pipe blockage, or an electrician in the case of a pump failure; ○ The AMP states that unforeseen maintenance tasking is instigated by a telephone call-out system to the Manager or Supervisor, who attends the site, assesses the requirements and arranges the immediate and follow-up actions and activities. However, the AMP does not specify who was available to do the actual work; that is an electrician, plumber or other technical personnel. It is recommended that for an unexpected failure of the system, more detailed contingency plans documenting the steps to be taken to resolve the failure, and the personnel responsible for the actions, be prepared; and 	<ul style="list-style-type: none"> • Based on the revised risk assessment in the AMP, a set of contingency plans or emergency procedures should be developed by the Shire to cover situations identified in the risk assessment as being a major or significant risk. For example, bushfire affecting ponds or reticulation equipment; reticulation pump or electrical failure; extreme rainfall events/water overflows from the ponds; pipeline burst or blockages etc.; • The contingency plans should include: <ul style="list-style-type: none"> ○ Detailed procedures; ○ Key local contact details – name, number and location; ○ Communication protocols; ○ Specifications, location and availability of emergency equipment; and ○ Authorities that need to be contacted and when. • Once developed, the contingency plans should be reviewed and tested on at least an annual basis or whenever major changes are required to the plans to ensure they are operable and that appropriate persons are aware of their responsibilities in cases of emergency. 	<ul style="list-style-type: none"> • FAR: yes; and • Details: <ul style="list-style-type: none"> ○ Contingency plans prepared have incorrect and incomplete information regarding emergency contacts and inadequate detail of procedures required in some cases. The plans have not been tested or recently reviewed. <p>(See comments in Item 9 and Recommendation 5 of this Report)</p>

Previous Review: Deficiencies and Recommendations			
C. Unresolved at End of Current Review Period			
Reference (no./year)	Asset Management System Effectiveness Rating	Reviewer's Recommendation and Action Taken	Further Action Required (FAR) (Yes/No/Not Applicable)
	Asset Management System Component		Details of Further Action Required (Including Current Recommendation Reference if Applicable)
	Criteria/Details of Asset Management System Deficiency		
17/2014 (continued)	<ul style="list-style-type: none"> ○ The Asset Management Plan had an action item to develop a contingency plan for sewerage overflows by October 2011. This is still outstanding. 		
18/2014	<ul style="list-style-type: none"> • Ratings: B 2; • Component: Financial Planning - Update (The financial plan provides projections of operating statements (profit and loss) and statement of financial position (balance sheets). The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services); and • Details: <ul style="list-style-type: none"> ○ The Financial Planning Excel spreadsheet (dated 16 November 2011) includes the lifecycle costs of owning the assets, including projection of income until 2020 and projections on operations and maintenance, administration and capital expenditure requirements of the scheme until 2060 based on the adopted 50 years life of the scheme; and ○ However, as the Financial Planning spreadsheet was not updated since 2011, the costs of maintaining and operating the scheme and replacement cost of the assets may have 	<ul style="list-style-type: none"> • The Shire should review and update the Asset Management Plan – Financial Summary section as well as accompanying Financial Planning spreadsheet including projections of income, operations and maintenance, administration and capital expenditure requirements of the scheme as well as Lake Grace Sewerage Scheme Reserve based on an assessment of the condition of assets, revised replacement values of assets and updates to the planned operating and maintenance programs and costs; and • The adequacy of the sewerage reserve should be reviewed annually by comparison with the projected costs in the Financial Planning spreadsheet. 	<ul style="list-style-type: none"> • FAR: yes; and • Details: <ul style="list-style-type: none"> ○ The recommendation should be implemented. (See comments in Item 10 and Recommendation 6 of this Report)

Previous Review: Deficiencies and Recommendations			
C. Unresolved at End of Current Review Period			
Reference (no./year)	Asset Management System Effectiveness Rating	Reviewer's Recommendation and Action Taken	Further Action Required (FAR) (Yes/No/Not Applicable)
	Asset Management System Component		Details of Further Action Required (Including Current Recommendation Reference if Applicable)
	Criteria/Details of Asset Management System Deficiency		
18/2014 (continued)	changed. Also, the condition of assets has not been re-assessed since 2010 and this may result in changes to the projected expenditure, annuity provision and the balance of the sewerage reserve.		
19/2014	<ul style="list-style-type: none"> • Ratings: B 3; • Component: Capital Expenditure Plan – update • (There is a capital expenditure plan that covers issues to be addressed, actions proposed, responsibilities and dates); and • Details: <ul style="list-style-type: none"> • The Financial Planning Excel spreadsheet (dated 16 November 2011) includes the lifecycle costs of owning the assets, including projection of capital expenditure requirements of the scheme until 2060 based on the adopted 50 years life of the scheme; and • The Shire transferred \$149,350 from the Reserve in 2013/14 to be spent on an upgrade of Lake Grace Sewerage ponds to increase the existing level of the embankment by 0.5m. Works have been scheduled for March 2015. This planned upgrade is not reflected in the Financial Planning spreadsheet due to the 	<ul style="list-style-type: none"> • The Shire should review and update the capital expenditure plan in the Asset Management Plan on an annual basis, as stated in the Plan. For example, for the planned upgrade of the treatment ponds that will extend their useful life and affect the capital replacement annuity that needs to be set aside in the sewerage reserve. 	<ul style="list-style-type: none"> • FAR: yes; and • Details: <ul style="list-style-type: none"> ○ The recommendation should be implemented. (See comments in Item 11 and Recommendation 7 of this Report)

Previous Review: Deficiencies and Recommendations			
C. Unresolved at End of Current Review Period			
Reference (no./year)	Asset Management System Effectiveness Rating	Reviewer's Recommendation and Action Taken	Further Action Required (FAR) (Yes/No/Not Applicable)
	Asset Management System Component		Details of Further Action Required (Including Current Recommendation Reference if Applicable)
	Criteria/Details of Asset Management System Deficiency		
19/2014 (continued)	capital expenditure plan in the AMP and spreadsheet not being updated since 2011.		
20/2014	<ul style="list-style-type: none"> • Ratings: B 3; • Component: Review of the Asset Management System (A review process is in place to ensure that the asset management plan and the asset management system described therein are kept current); and • Details: <ul style="list-style-type: none"> • The AMP was issued in February 2011. The Monitoring and Review Procedures section of the AMP notes that AMP should be revised at least every five years and when any significant changes occur. The maintenance and capital investment plans shall be revised annually, however these have not been reviewed since November 2011; • The back page of the AMP contains a Document /Report Control Form that outlines the revision number, the author, the reviewer, and who approved the AMP for issue and when. The table notes that the AMP was approved for issue on 25/3/11. There were no further revisions carried out. The users of the 	<ul style="list-style-type: none"> • The Shire should review and update the AMP and accompanying Excel spreadsheets to bring it up to date; • The Shire should ensure that the AMP is revised at least every five years and when any significant changes occur and accompanying Excel spreadsheets reviewed and updated annually; • The Shire should update the Asset Management Plan - Monitoring and Review Procedures section for the requirement to notify the Authority of any changes to the asset management system within 10 business days; and • The Shire should modify the "Document Status" table to include a brief description of changes to the document from the previous version. 	<ul style="list-style-type: none"> • FAR: yes; and • Details: <ul style="list-style-type: none"> ○ The AMP is out of date; ○ The AMP states that a revision should be undertaken at least every five years or when major changes are made; ○ AMP has been updated for this requirement (Monitoring and Review Procedures section); and ○ The document status table has not been populated. (See comments in Item 12 and Recommendation 8 of this Report)

Previous Review: Deficiencies and Recommendations			
C. Unresolved at End of Current Review Period			
Reference (no./year)	Asset Management System Effectiveness Rating	Reviewer's Recommendation and Action Taken	Further Action Required (FAR) (Yes/No/Not Applicable)
	Asset Management System Component		Details of Further Action Required (Including Current Recommendation Reference if Applicable)
	Criteria/Details of Asset Management System Deficiency		
20/2014 (continued)	<p>AMP could benefit from a brief description of changes to the document from the previous version. The Plan has document control (version details); and</p> <ul style="list-style-type: none"> Also, the Monitoring and Review Procedures section of the AMP has not been updated for the requirement to notify the Authority of any changes to the asset management system within the required timeframe. 		

Table 7: Previous Review: Deficiencies and Recommendations (Part C)

4 Operational Audit: Comprehensive Report

4.1 Audit Controls and Compliance Rating Scales

The controls and compliance ratings allocated to each obligation are set out in the following table - taken from the ERA's document entitled: "*Audit and Review Guidelines: Water Licences – July 2014*" ("ERA's Guidelines").

Audit Compliance and Controls Rating Scales ERA's Guidelines: Table No. 6 (as amended)

Operational Audit Controls and Compliance Rating Scales					
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		NR	Obligation was not rated as no activity took place to exercise the obligation during the Audit Period	
NA	Obligations identified as not applicable during the Audit period		NA	Obligations identified as not applicable during the Audit Period	

Table 8: Audit Controls and Compliance Rating Scales

The Audit Controls and Compliance Rating Scales, as contained in the ERA's Guidelines: Table number 6 were amended to include the following ratings:

- Adequacy of controls rating: "NP";
- Adequacy of controls rating: "NA";
- Compliance rating: "NR"; and
- Compliance rating: "NA".

4.2 Audit: Obligation Ratings Summary

No. ¹	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Adequacy of Controls Rating (Refer to the 6-point rating scale in Table 8 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 8 for details)					
	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 & 4														
	Section Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
1	21(1)(a)	27.1/3.3.1 (a)	Duty to provide services and do works	2	✓						✓					
2	21(1)(b)	27.1/3.3.1 (b)		2	✓						✓					
3	21(1)(c)	27.1/3.1.1 & 3.5		2	✓							✓				
4	22	28.1/3.4.1	Provision of water services outside operating areas	2					✓						✓	
5	23	29.1/3.5	Works holding arrangements	4				✓			✓					
6	24(1)(a) & 24 (2)	20.1/4.1.1	Asset management system	2	✓						✓					
7	24(1)(b)	20.2/4.1.1 & 4.1.2		3	✓										✓	
8	24(1)(c)	20.3/4.1.3		4	✓						✓					
9	25	14.1/4.3.1	Operational audit	4	✓						✓					
10	26(3)	5.2/3.1.1	Compliance with codes of practice made by Minister	n/a						✓						✓
11	27	5.3/3.1.1	Compliance with code of conduct made by Authority	4		✓					✓					

¹ 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”.

No. ¹	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Adequacy of Controls Rating (Refer to the 6-point rating scale in Table 8 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 8 for details)					
	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 & 4														
	Section Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
12	29	26.1/3.1.1	Licensee must comply with duties under Act	4		✓					✓					
13	36	5.1/3.1.1	Provision of a water service ceasing – duty to leave system in safe condition	2				✓								✓
14	60	25.1/5.6.1	Duty to perform functions of supplier of last resort	2					✓							✓
15	66	21.1/5.5.1	Water Services Ombudsman Scheme	4				✓			✓					
16	77(3)	5.1/3.1.1	Interruption of water services generally	2				✓			✓					
17	82(4) & (5)	5.1/3.1.1	Notification of and requirements as to building work	5	✓						✓					
18	84(2)	5.1/3.1.1	Ensuring water service works are done	3	✓											✓
19	87(2)	5.1/3.1.1	Review of certain decisions under or relating to this division	3	✓											✓
20	90(7)	5.1/3.1.1	Construction over or in vicinity of water service works of licensee	3	✓											✓
21	95(3)	5.1/3.1.1	Disconnection or reduction in rate of flow	2						✓						✓
22	96(1)	5.1/3.1.1	Fire hydrants	2						✓						✓
23	96(5)	5.1/3.1.1		4						✓						✓
24	98(3)	5.1/3.1.1	Minister may require connection to sewerage works	2					✓							✓

No. ¹	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Adequacy of Controls Rating (Refer to the 6-point rating scale in Table 8 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 8 for details)					
	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 & 4														
	Section Number	Clause Number														
25	106(2)	5.1/3.1.1	Compliance notices (discharge or wastewater inlet)	4				✓							✓	
26	110(3)	5.1/3.1.1	Minister may require connection to drainage works	n/a						✓						✓
27	112(5)	5.1/3.1.1	Requirement to maintain or modify drainage assets	n/a						✓						✓
28	119(2)	5.1/3.1.1	Compliance notices (non-compliance with specific sections of Act)	3	✓										✓	
29	122(2)	5.1/3.1.1	Review of decisions relating to giving compliance notices	3	✓										✓	
30	125(2)	5.1/3.1.1	Supplying groups of dwellings	5				✓							✓	
31	128(4)	5.1/3.1.1	Prohibition on dealings in land	5	✓										✓	
32	129(5)	5.1/3.1.1	Reading meters, routine inspection and maintenance	4				✓							✓	
33	139(3)	5.1/3.1.1	Ancillary works powers	5				✓							✓	
34	141(1)	5.1/3.1.1	Special provisions applicable to road works	4				✓							✓	
35	142	5.1/3.1.1	Prerequisites to provision of major works	3				✓							✓	
36	143 (2)	5.1/3.1.1	Licensee to prepare plans and publish and give notice of major works	3				✓							✓	
37	143 (3)	5.1/3.1.1		3				✓							✓	
38	144(3)	5.1/3.1.1	Objections and submissions	3				✓							✓	

No. ¹	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Adequacy of Controls Rating (Refer to the 6-point rating scale in Table 8 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 8 for details)						
	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 & 4															
	Section Number	Clause Number															
39	145(2)	5.1/3.1.1	Licensee may amend proposal	3			✓										✓
40	147(3)	5.1/3.1.1	Powers of Minister in respect of proposal	3			✓										✓
41	147(4)	5.1/3.1.1		3			✓										✓
42	151(1)	5.1/3.1.1	Licensee to prepare plans and give notice of general works	5	✓												✓
43	151(2)	5.1/3.1.1		5	✓												✓
44	152(3)	5.1/3.1.1	Objections and submissions	5	✓												✓
45	153(3)	5.1/3.1.1	Licensee may amend proposal	5	✓												✓
46	166(5)	5.1/3.1.1	Taking an interest in land for purposes of licensee	4			✓										✓
47	166(6)	5.1/3.1.1		5			✓										✓
48	170	5.1/3.1.1	Sale of land	5	✓												✓
49	173(4)	5.1/3.1.1	Entry with consent or under notice or warrant	3				✓									✓
50	174(1)	5.1/3.1.1	Notice of entry	3	✓												✓
51	174(3)	5.1/3.1.1		3	✓												✓
52	175(2)	5.1/3.1.1	Rights of occupier of dwelling	3	✓												✓

No. ¹	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Adequacy of Controls Rating (Refer to the 6-point rating scale in Table 8 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 8 for details)					
	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 & 4														
	Section Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
53	175(5)	5.1/3.1.1		3	✓										✓	
54	176(1)	5.1/3.1.1		3	✓										✓	
55	176(3)	5.1/3.1.1	When authorised person must leave	3	✓										✓	
56	176(4)	5.1/3.1.1		3	✓										✓	
57	181	5.1/3.1.1	Actions of authorised persons and others	3	✓										✓	
58	186	5.1/3.1.1	Contents of application (warrant to enter)	5	✓										✓	
59	187(1) – (3)	5.1/3.1.1	How application to be made (warrant to enter)	5	✓										✓	
60	190(4)	5.1/3.1.1	Execution of warrant	3	✓										✓	
61	190(5)	5.1/3.1.1		3	✓										✓	
62	210(5)	5.1/3.1.1	Designation of inspectors and compliance officers	4				✓							✓	
63	218(2)	5.1/3.1.1	Liability of certain persons for damage caused in exercise of powers	3	✓										✓	
64	218(3)	5.1/3.1.1		4	✓										✓	

Table 9: Audit: Obligation Ratings Summary

[Obligations as per ERA's: "Water Compliance Reporting Manual – Water Services Act 2012 – July 2016" (Numbers 1 to 64)]

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Adequacy of Controls Rating (Refer to the 6-point rating scale in Table 8 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 8 for details)					
	Water Services Regulations 2013	Water Services (Operating) Licence – Versions 3 & 4														
	Regulation Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
65	23(2)	5.1/3.1.1	Installation of certain meters	4						✓						✓
66	24(4)	5.1/3.1.1	Access to meters	4						✓						✓
67	26(3)	5.1/3.1.1	Testing water meters	4						✓						✓
68	26(5)	5.1/3.1.1		4						✓						✓
69	29(2)	5.1/3.1.1	Subdivision: deferring infrastructure contributions	5				✓							✓	
70	42(2)	5.1/3.1.1	Backflow prevention devices: installation	5				✓							✓	
71	43(3)	5.1/3.1.1	Backflow prevention devices: testing and maintenance	5				✓							✓	
72	43(6)	5.1/3.1.1		5				✓							✓	
73	53(3)	5.1/3.1.1	Diagrams of drainage plumbing	5				✓							✓	
74	60(2)	5.1/3.1.1	Altering position of service infrastructure in roads	5				✓							✓	
75	63	5.1/3.1.1	Roads broken up to be reinstated	4				✓							✓	
76	65(1)	5.1/3.1.1	Records	4				✓			✓					
77	65(2)	5.1/3.1.1		4				✓			✓					
78	65(4)	5.1/3.1.1		4				✓							✓	

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Adequacy of Controls Rating (Refer to the 6-point rating scale in Table 8 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 8 for details)					
	Water Services Regulations 2013	Water Services (Operating) Licence – Versions 3 & 4														
	Regulation Number	Clause Number														
79	67	5.1/3.1.1	Records to be basis for water service charges	4					✓		✓					
80	68(5)	5.1/3.1.1	Objections to entries in records	4					✓						✓	
81	68(6)	5.1/3.1.1		4					✓						✓	
82	68(7)	5.1/3.1.1		4					✓						✓	
83	68(8)	5.1/3.1.1	Objections to entries in records	4					✓						✓	
84	69(3)	5.1/3.1.1	State Administrative Tribunal review of licensee’s decision on objection	4					✓						✓	
85	70(2)	5.1/3.1.1	SAT review: licensee’s decision not to extend time for objection/review	4					✓						✓	
86	74(1)	5.1/3.1.1	Amending records after objection or review	4					✓						✓	
87	74(2)	5.1/3.1.1		4					✓						✓	
88	75(1)	5.1/3.1.1	Certain information to be available to tenants and others	5					✓		✓					
89	85	5.1/3.1.1	Compliance notices	3					✓						✓	
90	86(6)	5.1/3.1.1	Clause only applies to licensees which are Water Corporations	n/a							✓					✓
91	86(9)	5.1/3.1.1	Clause only applies to licensees which are Water Corporations	n/a							✓					✓

Table 9: Audit: Obligation Ratings Summary

[Obligations as per ERA’s: “Water Compliance Reporting Manual – Water Services Act 2012 – July 2016” (Numbers 65 to 91)]

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Adequacy of Controls Rating (Refer to the 6-point rating scale in Table 8 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 8 for details)					
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence – Versions 3 & 4														
	Clause Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
92	7	5.3/3.1.1	Information about connections	4				✓			✓					
93	8	5.3/3.1.1	Minimum performance standards: standard water supply connections	3						✓						✓
94	9	5.3/3.1.1	Bills other than for quantities supplied, discharged	4				✓			✓					
95	10(2)	5.3/3.1.1	Bills for quantities supplied, discharged	4						✓						✓
96	10(3)	5.3/3.1.1		4						✓						✓
97	10(4)	5.3/3.1.1		4						✓						✓
98	10(5)	5.3/3.1.1		4						✓						✓
99	11	5.3/3.1.1	Sending bills	4				✓			✓					
100	12(1)	5.3/3.1.1	Information on bills	4				✓				✓				
101	12(2)	5.3/3.1.1		4						✓						✓
102	12(3)	5.3/3.1.1		4				✓				✓				
103	13(1)	5.3/3.1.1	Estimates: Licensees' obligations	4						✓						✓

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Adequacy of Controls Rating (Refer to the 6-point rating scale in Table 8 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 8 for details)					
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence – Versions 3 & 4														
	Clause Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
104	13(2)	5.3/3.1.1	Estimates: Licensees' obligations	4						✓						✓
105	14(1)	5.3/3.1.1	Requested meter readings, revised bills: Licensee's obligations	4						✓						✓
106	15	5.3/3.1.1	Leaks	4						✓						✓
107	16(2)	5.3/3.1.1	Undercharging in bills	3				✓							✓	
108	16(3)	5.3/3.1.1		3				✓							✓	
109	16(4)	5.3/3.1.1		3				✓							✓	
110	16(5)	5.3/3.1.1		3				✓							✓	
111	17(1)	5.3/3.1.1	Overcharging in bills	3	✓										✓	
112	17(2)	5.3/3.1.1		3				✓							✓	
113	18(1)	5.3/3.1.1	Review of bills	3		✓									✓	
114	18(2)	5.3/3.1.1		3	✓						✓					
115	18(3) & (6)	5.3/3.1.1		3	✓						✓					

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Adequacy of Controls Rating (Refer to the 6-point rating scale in Table 8 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 8 for details)					
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence – Versions 3 & 4			A	B	C	D	NP	NA	1	2	3	4	NR	NA
116	18(4)	5.3/3.1.1	Review of bills	3	✓						✓					
117	18(5)	5.3/3.1.1		3	✓										✓	
118	20	5.3/3.1.1	When payment due if not set under regulations	4	✓						✓					
119	21(1)	5.3/3.1.1	Payment methods	4		✓						✓				
120	21(2)	5.3/3.1.1		4					✓						✓	
121	22	5.3/3.1.1	Consent for direct debits	4	✓						✓					
122	23(1)	5.3/3.1.1	Payment in advance	4				✓			✓					
123	24	5.3/3.1.1	Free redirection in absence, illness	4	✓						✓					
124	25	5.3/3.1.1	Assistance for customers experiencing payment difficulties	4	✓						✓					
125	26(1) & (2)	5.3/3.1.1 & 5.4.1	Financial hardship policy	4					✓		✓					
126	26(3)	5.3/3.1.1		4					✓		✓					
127	26(4)	5.3/3.1.1		n/a						✓						✓

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Adequacy of Controls Rating (Refer to the 6-point rating scale in Table 8 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 8 for details)					
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence – Versions 3 & 4														
	Clause Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
128	26(5)	5.3/3.1.1	Financial hardship policy	4	✓						✓					
129	26(6)	5.3/3.1.1		4	✓										✓	
130	27(2)	5.3/3.1.1	Assistance for customers experiencing financial hardship	4	✓										✓	
131	27(3)	5.3/3.1.1		4	✓										✓	
132	28(1)	5.3/3.1.1	Matters relating to customers experiencing payment difficulties or financial hardship	4	✓										✓	
133	28(4) & (5)	5.3/3.1.1		4	✓						✓					
134	29	5.3/3.1.1	No debt collection in certain cases	4	✓						✓					
135	30(1)	5.3/3.1.1	Restoration of drinking water supply	n/a						✓						✓
136	30(2)	5.3/3.1.1	Restoration of drinking water supply	n/a						✓						✓
137	31	5.3/3.1.1	Preliminary action	n/a						✓						✓
138	32	5.3/3.1.1	No reduction in certain cases	n/a						✓						✓
139	33	5.3/3.1.1	Water flow not to be reduced below minimum rate	4						✓						✓

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Adequacy of Controls Rating (Refer to the 6-point rating scale in Table 8 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 8 for details)					
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence – Versions 3 & 4														
	Clause Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
140	34(2)	5.3/3.1.1	Clause only applies to the Water Corporation	n/a						✓						✓
141	34(3)	5.3/3.1.1		n/a						✓						✓
142	34(4)	5.3/3.1.1	Minimum performance standards for restoration of water supply	4						✓						✓
143	34(5)	5.3/3.1.1	Clause only applies to the Water Corporation	n/a						✓						✓
144	34(6)	5.3/3.1.1	Minimum performance standards for restoration of water supply	4						✓						✓
145	35(1)	5.3/3.1.1	Procedure for dealing with complaints about water services	4	✓						✓					
146	35(2)	5.3/3.1.1		4				✓				✓				
147	35(3)	5.3/3.1.1		4	✓						✓					
148	35(4)	5.3/3.1.1		3	✓						✓					
149	35(6)	5.3/3.1.1	Procedure for dealing with complaints about water services	3	✓						✓					
150	36(1)	5.3/3.1.1	Services to be provided without charge	4				✓							✓	
151	36(1)	5.3/3.1.1	Services to be provided without charge	4						✓						✓

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Adequacy of Controls Rating (Refer to the 6-point rating scale in Table 8 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 8 for details)					
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence – Versions 3 & 4														
	Clause Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
152	36(2)	5.3/3.1.1	Services to be provided without charge	4	✓						✓					
153	37(1)	5.3/3.1.1	Information to be publicly available - bills	3		✓						✓				
154	12 [37(2)]	5.3/3.1.1		4	✓						✓					

Table 9: Audit: Obligation Ratings Summary

[Obligations as per ERA's: "Water Compliance Reporting Manual – Water Services Act 2012 – July 2016" (Numbers 92 to 154)]

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Adequacy of Controls Rating (Refer to the 6-point rating scale in Table 8 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 8 for details)					
	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 & 4														
	Section Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
155	12	4/3.2.1	Fees	5						✓						✓
156	12	5.1/3.1.1	Compliance with applicable legislation	2			✓					✓				
157	Not used															
158	Not used															
159	12	5.4/3.1.2	Compliance with applicable legislation	4					✓						✓	
160	12	12/3.6.1	Accounting records	4				✓			✓					
161	12	13.1/4.2.1	Individual performance standards	n/a						✓						✓
162	12	14.4/4.3.4	Operational audit	4				✓			✓					
163	12	15.1(a), (b), (c)/3.7.1 (a), (b), (c)	Reporting a change in circumstances	2				✓							✓	
164	Not used															
165	12	16.1/3.8.1	Provision of information	3	✓										✓	
166	12	16.2/3.8.2		3	✓							✓				
167	12	16.3/3.8.3		3	✓							✓				

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Adequacy of Controls Rating (Refer to the 6-point rating scale in Table 8 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 8 for details)					
	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 & 4														
	Section Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
168	12	17.2/2.8.1 & 2.8.2	Publishing information	4				✓							✓	
169	12	18.1/2.7.1	Notices	4				✓			✓					
170	Not used															
171	12	20.2/4.1.2	Asset management system	3	✓										✓	
172	12	20.6/4.1.6		4				✓			✓					
173	12	21.1/5.5.1	Water Services Ombudsman Scheme	4				✓			✓					
174	Not used															
175	12	23.1/5.1.1	Customer contract	4				✓							✓	
176	12	23.2/5.1.2		4				✓							✓	
177	12	23.3/5.1.3		4				✓							✓	
178	12	23.6/5.1.5		4				✓							✓	
179	12	24.1 & 24.2/ 5.3.1 & 5.3.2	Non-standard terms and conditions of service	4				✓							✓	
180	12	24.4/5.3.4		4				✓							✓	

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Adequacy of Controls Rating (Refer to the 6-point rating scale in Table 8 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 8 for details)					
	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 & 4														
	Section Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
181	12	25.1/5.6.1	Supplier of last resort	4					✓						✓	
182	12	28.1(b)/3.4.1 (b)	Provision of water services outside operating area	4					✓						✓	
183	12	30.3/5.4.3	Hardship policy	4	✓						✓					
184	12	31.1/6.1.1	Memorandum of Understanding	n/a						✓						✓
185	12	31.2/6.1.2		n/a						✓						✓
186	12	31.3/6.1.3		n/a						✓						✓
187	12	31.4/6.1.4		n/a						✓						✓
188	12	31.5/6.1.5		n/a						✓						✓
189	12	31.6/6.1.6		n/a						✓						✓
190	12	Sch.3/Sch. 2	Performance standards	n/a						✓						✓

Table 9: Audit: Obligation Ratings Summary

[Obligations as per ERA's: “Water Compliance Reporting Manual – Water Services Act 2012 – July 2016” (Numbers 155 to 190)]

4.3 Audit Observations and Recommendations

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 and 4					
	Section Number	Clause Number			Including Recommendations	Controls	Compliance
1	21(1)(a)	27.1/3.3.1 (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	<ul style="list-style-type: none"> o Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, the Shire: <ul style="list-style-type: none"> o Did provide sewerage services to persons entitled to the service under the Act; but o Did not provide non-potable water supply services. o Paxon examined a letter the previous CEO of the Shire wrote to the Department of Health, dated 3 June 2015, in which he stated the Shire had ceased the provision of non-potable water (wastewater) due to the absence of a disinfection process for the effluent water. The <i>"Shire of Lake Grace – 2014 Operational Audit and Asset Management System Review – Post-Audit Implementation Plan"</i> refers to an assessment performed by the Department of Health ("DOH") of the scheme against the <i>Guidelines for the Non-Potable Uses of Recycled Water in WA (dated August 2011)</i> in April 2014. 	A	1

² 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"*

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 and 4				Including Recommendations	Controls Compliance
1 (cont.)					<p>This document states:</p> <p><i>“The reviewer was advised that as a result of this assessment and due to concerns about the quality of water for irrigation, the Shire has stopped using the treated effluent for irrigation purposes.”</i></p> <p>It appears reasonable to conclude the Shire would have stopped <i>“using the treated effluent for irrigation purposes”</i> within due course after the DOH’s assessment. Thus, prior to the start of the current Audit Period;</p> <ul style="list-style-type: none"> o In terms of its <i>“Water Services Licence – Shire of Lake Grace – WL22, Version 4, 1 July 2016”</i> (<i>“Water Services Licence”</i>) the Shire was granted a licence for the operating area to provide both non-potable water supply services and sewerage services; o Paxon examined the document entitled: <i>“Shire of Lake Grace – Asset Management Plan – Sewerage Scheme – September 2016”</i> (<i>“Asset Management Plan”</i>) which in section 2.1.1 entitled: <i>“Customers and Expectations – Availability”</i> specifically states: <i>“The wastewater services shall be available to all customers within the serviced area (as defined in the Water Services Licence) on request and payment of the</i> 		

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 and 4			Including Recommendations	Controls	Compliance
1 (cont.)					<p><i>prescribed fee.”; and</i></p> <ul style="list-style-type: none"> o Paxon examined the document entitled: “<i>Shire of Lake Grace – Customer Service Charter – for Wastewater Services for the – Lake Grace Townsite Sewerage Scheme – Revised August 2016</i>” (“Customer Service Charter”) which states: <p><i>“The Shire of Lake Grace will use its best endeavours to provide a service to collect, treat and dispose of domestic sewerage discharged from each customers’ property to the Shire’s sewerage system.”</i></p> 		
2	21(1)(b)	27.1/3.3.1 (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	<ul style="list-style-type: none"> • Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, the Shire did not refuse to provide a service to any applicant; and • Paxon examined the Shire’s Asset Management Plan which in section 2.1.1 entitled: “<i>Customers and Expectations – Availability</i>” specifically states: “<i>The wastewater services shall be available to all customers within the serviced area (as defined in the Water Services Licence) on request and payment of the prescribed fee.</i>” 	A	1
3	21(1)(c)	27.1/3.1.1 & 3.5	The licensee must provide, operate and maintain the water service works specified by the ERA in the licence.	2	<ul style="list-style-type: none"> • The provision, operation and maintenance of water service works during the Audit Period are covered in comprehensive detail in the Review section of this report. The reviewer rated the asset 	A	2

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 and 4				Including Recommendations	Controls Compliance
3 (cont.)					<p>management system across all 12-key asset management system processes. The Reviewer has stated:</p> <p><i>“This review concludes that Shire of Lake Grace operates its sewage collection, pumping stations, and primary settlement (Imhoff Tank) systems competently. An indifferent attitude appears to exist regarding the Operation and maintenance of its treatment plant lagoons.”</i></p> <p>A summary of his findings is included in Table 2 as on page 9 of this Report;</p> <ul style="list-style-type: none"> • Paxon examined the Shire’s Asset Management Plan which addresses the provision of water service works in: <ul style="list-style-type: none"> ◦ Section 3 entitled: <i>“Demand Management”</i>; ◦ Section 5 entitled: <i>“Asset Management Practices”</i>; and ◦ Section 7 entitled: <i>“Financial Summary”</i>. • Paxon examined the Shire’s AMP which addresses the operation and maintenance of water service works in: <ul style="list-style-type: none"> ◦ Section 5 entitled: <i>“Asset Management Practices”</i>; and 		

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 and 4				Controls	Compliance
	Section Number	Clause Number			Including Recommendations		
3 (cont.)					<ul style="list-style-type: none"> o Section 6.7 entitled: <i>“Operations and Maintenance Plan”</i>. 		
4	22	28.1/3.4.1	The licensee must notify the ERA as soon as practicable before commencing to provide the water service outside of the operating area of the licence.	2	<ul style="list-style-type: none"> • Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, the Shire did not provide any water services outside of the operating area of the licence; • The Shire’s Customer Service Charter in <i>“Figure 1 – Lake Grace Townsite – Sewerage Scheme”</i> (<i>“Figure 1”</i>) discloses the sewerage services operating area. Paxon compared Figure 1 with Plan OWR-OA-037C as referenced in the Shire’s Water Services Licence and is satisfied the sewerage services operating area in Figure 1 falls within the operating area boundaries of Plan OWR-OA-037C; and • Paxon regards application of section 22 of the Act to the Shire’s operations will be a rare event. Thus, specific systems, processes and controls are only expected to be put in place when the stipulations of this clause are applicable. 	NP	NR
5	23	29.1/3.5	All water service works used by the licensee in the provision of a water service must be held by the licensee, or must be covered by a works holding arrangement.	4	<ul style="list-style-type: none"> • Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, the Shire did own all water service works used by it for the provision of water services; 	D	1

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 and 4				Including Recommendations	Controls Compliance
5 (cont.)					<ul style="list-style-type: none"> Paxon found the Shire has no systems and controls in place to manage compliance with section 23 of the Act. The Shire did provide Paxon with a document entitled: <i>“Wastewater Asset Management – Compliance Schedule 2016/17”</i>. However, this document records an insignificant number of the Shire’s compliance obligations in terms of the: <ul style="list-style-type: none"> Water Services Act 2012; Water Services Code of Conduct (Customer Service Standards) 2013; Water Services Regulations 2013; and Shire’s Water Services Licence. (hereinafter collectively referred to as the “Water Legislation”); Paxon examined the document entitled: <i>“Shire of Lake Grace – Policy Manual – March 2017”</i> (“Policy Manual”) which records an insignificant number of the Shire’s compliance obligations in terms of the Water Legislation; Paxon examined the Shire’s Asset Management Plan which records an insignificant number of the Shire’s compliance obligations in terms of the Water Legislation; 		

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 and 4				Including Recommendations	Controls
5 (cont.)	Section Number	Clause Number			<ul style="list-style-type: none">• Paxon examined the Shire’s Customer Service Charter, as available on the Shire’s website, which records an insignificant number of the Shire’s compliance obligations in terms of the Water Legislation. Paxon notes the Customer Service Charter in section 2.9 still informs dissatisfied customers to forward complaints to the Department of Water. Paxon notes this document was last revised in May 2009 and refers to the “Water Services Licensing Act 1995”; and• Paxon examined the Shire’s procedure documents and found a document entitled: “Wastewater Asset Management – Compliance Obligation Procedure List”. This document specifically addresses several of the Shire’s compliance obligations in terms of the Water Services Act 2012. However, it does not include any references to the other legislative instruments referred to above as being part of the Water Legislation. <p>Recommendation 1/2017:</p> <ul style="list-style-type: none">• The Shire should consider implementing a compliance register which records all its obligations in terms of the Water Legislation. This register should identify, per individual		

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	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 and 4			Including Recommendations	Controls	Compliance
5 (cont.)					compliance obligation, appropriate policy and procedure documents and responsible employees. The ERA’s document entitled: “Water Compliance Reporting Manual - Water Services Act 2012 – October 2017” may help the Shire to develop its own compliance register; and • The Shire should update its Customer Service Charter to comply with the Water Legislation and where appropriate, to refer to the Water Services Act 2012.		
6	24(1)(a) & 24(2)	20.1/4.1.1	The licensee must have an asset management system that provides for the operation and maintenance of the water service works.	2	• See the findings for compliance obligation number 3 above.	A	1
7	24(1)(b)	20.2/4.1.1 & 4.1.2	The licensee must give details of the asset management system and any changes to it to the ERA.	3	• Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, no changes to its asset management system took place; and • Paxon examined the Shire’s Asset Management Plan which in section 2.3.1 entitled: “Legislative Requirements – Water Services Act 2012” specifically records the Shire’s responsibility in terms of section 24(1)(b) of the Act.	A	NR

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	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 and 4				Including Recommendations	Controls
	Section Number	Clause Number					
8	24(1)(c)	20.3/4.1.3	A licensee must provide the ERA with a report by an independent expert as to the effectiveness of its asset management system every 24 months, or such longer period as determined by the ERA.	4	<ul style="list-style-type: none">Quantum Assurance performed an asset management system review of the Shire for the period 1 December 2011 to 30 November 2014;Paxon has been appointed to conduct an operational audit and asset management system effectiveness review of the Shire for the period 1 December 2014 to 30 November 2017; andPaxon examined the Shire’s AMP which in section 2.3.1 entitled: “Legislative Requirements – Water Services Act 2012” specifically records the Shire’s responsibility in terms of section 24(1)(c) of the Act.	A	1
9	25	14.1/4.3.1	A licensee must, not less than once every 24 months, or such longer period as determined by the ERA, provide the ERA with an operational audit conducted by an independent expert appointed by the ERA.	4	<ul style="list-style-type: none">Quantum Assurance performed an operational audit of the Shire for the period 1 December 2011 to 30 November 2014;Paxon has been appointed to conduct an operational audit and asset management system effectiveness review of the Shire for the period 1 December 2014 to 30 November 2017; andPaxon examined the Shire’s AMP which in section 2.3.5 entitled: “Regulatory Requirements” specifically records the Shire’s responsibility in terms of section 25 of the Act.	A	1

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	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 and 4				Controls	Compliance
	Section Number	Clause Number			Including Recommendations		
10	26(3)	5.2/3.1.1	The licensee must comply with each code of practice made by the Minister to the extent to which it applies to the licensee.	n/a	<ul style="list-style-type: none"> This obligation was not applicable to the Shire during the Audit Period – as per the document entitled: “<i>Shire of Lake Grace - Audit and Review Plan</i>”, as approved by the ERA. 	NA	NA
11	27	5.3/3.1.1	The licensee must comply with the code of conduct that may be made by the ERA to the extent to which it applies to the licensee and is not inconsistent with the licence.	4	<ul style="list-style-type: none"> Compliance with the Water Services Code of Conduct (Customer Service Standards) 2013 (“Code of Conduct”) is specifically addressed in this Report - see Reference Numbers 92 to 154 below in which both controls and compliance are rated. 	B	1
12	29	26.1/3.1.1	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	<ul style="list-style-type: none"> Compliance with the Water Services Act 2012 (“Act”) is specifically addressed in this Report - see Reference Numbers 1 to 64 and 155 to 190 below in which both controls and compliance are rated. 	B	1
13	36	5.1/3.1.1	If the licensee ceases to provide a water service in an area, the licensee must ensure that the water service works are left in a safe condition, and must not remove any part of the works except with the approval of the Minister.	2	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, the Shire did not cease to provide sewerage services in an area; and Paxon found the Shire has no systems and controls in place to manage compliance with section 36 of the Act. A recommendation (1/2017) was made in this regard (see compliance obligation number 5 above). 	D	NR

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	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 and 4				Controls	Compliance
	Section Number	Clause Number			Including Recommendations		
14	60	25.1/5.6.1	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.	2	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, the Shire was not a supplier of last resort; and Paxon regards application of section 60 of the Act to the Shire's operations will be a rare event. Thus, specific systems, processes and controls are only expected to be put in place when the stipulations of this clause are applicable. 	NP	NR
15	66	21.1/5.5.1	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.	4	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, the Shire did agree to be bound by, and compliant with, any decision of direction of the water services ombudsman under the scheme; and Paxon found the Shire has no systems and controls in place to manage compliance with section 66 of the Act. A recommendation (1/2017) was made in this regard (see compliance obligation number 5 above). 	D	1
16	77(3)	5.1/3.1.1	The licensee must take reasonable steps to minimise the extent or duration of any interruption of water services it is responsible for.	2	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, the Shire did take reasonable steps to minimise the extent or duration of any interruption of water services it was responsible for; 	D	1

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	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 and 4				Including Recommendations	Controls Compliance
16 (cont.)					<ul style="list-style-type: none"> Paxon examined the Shire's "Works Register" which was implemented in March 2016 and found it contained no references as to the extent or duration of any interruption of water services the Shire was responsible for during the Audit Period; and Paxon found the Shire has no systems and controls in place to manage compliance with section 77(3) of the Act. A recommendation (1/2017) was made in this regard (see compliance obligation number 5 above). <p>Recommendation 2/2017:</p> <ul style="list-style-type: none"> The Shire should implement a register in which it records appropriate details of service interruptions to proof its compliance with section 77(3) of the Act. 		
17	82(4) & (5)	5.1/3.1.1	If a person must give the licensee notice of any building work to be carried out on land in the operating area of a license, the licensee must return a copy of the plans and specifications contained in 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	5	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, the Shire did receive notices of building works and did comply with its obligations in terms of sections 82(4) and (5) of the Act; and Paxon examined the document entitled: "Wastewater Asset Management – Compliance Obligation Procedure List" which specifically 	A	1

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	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 and 4				Controls	Compliance
	Section Number	Clause Number			Including Recommendations		
17 (cont.)			provided. The licensee must do this within 7 days of receiving the fee for dealing with the notification.		records the Shire's obligations in terms of sections 82(4) and (5) of the Act.		
18	84(2)	5.1/3.1.1	If the licensee has given a notice under section 83(3)(a) of the Act, and the licensee is satisfied that the person given the notice is not going to comply with the notice within a reasonable time, the licensee must give the person 21 days notice of its intention to commence the works.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, no instances took place where it was required to give a person 21 days' notice of its intention to commence works; and Paxon examined the document entitled: "Wastewater Asset Management – Compliance Obligation Procedure List" which specifically records the Shire's obligations in terms of section 84(2) of the Act. 	A	NR
19	87(2)	5.1/3.1.1	If a person makes an application with the State Administrative Tribunal for a review of a decision in respect of the licensee providing additional water services when a person has not responded to the licensee's notice, the licensee cannot provide the works until the application has been finally dealt with, except in limited circumstances.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire's CEO that, she has no knowledge of any application made to the State Administrative Tribunal during the Audit Period; and Paxon examined the document entitled: "Wastewater Asset Management – Compliance Obligation Procedure List" which specifically records the Shire's obligations in terms of section 87(2) of the Act. 	A	NR

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	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 and 4				Controls	Compliance
	Section Number	Clause Number			Including Recommendations		
20	90(7)	5.1/3.1.1	If the licensee gives a compliance notice to a person who is undertaking construction or carrying out similar works in the vicinity of water service works, the licensee must, to the extent practicable, consult with the owner of the land on which the obstruction is located or the activity is taking place if the person to be given the notice is not the owner of the land.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, no compliance notices were given; and Paxon examined the document entitled: "Wastewater Asset Management – Compliance Obligation Procedure List" which specifically records the Shire's obligations in terms of section 90(7) of the Act. 	A	NR
21	95(3)	5.1/3.1.1	The licensee cannot cut off the supply of water to an occupied dwelling unless the occupier agrees to that.	2	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, the Shire did not provide non-potable water supply services. Thus, this obligation was not applicable to the Shire's operations during the Audit Period; and As this compliance obligation was not applicable to the Shire's operations during the Audit Period, no systems, processes and controls were required to have existed therefore. 	NA	NA
22	96(1)	5.1/3.1.1	If the licensee provides water supply reticulation works, or enters into an agreement for the provision of water supply reticulation works, the licensee must install fire hydrants attached to those works in accordance with the requirements of FESA, or the relevant local government as to the location and type of hydrant.	2	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, the Shire did not provide non-potable water supply services. Thus, this obligation was not applicable to the Shire's operations during the Audit Period; and As this compliance obligation was not applicable to the Shire's operations during the Audit Period, 	NA	NA

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	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 and 4				Controls	Compliance
	Section Number	Clause Number			Including Recommendations		
22 (cont.)					no systems, processes and controls were required to have existed therefore.		
23	96(5)	5.1/3.1.1	The licensee must comply with requests made by FESA or a local government under sections 96(3) and 96(4) of the Act to the extent practicable and within a reasonable time.	4	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, the Shire did not provide non-potable water supply services. Thus, this obligation was not applicable to the Shire's operations during the Audit Period; and As this compliance obligation was not applicable to the Shire's operations during the Audit Period, no systems, processes and controls were required to have existed therefore 	NA	NA
24	98(3)	5.1/3.1.1	If required to by the Minister, the licensee must connect a wastewater inlet on land to the sewerage works of the licensee.	2	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, the Minister did not require the Shire to connect a wastewater inlet on land to the sewerage works of the licensee; and Paxon regards application of section 98(3) of the Act to the Shire's operations will be a rare event. Thus, specific systems, processes and controls are only expected to be put in place when the stipulations of this clause are applicable. 	NP	NR

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	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 and 4				Controls	Compliance
	Section Number	Clause Number			Including Recommendations		
25	106(2)	5.1/3.1.1	The licensee must include the information specified in a compliance notice given in relation to failure to maintain fittings, fixtures and pipes.	4	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, no compliance notices were given; and Paxon found the Shire has no systems and controls in place to manage compliance with section 106(2) of the Act. A recommendation (1/2017) was made in this regard (see compliance obligation number 5 above). 	D	NR
26	110(3)	5.1/3.1.1	If required to by the Minister, the licensee must connect a drainage asset on land to the drainage works of the licensee.	n/a	<ul style="list-style-type: none"> This obligation was not applicable to the Shire during the Audit Period – as per the document entitled: <i>"Shire of Lake Grace - Audit and Review Plan"</i>, as approved by the ERA. 	NA	NA
27	112(5)	5.1/3.1.1	If required by the Minister, the licensee must modify the property drainage connection.	n/a	<ul style="list-style-type: none"> This obligation was not applicable to the Shire during the Audit Period – as per the document entitled: <i>"Shire of Lake Grace - Audit and Review Plan"</i>, as approved by the ERA. 	NA	NA
28	119(2)	5.1/3.1.1	The licensee must include the information specified in a compliance notice given in relation to the matters set out in section 119(1).	3	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, no compliance notices were given; and Paxon examined the document entitled: <i>"Wastewater Asset Management – Compliance Obligation Procedure List"</i> which specifically 	A	NR

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	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 and 4				Controls	Compliance
	Section Number	Clause Number			Including Recommendations		
28 (cont.)					records the Shire's obligations in terms of section 119(2) of the Act.		
29	122(2)	5.1/3.1.1	If a person makes an application to the State Administrative Tribunal under section 122(1), the licensee cannot take, or continue to take, action against the person except in the circumstances specified.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, no compliance notices were given. Thus, no applications were made, during the Audit Period, to the State Administrative Tribunal; and Paxon examined the document entitled: "Wastewater Asset Management – Compliance Obligation Procedure List" which specifically records the Shire's obligations in terms of section 122(2) of the Act. 	A	NR
30	125(2)	5.1/3.1.1	If the licensee provides a water supply, sewerage or drainage service to 2 or more dwellings on land by a single property connection, the licensee may apportion fees. The licensee cannot apportion fees to the extent inconsistent with any agreement related to such a provision of services, or section 66 of the <i>Strata Titles Act 1985</i> .	5	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire's Finance Coordinator that she has no knowledge of any apportionment of fees which took place during the Audit Period; and Paxon found the Shire has no systems and controls in place to manage compliance with section 125(2) of the Act. A recommendation (1/2017) was made in this regard (see compliance obligation number 5 above). 	D	NR

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	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 and 4				Controls	Compliance
	Section Number	Clause Number			Including Recommendations		
31	128(4)	5.1/3.1.1	If the licensee has previously lodged a memorial with the Registrar, the licensee must lodge a withdrawal of memorial with Registrar along with the prescribed fee (if any) if the charge or contribution has been paid.	5	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, no circumstances necessitated the withdrawal of a memorial lodged with the Registrar; and Paxon examined the document entitled: <i>"Wastewater Asset Management – Compliance Obligation Procedure List"</i> which specifically records the Shire's obligations in terms of section 128(4) of the Act. 	A	NR
32	129(5)	5.1/3.1.1	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.	4	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire's Technical Officer that, during the Audit Period, no entry was made to a place for exercising a works power under the Act. Thus, it was not necessary for the Shire to give 48 hours' notice of proposed entry to the occupier of a place; Paxon examined the Shire's <i>"Works Register"</i> which was implemented in March 2016 and found it contained no references to entry into private property; and Paxon examined the Shire's Customer Service Charter which states in section 3.1 entitled: <i>"Entry to your Property"</i>: <i>"For planned work within a property, the Shire shall advise the occupier in advance."</i> 	D	NR

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 and 4				Controls	Compliance
	Section Number	Clause Number			Including Recommendations		
32 (cont.)					Paxon regards this reference as being too vague. Recommendation 3/2017: <ul style="list-style-type: none"> The Shire should update its “Wastewater Asset Management – Compliance Obligation Procedure List” to record its compliance obligation accurately and completely in terms of section 129(5) of the Act. 		
33	139(3)	5.1/3.1.1	If the licensee removes or erects a fence or gate when exercising a works power conferred by the Act, the licensee must take all reasonable steps to notify the owner before doing so.	5	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, no fences or gates were removed or erected and thus no notification of any owners was required; and Paxon found the Shire has no systems and controls in place to manage compliance with section 139(3) of the Act. A recommendation (1/2017) was made in this regard (see compliance obligation number 5 above). 	D	NR
34	141(1)	5.1/3.1.1	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.	4	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, no instances took place where a person authorised by the licensee carried out road work that involved breaking the surface of the road or caused major obstruction to road traffic; and Paxon found the Shire has no systems and controls in place to manage compliance with 	D	NR

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 and 4				Including Recommendations	Controls Compliance
34 (cont.)					section 141(1) of the Act. A recommendation (1/2017) was made in this regard (see compliance obligation number 5 above).		
35	142	5.1/3.1.1	The licensee must comply with sections 143 and 144 of the Act in relation to the proposed major works, and has given any notice required under section 148.	3	<ul style="list-style-type: none"> • Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, no major works took place; • Paxon confirmed this lack of major works during the Audit Period by an examination of the: <ul style="list-style-type: none"> ◦ "Shire of Lake Grace – 2014/15 – Annual Report"; ◦ "Shire of Lake Grace – Annual Report – 2015-2016"; and ◦ "Shire of Lake Grace – 2016/17 – Annual Report". • Paxon examined the document entitled: "Wastewater Asset Management – Compliance Obligation Procedure List" which specifically records the Shire's obligations in terms of sections 142, 143(2), 143(3) and 144(3) of the Act. However, Paxon has found the references to these section of the Act, as contained in the above-mentioned procedure document to be incomplete. Paxon could find no references to sections 145(2), 147(3) and 147(4) of the Act in the above-mentioned procedure document. 	C	NR

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 and 4				Including Recommendations	Controls Compliance
35 (cont.)					Recommendation 4/2017: <ul style="list-style-type: none"> The Shire should update its “Wastewater Asset Management – Compliance Obligation Procedure List” to record its compliance obligations in respect of major works accurately and completely, as stipulated in the Act. 		
36	143(2)	5.1/3.1.1	Before the licensee submits a proposal for the provision of major works to the Minister, the licensee must prepare, publish and make available plans and details of those major works as specified.	3	<ul style="list-style-type: none"> See the findings for compliance obligation number 35 above. 	C	NR
37	143(3)	5.1/3.1.1	The licensee must, within 5 days of publishing the plans and details on the licensee’s website, give notice setting out the matters prescribed in section 143(4) to the persons and agencies specified.	3	<ul style="list-style-type: none"> See the findings for compliance obligation number 35 above. 	C	NR
38	144(3)	5.1/3.1.1	The licensee must have regard to an objection or submission lodged within the relevant period.	3	<ul style="list-style-type: none"> See the findings for compliance obligation number 35 above. 	C	NR
39	145(2)	5.1/3.1.1	If the licensee makes alterations to the plans or details referred to in section 143(2), the licensee must give written notice of the alterations to any person who is likely to be adversely affected by those alterations.	3	<ul style="list-style-type: none"> See the findings for compliance obligation number 35 above. 	C	NR

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 and 4			Including Recommendations	Controls	Compliance
40	147(3)	5.1/3.1.1	The licensee must comply with a direction given by a Minister in respect of a proposal to provide water service works that are major works under section 143(3).	3	<ul style="list-style-type: none"> See the findings for compliance obligation number 35 above. 	C	NR
41	147(4)	5.1/3.1.1	If the Minister gives a direction that further notices in relation to the proposed major works be given under section 143(3), the licensee must resubmit the proposal.	3	<ul style="list-style-type: none"> See the findings for compliance obligation number 35 above. 	C	NR
42	151(1)	5.1/3.1.1	A licensee proposing to provide water service works that are general works must prepare plans and details of the proposed works and publish and make them available for inspection.	5	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire's Technical Officer that, during the Audit Period, no general works took place; Paxon confirmed this lack of general works during the Audit Period by an examination of the: <ul style="list-style-type: none"> "Shire of Lake Grace – 2014/15 – Annual Report"; "Shire of Lake Grace – Annual Report – 2015-2016"; and "Shire of Lake Grace – 2016/17 – Annual Report". Paxon examined the document entitled: "Wastewater Asset Management – Compliance Obligation Procedure List" which specifically records the Shire's obligations in terms of 	A	NR

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 and 4					
	Section Number	Clause Number			Including Recommendations	Controls	Compliance
42 (cont.)					sections 151(1), 151(2), 152(3) and 153(3) of the Act.		
43	151(2)	5.1/3.1.1	The licensee must give a notice of general works setting out the matters referred to in section 151(3) to the persons and agencies specified.	5	• See the findings for compliance obligation number 42 above.	A	NR
44	152(3)	5.1/3.1.1	The licensee must have regard to an objection or submission lodged by the date specified in the notice given under section 151(2).	5	• See the findings for compliance obligation number 42 above.	A	NR
45	153(3)	5.1/3.1.1	If the licensee makes alteration to those plans or details referred to in section 151, the licensee must give written notice of the alterations to any person who is likely to be adversely affected by those alterations.	5	• See the findings for compliance obligation number 42 above.	A	NR
46	166(5)	5.1/3.1.1	On being advised by the Minister that an interest in land is appropriate to the licensee’s needs, the licensee is required to acquire the interest.	4	• Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, the Minister did not advise it to acquire an interest in land; and • Paxon examined the document entitled: “Wastewater Asset Management – Compliance Obligation Procedure List” which specifically records the Shire’s obligations in terms of sections 166(5) and 166(6) of the Act. However, Paxon has found the above-mentioned procedure refers incorrectly to the recoupment of costs by	C	NR

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 and 4					
	Section Number	Clause Number			Including Recommendations	Controls	Compliance
46 (cont.)					the Shire from the State (and not the recoupment of cost incurred by the State from the Shire). Recommendation 5/2017: <ul style="list-style-type: none">The Shire should update its “<i>Wastewater Asset Management – Compliance Obligation Procedure List</i>” to record its compliance obligations accurately and completely in terms of section 166(6) of the Act.		
47	166(6)	5.1/3.1.1	Any costs incurred in taking an interest in land are to be paid by the licensee.	5	<ul style="list-style-type: none">See the findings for compliance obligation number 46 above.	C	NR
48	170	5.1/3.1.1	The licensee must not sell an interest in land if the purchaser would hold a parcel of land that did not comply with the minimum lot size and zoning requirements under the <i>Planning and Development Act 2005</i> , unless the Minister permits the licensee to do so.	5	<ul style="list-style-type: none">Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, the Shire did not sell an interest in land resulting in the purchaser holding a parcel of land that did not comply with the minimum lot size and zoning requirements under the <i>Planning and Development Act 2005</i>; andPaxon examined the document entitled: “<i>Wastewater Asset Management – Compliance Obligation Procedure List</i>” which specifically records the Shire’s obligations in terms of section 170 of the Act.	A	NR

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 and 4			Including Recommendations	Controls	Compliance
49	173(4)	5.1/3.1.1	In relation to entry to a place for the purposes of doing works, in the circumstances specified the licensee is required to give 48 hours' notice of proposed entry to a place to the occupier or owner, as applicable, unless the occupier or owner agrees otherwise.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire's Technical Officer that, during the Audit Period, no entry was made to a place for exercising a works power under the Act. Thus, it was not necessary for the Shire to give 48 hours' notice of proposed entry to the occupier of a place; Paxon examined the Shire's "Works Register" which was implemented in March 2016 and found it contained no references to entry into private property; and Paxon examined the document entitled: "Wastewater Asset Management – Compliance Obligation Procedure List" which specifically records the Shire's obligations in terms of sections 173(4), 174(1), 174(3), 175(2), 175(5), 176(1), 176(3), 176(4) and 181 of the Act. However, Paxon has found the above-mentioned procedure refers only to informing the occupants and not the owner in the circumstances stipulated in section 173(4) of the Act. <p>Recommendation 6/2017:</p> <ul style="list-style-type: none"> The Shire should update its "Wastewater Asset Management – Compliance Obligation Procedure List" to record its compliance obligation 	D	NR

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 and 4				Controls	Compliance
	Section Number	Clause Number			Including Recommendations		
49 (cont.)					accurately and completely in terms of section 173(4) of the Act.		
50	174(1)	5.1/3.1.1	Notice of a proposed entry by the licensee must be in writing and must set out the purpose of the entry, including (if applicable) any work proposed to be carried out.	3	<ul style="list-style-type: none"> See the findings for compliance obligation number 49 above (as stated, the Shire's "Wastewater Asset Management – Compliance Obligation Procedure List" specifically records the Shire's obligations in terms of sections 174(1) of the Act. 	A	NR
51	174(3)	5.1/3.1.1	Even if in a particular instance the licensee may enter a place under the Act without having to give notice of proposed entry, the licensee must when practicable, and when it will not compromise the reason for entry, give notice of entry to the occupier.	3	<ul style="list-style-type: none"> See the findings for compliance obligation number 49 above (as stated, the Shire's "Wastewater Asset Management – Compliance Obligation Procedure List" specifically records the Shire's obligations in terms of sections 174(3) of the Act. 	A	NR
52	175(2)	5.1/3.1.1	If an occupier is present when the licensee proposes to enter a dwelling, the licensee must perform the prescribed actions before entering the premises.	3	<ul style="list-style-type: none"> See the findings for compliance obligation number 49 above (as stated, the Shire's "Wastewater Asset Management – Compliance Obligation Procedure List" specifically records the Shire's obligations in terms of sections 175(2) of the Act. 	A	NR
53	175(5)	5.1/3.1.1	If the licensee enters a dwelling that is unoccupied, the licensee must leave a notice or a copy of the	3	<ul style="list-style-type: none"> See the findings for compliance obligation number 49 above (as stated, the Shire's "Wastewater Asset Management – Compliance Obligation Procedure List" specifically records the 	A	NR

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 and 4				Controls	Compliance
	Section Number	Clause Number			Including Recommendations		
53 (cont.)			warrant (as applicable) in a prominent position in the dwelling before leaving the dwelling.		Shire's obligations in terms of sections 175(5) of the Act.		
54	176(1)	5.1/3.1.1	If the licensee has entered a place with or without consent, the licensee must leave the premises as soon as practicable after being notified that the owner or occupier has refused or withdrawn their consent.	3	<ul style="list-style-type: none"> See the findings for compliance obligation number 49 above (as stated, the Shire's "Wastewater Asset Management – Compliance Obligation Procedure List" specifically records the Shire's obligations in terms of sections 176(1) of the Act. 	A	NR
55	176(3)	5.1/3.1.1	The licensee must produce their certificate of authority if asked to do so, and must not perform, or continue to perform, a function under the Act if they are not able to do so.	3	<ul style="list-style-type: none"> See the findings for compliance obligation number 49 above (as stated, the Shire's "Wastewater Asset Management – Compliance Obligation Procedure List" specifically records the Shire's obligations in terms of sections 176(3) of the Act. 	A	NR
56	176(4)	5.1/3.1.1	If the licensee enters or proposes to enter a place, and the owner or occupier requests the licensee produce evidence of authority for that entry, then the licensee must leave the place if they are unable to do so unless the owner or occupier agrees otherwise.	3	<ul style="list-style-type: none"> See the findings for compliance obligation number 49 above (as stated, the Shire's "Wastewater Asset Management – Compliance Obligation Procedure List" specifically records the Shire's obligations in terms of sections 176(4) of the Act. 	A	NR
57	181	5.1/3.1.1	The licensee, or a person assisting the licensee, must, as far as is practicable comply with any reasonable request from the owner or occupier	3	<ul style="list-style-type: none"> See the findings for compliance obligation number 49 above (as stated, the Shire's "Wastewater Asset Management – Compliance Obligation Procedure List" specifically records the 	A	NR

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 and 4					
	Section Number	Clause Number			Including Recommendations	Controls	Compliance
57 (cont.)			intended to limit interference with the lawful activities of the owner or occupier.		Shire's obligations in terms of sections 181 of the Act.		
58	186	5.1/3.1.1	If the licensee applies for a warrant, the application must contain the prescribed information.	5	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, no applications for warrants were made; and Paxon examined the document entitled: "Wastewater Asset Management – Compliance Obligation Procedure List" which specifically records the Shire's obligations in terms of sections 186, 187(1) to (3), 190(4) and 190(5) of the Act. 	A	NR
59	187(1) – (3)	5.1/3.1.1	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	<ul style="list-style-type: none"> See the findings for compliance obligation number 58 above. 	A	NR
60	190(4)	5.1/3.1.1	Unless required to give a copy of the warrant, the licensee executing the warrant must produce the warrant for inspection by the occupier of the place concerned on entry (if practicable), and if requested to do so.	3	<ul style="list-style-type: none"> See the findings for compliance obligation number 58 above. 	A	NR
61	190(5)	5.1/3.1.1	On completing the execution of a warrant the licensee must record the prescribed information on that warrant.	3	<ul style="list-style-type: none"> See the findings for compliance obligation number 58 above. 	A	NR

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 and 4				Controls	Compliance
	Section Number	Clause Number			Including Recommendations		
62	210(5)	5.1/3.1.1	If the licensee designates a person as an inspector or compliance officer, the licensee must give that person a certificate of authority that includes certain prescribed information.	4	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, no person was designated as an inspector or compliance officer; and Paxon found the Shire has no systems and controls in place to manage compliance with section 210(5) of the Act. A recommendation (1/2017) was made in this regard (see compliance obligation number 5 above). 	D	NR
63.	218(2)	5.1/3.1.1	In the exercise or purported exercise of a power under the Act, the licensee must ensure that, to the extent practicable, the free use of any place is not obstructed, and that as little damage, harm or inconvenience is caused as is possible.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire's Technical Officer that, during the Audit Period, no entry was made to a place for exercising a works power under the Act. Thus, the free use of no place was obstructed, and no damage, harm or inconvenience was caused; and Paxon examined the document entitled: "Wastewater Asset Management – Compliance Obligation Procedure List" which specifically records the Shire's obligations in terms of sections 218(2) and 218(3) of the Act. 	A	NR

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services (Operating) Licence – Versions 3 and 4			Including Recommendations	Controls	Compliance
64.	218(3)	5.1/3.1.1	If the licensee does any physical damage in the exercise of a works power or a power of entry, the licensee must ensure that the damage is made good, and pay compensation to the extent that it is not practicable to make good the damage.	4	• See the findings for compliance obligation number 63 above.	A	NR

Table 10: Audit Observations and Recommendations

[Obligations as per the ERA's: "Water Compliance Reporting Manual – Water Services Act 2012 – July 2016" (Numbers 1 to 64)]

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Regulations 2013	Water Services (Operating) Licence – Versions 3 and 4					
	Regulation Number	Clause Number			Including Recommendations	Controls	Compliance
65	23(2)	5.1/3.1.1	<p>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.</p> <p>(If the licensee provides a water supply service in respect of a multi-unit development, the licensee must, on the request of the owner or the strata company, assess whether a meter is satisfactory for measuring the quantity or flow of water passing through a pipe supplying water to the unit - as per the ERA's document entitled: "Water Compliance Reporting Manual – Water Services Act 2012 – October 2017")</p>	4	<ul style="list-style-type: none"> ○ Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, the Shire only provided sewerages services and as such did not use meters. Thus, this obligation was not applicable to the Shire's operations during the Audit Period; ○ As this compliance obligation was not applicable to the Shire's operations during the Audit Period, no systems, processes and controls were required to have existed therefore. 	NA	NA
66	24(4)	5.1/3.1.1	If the licensee gives a compliance notice to a person in respect of access to meters, the notice must specify the specified information.	4	<ul style="list-style-type: none"> • See the findings for compliance obligation number 65 above. 	NA	NA
67	26(3)	5.1/3.1.1	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.	4	<ul style="list-style-type: none"> • See the findings for compliance obligation number 65 above. 	NA	NA

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Regulations 2013	Water Services (Operating) Licence – Versions 3 and 4					
	Regulation Number	Clause Number			Including Recommendations	Controls	Compliance
68	26(5)	5.1/3.1.1	If a meter test finds that the meter is outside the prescribed tolerance applicable, the licensee must take the specified actions, bear the costs of testing and refund or credit any charges paid under regulation 26(3).	4	<ul style="list-style-type: none"> See the findings for compliance obligation number 65 above. 	NA	NA
69	29(2)	5.1/3.1.1	<p>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.</p> <p>(The licensee must, on the written request of a developer who is required to pay the licensee an infrastructure contribution in respect of a subdivided lot, defer the payment of the contribution unless regulations 29(3) or 29(4) applies - as per the ERA's document entitled: <i>"Water Compliance Reporting Manual – Water Services Act 2012 – October 2017"</i>).</p>	5	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, no infrastructure contributions were payable. Thus, no requests were received to defer payment of such contributions; and Paxon found the Shire has no systems and controls in place to manage compliance with regulation 29(2) of the Water Services Regulations 2013. A recommendation (1/2017) was made in this regard (see compliance obligation number 5 above). 	D	NR
70	42(2)	5.1/3.1.1	The written order requiring the owner or occupier of land to install a backflow prevention device must set out the date which the device must be installed and tested (which must be at least 7 days after the order is given).	5	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, no written orders were given to owners or occupiers of land to install backflow prevention devices; and 	D	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Regulations 2013	Water Services (Operating) Licence – Versions 3 and 4					
	Regulation Number	Clause Number			Including Recommendations	Controls	Compliance
70 (cont.)					<ul style="list-style-type: none"> Paxon found the Shire has no systems and controls in place to manage compliance with regulations 42(2), 43(3) and 43(6) of the Water Services Regulations 2013. A recommendation (1/2017) was made in this regard (see compliance obligation number 5 above). 		
71	43(3)	5.1/3.1.1	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	<ul style="list-style-type: none"> See the findings for compliance obligation number 70 above. 	D	NR
72	43(6)	5.1/3.1.1	The compliance notice requiring the owner or occupier of land to have their backflow prevention device made good as specified in the notice must include the work that is required to be done, the manner in which the work is to be done and the date by which the work is to be done (which must be at least 7 days after the notice is given).	5	<ul style="list-style-type: none"> See the findings for compliance obligation number 70 above. 	D	NR
73	53(3)	5.1/3.1.1	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	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, no requests were received for plans of the existing drainage plumbing for buildings; 	D	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Regulations 2013	Water Services (Operating) Licence – Versions 3 and 4					
	Regulation Number	Clause Number			Including Recommendations	Controls	Compliance
73 (cont.)					<ul style="list-style-type: none"> Paxon found the Shire has no systems and controls in place to manage compliance with regulation 53(3) of the Water Services Regulations 2013. Paxon notes the ERA document entitled: <i>“Water Compliance Reporting Manual – Water Services Act 2012 – October 2017”</i> states this obligation is not in use any longer. Thus, no recommendation is made. 		
74	60(2)	5.1/3.1.1	If the licensee proposes to exercise a works power in a road and considers that it is necessary to alter the position of infrastructure, the licensee must notify the person who is responsible for the infrastructure and may request that the person make the alterations within the time specified in the notice.	5	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, the Shire did not exercise a works power in a road and considered it necessary to alter the position of infrastructure; and Paxon found the Shire has no systems and controls in place to manage compliance with regulation 60(2) of the Water Services Regulations 2013. A recommendation (1/2017) was made in this regard (see compliance obligation number 5 above). 	D	NR
75	63	5.1/3.1.1	If the licensee opens or breaks up the surface of a road, the licensee must complete the relevant work and reinstate and make good the road, and must take all reasonable measures to prevent that part of the road from being hazardous.	4	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, the Shire did not open or broke up the surface of a road; and 	D	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Regulations 2013	Water Services (Operating) Licence – Versions 3 and 4					
	Regulation Number	Clause Number			Including Recommendations	Controls	Compliance
75 (cont.)					<ul style="list-style-type: none"> Paxon found the Shire has no systems and controls in place to manage compliance with regulation 63 of the Water Services Regulations 2013. A recommendation (1/2017) was made in this regard (see compliance obligation number 5 above). 		
76	65(1)	5.1/3.1.1	The licensee must maintain records for all land in respect of which water service charges apply.	4	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, the Shire kept records for land in respect of which water service charges applied in SynergySoft; and Paxon found the Shire has no systems and controls in place to manage compliance with regulation 65(1) of the Water Services Regulations 2013. Paxon notes the ERA document entitled: "Water Compliance Reporting Manual – Water Services Act 2012 – October 2017" states this obligation is not applicable to the Shire any longer. Thus, no recommendation is made. 	D	1
77	65(2)	5.1/3.1.1	The records for all land in respect of which water service charges apply must contain prescribed information.	4	<ul style="list-style-type: none"> Paxon examined Synergysoft and found it disclosed the following information in respect of individual land records: <ul style="list-style-type: none"> The description and situation of the land; 	D	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Regulations 2013	Water Services (Operating) Licence – Versions 3 and 4					
	Regulation Number	Clause Number			Including Recommendations	Controls	Compliance
77 (cont.)					<ul style="list-style-type: none"> • The name and address of the rate payer; • The gross rental value; and • The zoning of the property. • Paxon examined a sample of “Rate Notice/Tax Invoice(s)” issued during the Audit Period which discloses the amount of any unpaid charges; and • Paxon found the Shire has no systems and controls in place to manage compliance with regulation 65(2) of the Water Services Regulations 2013. Paxon notes the ERA document entitled: “Water Compliance Reporting Manual – Water Services Act 2012 – October 2017” states this obligation is not applicable to the Shire any longer. Thus, no recommendation is made 		
78	65(4)	5.1/3.1.1	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.	4	<ul style="list-style-type: none"> • Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, no person requested an inspection of the Shire’s land records; and • Paxon found the Shire has no systems and controls in place to manage compliance with regulation 65(4) of the Water Services Regulations 2013. Paxon notes the ERA 	D	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Regulations 2013	Water Services (Operating) Licence – Versions 3 and 4					
	Regulation Number	Clause Number			Including Recommendations	Controls	Compliance
78 (cont.)					document entitled: <i>“Water Compliance Reporting Manual – Water Services Act 2012 – October 2017”</i> states this obligation is not applicable to the Shire any longer. Thus, no recommendation is made.		
79	67	5.1/3.1.1	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.	4	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, land records were the basis for the annual supply charges it levied; Paxon examined a sample of <i>“Rate Notice/Tax Invoice(s)”</i> issued during the Audit Period and found the <i>“GRV”</i>, as disclosed in the land records in SynergySoft, was used as a basis to calculate the annual sewerage charges; and Paxon found the Shire has no systems and controls in place to manage compliance with regulation 67 of the Water Services Regulations 2013. Paxon notes the ERA document entitled: <i>“Water Compliance Reporting Manual – Water Services Act 2012 – October 2017”</i> states this obligation is not applicable to the Shire any longer. Thus, no recommendation is made. 	D	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Regulations 2013	Water Services (Operating) Licence – Versions 3 and 4					
	Regulation Number	Clause Number			Including Recommendations	Controls	Compliance
80	68(5)	5.1/3.1.1	The licensee must consider an objection to the records maintained by a licensee under regulation 65 as soon as practicable.	4	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, no objections were lodged to the land records the Shire maintained; and Paxon found the Shire has no systems and controls in place to manage compliance with regulations 68(5), 68(6), 68(7), 68(8), 69(3), 70(2), 74(1) and 74(2) of the Water Services Regulations 2013. Paxon notes the ERA document entitled: "Water Compliance Reporting Manual – Water Services Act 2012 – October 2017" states this obligation is not applicable to the Shire any longer. Thus, no recommendation is made. 	D	NR
81	68(6)	5.1/3.1.1	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.	4	<ul style="list-style-type: none"> See the findings for compliance obligation number 80 above. 	D	NR
82	68(7)	5.1/3.1.1	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.	4	<ul style="list-style-type: none"> See the findings for compliance obligation number 80 above. 	D	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Regulations 2013	Water Services (Operating) Licence – Versions 3 and 4					
	Regulation Number	Clause Number			Including Recommendations	Controls	Compliance
83	68(8)	5.1/3.1.1	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.	4	• See the findings for compliance obligation number 80 above.	D	NR
84	69(3)	5.1/3.1.1	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.	4	• See the findings for compliance obligation number 80 above.	D	NR
85	70(2)	5.1/3.1.1	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.	4	• See the findings for compliance obligation number 80 above.	D	NR
86	74(1)	5.1/3.1.1	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 <i>Valuation of Land Act 1978</i> or as a consequence of a review by the State Administrative Tribunal.	4	• See the findings for compliance obligation number 80 above.	D	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Regulations 2013	Water Services (Operating) Licence – Versions 3 and 4					
	Regulation Number	Clause Number			Including Recommendations	Controls	Compliance
87	74(2)	5.1/3.1.1	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.	4	<ul style="list-style-type: none"> See the findings for compliance obligation number 80 above. 	D	NR
88	75(1)	5.1/3.1.1	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	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, the Shire sent "Rate Notice/Tax Invoice(s)" to tenants at the land owner's request; Paxon examined a sample of "Rate Notice/Tax Invoice(s)" issued during the Audit Period and is satisfied it discloses all information necessary to assess liability; and Paxon found the Shire has no systems and controls in place to manage compliance with regulation 75(1) of the Water Services Regulations 2013. Paxon notes the ERA document entitled: "Water Compliance Reporting Manual – Water Services Act 2012 – October 2017" states this obligation is not applicable to the Shire any longer. Thus, no recommendation is made. 	D	1
89	85	5.1/3.1.1	Compliance notices issued by the licensee must include a brief description of the possible consequences under the Act of not complying	3	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, the Shire did not issue compliance notices; and 	D	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Regulations 2013	Water Services (Operating) Licence – Versions 3 and 4					
	Regulation Number	Clause Number			Including Recommendations	Controls	Compliance
89 (cont.)			with the notice, and the rights of review under the Act in relation to the notice and who may apply for review.		<ul style="list-style-type: none"> Paxon found the Shire has no systems and controls in place to manage compliance with regulations 85 of the Water Services Regulations 2013. A recommendation (1/2017) was made in this regard (see compliance obligation number 5 above). 		
90	86(6)	5.1/3.1.1	If the licensee appoints an employee as an authorised or approved officer for the purposes of the <i>Criminal Procedure Act 2004</i> Part 2, the licensee must issue the officer a certificate, badge or identity card identifying the officer as a person authorised to issue infringement notices.	n/a	<ul style="list-style-type: none"> This obligation was not applicable to the Shire during the Audit Period – as per the document entitled: “<i>Shire of Lake Grace - Audit and Review Plan</i>”, as approved by the ERA. 	NA	NA
91	86(9)	5.1/3.1.1	The licensee must maintain a list of persons appointed to be authorised officers or approved officers for the purposes of the <i>Criminal Procedure Act 2004</i> Part 2, and must, on request, give a copy of the list to the CEO or to the chief executive officer of the Public Services principally assisting in the administration of the <i>Criminal Procedure Act 2004</i> .	n/a	<ul style="list-style-type: none"> This obligation was not applicable to the Shire during the Audit Period – as per the document entitled: “<i>Shire of Lake Grace - Audit and Review Plan</i>”, as approved by the ERA. 	NA	NA

Table 10: Audit Observations and Recommendations

[Obligations as per the ERA's: “*Water Compliance Reporting Manual – Water Services Act 2012 – July 2016*” (Numbers 65 to 91)]

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 3 and 4					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
92	7	5.3/3.1.1	The licensee must have written information for customers about the prescribed matters.	4	<ul style="list-style-type: none"> Paxon examined the Shire's Customer Service Charter which states in section 2.1 entitled: <i>"Your Rights to Wastewater Services"</i>: <i>"Subject to the Water Act, the Shire shall provide a service for the removal, treatment and disposal of wastewater under the terms set out in this Charter and the Operating License."</i> Paxon examined the Shire's Customer Service Charter which states in section 2.7 entitled: <i>"Connecting to Our Services"</i>: <i>"Where a junction to an available sewer does not exist, the Shire will provide a junction, by arranging with a licensed plumber, for the connection of the property to the sewer, no fee is applied where a service availability charge has been applied to a property, except for those properties subject to redevelopment."</i> See the findings for compliance obligation number 3 above in respect of the provision, operation and maintenance of water service works; 	D	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 3 and 4					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
92 (cont.)					<ul style="list-style-type: none"> Paxon examined the Shire's Customer Service Charter which states in section 3.6 entitled: <i>"Limitation or Withdrawal of Services"</i>: <i>"The Shire may discontinue its wastewater services in the following circumstances:</i> <ul style="list-style-type: none"> <i>If you do not comply with the terms and conditions of this Charter; or</i> <i>.....If you do not pay, or make arrangements to pay, the overdue charges for the services."</i> Paxon examined the Shire's Customer Service Charter which in section 2.7 entitled: <i>"Connecting to our Services"</i> describe: <ul style="list-style-type: none"> How customers should apply for a connection; 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. Paxon could not find any reference in the Customer Service Charter to the period in which connections are required to be 		

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 3 and 4					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
92 (cont.)					<p>completed (as mentioned in clause 8 of the Water Services Code of Conduct (Customer Service Standards) 2013 ("Code of Conduct"). Paxon confirmed by interview of the Shire's Technical Officer that, during the Audit Period, the Shire only approved connection to the wastewater system and that customers employed independent plumbers to make the physical connection.</p> <ul style="list-style-type: none"> Paxon notes the Shire's Customer Service Charter is available on the Shire's website. Paxon notes this document was last revised in May 2009 and refers to the "Water Services Licensing Act 1995". A recommendation (1/2017) was made in this regard (see compliance obligation number 5 above). 		
93	8	5.3/3.1.1	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.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire's Technical Officer that, during the Audit Period, the Shire only approved connection to the wastewater system and that customers employed independent plumbers to make the physical connection; 	NA	NA

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 3 and 4					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
93 (cont.)					<ul style="list-style-type: none"> Paxon examined the Shire's Customer Service Charter which states in section 2.7 entitled: <i>"Connecting to our Services"</i>: <i>"Where a Shire wastewaters reticulation main is available to your land and had the capacity for the required service, the Shire shall, on application by you, approve connection to the wastewater system, under the terms and conditions set out in this Charter, the License and the Water Acts."</i> (emphasis added); and Paxon examined the Shire's Customer Service Charter which states in section 3.4 entitled: <i>"Maintenance"</i>: <i>"You are responsible for all plumbing, pipes and fixtures on or serving your property to the point where pipes connect to the Shire's sewer property connection."</i> 		
94	9	5.3/3.1.1	The licensee must issue a bill for non-quantity charges to each customer at least once in every 12 month period.	4	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, the Shire levied sewerage charges on an annual basis; and Paxon examined a sample of <i>"Rate Notice/Tax Invoice(s)"</i> issued during the Audit Period. 	D	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 3 and 4			Including Recommendations	Controls	Compliance
94 (cont.)					<p>These invoices were levied in respect of a financial year and included sewerage charges; and</p> <ul style="list-style-type: none"> Paxon found the Shire has no systems and controls in place to manage compliance with clause 9 of the Code of Conduct. A recommendation (1/2017) was made in this regard (see compliance obligation number 5 above). 		
95	10(2)	5.3/3.1.1	The licensee must issue a bill for usage to each customer at least once in every 6 month period.	4	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, the Shire exclusively provided sewerages services for which only an annual charge was levied. Thus, this obligation was not applicable to the Shire's operations during the Audit Period; Paxon examined a sample of "Rate Notice/Tax Invoice(s)" issued during the Audit Period and confirmed these notices did not contain any charges for water services other than sewerage charges; and As this compliance obligation was not applicable to the Shire's operations during the Audit Period, no systems, processes and 	NA	NA

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 3 and 4			Including Recommendations	Controls	Compliance
95 (cont.)					controls were required to have existed therefore.		
96	10(3)	5.3/3.1.1	The licensee must ensure a bill for usage is based on a meter reading to ascertain the quantity supplied or discharged.	4	<ul style="list-style-type: none"> See the findings for compliance obligation number 95 above. 	NA	NA
97	10(4)	5.3/3.1.1	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.	4	<ul style="list-style-type: none"> See the findings for compliance obligation number 95 above. 	NA	NA
98	10(5)	5.3/3.1.1	If an accurate meter reading is not possible and there are no applicable regulations, a bill for usage must be based on a reasonable estimate of supply or discharge using one of the prescribed methods.	4	<ul style="list-style-type: none"> See the findings for compliance obligation number 95 above. 	NA	NA
99	11	5.3/3.1.1	The licensee must send a bill to the address of the place where the water service is provided or, if the customer nominates another address, to the nominated address.	4	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, the Shire sent bills to the water service delivery address, or a nominated address; Paxon examined a sample of "Rate Notice/Tax Invoice(s)" issued during the Audit Period and found instances of bills sent to: 	D	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 3 and 4			Including Recommendations	Controls	Compliance
99 (cont.)					<ul style="list-style-type: none"> Water service delivery addresses; and Nominated addresses. Paxon found the Shire has no systems and controls in place to manage compliance with clause 11 of the Code of Conduct. A recommendation (1/2017) was made in this regard (see compliance obligation number 5 above). 		
100	12(1)	5.3/3.1.1	Each bill must contain the prescribed information.	4	<ul style="list-style-type: none"> This clause came into operation on 18 November 2015; Paxon examined a sample of “Rate Notice/Tax Invoice(s)” issued after this date and found these notices, with two exceptions, complied with the stipulations of regulation 12(1). The notices did not state: <ul style="list-style-type: none"> Contact details for account, payment and general enquiries for use by customers with hearing or speech impairment (regulation 12(1)(o)); and The website contains information about complaints and review (regulation 12(1)(p)). 	D	2

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 3 and 4					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
100 (cont.)					<ul style="list-style-type: none"> Paxon found references to relevant contact details, complaints and review in the Shire's "Compliments and Feedback" brochure which is available on the Shire's Website; and Paxon found the Shire has no systems and controls in place to manage compliance with clause 12 (1) of the Code of Conduct. A recommendation (1/2017) was made in this regard (see compliance obligation number 5 above). <p>Recommendation 7/2017:</p> <ul style="list-style-type: none"> The Shire should amend its "Rate Notice/Tax Invoice(s)" to comply with the stipulations of clauses 12(1)(o) and (p) of the Code of Conduct. 		
101	12(2)	5.3/3.1.1	Each bill for usage for a metered water service must, in addition to the requirements of clause 12(1), contain the specified information.	4	<ul style="list-style-type: none"> See the findings for compliance obligation number 65 above. 	NA	NA
102	12(3)	5.3/3.1.1	Each bill must inform the customer of the specified information and where further details can be obtained.	4	<ul style="list-style-type: none"> See the findings for compliance obligation number 65 above in respect of compliance with the stipulations of clauses 12(3)(a) to (d) of the Code of Conduct; and 	D	2

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 3 and 4					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
102 (cont.)					<ul style="list-style-type: none"> See the findings for compliance obligation number 100 above in respect of compliance with the stipulations of clauses 12(3)(e) to (f) of the Code of Conduct. A recommendation (7/2017) was made in this regard 		
103	13(1)	5.3/3.1.1	If a bill is based on an estimate, the licensee must tell the customer on request the basis of the estimate and the reason for the estimate.	4	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, the Shire exclusively provided sewerages services for which only an annual charge was levied. Thus, no estimates were made during the Audit Period. Thus, this obligation was not applicable to the Shire's operations during the Audit Period; Paxon examined a sample of "Rate Notice/Tax Invoice(s)" issued during the Audit Period and confirmed these notices did not contain any charges for water services other than sewerage charges; and As this compliance obligation was not applicable to the Shire's operations during the Audit Period, no systems, processes and controls were required to have existed therefore. 	NA	NA

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 3 and 4			Including Recommendations	Controls	Compliance
104	13(2)	5.3/3.1.1	The licensee must make any adjustments to the next bill to take into account the extent to which the estimate was not reasonable having regard to a subsequent and accurate meter reading.	4	<ul style="list-style-type: none"> See the findings for compliance obligation number 103 above. 	NA	NA
105	14(1)	5.3/3.1.1	The licensee must provide to the customer on request a meter reading and a bill in the prescribed circumstances.	4	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, the Shire exclusively provided sewerages services for which only an annual charge was levied. Thus, charges were not dependent on meter readings during the Audit Period. Thus, this obligation was not applicable to the Shire's operations during the Audit Period; Paxon examined a sample of "Rate Notice/Tax Invoice(s)" issued during the Audit Period and confirmed these notices did not contain any charges for water services other than sewerage charges; and As this compliance obligation was not applicable to the Shire's operations during the Audit Period, no systems, processes and controls were required to have existed therefore. 	NA	NA

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 3 and 4					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
106	15	5.3/3.1.1	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.	4	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, the Shire exclusively provided sewerages services for which only an annual charge was levied. Thus, there were no water usage charges. Thus, this obligation was not applicable to the Shire's operations during the Audit Period; Paxon examined a sample of "Rate Notice/Tax Invoice(s)" issued during the Audit Period and confirmed these notices did not contain any charges for water services other than sewerage charges; and As this compliance obligation was not applicable to the Shire's operations during the Audit Period, no systems, processes and controls were required to have existed therefore. 	NA	NA
107	16(2)	5.3/3.1.1	The licensee cannot recover an undercharged amount from a customer unless it is for water services provided in the 12 month period ending on the day on which the licensee informed the customer of the undercharging.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, the Shire did not undercharge customers; Paxon examined a sample of "Rate Notice/Tax Invoice(s)" and found the annual sewerage charges were based on the GRV value of the 	D	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 3 and 4					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
107 (cont.)					<p>property multiplied by a cent in the dollar rate. Paxon recalculated the annual sewerage charges to confirm its mathematical correctness; and</p> <ul style="list-style-type: none"> Paxon examined the Shire's Customer Service Charter which in section 2.6 entitled: <i>"Charges and Accounts"</i> states: <p><i>"If an error is made in the charges which results in the customer paying less than the correct amount, the customer may be required to pay the correct amount upon request."</i></p> <p>Thus, no reference is made to limiting the recovery of undercharged amounts to water services provided in the 12-month period ending on the day on which the licensee informed the customer of the undercharging.</p> <p>Recommendation 8/2017:</p> <ul style="list-style-type: none"> The Shire should update its Customer Service Charter to refer appropriately to the recovery period limitation stipulated in clause 16(2) of the Code of Conduct. 		

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 3 and 4					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
108	16(3)	5.3/3.1.1	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.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, the Shire did not undercharge customers; Paxon examined the Shire's Customer Service Charter which in section 2.6 entitled: <i>"Charges and Accounts"</i> states: <p><i>"If an error is made in the charges which results in the customer paying less than the correct amount, the customer may be required to pay the correct amount upon request."</i></p> <p>No further references were found in the Shire's Customer Service Charter in respect of undercharging; and</p> Paxon found the Shire has no systems and controls in place to manage compliance with clause 16(3), 16(4) and 16(5) of the Code of Conduct. A recommendation (1/2017) was made in this regard (see compliance obligation number 5 above). 	D	NR
109	16(4)	5.3/3.1.1	The licensee must not charge interest or late payment fees on an undercharged amount.	3	<ul style="list-style-type: none"> See the findings for compliance obligation number 108 above. 	D	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 3 and 4			Including Recommendations	Controls	Compliance
110	16(5)	5.3/3.1.1	The licensee must allow a customer to pay an undercharged amount by way of a repayment plan that has effect for the duration of shorter of the prescribed periods starting on the day that the bill in clause 16(3) is issued.	3	<ul style="list-style-type: none"> See the findings for compliance obligation number 108 above. 	D	NR
111	17(1)	5.3/3.1.1	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.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, the Shire did not overcharge customers (as to the best of her recollection); Paxon examined a sample of "Rate Notice/Tax Invoice(s)" and found the annual sewerage charges were based on the GRV value of the property multiplied by a cent in the dollar rate. Paxon recalculated the annual sewerage charges to confirm its mathematical correctness; and Paxon examined the Shire's Customer Service Charter which in section 2.6 entitled: "Charges and Accounts" states: <i>"If an error is made resulting in the customer paying more than the correct amount, the excess amount shall be held in credit for future charges, or refunded, at the discretion of the customer."</i> 	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 3 and 4					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
111 (cont.)					This implies the Shire will inform the customer appropriately of the overcharging and recommend options for refunding or crediting the overcharged amount.		
112	17(2)	5.3/3.1.1	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.	3	<ul style="list-style-type: none"> See the findings for compliance obligation number 111 above; Paxon could not find any reference to the 15 business days response period limitation in the Shire's Customer Service Charter; and Paxon found the Shire has no systems and controls in place to manage compliance with clause 17(2) of the Code of Conduct. A recommendation (1/2017) was made in this regard (see compliance obligation number 5 above). <p>Recommendation 9/2017:</p> <ul style="list-style-type: none"> The Shire should update its Customer Service Charter to refer appropriately to the 15 business days response period limitation stipulated in clause 17(2) of the Code of Conduct. 	D	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 3 and 4					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
113	18(1)	5.3/3.1.1	The licensee must review a bill on the customer's request	3	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, no customers requested reviews of their bills for sewerage charges; Paxon examined the Shire's Customer Service Charter and could find no reference to the review of bills in either section 2.6 entitled: <i>"Charges and Accounts"</i> nor section 2.9 entitled: <i>"Enquiries, Suggestions, Complaints and Disputes"</i> which addresses complaints in general terms only; The Shire's Customer Service Charter does state in section 2.6: <i>"Charges for services to customers shall comply with the relevant provisions and regulations of the Health Act 1911 and the Local Government Act 1995."</i> <p>Thus, there is no reference to compliance with the Code of Conduct which contains several stipulations in respect of bills;</p> <ul style="list-style-type: none"> Paxon examined the Shire's website and found a page entitled: <i>"Change of Ownership and Address"</i>. This page includes a section entitled: 	B	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 3 and 4					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
113 (cont.)					<p><i>"Rate reviews and dispute resolution"</i> which states:</p> <p><i>"If you believe there to be an error present in the wastewater services portion of your rates notice, you may request the Shire to review your notice.";</i></p> <ul style="list-style-type: none"> This section on the website also refers to contacting the Energy and Water Ombudsman and the State Administrative Tribunal whilst section 2.9 of the Shire's Customer Service Charter refers to contacting the Department of Water and an arbitrator in respect of complaints in general (it is assumed these complaints will include the review of bills). Thus, there are conflicting statements regarding the review of bills in two documents available on the Shire's website. <p>Recommendation 10/2017:</p> <ul style="list-style-type: none"> The Shire should update its Customer Service Charter to refer appropriately to the review of bills as stipulated in clause 18(1) of the Code of Conduct. 		

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 3 and 4			Including Recommendations	Controls	Compliance
114	18(2)	5.3/3.1.1	The license must have a written procedure for the review of a bill on the customer's request.	3	<ul style="list-style-type: none"> Paxon examined the Shire's website and found a page entitled: <i>"Change of Ownership and Address"</i>. This page includes a section entitled: <i>"Rate reviews and dispute resolution"</i> which includes references to: <ul style="list-style-type: none"> Form to be used to make such a request - as included in the <i>"Compliments and Feedback"</i> brochure for which a link is provided; Halting of debt recovery proceedings during the review process; Informing the customer of the outcome of the review within 15 business days; and Alternative review avenues available for customers. 	A	1
115	18(3) & (6)	5.3/3.1.1	The review procedure in clause 18(2) must include the specified information and be publicly available.	3	<ul style="list-style-type: none"> Paxon examined the Shire's website and found a page entitled: <i>"Change of Ownership and Address"</i>. This page includes a section entitled: <i>"Rate reviews and dispute resolution"</i> which describes what the customer can do if unsatisfied with the outcome of the review; and 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 3 and 4			Including Recommendations	Controls	Compliance
115 (cont.)					<ul style="list-style-type: none"> The website section also refers to the “Compliments and Feedback” brochure which states: “Where a customer has been incorrectly charged an invoice/refund will be issued within 15 days.” 		
116	18(4)	5.3/3.1.1	The review procedure must state that the customer may, but does not have to, use the licensee’s complaints procedure mentioned in clause 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.	3	<ul style="list-style-type: none"> Paxon examined the Shire’s website and found a page entitled: “Change of Ownership and Address”. This page includes a section entitled: “Rate reviews and dispute resolution” which refers appropriately to both the “Energy and Water Ombudsman” (alternative procedure) and the State Administrative Tribunal 	A	1
117	18(5)	5.3/3.1.1	The licensee must inform the customer of the outcome of a review of the customer’s bill as soon as practicable or otherwise less than 15 business days from the day the customer’s request for review was received.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, no customers requested reviews of their bills for sewerage charges; and Paxon examined the Shire’s website and found a page entitled: “Change of Ownership and Address”. This page includes a section entitled: “Rate reviews and dispute resolution” which states: 	A	NR

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	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 3 and 4					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
117 (cont.)					<p><i>"You will be notified of the outcome of the review within 15 business days, starting from the day the request was first received. "</i></p>		
118	20	5.3/3.1.1	The time set by the licensee for the payment of a bill must be after 14 days from when the bill is issued.	4	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, customers were given 35 days to pay their bills; and Paxon examined a sample of "Rate Notice/Tax Invoice(s)" issued during the Audit Period and found in all instances the due date was at least 35 days or more after the issue date. 	A	1
119	21(1)	5.3/3.1.1	The licensee must allow a customer to pay a bill using any of the prescribed methods selected by the customer.	4	<ul style="list-style-type: none"> Paxon examined a sample of "Rate Notice/Tax Invoice(s)" issued during the Audit Period and found the front of these notices refer to all the prescribed payment methods except the Centrepay option. <p>Recommendation 11/2017:</p> <ul style="list-style-type: none"> The Shire should allow customers to pay their bills using the Centrepay option as stipulated in clause 21(1)(b) of the Code of Conduct. 	B	2

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	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 3 and 4			Including Recommendations	Controls	Compliance
120	21(2)	5.3/3.1.1	The licensee must, when offering bill payment method options, inform the customer of the fees and charges (if any) associated with each bill payment method offered.	4	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, the Shire did not levy fees or charges for the different bill payment methods it offered to customers; Paxon examined a sample of "Rate Notice/Tax Invoice(s)" (front and back) issued during the Audit Period and could not find any reference to fees and charges associated with different bill payment methods offered; and As this compliance obligation was not applicable to the Shire's operations during the Audit Period, no systems, processes and controls were required to have existed therefore. 	NP	NR
121	22	5.3/3.1.1	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.	4	<ul style="list-style-type: none"> Paxon examined a sample of "Rate Notice/Tax Invoice(s)" issued during the Audit Period and found the front of these notices states: <i>"Direct Debit"</i> <i>Please contact the Shire Office to enter into a Direct Debit Agreement"</i> Paxon examined a "Direct Debit Request" form the Shire uses. This form provides for the 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 3 and 4					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
121 (cont.)					account holder giving consent (by means of signing and dating the form) for debiting the specified account.		
122	23(1)	5.3/3.1.1	The licensee must accept payment in advance from a customer on a customer's request.	4	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, the Shire accepted payment in advance from a customer on a customer's request; and Paxon could not find any reference to the Shire accepting payments in advance in either the Shire Customer Service Charter nor on the Shire's website – on the webpage entitled: "Payment of Rate & Invoices". <p>Recommendation 12/2017:</p> <ul style="list-style-type: none"> The Shire should update its Customer Service Charter and the appropriate webpage on its website to refer appropriately to accepting payment in advance as stipulated in clause 23(1) of the Code of Conduct. 	D	1
123	24	5.3/3.1.1	The licensee must on request and at no charge redirect a customer's bills because of the customer's absence or illness.	4	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, the Shire on request and at no charge redirected a customer's bills because of the customer's 	A	1

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	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 3 and 4			Including Recommendations	Controls	Compliance
123 (cont.)					<p>absence or illness;</p> <ul style="list-style-type: none"> Paxon examined the Shire's website and found a page entitled: <i>"Change of Ownership and Address"</i>. This webpage states: <i>"It is important to advise Council, in writing, of all transfers of land or changes of address."</i>; and Paxon examined an example of a <i>"Notice of Change of Details"</i> form completed by a customer. This form provided for recording both the old and new address details. 		
124	25	5.3/3.1.1	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.	4	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, the Shire allowed customer to pay a bill under a payment plan or other arrangement under which the customer was given more time to pay the bill or to pay arrears when appropriate; Paxon examined the Shire's: <ul style="list-style-type: none"> <i>"Your 2015-2016 Rates Summary"</i>; <i>"Your 2016-2017 Rates Summary"</i>; and <i>"Your 2017-2018 Rates Summary"</i>. These three summaries all state: 	A	1

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	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 3 and 4					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
124 (cont.)					<p><i>“Difficulty paying your rates?”</i></p> <p>To avoid legal action, please contact our Senior Finance Officer/Finance Coordinator on: (08) 9890 2500 to discuss alternative payment arrangements. Direct Debits are available. (last sentence was not included in the 2015-2016 summary)</p> <p>We are committed to working with you to find an appropriate payment solution that works for both you and us.”</p> <ul style="list-style-type: none"> Paxon examined an example of a “Direct Debit Request” in which a customer undertook to pay an outstanding amount in 20 weekly payment of \$100 each. However, this instance referred to the down payment of rates in general (inclusive of sewerage charges). 		
125	26(1) & (2)	5.3/3.1.1 & 5.4.1	The licensee must have a written policy in relation to financial hardship that is approved by the ERA.	4	<ul style="list-style-type: none"> The Shire does have a financial hardship policy entitled: “Shire of Lake Grace – Financial Hardship Policy for Water Services – February 2014”; The ERA approved the Shire’s financial hardship policy on 22 December 2014; and 	NP	1

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	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 3 and 4					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
125 (cont.)					<ul style="list-style-type: none"> This compliance obligation was a once-off requirement and does not require any systems, processes and controls on a perpetual basis. 		
126	26(3)	5.3/3.1.1	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.	4	<ul style="list-style-type: none"> The Shire's Water Services Licence commenced on 29 April 1996. As such, it was in place before the commencement of the Act; Section 27 of the Act took effect on 18 November 2013. As such, the Shire's financial hardship policy must have been finalised by 17 May 2014; Paxon notes the Shire's financial hardship policy is dated February 2014. Thus, the Shire complied with clause 26(3) in the Code of Conduct; and This compliance obligation was a once-off requirement and does not require any systems, processes and controls on a perpetual basis. 	NP	1
127.	26(4)	5.3/3.1.1	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.	n/a	<ul style="list-style-type: none"> The Shire's Water Services Licence commenced on 29 April 1996. The Act, with some exceptions, came into effect on 18 November 2013. As such, the Licence was in place before the commencement of the Act; and Thus, this clause is not applicable to the Shire. 	NA	NA

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	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 3 and 4			Including Recommendations	Controls	Compliance
128	26(5)	5.3/3.1.1	The licensee's financial hardship policy must be publicly available	4	<ul style="list-style-type: none"> Paxon examined the Shire's website and found a page entitled: <i>"Change of Ownership and Address"</i>. This page includes a section entitled: <i>"Financial Hardship Policy"</i>. This section includes a link to the Shire's financial hardship policy. 	A	1
129	26(6)	5.3/3.1.1	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	4	<ul style="list-style-type: none"> The Shire's financial hardship policy is dated February 2014. Thus, a review of the document is only required by February 2019; and Paxon examined the Shire's: <i>"Policy Manual - March 2017"</i> which includes the financial hardship policy as <i>"Policy 3.10 – Financial Hardship – Water Services – Sewerage Scheme"</i>. This policy states: <i>The Shire will review this policy at least every five years to ensure it remains up-to-date and relevant.</i> 	A	NR
130	27(2)	5.3/3.1.1	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.	4	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, no customer requested a payment plan for sewerage charges only; and Paxon examined the <i>"Shire of Lake Grace – Financial Hardship Policy for Water Services – February 2014"</i> which states in section 4 	A	NR

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	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 3 and 4			Including Recommendations	Controls	Compliance
130 (cont.)					entitled: "Payment plans" <i>"If we determine that you are in financial hardship, we will offer you more time to pay the water services portion of your rate notice or a payment plan for this portion. We will not charge you any fees or interest as part of your extension or payment plan."</i>		
131	27(3)	5.3/3.1.1	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.	4	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, no amounts owed were reduced; Paxon examined the "Shire of Lake Grace – Financial Hardship Policy for Water Services – February 2014" which states in section 5 entitled: "Debt reduction and collection": <i>"If you are in financial hardship, we will consider reducing the amount you owe us."</i> Paxon examined the "Shire of Lake Grace – Financial Hardship Policy for Water Services – February 2014" which provides in section 6 entitled: "Useful information" for: <ul style="list-style-type: none"> Redirecting a bill free of charge; The bill payment methods provided by the licensee; 	A	NR

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	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 3 and 4			Including Recommendations	Controls	Compliance
131 (cont.)					<ul style="list-style-type: none"> ○ Applying for concessions or other financial relief to which the customer may be entitled under the Act; ○ Seeking independent financial counselling or advice from relevant consumer organisations; and ○ Applying for any other financial assistance to which the customer may be entitled including from Government-funded grant schemes. 		
132	28(1)	5.3/3.1.1	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.	4	<ul style="list-style-type: none"> • Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, no customer requested a payment plan for sewerage charges only; and • Paxon examined the "Shire of Lake Grace – Financial Hardship Policy for Water Services – February 2014" which states in section 4 entitled: "Payment plans": <i>"If you are a tenant, we must make sure that the land owner is aware of us giving you an extension or entering into a payment plan with you before we do so. We can agree that you notify the land owner of the proposed extension or payment plan (and</i> 	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 3 and 4					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
132 (cont.)					<i>provide us with evidence that you have done so), or you can give us permission to notify the land owner."</i>		
133	28(4) & (5)	5.3/3.1.1	The licensee must have publicly available written information regarding the payment plans, arrangements and other assistance that is available to customers.	4	<ul style="list-style-type: none"> Paxon examined the Shire's website and found a page entitled: "Payment of Rates & Invoices". This page includes a section entitled: "Financial Hardship Policy". This section provides a link to the Shire's financial hardship policy. 	A	1
134	29	5.3/3.1.1	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.	4	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, the Shire did not commence or continue proceedings to recover a debt from a customer in the stipulated circumstances; and Paxon examined the "Shire of Lake Grace – Financial Hardship Policy for Water Services – February 2014" which states in section 5 entitled: "Debt reduction and collection": <i>"We will also not commence or continue proceedings to recover your debt:</i> <ul style="list-style-type: none"> <i>while we are assessing whether or not you are in financial hardship; or</i> <i>if you are complying with your payment</i> 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 3 and 4			Including Recommendations	Controls	Compliance
134 (cont.)					<i>plan or another payment arrangement you have with us.</i>		
135	30(1)	5.3/3.1.1	If the licensee has reduced the rate of flow of drinking water to land under section 95(1)(b) of the Act, the licensee must restore the supply of water if the amount owing is paid, or if the customer enters into a payment arrangement for the amount owing that is satisfactory to the licensee.	n/a	<ul style="list-style-type: none"> This obligation was not applicable to the Shire during the Audit Period – as per the document entitled: “<i>Shire of Lake Grace - Audit and Review Plan</i>”, as approved by the ERA. 	NA	NA
136	30(2)	5.3/3.1.1	If the licensee has, under section 95(1)(a), (c), (d) or (e) of the Act, cut off or reduced the flow of drinking water, the licensee must restore the supply of water if the licensee is satisfied that the reason for the disconnection or reduction no longer applies.	n/a	<ul style="list-style-type: none"> See the findings for compliance obligation number 135 above. 	NA	NA
137	31	5.3/3.1.1	The licensee must not, under section 95(1)(b) of the Act, reduce the rate of flow of drinking water to a customer without having first used its best endeavours to inform the customer in person of its intention to do so if the amount owing is not paid.	n/a	<ul style="list-style-type: none"> See the findings for compliance obligation number 135 above. 	NA	NA

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	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 3 and 4					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
138	32	5.3/3.1.1	The licensee must not reduce the rate of flow of drinking water under the Act if the specified circumstances apply.	n/a	<ul style="list-style-type: none"> See the findings for compliance obligation number 135 above. 	NA	NA
139	33	5.3/3.1.1	The licensee must not reduce the rate of flow of water to a customer to below 2.3 litres each minute.	4	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, the Shire only provided sewerages services. Thus, this obligation was not applicable to the Shire's operations during the Audit Period; and As this compliance obligation was not applicable to the Shire's operations during the Audit Period, no systems, processes and controls were required to have existed therefore. 	NA	NA
140	34(2)	5.3/3.1.1	The Water Corporation must restore a water supply to land in the metropolitan region within the specified timeframe, unless the licensee and customer expressly agree otherwise.	n/a	<ul style="list-style-type: none"> This obligation was not applicable to the Shire during the Audit Period – as per the document entitled: <i>"Shire of Lake Grace - Audit and Review Plan"</i>, as approved by the ERA. 	NA	NA
141	34(3)	5.3/3.1.1	The Water Corporation must restore a water supply to land outside the metropolitan region within the specified timeframe, unless the licensee and customer expressly agree otherwise.	n/a	<ul style="list-style-type: none"> This obligation was not applicable to the Shire during the Audit Period – as per the document entitled: <i>"Shire of Lake Grace - Audit and Review Plan"</i>, as approved by the ERA. 	NA	NA

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 3 and 4					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
142	34(4)	5.3/3.1.1	The licensee (other than the Water Corporation) must restore a water supply to land within the specified timeframe, unless the licensee and customer expressly agree otherwise.	4	<ul style="list-style-type: none"> See the findings for compliance obligation number 139 above. 	NA	NA
143	34(5)	5.3/3.1.1	The Water Corporation must ensure that there is a 90% compliance rate with clauses 34(2) and 34(3) in any 12 month period ending on 30 June.	n/a	<ul style="list-style-type: none"> This obligation was not applicable to the Shire during the Audit Period – as per the document entitled: “<i>Shire of Lake Grace - Audit and Review Plan</i>”, as approved by the ERA. 	NA	NA
144	34(6)	5.3/3.1.1	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.	4	<ul style="list-style-type: none"> See the findings for compliance obligation number 139 above. 	NA	NA
145	35(1)	5.3/3.1.1	The licensee must have a written complaints procedure in relation to investigating and dealing with complaints of customers about the provision of water services by the licensee or a failure by the licensee to provide a water service.	4	<ul style="list-style-type: none"> Paxon examined the Shire’s Customer Service Charter which in section 2.9 entitled: “<i>Enquiries, Suggestions, Complaints and Disputes</i>” addresses customer complaints. Paxon has noted the Shire’s Customer Service Charter is available on its website; Paxon examined the Shire’s website and found a page entitled: “<i>Payment of Rates & Invoices</i>”. This page includes a section entitled: “<i>Rates reviews and dispute resolution</i>” which provides a 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 3 and 4					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
145 (cont.)					link to a document entitled: "Compliments and Feedback form". This document which is in a brochure format also addresses customer complaints.		
146	35(2)	5.3/3.1.1	The licensee's complaints procedure must be developed using as minimum standards the relevant provisions of the AS ISO 10002-2006 and the ERA's guidelines (if any).	4	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire's Technical Officer that the Shire did not develop its complaints procedure using as minimum standards the relevant provisions of AS ISO 10002-2006 and the ERA's guidelines (if any); and Paxon found the Shire has no systems and controls in place to manage compliance with clause 35(2) of the Code of Conduct. A recommendation (1/2017) was made in this regard (see compliance obligation number 5 above). <p>Recommendation 13/2017:</p> <ul style="list-style-type: none"> The Shire should review its customer complaints procedure using as minimum standards the relevant provisions of AS ISO 10002-2006 and the ERA's guidelines. 	D	2

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 3 and 4					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
147	35(3)	5.3/3.1.1	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.	4	<ul style="list-style-type: none"> o Paxon examined the document entitled: <i>"Compliments and Feedback form"</i>. This document which is in brochure format addresses customer complaints. Paxon notes this document discusses the following matters: <ul style="list-style-type: none"> o How complaints are to be lodged and recorded; o Time limits and methods for responding to complaints; o Dispute resolution arrangements; and o Resolving a complaint before the end of the period of 15 business days starting on the day the complaint was received. 	A	1
148	35(4)	5.3/3.1.1	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 instead of the procedures under the Act.	3	<ul style="list-style-type: none"> • Paxon examined the Shire's website and found a page entitled: <i>"Payment of Rates & Invoices"</i>. This page includes a section entitled: <i>"Rates reviews and dispute resolution"</i> which states: <i>"Alternatively, you may contact the Energy and Water Ombudsman before or instead of using the Shire's review procedure; or apply for a review or appeal a decision made by the Shire to the State Administrative Tribunal."</i>; and 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 3 and 4			Including Recommendations	Controls	Compliance
148 (cont.)					<ul style="list-style-type: none"> Paxon examined the document entitled: <i>"Compliments and Feedback form"</i>. This document which is in brochure format states: <i>"We encourage you to contact us directly in the first instance to enable a quick and effective resolution, free of charge. Seeking counsel from the Ombudsman is also free, but the State Administrative Tribunal may incur legal and administrative fees."</i> 		
149	35(6)	5.3/3.1.1	The licensee's complaints procedure must be publicly available.	3	<ul style="list-style-type: none"> See the findings for compliance obligation 145 above. 	A	1
150	36(1)	5.3/3.1.1	The licensee must provide a customer with the specified services on request and at no charge.	4	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, no customers requested the Shire to provide the specified services; Paxon examined the document entitled: <i>"Compliments and Feedback form"</i>. This document which is in brochure format states: <i>"If you have hearing or speech difficulties you can call the National Relay Service on 133 677 and request number 08 9890 2500"</i> <i>If English is not your first language, call the</i> 	D	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 3 and 4			Including Recommendations	Controls	Compliance
150 (cont.)					<p>telephone interpreter service on 13 14 50 and request number 08 9890 2500"; and</p> <ul style="list-style-type: none"> ○ Paxon could not find any reference to providing customers with a large-print version of any of the licensee's publicly available documents. <p>Recommendation 14/2017:</p> <ul style="list-style-type: none"> • The Shire should update its public documents to include an appropriate reference to the stipulations of clause 36(1)(c) of the Code of Conduct. 		
151	36(1)	5.3/3.1.1		4	<ul style="list-style-type: none"> • This compliance obligation is a duplication of Reference Number 150 above. 	NA	NA
152	36(2)	5.3/3.1.1	The licensee must make available to each customer the customer's personal account information.	4	<ul style="list-style-type: none"> • Paxon examined a sample of "Rate Notice/Tax Invoice(s)" issued during the Audit Period and found the front of these notices included the following information: <ul style="list-style-type: none"> ○ Assessment number; ○ Name and address of the land owner; and ○ Details of the rated property. 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 3 and 4					
	Clause Number	Clause Number			Including Recommendations	Controls	Compliance
153	37(1)	5.3/3.1.1	The licensee must make the prescribed information publicly available.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, the Shire only provided sewerages services. Thus, clauses 37(1)(e), (f), (g), (h), (i), (j) and (k) of the Code of Conduct were not applicable to the Shire's operations during the Audit Period; Paxon examined the Shire's: <ul style="list-style-type: none"> "Your 2015-2016 Rates Summary"; "Your 2016-2017 Rates Summary"; and "Your 2017-2018 Rates Summary". These three summaries all state the fees and charges that will be imposed and collected by the licensee in respect of sewerage services: See the findings for compliance obligation numbers 119 and 120 above in respect of compliance with clause 37(1)(b) of the Code of Conduct. A recommendation (11/2017) was raised in respect of compliance obligation 119; Paxon examined a sample of "Rate Notice/Tax Invoice(s)" issued during the Audit Period and found the back of these notices provided information in respect of exemptions, discounts, rebates and concessions that are 	B	2

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 3 and 4			Including Recommendations	Controls	Compliance
153 (cont.)					<p>available to customers;</p> <ul style="list-style-type: none"> See the findings for compliance obligation numbers 150 and 152 above in respect of compliance with clause 37(1)(d) of the Code of Conduct. A recommendation (14/2017) was raised in respect of compliance obligation 150; and Paxon examined the Shire's Customer Service Charter which in section 3.3 entitled: "Service Interruptions" addresses planned and unplanned interruptions of sewerage services. Paxon has noted the Shire's Customer Service Charter is available on its website. 		
154	Notes – Clause 12 [clause 37(2)]	5.3/3.1.1	The licensee must ensure that the specified information about bill may be obtained from its website.	4	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, the Shire only provided sewerages services. Thus, clauses 37(2)(a) to (d) of the Code of Conduct were not applicable to the Shire's operations during the Audit Period; See the findings for compliance obligation number 115 above in respect of compliance with clause 37(2)(e) of the Code of Conduct; and 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 3 and 4			Including Recommendations	Controls	Compliance
154 (cont.)					<ul style="list-style-type: none"> See the findings for compliance obligation number 145 above in respect of compliance with clause 37(2)(7) of the Code of Conduct. 		

Table 10: Audit Observations and Recommendations

[Obligations as per the ERA's: "Water Compliance Reporting Manual – Water Services Act 2012 – July 2016" (Numbers 92 to 154)]

No.	Obligation Under: Water Services (Operating) Licence - Versions 3 & 4 and the Water Services Act 2012 (Section 12)	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
				Including Recommendations	Controls	Compliance
155	4/3.2.1	The licensee must pay the applicable fees and charges in accordance with the applicable regulations.	5	<ul style="list-style-type: none"> The State Government determined in 2010 that small local government water service providers (with fewer than 1000 connections) would not be required to pay the ERA's licence fees; The Shire's performance data sheet for 2016-2017 shows the Shire had 338 connected properties for sewerage services during that period. Thus, this compliance obligation was not applicable to the Shire's operations during the Audit Period; and As this compliance obligation was not applicable to the Shire's operations during the Audit Period, no systems, processes and controls were required to have existed therefore. 	NA	NA
156	5.1/3.1.1	Subject to any modifications or exemptions granted pursuant to the Act and this licence, the licensee must comply with any applicable legislation.	2	<ul style="list-style-type: none"> The Shire's compliance during the Audit Period, with the following legislative instruments is specifically addressed within this Report: <ul style="list-style-type: none"> Water Services Act 2012 (see reference numbers 1 to 64 and 155 to 190); Water Services Regulations 2013 (see reference numbers 65 to 91); 	C	2

No.	Obligation Under: Water Services (Operating) Licence - Versions 3 & 4 and the Water Services Act 2012 (Section 12)	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
				Including Recommendations	Controls	Compliance
156 (cont.)				<ul style="list-style-type: none"> Water Services Code of Conduct (Customer Service Standards) 2013 (see reference numbers 92 to 154); and Water Services (Operating) Licences, WL22, versions 3 and 4 (see reference numbers 155 to 190). 		
157	Not used	The ERA's document entitled: <i>"Water Compliance Reporting Manual - Water Services Act 2012 – July 2016"</i> records this number is not used.	Not used	Not used	Not used	Not used
158	Not used	The ERA's document entitled: <i>"Water Compliance Reporting Manual - Water Services Act 2012 – July 2016"</i> records this number is not used.	Not used	Not used	Not used	Not used
159	5.4/3.1.2	The licensee must comply with a direction from the ERA in relation to a breach of applicable legislation.	4	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, no breaches of applicable legislation took place (as per her recollection); and Paxon regards application of clause 3.1.2 of the Water Services Licence - Version 4 to the Shire's operations will be a rare event. Thus, specific systems, processes and controls are only expected to be put in place when the stipulations of this clause are applicable. 	NP	NR

No.	Obligation Under: Water Services (Operating) Licence - Versions 3 & 4 and the Water Services Act 2012 (Section 12)	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
				Including Recommendations	Controls	Compliance
160	12/3.6.1	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.	4	<ul style="list-style-type: none"> Paxon examined financial reports for the years 2014-2015 to 2016-2017. The independent auditor's report across all three these financial years stated the financial report complied with Australian Accounting Standards; and Paxon found the Shire has no systems and controls in place to manage compliance with clause 3.6.1 of its WSL. A recommendation (2/2017) was made in this regard (see compliance obligation number 5 above). 	D	1
161	13.1/4.2.1	The licensee must comply with any individual performance standards prescribed by the ERA.	n/a	<ul style="list-style-type: none"> This obligation was not applicable to the Shire during the Audit Period – as per the document entitled: <i>"Shire of Lake Grace - Audit and Review Plan"</i>, as approved by the ERA. 	NA	NA
162	14.4/4.3.4	The licensee must cooperate with the independent expert and comply with the ERA's standard audit guidelines dealing with the operational audit.	4	<ul style="list-style-type: none"> The Shire cooperated with Paxon during the performance of the operational audit and specifically complied with section 10.1 entitled: <i>"Assistance provided by the Licensee"</i> as included in the ERA's document entitled: <i>"Audit and Review Guidelines: Water Licences – July 2014"</i>; and Paxon found the Shire has no systems and controls in place to manage compliance with section 4.3.4 of its WSL. A recommendation (1/2017) was made in this 	D	1

No.	Obligation Under: Water Services (Operating) Licence - Versions 3 & 4 and the Water Services Act 2012 (Section 12)	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
				Including Recommendations	Controls	Compliance
162 (cont.)				regard (see compliance obligation number 5 above).		
163	15.1(a), (b), (c)/3.7.1 (a), (b), (c)	The licensee must report to the ERA, in the manner prescribed, if a licensee is under external administration or there is a material change in the circumstances upon which the licence was granted which may affect a licensee's ability to meet its obligations.	2	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, the Shire was not under external administration, nor did a material change take place in the circumstances upon which its licence was granted which affected its ability to meet its obligations; and Paxon found the Shire has no systems and controls in place to manage compliance with section 4.3.4 of its WSL. A recommendation (1/2017) was made in this regard (see compliance obligation number 5 above). 	D	NR
164	Not used	The ERA's document entitled: "Water Compliance Reporting Manual - Water Services Act 2012 – July 2016" records this number is not used.	Not used	Not used	Not used	Not used
165	16.1/3.8.1	The licensee must provide the ERA specified information relevant to the operation of the licence or the licensing scheme, or the performance of the ERA's function under the Act in the manner and form specified by the ERA.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, the ERA did not require the provision of specified information relevant to the operation of the licence or the licensing scheme, or the performance of the ERA's function under the Act; and 	A	NR

No.	Obligation Under: Water Services (Operating) Licence - Versions 3 & 4 and the Water Services Act 2012 (Section 12)	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
				Including Recommendations	Controls	Compliance
165 (cont.)				<ul style="list-style-type: none"> Paxon noted the Shire's "Wastewater Asset Management – Compliance Schedule 2016/17" specifically lists compliance with section 3.8.1 of its WSL as an obligation. 		
166	16.2/3.8.2	The licensee must comply with any information reporting requirements prescribed by the ERA, including but not limited to the provisions of the <i>Water Compliance Reporting Manual</i> that apply to the licensee.	3	<ul style="list-style-type: none"> The Shire's Compliance Report for 2014-2015 included several instances of non-compliance which, with one exception, all originated from the previous operational audit conducted by Quantum Assurance. The exception related to the Shire not providing a direct debit payment option to customers. Paxon was not provided with any documentation to proof the timely submission of this report to the ERA; The Shire's Compliance Report for 2015-2016 included several instances of non-compliance which, with one exception, all originated from the previous operational audit conducted by Quantum Assurance. The exception related to the Shire not informing the ERA about a material change in the Asset Management system. This report was submitted to the ERA on 30 August 2016; The Shire's Compliance Report for 2016-2017 basically referred to a single breach regarding 	A	2

No.	Obligation Under: Water Services (Operating) Licence - Versions 3 & 4 and the Water Services Act 2012 (Section 12)	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
				Including Recommendations	Controls	Compliance
166 (cont.)				<p>maintaining records for all land in respect of which water service charges apply. The ERA acknowledged this report was received on 31 August 2017;</p> <ul style="list-style-type: none"> Paxon is satisfied the information provided were in the manner and form specified by the ERA, except for the fact the 2014-2015 compliance reports referred to compliance with the “Authority’s (current) Water Compliance Reporting Manual” and not the “current Water Services Operating Licence”. However, the correct reference was included in subsequent compliance report submitted during the Audit Period; and The Shire’s “Wastewater Asset Management – Compliance Schedule 2016/17” records this obligation. <p>Recommendation 15/2017:</p> <ul style="list-style-type: none"> The Shire should keep proper records to proof its compliance with the reporting deadlines for the submission of compliance reports to the ERA. 		
167	16.3/3.8.3	The licensee must provide the ERA with the data required for performance reporting purposes that is specified in the <i>Water, Sewerage and Irrigation Licence</i>	3	<ul style="list-style-type: none"> Paxon has noted the Shire’s Performance Report for the 2014-2015 reporting period indicated the: <ul style="list-style-type: none"> Total sewage collected was 62 ML; 	A	2

No.	Obligation Under: Water Services (Operating) Licence - Versions 3 & 4 and the Water Services Act 2012 (Section 12)	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
				Including Recommendations	Controls	Compliance
167 (cont.)		Performance Reporting Handbook, and the National Performance Framework that apply to the licensee.		<ul style="list-style-type: none"> ○ Sewage collected per property was 186 KL/property; ○ Total recycled water supplied was 0 ML; ○ Length of sewerage mains and channels were 6.55km; ○ Properties served per km of sewer main was 50.9; ○ Number of sewer breaks and chokes was 0; ○ Total number of connected properties for sewerage was 332; ○ Total number of customer complaints received were 0; ○ Number of complaints resolved within 15 business days was 0; and ○ Number of sewer overflows reported to the environmental regulator was 0. <p>Paxon was not provided with any documentation to proof the timely submission of this report to the ERA;</p> <ul style="list-style-type: none"> ● Paxon has noted the Shire's Performance Report for the 2015-2016 reporting period indicated the: <ul style="list-style-type: none"> ○ Total sewage collected was 48 ML; 		

No.	Obligation Under: Water Services (Operating) Licence - Versions 3 & 4 and the Water Services Act 2012 (Section 12)	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
				Including Recommendations	Controls	Compliance
167 (cont.)				<ul style="list-style-type: none"> o Sewage collected per property was 143.7 KL/property; o Total recycled water supplied was 0 ML; o Length of sewerage mains and channels were 6.57km; o Properties served per km of sewer main was 50.8; o Number of sewer breaks and chokes was 0; o Total number of connected properties for sewerage was 334; o Total number of customer complaints received were 0; o Number of complaints resolved within 15 business days was 0; o Sewage treated to a primary level was 75%; o Sewage treated to a secondary level was 25%; o Sewage treated to a tertiary level was 0%; o Biosolids reused was 0%; and o Number of sewer overflows reported to the environmental regulator was 0. <p>This performance report was submitted to the ERA</p>		

No.	Obligation Under: Water Services (Operating) Licence - Versions 3 & 4 and the Water Services Act 2012 (Section 12)	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
				Including Recommendations	Controls	Compliance
167 (cont.)				<p>on 30 August 2016.</p> <ul style="list-style-type: none"> Paxon has noted the Shire's Performance Report for the 2016-2017 reporting period indicated the: <ul style="list-style-type: none"> Total sewage collected was 34.2 ML; Sewage collected per property was 101.2 KL/property; Total recycled water supplied was 0 ML; Length of sewerage mains and channels were 6.57km; Properties served per km of sewer main was 51.4; Number of sewer breaks and chokes was 0; Total number of connected properties for sewerage was 338; Total number of customer complaints received were 0; Number of complaints resolved within 15 business days was 0; Sewage treated to a primary level was 75%; Sewage treated to a secondary level was 25%; Sewage treated to a tertiary level was 0%; 		

No.	Obligation Under: Water Services (Operating) Licence - Versions 3 & 4 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
				Including Recommendations	Controls	Compliance
167 (cont.)				<ul style="list-style-type: none"> ○ Biosolids reused was 0%; and ○ Number of sewer overflows reported to the environmental regulator was 0. <p>The ERA acknowledged this report was received on 31 August 2017; and</p> <ul style="list-style-type: none"> • The Shire's "Wastewater Asset Management – Compliance Schedule 2016/17" records this obligation. <p>Recommendation 16/2017:</p> <ul style="list-style-type: none"> • The Shire should keep proper records to proof its compliance with the reporting deadlines for the submission of performance reports to the ERA. 		
168	17.2/2.8.1 & 2.8.2	Subject to clause 2.8.3, the licensee must publish within the specified timeframe any information that the ERA has directed the licensee to publish under clause 2.8.1.	4	<ul style="list-style-type: none"> • Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, the ERA did not direct it to publish any information; and • Paxon found the Shire has no systems and controls in place to manage compliance with sections 2.8.1 and 2.8.2 of its WSL. A recommendation (1/2017) was made in this regard (see compliance obligation number 5 above). 	D	NR

No.	Obligation Under: Water Services (Operating) Licence - Versions 3 & 4 and the Water Services Act 2012 (Section 12)	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
				Including Recommendations	Controls	Compliance
169	18.1/2.7.1	Unless otherwise specified, all notices must be in writing.	4	<ul style="list-style-type: none"> Paxon has noted that, during the Audit Period, notices were given in writing. Numerous examples, as referred to throughout this Audit Report, were sighted to support this statement; and Paxon found the Shire has no systems and controls in place to manage compliance with section 2.7.1 of its WSL. A recommendation (1/2017) was made in this regard (see compliance obligation number 5 above). 	D	1
170	Not used	The ERA's document entitled: "Water Compliance Reporting Manual - Water Services Act 2012 – July 2016" records this number is not used.	Not used	Not used	Not used	Not used
171	20.2/4.1.2	The licensee must notify the ERA of any material change to the asset management system within 10 business days of the change.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, no material changes to the asset management system took place; and Paxon noted the Shire's "Wastewater Asset Management – Compliance Schedule 2016/17" specifically lists compliance with section 4.1.2 of its WSL as an obligation. 	A	NR

No.	Obligation Under: Water Services (Operating) Licence - Versions 3 & 4 and the Water Services Act 2012 (Section 12)	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Clause Number			Including Recommendations	Controls	Compliance
172	20.6/4.1.6	The licensee must cooperate with the independent expert and comply with the ERA’s standard guidelines dealing with the asset management system review.	4	<ul style="list-style-type: none">• The Shire cooperated with Paxon during the performance of the asset management system review and specifically complied with section 10.1 entitled: “Assistance provided by the Licensee” as included in the ERA’s document entitled: “Audit and Review Guidelines: Water Licences – July 2014”; and• Paxon found the Shire has no systems and controls in place to manage compliance with section 4.1.6 of its WSL. A recommendation (1/2017) was made in this regard (see compliance obligation number 5 above).	D	1
173	21.1/5.5.1	The licensee must not supply water services to customers unless the licensee is a member of and bound by the water services ombudsman scheme.	4	<ul style="list-style-type: none">• See the findings for compliance obligation number 15 above.	D	1
174	Not used	The ERA’s document entitled: “Water Compliance Reporting Manual - Water Services Act 2012 – July 2016” records this number is not used.	Not used	Not used	Not used	Not used
175	23.1/5.1.1	If directed by the ERA, the licensee must submit a draft customer contract for approval.	4	<ul style="list-style-type: none">• Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, no customer contracts were entered; and• Paxon found the Shire has no systems and controls in place to manage compliance with sections 5.1.1, 5.1.2,	D	NR

No.	Obligation Under: Water Services (Operating) Licence - Versions 3 & 4 and the Water Services Act 2012 (Section 12)	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations			Ratings (as per Table 8)
				Including Recommendations	Controls	Compliance	
175 (cont.)				5.1.3, 5.1.5, 5.3.1, 5.3.2 and 5.3.4 of its WSL. A recommendation (1/2017) was made in this regard (see compliance obligation number 5 above).			
176	23.2/5.1.2	The licensee must comply with any <i>Customer Contract Guidelines</i> that apply to the licensee.	4	• See the findings for compliance obligation number 175 above.	D	NR	
177	23.3/5.1.3	The licensee may only amend the customer contract with the ERA's approval.	4	• See the findings for compliance obligation number 175 above.	D	NR	
178	23.6/5.1.5	The licensee must comply with any direction by the ERA to amend the customer contract.	4	• See the findings for compliance obligation number 175 above.	D	NR	
179	24.1 & 24.2/ 5.3.1 & 5.3.2	Unless clause 5.3.3 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 <i>Code of Conduct</i> without the prior approval of the ERA.	4	• See the findings for compliance obligation number 175 above.	D	NR	
180	24.4/5.3.4	If the licensee enters into an agreement that excludes, modifies or restricts the terms and conditions of the licence or the requirements of the <i>Code of Conduct</i> , the licensee must publish an annual report containing the information specified.	4	• See the findings for compliance obligation number 175 above.	D	NR	

No.	Obligation Under: Water Services (Operating) Licence - Versions 3 & 4 and the Water Services Act 2012 (Section 12)	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
				Including Recommendations	Controls	Compliance
181	25.1/5.6.1	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.	4	<ul style="list-style-type: none"> See the findings for compliance obligation number 14 above. 	NP	NR
182	28.1(b)/3.4.1 (b)	If the licensee provides a water service outside of the operating area the licensee must apply to amend the licence unless otherwise notified by the ERA.	4	<ul style="list-style-type: none"> See the findings for compliance obligation number 14 above. 	NP	NR
183	30.3/5.4.3	The licensee must comply with the ERA's Financial Hardship Policy Guidelines as they apply to the licensee.	4	<ul style="list-style-type: none"> See the findings for compliance obligation numbers 125, 130 to 134 above. 	A	1
184	31.1/6.1.1	The licensee must enter into a Memorandum of Understanding with the Department of Health as soon as practicable after the commencement date or as otherwise agreed with Department of Health.	n/a	<ul style="list-style-type: none"> This obligation was not applicable to the Shire during the Audit Period – as per the document entitled: "Shire of Lake Grace - Audit and Review Plan", as approved by the ERA. 	NA	NA
185	31.2/6.1.2	The Memorandum of Understanding must comply with the specified requirements in relation to legal standing of the document and compliance audits by the Department of Health.	n/a	<ul style="list-style-type: none"> See the findings for compliance obligation number 184 above. 	NA	NA

No.	Obligation Under: Water Services (Operating) Licence - Versions 3 & 4 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
				Including Recommendations	Controls	Compliance
186	31.3/6.1.3	The licensee must comply with the terms of the Memorandum of Understanding.	n/a	• See the findings for compliance obligation number 184 above.	NA	NA
187	31.4/6.1.4	The licensee must publish in the form agreed with the Department of Health, the Memorandum of Understanding and any amendments to the Memorandum of Understanding within one month of signing or making the amendment.	n/a	• See the findings for compliance obligation number 184 above.	NA	NA
188	31.5/6.1.5	The licensee must publish the audit report on compliance with its obligations under the Memorandum of Understanding on its website within one month of the completion of the audit.	n/a	• See the findings for compliance obligation number 184 above.	NA	NA
189	31.6/6.1.6	The licensee must publish any reports required by the Department of Health or set out in the Memorandum of Understanding on the licensee's website quarterly or at a reporting frequency specified by the Department of Health.	n/a	• See the findings for compliance obligation number 184 above.	NA	NA

No.	Obligation Under: Water Services (Operating) Licence - Versions 3 & 4 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at the Shire to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
				Including Recommendations	Controls	Compliance
190	Sch.3/Sch. 2	The licensee must comply with the service and performance standards as set out in Schedule 2.	n/a	<ul style="list-style-type: none"> This obligation was not applicable to the Shire during the Audit Period – as per the document entitled: “Shire of Lake Grace - Audit and Review Plan”, as approved by the ERA. 	NA	NA

Table 10: Audit Observations and Recommendations

[Obligations as per the ERA's: “Water Compliance Reporting Manual – Water Services Act 2012 – July 2016” (Numbers 155 to 190)]

4.4 Current Audit: Non-Compliances and Recommendations

Current Audit: Non-Compliances and Recommendations			
A. Resolved During Current Audit Period			
No.	Control and Compliance Rating	Date Resolved	Auditor's Comments
	Legislative Obligation	Management Action Taken	
	Details for Control and/or Compliance Rating		

- There is no content in Part A.

Table 11: Current Audit: Non-Compliances and Recommendations (Part A)

Current Audit: Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

No.	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation		
	Details for Control and/or Compliance Rating		
5, 13, 15, 16, 25, 30, 33, 34, 62, 69, 70, 71, 72, 74, 75, 89, 92, 94, 99, 100, 108, 109, 110, 112, 146, 160, 162, 163, 168, 169, 172, 175, 176, 177, 178, 179 and 180 (1/2017)	<ul style="list-style-type: none"> • Ratings: as recorded at individual compliance obligations; • Legislation: as recorded at individual compliance obligations; and • Details: <ul style="list-style-type: none"> ○ Paxon found the Shire has no systems and controls in place to manage compliance with section 23 of the Act. The Shire did provide Paxon with a document entitled: <i>"Wastewater Asset Management – Compliance Schedule 2016/17"</i>. However, this document records an insignificant number of the Shire's compliance obligations in terms of the: <ul style="list-style-type: none"> • Water Services Act 2012; • Water Services Code of Conduct (Customer Service Standards) 2013; • Water Services Regulations 2013; and • Shire's Water Services Licence. 	<ul style="list-style-type: none"> • The Shire should consider implementing a compliance register which records all its obligations in terms of the Water Legislation. This register should identify, per individual compliance obligation, appropriate policy and procedure documents and responsible employees. The ERA's document entitled: <i>"Water Compliance Reporting Manual - Water Services Act 2012 – October 2017"</i> may help the Shire to develop its own compliance register; and • The Shire should update its Customer Service Charter to comply with the Water Legislation and where appropriate, to refer to the Water Services Act 2012. 	
3	The 'No.' refers to the compliance obligation reference number, as per the ERA's document entitled: <i>"Water Compliance Reporting Manual – Water Services Act 2012 – July 2016"</i>		

Current Audit: Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

No.	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation		
	Details for Control and/or Compliance Rating		
5, 13, 15, 16, 25, 30, 33, 34, 62, 69, 70, 71, 72, 74, 75, 89, 92, 94, 99, 100, 108, 109, 110, 112, 146, 160, 162, 163, 168, 169, 172, 175, 176, 177, 178, 179 and 180 (1/2017) (continued)	<p>(hereinafter collectively referred to as the "Water Legislation");</p> <ul style="list-style-type: none"> o Paxon examined the document entitled: "<i>Shire of Lake Grace – Policy Manual – March 2017</i>" ("Policy Manual") which records an insignificant number of the Shire's compliance obligations in terms of the Water Legislation; o Paxon examined the Shire's Asset Management Plan which records an insignificant number of the Shire's compliance obligations in terms of the Water Legislation; o Paxon examined the Shire's Customer Service Charter, as available on the Shire's website, which records an insignificant number of the Shire's compliance obligations in terms of the Water Legislation. Paxon notes the Customer Service Charter in section 2.9 still informs dissatisfied customers to forward complaints to the Department of Water. Paxon notes this document was last revised in May 2009 and refers to the "<i>Water Services Licensing Act 1995</i>"; and 		

Current Audit: Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

No.	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation		
	Details for Control and/or Compliance Rating		
5, 13, 15, 16, 25, 30, 33, 34, 62, 69, 70, 71, 72, 74, 75, 89, 92, 94, 99, 100, 108, 109, 110, 112, 146, 160, 162, 163, 168, 169, 172, 175, 176, 177, 178, 179 and 180 (1/2017) (continued)	<ul style="list-style-type: none"> o Paxon examined the Shire's procedure documents and found a document entitled: <i>"Wastewater Asset Management – Compliance Obligation Procedure List"</i>. This document specifically addresses several of the Shire's compliance obligations in terms of the Water Services Act 2012. However, it does not include any references to the other legislative instruments referred to above as being part of the Water Legislation. 		
16 (2/2017)	<ul style="list-style-type: none"> • Ratings: D 2; • Legislation: Act – section 77(3) and WSL – clause 3.1.1; and • Details: <ul style="list-style-type: none"> o Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, the Shire did take reasonable steps to minimise the extent or duration of any interruption of water services it was responsible for; 	<ul style="list-style-type: none"> • The Shire should implement a register in which it records appropriate details of service interruptions to proof its compliance with section 77(3) of the Act. 	

Current Audit: Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

No.	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation		
	Details for Control and/or Compliance Rating		
16 (2/2017) (continued)	<ul style="list-style-type: none"> o Paxon examined the Shire's "Works Register" which was implemented in March 2016 and found it contained no references as to the extent or duration of any interruption of water services the Shire was responsible for during the Audit Period; and o Paxon found the Shire has no systems and controls in place to manage compliance with section 77(3) of the Act. A recommendation (2/2017) was made in this regard (see compliance obligation number 5 above). 		
32 (3/2017)	<ul style="list-style-type: none"> • Ratings: D NR; • Legislation: Act – section 129(5) and WSL – clause 3.1.1; and • Details: <ul style="list-style-type: none"> o Paxon confirmed by interview of the Shire's Technical Officer that, during the Audit Period, no entry was made to a place for exercising a works power under the Act. Thus, it was not necessary for the Shire to give 48 hours' notice of proposed entry to the occupier of a place; 	<ul style="list-style-type: none"> • The Shire should update its "Wastewater Asset Management – Compliance Obligation Procedure List" to record its compliance obligation accurately and completely in terms of section 129(5) of the Act. 	

Current Audit: Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

No.	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation		
	Details for Control and/or Compliance Rating		
32 (3/2017) (continued)	<ul style="list-style-type: none"> o Paxon examined the Shire's "Works Register" which was implemented in March 2016 and found it contained no references to entry into private property; and o Paxon examined the Shire's Customer Service Charter which states in section 3.1 entitled: "Entry to your Property": <i>"For planned work within a property, the Shire shall advise the occupier in advance."</i> <p>Paxon regards this reference as being too vague.</p>		
35 (4/2017)	<ul style="list-style-type: none"> • Ratings: C NR; • Legislation: Act – section 129(5) and WSL – clause 3.1.1; and • Details: <ul style="list-style-type: none"> o Paxon examined the document entitled: "Wastewater Asset Management – Compliance Obligation Procedure List" which specifically records the Shire's obligations in terms of sections 142, 143(2), 143(3) and 144(3) of the Act. However, Paxon has found the references to these section of the Act, as contained in the above-mentioned procedure document to be 	<ul style="list-style-type: none"> • The Shire should update its "Wastewater Asset Management – Compliance Obligation Procedure List" to record its compliance obligations in respect of major works accurately and completely, as stipulated in the Act. 	

Current Audit: Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

No.	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation		
	Details for Control and/or Compliance Rating		
35 (4/2017) (continued)	incomplete. Paxon could find no references to sections 145(2), 147(3) and 147(4) of the Act in the above-mentioned procedure document.		
46 (5/2017)	<ul style="list-style-type: none"> • Ratings: C NR; • Legislation: Act – section 166(5) and WSL – clause 3.1.1; and • Details: <ul style="list-style-type: none"> ○ Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, the Minister did not advise it to acquire an interest in land; and ○ Paxon examined the document entitled: <i>"Wastewater Asset Management – Compliance Obligation Procedure List"</i> which specifically records the Shire's obligations in terms of sections 166(5) and 166(6) of the Act. However, Paxon has found the above-mentioned procedure refers incorrectly to the recoupment of costs by the Shire from the State (and not the recoupment of cost incurred by the State from the Shire). 	<ul style="list-style-type: none"> • The Shire should update its <i>"Wastewater Asset Management – Compliance Obligation Procedure List"</i> to record its compliance obligations accurately and completely in terms of section 166(6) of the Act. 	

Current Audit: Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

No.	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation		
	Details for Control and/or Compliance Rating		
49 (6/2017)	<ul style="list-style-type: none"> • Ratings: D NR; • Legislation: Act – section 173(4) and WSL – clause 3.1.1; and • Details: <ul style="list-style-type: none"> ○ Paxon confirmed by interview of the Shire's Technical Officer that, during the Audit Period, no entry was made to a place for exercising a works power under the Act. Thus, it was not necessary for the Shire to give 48 hours' notice of proposed entry to the occupier of a place; and ○ Paxon examined the document entitled: <i>"Wastewater Asset Management – Compliance Obligation Procedure List"</i> which specifically records the Shire's obligations in terms of sections 173(4), 174(1), 174(3), 175(2), 175(5), 176(1), 176(3), 176(4) and 181 of the Act. However, Paxon has found the above-mentioned procedure refers only to informing the occupants and not the owner in the circumstances stipulated in section 173(4) of the Act. 	<ul style="list-style-type: none"> • The Shire should update its <i>"Wastewater Asset Management – Compliance Obligation Procedure List"</i> to record its compliance obligation accurately and completely in terms of section 173(4) of the Act. 	

Current Audit: Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

No.	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation		
	Details for Control and/or Compliance Rating		
100 and 102 (7/2017)	<ul style="list-style-type: none"> • Ratings: D 2; • Legislation: Code of Conduct – clauses 12(1) and 12(3) and WSL – clause 3.1.1; and • Details: <ul style="list-style-type: none"> ◦ Paxon examined a sample of “Rate Notice/Tax Invoice(s)” issued after this date and found these notices, with two exceptions, complied with the stipulations of regulation 12(1). The notices did not state: <ul style="list-style-type: none"> • Contact details for account, payment and general enquiries for use by customers with hearing or speech impairment (regulation 12(1)(o)); and • The website contains information about complaints and review (regulation 12(1)(p)). 	<ul style="list-style-type: none"> • The Shire should amend its “Rate Notice/Tax Invoice(s)” to comply with the stipulations of clauses 12(1)(o) and (p) of the Code of Conduct. 	
107 (8/2017)	<ul style="list-style-type: none"> • Ratings: D NR; • Legislation: Code of Conduct – clause 16(2) and WSL – clause 3.1.1; and • Details: <ul style="list-style-type: none"> ◦ Paxon confirmed by interview of the Shire’s CEO that, during the Audit Period, the Shire did not undercharge customers; and 	<ul style="list-style-type: none"> • The Shire should update its Customer Service Charter to refer appropriately to the recovery period limitation stipulated in clause 16(2) of the Code of Conduct. 	

Current Audit: Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

No.	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation		
	Details for Control and/or Compliance Rating		
107 (8/2017) (continued)	<ul style="list-style-type: none"> ○ Paxon examined the Shire's Customer Service Charter which in section 2.6 entitled: <i>"Charges and Accounts"</i> states: <i>"If an error is made in the charges which results in the customer paying less than the correct amount, the customer may be required to pay the correct amount upon request."</i> Thus, no reference is made to limiting the recovery of undercharged amounts to water services provided in the 12-month period ending on the day on which the licensee informed the customer of the undercharging. 		
112 (9/2017)	<ul style="list-style-type: none"> • Ratings: D NR; • Legislation: Code of Conduct – clause 17(2) and WSL – clause 3.1.1; and • Details: <ul style="list-style-type: none"> ○ Paxon could not find any reference to the 15 business days response period limitation in the Shire's Customer Service Charter. 	<ul style="list-style-type: none"> • The Shire should update its Customer Service Charter to refer appropriately to the 15 business days response period limitation stipulated in clause 17(2) of the Code of Conduct. 	

Current Audit: Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

No.	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation		
	Details for Control and/or Compliance Rating		
113 (10/2017)	<ul style="list-style-type: none"> • Ratings: B NR; • Legislation: Code of Conduct – clause 18(1) and WSL – clause 3.1.1; and • Details: <ul style="list-style-type: none"> ○ Paxon examined the Shire's Customer Service Charter and could find no reference to the review of bills in either section 2.6 entitled: <i>"Charges and Accounts"</i> nor section 2.9 entitled: <i>"Enquiries, Suggestions, Complaints and Disputes"</i> which addresses complaints in general terms only; ○ The Shire's Customer Service Charter does state in section 2.6: <i>"Charges for services to customers shall comply with the relevant provisions and regulations of the Health Act 1911 and the Local Government Act 1995."</i> <p>Thus, there is no reference to compliance with the Code of Conduct which contains several stipulations in respect of bills;</p> ○ Paxon examined the Shire's website and found a page entitled: <i>"Change of Ownership and Address"</i>. This page includes a section entitled: 	<ul style="list-style-type: none"> • The Shire should update its Customer Service Charter to refer appropriately to the review of bills as stipulated in clause 18(1) of the Code of Conduct. 	

Current Audit: Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

No.	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation		
	Details for Control and/or Compliance Rating		
113 (10/2017) (continued)	<p><i>"Rate reviews and dispute resolution"</i> which states:</p> <p><i>"If you believe there to be an error present in the wastewater services portion of your rates notice, you may request the Shire to review your notice."</i>;</p> <p>This section on the website also refers to contacting the Energy and Water Ombudsman and the State Administrative Tribunal whilst section 2.9 of the Shire's Customer Service Charter refers to contacting the Department of Water and an arbitrator in respect of complaints in general (it is assumed these complaints will include the review of bills). Thus, there are conflicting statements regarding the review of bills in two documents available on the Shire's website.</p>		
119 (11/2017)	<ul style="list-style-type: none"> • Ratings: B 2; • Legislation: Code of Conduct – clause 21(1) and WSL – clause 3.1.1; and • Details: <ul style="list-style-type: none"> ◦ Paxon examined a sample of <i>"Rate Notice/Tax Invoice(s)"</i> issued during the Audit Period and found the front of these notices refer to all the 	<ul style="list-style-type: none"> • The Shire should allow customers to pay their bills using the Centrepay option as stipulated in clause 21(1)(b) of the Code of Conduct. 	

Current Audit: Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

No.	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation		
	Details for Control and/or Compliance Rating		
119 (11/2017) (continued)	prescribed payment methods except the Centrepay option.		
122 (12/2017)	<ul style="list-style-type: none"> • Ratings: D 1; • Legislation: Code of Conduct – clause 23(1) and WSL – clause 3.1.1; and • Details: <ul style="list-style-type: none"> ○ Paxon confirmed by interview of the Shire's CEO that, during the Audit Period, the Shire accepted payment in advance from a customer on a customer's request; and ○ Paxon could not find any reference to the Shire accepting payments in advance in either the Shire Customer Service Charter nor on the Shire's website – on the webpage entitled: <i>"Payment of Rate & Invoices"</i>. 	<ul style="list-style-type: none"> • The Shire should update its Customer Service Charter and the appropriate webpage on its website to refer appropriately to accepting payment in advance as stipulated in clause 23(1) of the Code of Conduct. 	
146 (13/2017)	<ul style="list-style-type: none"> • Ratings: D 2; • Legislation: Code of Conduct – clause 35(2) and WSL – clause 3.1.1; and • Details: <ul style="list-style-type: none"> ○ Paxon confirmed by interview of the Shire's Technical Officer that the Shire did not 	<ul style="list-style-type: none"> • The Shire should review its customer complaints procedure using as minimum standards the relevant provisions of AS ISO 10002-2006 and the ERA's guidelines. 	

Current Audit: Non-Compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
No.	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation		
	Details for Control and/or Compliance Rating		
146 (13/2017) (continued)	develop its complaints procedure using as minimum standards the relevant provisions of AS ISO 10002-2006 and the ERA's guidelines (if any).		
150 and 153 (14/2017)	<ul style="list-style-type: none"> • Ratings: D 2 and B 2 respectively; • Legislation: Code of Conduct – clauses 36(1) and 37(1) and WSL – clause 3.1.1; and • Details: <ul style="list-style-type: none"> ◦ Paxon examined the document entitled: <i>"Compliments and Feedback form"</i>. Paxon could not find any reference to providing customers with a large-print version of any of the licensee's publicly available documents. 	<ul style="list-style-type: none"> • The Shire should update its public documents to include an appropriate reference to the stipulations of clause 36(1)(c) of the Code of Conduct. 	
166 (15/2017)	<ul style="list-style-type: none"> • Ratings: A 2; • Legislation: Act – section 12 and WSL – clause 3.8.2; and • Details: <ul style="list-style-type: none"> ◦ Paxon was not provided with any documentation to proof the timely submission of the Shire's Compliance Report for 2014-2015 to the ERA. 	<ul style="list-style-type: none"> • The Shire should keep proper records to proof its compliance with the reporting deadlines for the submission of compliance reports to the ERA. 	

Current Audit: Non-Compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
No.	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation		
	Details for Control and/or Compliance Rating		
167 (16/2017)	<ul style="list-style-type: none"> • Ratings: A 2; • Legislation: Act – section 12 and WSL – clause 3.8.3; and • Details: <ul style="list-style-type: none"> ○ Paxon was not provided with any documentation to proof the timely submission of the Shire's Performance Report for the 2014-2015 reporting period to the ERA. 	<ul style="list-style-type: none"> • The Shire should keep proper records to proof its compliance with the reporting deadlines for the submission of performance reports to the ERA. 	

Table 11: Current Audit: Non-Compliances and Recommendations (Part B)

5 Asset Management System Effectiveness Review: Comprehensive Report

5.1 Asset Management System Rating Scales

The effectiveness ratings assigned to each asset management system component because of the Review, are set out in the following two Tables - taken from the ERA's document entitled: *"Audit and Review Guidelines: Water Licences – July 2014"* ("ERA's Guidelines").

Asset Management Process and Policy Definition Adequacy Ratings ERA's Guidelines: Table No. 8

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) are not fit for purpose (taking into consideration the assets that are being managed).

Table 12: Asset Management Process and Policy Definition Adequacy Ratings

Asset Management Performance Ratings
ERA's Guidelines: Table No. 9

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	Serious 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.

Table 13: Asset Management Performance Ratings

5.2 Asset Management System: Effectiveness Ratings Summary

The effectiveness ratings for prime components, together with the ratings of their relevant effectiveness criteria, are indicated in Table 14 below:

Component	Asset Management Process and Policy Definition Adequacy Rating				Asset Management Performance Rating			
	Adequately Defined	Requires Some Improvement	Requires Significant Improvement	Inadequate	Performing Effectively	Opportunity for Improvement	Corrective Action Required	Serious Action Required
	A	B	C	D	1	2	3	4
Asset Planning		✓					✓	
• Asset Management Plan covers key requirements;		✓					✓	
• Planning process and objectives reflect the needs of all stakeholders and is integrated with business planning;		✓				✓		
• Service levels are defined;		✓				✓		
• Non-asset options are considered;			✓			✓		
• Life cycle costs of owning and operating the assets are assessed;		✓				✓		
• Funding options are evaluated;		✓				✓		
• Costs are justified, and cost drivers identified;		✓				✓		
• Likelihood and consequences of asset failure are predicted; and		✓				✓		
• Plans are regularly reviewed and updated.			✓				✓	

Asset Management System	Asset Management Process and Policy Definition Adequacy Rating				Asset Management Performance Rating			
Component	Adequately Defined	Requires Some Improvement	Requires Significant Improvement	Inadequate	Performing Effectively	Opportunity for Improvement	Corrective Action Required	Serious Action Required
	A	B	C	D	1	2	3	4
Asset Creation and Acquisition		✓				✓		
• Full project evaluations are undertaken for new assets including comparative assessment of non-asset solutions;		✓					✓	
• Evaluations include all lifecycle costs;		✓				✓		
• Projects reflect sound engineering and business decisions;		✓				✓		
• Commissioning tests are documented and completed; and			✓				✓	
• On-going legal/environmental/safety obligations of the asset owner are assigned and understood.		✓				✓		
Asset Disposal		✓				✓		
• Under performing and underutilised assets are identified as part of a regular systematic review process;		✓				✓		
• The reasons for underutilisation or poor performance are critically examined and corrective action or disposal undertaken;		✓				✓		
• Disposal alternatives are evaluated; and		✓				✓		

Asset Management System	Asset Management Process and Policy Definition Adequacy Rating				Asset Management Performance Rating			
Component	Adequately Defined	Requires Some Improvement	Requires Significant Improvement	Inadequate	Performing Effectively	Opportunity for Improvement	Corrective Action Required	Serious Action Required
	A	B	C	D	1	2	3	4
<ul style="list-style-type: none"> There is a replacement strategy for assets. 		✓				✓		
Environmental Analysis		✓				✓		
<ul style="list-style-type: none"> Opportunities and threats in the system environment are assessed; 	✓					✓		
<ul style="list-style-type: none"> Performance standards (availability of service, capacity, continuity, emergency response etc.) are measured and achieved; 		✓				✓		
<ul style="list-style-type: none"> Compliance with statutory and regulatory requirements; and 			✓				✓	
<ul style="list-style-type: none"> Achievement of customer service levels. 		✓				✓		
Asset Operations			✓				✓	
<ul style="list-style-type: none"> Operational procedures and policies are documented and linked to service levels required; 			✓				✓	
<ul style="list-style-type: none"> Risk management is applied to prioritise operations tasks; 		✓				✓		
<ul style="list-style-type: none"> Assets are documented in an asset register including asset type, location, material, plans of components, and assessment of assets' physical/structural condition and accounting data; 			✓			✓		
<ul style="list-style-type: none"> Operational costs are measured and monitored; and 			✓				✓	

Asset Management System	Asset Management Process and Policy Definition Adequacy Rating				Asset Management Performance Rating			
Component	Adequately Defined	Requires Some Improvement	Requires Significant Improvement	Inadequate	Performing Effectively	Opportunity for Improvement	Corrective Action Required	Serious Action Required
	A	B	C	D	1	2	3	4
<ul style="list-style-type: none"> Staff resources are adequate, and staff receive training commensurate with their responsibilities. 			✓				✓	
Asset Maintenance		✓				✓		
<ul style="list-style-type: none"> Maintenance policies and procedures are documented and linked to service levels required; 		✓				✓		
<ul style="list-style-type: none"> Regular inspections are undertaken of asset performance and condition; 		✓				✓		
<ul style="list-style-type: none"> Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule; 		✓					✓	
<ul style="list-style-type: none"> Failures are analysed, and operation/maintenance plans are adjusted where necessary; 		✓				✓		
<ul style="list-style-type: none"> Risk management is applied to prioritise maintenance tasks; and 		✓				✓		
<ul style="list-style-type: none"> Maintenance costs are measured and monitored. 		✓				✓		
Asset Management Information System		✓				✓		
<ul style="list-style-type: none"> Adequate system documentation for users and IT operators; 		✓					✓	

Asset Management System	Asset Management Process and Policy Definition Adequacy Rating				Asset Management Performance Rating			
Component	Adequately Defined	Requires Some Improvement	Requires Significant Improvement	Inadequate	Performing Effectively	Opportunity for Improvement	Corrective Action Required	Serious Action Required
	A	B	C	D	1	2	3	4
• Input controls include appropriate verification and validation of data entered into the system;		✓				✓		
• Logical security access controls appear adequate such as passwords;		✓				✓		
• Physical security access controls appear adequate;		✓				✓		
• Data back-up procedures appear adequate and back-ups are tested;		✓				✓		
• Key computations related to Licensee performance reporting are materially accurate; and			✓				✓	
• Management reports appear adequate for the Licensee to monitor licence obligations.		✓				✓		
Risk Management		✓				✓		
• Risk management policies and procedures exist and are being applied to minimise internal and external risk associated with the asset management system;		✓				✓		
• Risks are documented in a risk register and treatment plans are actioned and monitored; and		✓				✓		

Asset Management System	Asset Management Process and Policy Definition Adequacy Rating				Asset Management Performance Rating			
Component	Adequately Defined	Requires Some Improvement	Requires Significant Improvement	Inadequate	Performing Effectively	Opportunity for Improvement	Corrective Action Required	Serious Action Required
	A	B	C	D	1	2	3	4
<ul style="list-style-type: none"> The probability and consequences of asset failure are regularly assessed. 			✓				✓	
Contingency Planning			✓				✓	
<ul style="list-style-type: none"> Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks. 			✓				✓	
Financial Planning			✓				✓	
<ul style="list-style-type: none"> The financial plan states the financial objectives and strategies and actions to achieve the objectives; 			✓				✓	
<ul style="list-style-type: none"> The financial plan identifies the source of funds for capital expenditure and recurrent costs; 		✓				✓		
<ul style="list-style-type: none"> The financial plan provides projections of operating statements (profit and loss) and statement of financial position (balance sheet); 			✓				✓	
<ul style="list-style-type: none"> The financial plan provides firm predictions of income for the next five years and reasonable indicative predictions beyond this period; 			✓				✓	
<ul style="list-style-type: none"> The financial plan provides for the operation, maintenance, administration, and capital 		✓					✓	

Asset Management System	Asset Management Process and Policy Definition Adequacy Rating				Asset Management Performance Rating			
Component	Adequately Defined	Requires Some Improvement	Requires Significant Improvement	Inadequate	Performing Effectively	Opportunity for Improvement	Corrective Action Required	Serious Action Required
	A	B	C	D	1	2	3	4
expenditure requirements of the services; and								
<ul style="list-style-type: none"> Significant variances in actual/budget income and expenses are identified and corrective action taken where necessary. 		✓				✓		
Capital Expenditure Planning			✓				✓	
<ul style="list-style-type: none"> There is a capital expenditure plan that covers issues to be addressed, actions proposed, responsibilities and dates; 			✓				✓	
<ul style="list-style-type: none"> The plan provides reasons for capital expenditure and timing of expenditure; 			✓				✓	
<ul style="list-style-type: none"> The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan; and 				✓				✓
<ul style="list-style-type: none"> There is an adequate process to ensure that the capital expenditure plan is regularly updated and actioned. 			✓					✓
Review of Asset Management System			✓				✓	
<ul style="list-style-type: none"> A review process is in place to ensure that the asset management plan and the asset management system described therein are kept current; and 			✓				✓	

Asset Management System		Asset Management Process and Policy Definition Adequacy Rating				Asset Management Performance Rating			
Component		Adequately Defined	Requires Some Improvement	Requires Significant Improvement	Inadequate	Performing Effectively	Opportunity for Improvement	Corrective Action Required	Serious Action Required
		A	B	C	D	1	2	3	4
	<ul style="list-style-type: none"> Independent reviews (e.g., internal audit) are performed of the asset management system. 			✓				✓	

Table 14: Asset Management System: Effectiveness Ratings Summary

5.3 Review Observations and Recommendations

Asset Management System Component	Systems, Processes and Controls in Place at the Shire for Asset Management	Asset Management Process and Policy Definition Adequacy Rating	Asset Management Performance Rating
	Including Recommendations		
Asset Planning	<ul style="list-style-type: none"> • Reviewer was provided with a copy of the 2016 Asset Management plan prepared by GHD. The AMP is considered adequate – subject to comments and recommendations outlined in this report; • Although presented as a December 2017 document, the AMP requires editing and updating. General information regarding procedures are also adequate - without evidence of implementation in many cases such as operations, maintenance and documentation review; and • Future planning by the Shire for its sewerage scheme development is constrained by minimal growth of the town's population and connections to the sewerage scheme over recent years. The population, number of connections and sewage flows are therefore expected to be unchanged for the foreseeable future. Capital works will therefore be based on replacement of assets as required by age or condition rather than due to the necessity to increase the capacity of existing assets. The AMP states (item 3.1.1): <i>"The forecast demand for sewerage services is not expected to increase"</i>. <p>Recommendation 1/2017:</p> <ul style="list-style-type: none"> • That the AMP be reviewed and updated as recommended elsewhere in this report including the following obvious items: <ul style="list-style-type: none"> ◦ The AMP is dated December 2017. However, the document cover is titled September 2016; and ◦ Appendix A (Contingency Plan) and Appendix B (Personnel Contact Information) contain the names of Shire contacts no longer employed by the Shire - and should be replaced by the current Shire staff. 	B	3
Asset Creation and Acquisition	<ul style="list-style-type: none"> • The Asset Renewal Strategy in the AMP tabulates the long-life expectancy of most assets. Consequently, the Shire has no current need for significant planned replacement of its assets until around 2018. The Shire has no current need for significant planned replacement of its assets. Its asset-based expenditure is essentially based on maintenance, refurbishment and repair where necessary; • The Shire has a specific policy for cost limits on quotes, tenders and a regional price preference associated with new or replacement assets. The policy is based on the requirements of the Local Government Act; and • Alternative strategies of refurbishment or replacement are the prime considerations. Given the minor nature and cost involved, any alternatives are compared informally and appropriately outlined in reports to the Council. 	B	2

Asset Management System Component	Systems, Processes and Controls in Place at the Shire for Asset Management	Asset Management Process and Policy Definition Adequacy Rating	Asset Management Performance Rating
	Including Recommendations		
Asset Disposal	<ul style="list-style-type: none"> The Shire has not been obliged to dispose of sewerage assets and there is consequently no specific policy or procedure documented. Reviewer was advised that health issues would preclude the sale of assets previously in contact with sewage. Such assets would therefore be disposed of to landfill in the general case. However, pipes and other buried assets would simply be left “in the ground”. 	B	2
Environmental Analysis	<ul style="list-style-type: none"> The AMP adequately sets out the physical, community, commercial, geological and climate environment of Lake Grace. A brief description of the sewerage assets is included; Customer service standards i.e. complaints, emergencies, hardship policy etc are set out in the AMP and the Customer Service documentation. The documentation also provides information regarding the Shire’s obligations and powers associated with operating and maintenance of the sewerage system; and The AMP provides concise information regarding the Legislative environment supporting the Shire’s water services licence and the general responsibility of the Shire in terms of Departments of Health, Environmental Regulation and the Local Government Act. 	B	2
Asset Operations	<ul style="list-style-type: none"> Operation and Maintenance tasks are essentially common in small basic sewerage systems such as that at Lake Grace. The AMP outlines the tasks reasonably well but with insufficient information in some cases e.g. Imhoff tank de-sludging procedures. The contract plumber undertakes the checking and maintenance and repairs associated with the collection system, pumping station and the Imhoff Tank. No Shire staff are designated to undertake checking and maintenance activities at the WWTP; Staff training and qualifications, certificates held, training records etc. are recorded and coordinated by the Shire’s Training Officer. In addition to induction and OSH training, specific job task training and re-training is recorded and arranged. There is no specific training related to the sewerage system operations; The list of assets in the asset register appears up to date. The condition of pumping equipment and WWTP are stated as good. Although the plumber undertook a condition check of access chambers in 2016 (and reported generally as good), there is no column in the asset register to record access chamber or pipe condition. The condition of pipes has not been assessed, as the Shire prefers to note pipe condition at failure locations. Reviewer is aware that a Dumbleyung plumber now has CCTV equipment for pipeline inspections. The Shire should therefore avail itself of the opportunity to engage a contractor to assess the condition of its sewer pipe system; 	C	3

Asset Management System Component	Systems, Processes and Controls in Place at the Shire for Asset Management	Asset Management Process and Policy Definition Adequacy Rating	Asset Management Performance Rating
	Including Recommendations		
Asset Operations (continued)	<ul style="list-style-type: none"> • Reviewer considers the Technical Officer - appointed in 2016 to coordinate asset management monitoring and recording documentation, ERA licence reporting for the sewerage system, is clearly overloaded by the duties for which he was appointed, plus those seemingly unrelated duties that have since been assigned to him. He clearly requires backup; • The Technical Officer is very competent as indicated by the improved level of monitoring and documentation of sewerage operations and maintenance. However, he currently has no experience in the operation and maintenance of sewerage systems, nor the authority to identify, initiate and coordinate such works. The Shire should consider the appointment of an officer with the authority (via the Works Manager) to direct and coordinate all practical aspects of the sewerage operations and maintenance. Appointment of an Environmental Health Officer ("EHO") is not considered appropriate for such a role as they normally only visit the Shire on an fortnightly basis; • During April, and September 2016, Reviewer was appointed an ERA Inspector to report on progress made by the Shire in implementing nine of the recommendations of Quantum's 2014 Review Report; • From the above it was concluded that a number of recommendations had been implemented or partly implemented. However, further action was recommended in the following areas: Staff Training; Asset Condition Assessment; Reticulation System Flushing; Erosion Protection of the pond banks at the WWTP and removal of bulrushes; Contingency Planning; and Formal Agreement for maintenance works; • Since discontinuing irrigation of the Shire's recreation areas with WWTP effluent, the water level in the ponds has increased to well above the design level. During wet weather months, effluent discharges via the emergency overflow to a low-lying salt affected area within the adjacent private property immediately east of the WWTP; • As far as Reviewer is aware the owner of the property has not agreed to discharge onto the land. Similarly, neither the Health Department nor the Department of Environmental Regulation are aware of, or have approved the practise. A side issue of the increase in the pond level is that erosion of the banks has occurred above the design top water level. During 2017, Reviewer reported to the Shire on this issue and made recommendations regarding the legal aspects of the practise and repair of the embankments; and 		

Asset Management System Component	Systems, Processes and Controls in Place at the Shire for Asset Management	Asset Management Process and Policy Definition Adequacy Rating	Asset Management Performance Rating
	Including Recommendations		
Asset Operations (continued)	<ul style="list-style-type: none"> The following recommendations are relevant to the initial comments above, together with the recommendations of the two Inspector's reports and Reviewer's 2017 report to the Shire regarding the WWTP: <p>Recommendation 2/2017:</p> <ul style="list-style-type: none"> It is recommended that: <ul style="list-style-type: none"> Collection System - the Shire should include the condition of access chambers in its Asset Register. The Shire should also arrange for a CCTV inspection of the condition of all sewers and note the results in a separate column of the Asset Register. The Shire should flush the sewer collection system with clean water on an annual basis; Signage – a sign for the main pumping station should be mounted on the enclosure fencing; Pumping stations - locks should be fitted to the main pumping station access covers as recommended following the September 2016 Inspection. The hours run value of pumps at each of the four pumping stations should be recorded weekly and the value, date and time recorded in the existing spread sheet, which currently contains data for the main pumping station only. The water outlets next to all pumping stations should be fitted with a backflow prevention device; Treatment plant – weeds on embankment walls should be poisoned regularly. Shrubs and trees on the embankment should be removed and the surfaces restored. Bulrushes in pond No.2 should be poisoned or removed; Treatment plant – the Shire should seek the agreement of owner of the property on the east side of the WWTP to continue the discharge of overflow effluent to the salt affected low point on his property. Assuming agreement will be received, the Shire should seek the approval to continue the practise from the Department of Health and the Department of Environmental Regulation; Treatment plant – the Shire should pump down the pond water levels sufficiently to determine and implement a suitable wave erosion treatment for the inner face of the ponds. The current overflow pipe from pond No.2 should be re-located to the north east corner of the pond; Treatment plant – the AMP should contain a sequence and description of procedures for the general operation and de-sludging of the Imhoff Tank; Planned maintenance - the Shire should verify that the planned maintenance schedule corresponds with maintenance tasks undertaken by the plumber and agree to and document changes where 		

Asset Management System Component	Systems, Processes and Controls in Place at the Shire for Asset Management	Asset Management Process and Policy Definition Adequacy Rating	Asset Management Performance Rating
	Including Recommendations		
Asset Operations (continued)	<p>necessary. The Shire should negotiate a fee for each of the planned maintenance tasks and a cost basis for unplanned maintenance and repairs; and</p> <ul style="list-style-type: none">○ The Shire should consider the appointment of an officer with the authority (via the Works Manager) to direct and coordinate all practical aspects of the sewerage operations and maintenance.		
Asset Maintenance	<ul style="list-style-type: none">• The AMP contains a good schedule of maintenance tasks over each twelve-month period. The order and frequency of maintenance (and operations) tasks are based on a combination of operational experience, industry practise, manufacturer’s recommendations where appropriate and the likely risk implications of their delay or non-implementation. The schedule for 2015/16 includes estimate of cost for each task to be undertaken in each month. The schedule and estimates have not been prepared for 2016/17 or 2017/18. The work sheet for 2015/16 contains details of planned maintenance (but no costs) plus repair works and costs. Work sheets have not been prepared for 2016/17 or 2017/18 to date; and• The maintenance schedules do not include recording of pump run hours at all pumping stations. Similarly, the maintenance schedule should have provision for verifying that planned maintenance has been undertaken. <p>Recommendation 3/2017:</p> <ul style="list-style-type: none">• The planned maintenance schedules should have provision for confirming that maintenance has occurred and the date. <p>Recommendation 2/2017 above is also applicable to maintenance.</p>	B	2
Asset Management Information System	<ul style="list-style-type: none">• The Shire’s Asset Management system is manually operated and based on the standard set of interlinked Excel spread sheets commonly used by local authorities. The software is supplemented by the Synergy local authority package for finance, budgeting; and specific Word and Excel documents developed by the Shire for correspondence, data recording. Etc. The system is adequate for the Shire’s sewerage system management;• The spread sheets of the standard set are mainly up to date except in some cases data is incomplete e.g. access chamber and pipe condition assessments and dates, pump hours run recording, maintenance estimates, confirmation of completion and costs. Reviewer attributes these instances to overload of the Technical Officer whose responsibilities include this area; and• All available construction drawings have been digitised and are stored in the Shire’s computer system.	B	2

Asset Management System Component	Systems, Processes and Controls in Place at the Shire for Asset Management Including Recommendations	Asset Management Process and Policy Definition Adequacy Rating	Asset Management Performance Rating
Asset Management Information System (continued)	<p>Storage and Backup of Sewerage Scheme Documents:</p> <ul style="list-style-type: none"> • The AMP, Asset Management Information System, digitised copies of available design and construction drawings and associated documents, are stored on a shared drive in the office server. The server is backed up twice daily and stored off site. A shadow copy is stored in a separate partition, which is monitored for integrity by consultant <i>Perfect Computer Solutions</i>. This procedure ensures the Shire has ready access to information relevant to the asset management system with minimal risk of data loss due to staff changes or electronic attack; • Access to sewerage system correspondence and data is limited to specific Shire staff via password; and • The Technical Officer has overall responsibility for the on-going upkeep and preservation of the Asset Management System. 		
Risk Management	<ul style="list-style-type: none"> • The Asset Management Information System (“AMIS”) contains a comprehensive Risk Assessment spread sheet based on AS/NZS ISO 31000:2009. The AMP at sub-section 4.5 – “<i>Summary of Risks</i>” states in part, “<i>The risk assessment concluded that other than the rising main, all other assets were at low to moderate risk exposure, which could be managed with current process and procedures and no further actions were needed to manage or mitigate the other risks.</i>”; • Reviewer noted the risk assessment refers to CCTV inspection of pipes as a control measure in assessing the risk of blockage as low and the controls as moderate. As Council has not implemented a CCTV inspection program the risk assessment is questionable; and • Similarly, pumping station failure controls are stated to include overflow capture, advice from the public and automatic telephone advice to the Works Supervisor. Some of the pumping stations are not readily visible to the public and may not be reported. The Shire employs an Infrastructure Supervisor, not a Works Supervisor as stated at several locations in the AMP. This position is currently vacant. None of the four pumping stations has an overflow basin. Finally, loss of an embankment of a treatment pond could occur unless the Shire attends to the embankment erosion risk. In this event, the delay and cost could be far more significant than assessed. <p>Recommendation 4/2017:</p> <ul style="list-style-type: none"> • That the Risk Assessment be reviewed to verify or correct the conclusions of the analysis. 	B	2

Asset Management System Component	Systems, Processes and Controls in Place at the Shire for Asset Management	Asset Management Process and Policy Definition Adequacy Rating	Asset Management Performance Rating
	Including Recommendations		
Contingency Planning	<ul style="list-style-type: none"> • The AMP contains a set of very basic contingency plans; • There is no evidence that the plans have been tested or reviewed; • The list of contacts contains the names of several persons no longer employed by the Shire. Contact details for Western Power, Police, Emergency Services, NBN, Ambulance, Liquid Waste Removal and Tankering contractor should be added to the contacts; • Much of the contingency plans text illustrates the problems specific emergencies cause rather than the procedures necessary to allow customer service to be maintained while the normal operation is restored. In the case of a rising main failure, rather than discharge flows to the environment while possibly waiting several days or more for the delivery of pipes and for repair works to be completed, it would be far better practise to tanker wastes from the pumping station to the treatment plant or another pumping station in the interim; and • Similarly, procedures required in the event of a sewer blockage should be more detailed. While the cause and location of a blockage is determined, and excavation and repair are undertaken, it will be necessary to block an upstream access chamber to retard the flow. Incoming flow accumulating in the access chamber may be tankered away or, if the inflow is significant, it may be necessary to provide a pump to by-pass flow from the access chamber to one downstream of the blockage. <p>Recommendation 5/2017:</p> <ul style="list-style-type: none"> • That in view of the above comments, the AMP section on contingency planning be carefully reviewed, corrected and re-written. 	C	3
Financial Planning	<ul style="list-style-type: none"> • Section 7 – Financial Summary of the AMP provides a breakdown of income and costs for the five-year period 2016/17 to 2020/21. For a consistent five years period from the end of the review date, the estimate range should be 2017/18 to 2012/22 and is therefore two years out of date; • Reviewer noted that the whole of life capital replacement spread sheet indicates a net present value of \$2,966,359 and a corresponding annuity of \$94,003. Deducting an amount of \$900,000 (held in the sewerage reserve at 30th June 2017) from the net present value, reduces the annuity to \$ 65,820. The AMP states the replacement annuity as being \$67,973 - which is essentially in agreement with the above. However, the source calculations are not provided; 	C	3

Asset Management System Component	Systems, Processes and Controls in Place at the Shire for Asset Management	Asset Management Process and Policy Definition Adequacy Rating	Asset Management Performance Rating																								
	Including Recommendations																										
Financial Planning (continued)	<ul style="list-style-type: none">The whole of life annuity spread sheet determines an annuity of \$94,003 for maintenance. The estimated annual annuity cost is therefore in the order of \$65,820 + \$94,003 = \$159,823 which exceeds the required annuity of \$126,146 quoted in sub-section 7.5 of the AMP;An income of \$135,069 is listed in the AMP for 2015/16 - which indicates an on-going income shortfall in the order of: \$159,823 - \$135,069 = \$24,754 per year – unless rates are significantly increased;Reviewer spent a significant amount of time attempting to understand the difference between annuities stated in the AMP and the whole of life financial spread sheet. Reviewer was also unable to understand the overall set of figures and tables in Section 7 of the AMP; andReviewer acknowledges that Section 7 of the AMP is intended to provide a rolling five-year forecast if income and expenditure and to indicate that financial planning is sound. However, review, clarification and editing of the document is required to provide the intended outcome. <p>Recommendation 6/2017:</p> <ul style="list-style-type: none">Section 7 of the AMP should be reviewed, clarified and edited so that cost estimates in the whole of life spread sheets and the AMP are in agreement – or any differences explained. The document should be extended annually to provide a rolling five years prediction of the financial viability of the sewerage system. Similarly, the source and relationship between amounts in the various tables of Section 7 of the AMP should be made clearer.																										
Capital Expenditure Planning	<ul style="list-style-type: none">The following tabulation shows the 2018 to 2022 capex expenditure projections of the (a) - Financial mode of the AMIS, (b) - AMP and (c) - Shire’s current budget: <table><tr><td></td><td>2018</td><td>2019</td><td>2020</td><td>2021</td><td>2022</td></tr><tr><td>Financial Module of the Excel based AMIS</td><td>\$271,666</td><td>\$5,206</td><td>Nil</td><td>Nil</td><td>Nil</td></tr><tr><td>AMP</td><td>\$233,720</td><td>Nil</td><td>Nil</td><td>Nil</td><td>Nil</td></tr><tr><td>Shire’s 2017/18 Budget</td><td>Nil</td><td>Nil</td><td>Nil</td><td>Nil</td><td>Nil</td></tr></table> <ul style="list-style-type: none">Reviewer noted the discrepancy between the Finance model and the AMP in the years 2018 and 2019 - which is not explained or corrected. Although both the Finance model and the AMP estimate 2018 expenditure in excess of \$230,000, the Shire’s budget contains a nil provision for 2018 and subsequent years to 2022;		2018	2019	2020	2021	2022	Financial Module of the Excel based AMIS	\$271,666	\$5,206	Nil	Nil	Nil	AMP	\$233,720	Nil	Nil	Nil	Nil	Shire’s 2017/18 Budget	Nil	Nil	Nil	Nil	Nil	C	3
	2018	2019	2020	2021	2022																						
Financial Module of the Excel based AMIS	\$271,666	\$5,206	Nil	Nil	Nil																						
AMP	\$233,720	Nil	Nil	Nil	Nil																						
Shire’s 2017/18 Budget	Nil	Nil	Nil	Nil	Nil																						

Asset Management System Component	Systems, Processes and Controls in Place at the Shire for Asset Management	Asset Management Process and Policy Definition Adequacy Rating	Asset Management Performance Rating
	Including Recommendations		
Capital Expenditure Planning (continued)	<ul style="list-style-type: none"> Whilst the AMP indicates the general areas in which Capex expenditure is intended, a more detailed breakdown of the estimates should be provided in the AMP. As noted for Item 10 - Financial Planning, the Capex plan should be extended annually to provide a rolling five years prediction of capital expenditure from the current financial year; and As noted, elsewhere in this document the AMP is out of date and should be reviewed and updated. There appears to be little or no interaction between the Shire's officers responsible for the sewerage asset management system and those preparing the annual budget. <p>Recommendation 7/2017:</p> <ul style="list-style-type: none"> That the AMP and Financial model be reviewed, amended as necessary and updated annually to ensure consistency of Capex expenditure forecasting and input to financial budgets; Ensure that sewerage asset management officers provide input to sewerage system budget preparation and that associated AMP documentation is amended if necessary to agree with budget provisions; and The document should be extended annually to provide a rolling five years prediction of capital expenditure requirements. 		
Review of Asset Management System	<ul style="list-style-type: none"> Independent reviews of the asset management system have been undertaken by approved consultants since the issue of - and in accordance with, the requirements of the Shire's Water Services Licence; Although dated December 2017, the AMP is titled AMP – Sewerage Scheme – September 2016; The 2016 AMP was prepared following Quantum Assurance 2014 Review and was being revised during the ERA Inspector's September 2016 visit. The document theoretically accords with Quantum's 2014 recommendation that the AMP be revised at intervals of not more than five years. Although initial work on the September 2016 AMP appeared promising, Reviewer considers that an adequate revision or review of the Asset Management System has not been undertaken; and However, it is incomplete, out of date in terms of its financial and capital expenditure planning and contains staff and contact errors. The control sheet at the rear of the document has no revision details, dates, or signatures. <p>Recommendation 8/2017:</p> <ul style="list-style-type: none"> The practises and staffing of managing the assets of the Shire's sewerage system should be reviewed and revised; 	C	3

Asset Management System Component	Systems, Processes and Controls in Place at the Shire for Asset Management		Asset Management Process and Policy Definition Adequacy Rating	Asset Management Performance Rating
	Including Recommendations			
Review of Asset Management System (continued)	<ul style="list-style-type: none">• The AMP should be thoroughly reviewed, corrected and edited in accordance with any changes resulting from the above revision and the recommendations of this Report.• Apart from five yearly revisions of the AMP, a desk-top review of the document should be undertaken annually – including up-dating of the financial and capital expenditure plans. The reviewer’s name, review date and details of amendments should be included in the revision sheet.			

Table 15: Review Observations and Recommendations

5.4 Current Review: Deficiencies and Recommendations

Current Review: Deficiencies and Recommendations			
A. Resolved During Current Review Period			
Ref.	Asset Management System Effectiveness Rating	Date Resolved	Reviewer's Comments
	Asset Management System Component	Management Action Taken	
	Criteria/Details of Asset Management System Deficiency		

No such instances occurred during the current Review period.

Table 16: Current Review: Deficiencies and Recommendations (Part A)

Current Review: Deficiencies and Recommendations

B. Unresolved at End of Current Review Period

Ref. (no./year)	Asset Management System Effectiveness Rating		Reviewer's Recommendation	Management Action Taken by End of Review Period
	Asset Management System Component			
	Criteria/Details of Asset Management System Deficiency			
1/2017	<ul style="list-style-type: none">• Rating: B 3;• Component: Asset Planning; and• Details:<ul style="list-style-type: none">• See the section for Asset Planning as included in Table 15 entitled: <i>“Review Observations and Recommendations”</i> in section 5.3 of this Report.		<ul style="list-style-type: none">• That the AMP be reviewed and updated as recommended elsewhere in this report including the following obvious items:<ul style="list-style-type: none">○ The AMP is dated December 2017. However, the document cover is titled September 2016; and○ Appendix A (Contingency Plan) and Appendix B (Personnel Contact Information) contain the names of Shire contacts no longer employed by the Shire - and should be replaced by the current Shire staff.	<ul style="list-style-type: none">• Zero.
2/2017	<ul style="list-style-type: none">• Rating: C 3;• Component: Asset Operations; and• Details:<ul style="list-style-type: none">• See the section for Asset Operations as included in Table 15 entitled: <i>“Review Observations and Recommendations”</i> in section 5.3 of this Report.		<ul style="list-style-type: none">• It is recommended that:<ul style="list-style-type: none">○ Collection System - the Shire should include the condition of access chambers in its Asset Register. The Shire should also arrange for a CCTV inspection of the condition of all sewers and note the results in a separate column of the Asset Register. The Shire should flush the sewer collection system with clean water on an annual basis;○ Signage – a sign for the main pumping station should be mounted on the enclosure fencing;○ Pumping stations - locks should be fitted to the main pumping station access covers as recommended following the September 2016 Inspection. The hours run value of pumps at each of the four pumping stations should be recorded weekly and the value, date and time recorded in the existing spread sheet, which currently contains data for the main pumping station only. The water outlets next to all pumping stations should be fitted with a backflow prevention device;○ Treatment plant – weeds on embankment walls should be poisoned regularly. Shrubs and trees on the embankment	<ul style="list-style-type: none">• Zero.

Current Review: Deficiencies and Recommendations

B. Unresolved at End of Current Review Period

Ref. (no./year)	Asset Management System Effectiveness Rating		Reviewer's Recommendation	Management Action Taken by End of Review Period
	Asset Management System Component			
	Criteria/Details of Asset Management System Deficiency			
2/2017 (continued)			<p>should be removed and the surfaces restored. Bulrushes in pond No.2 should be poisoned or removed;</p> <ul style="list-style-type: none">○ Treatment plant – the Shire should seek the agreement of owner of the property on the east side of the WWTP to continue the discharge of overflow effluent to the salt affected low point on his property. Assuming agreement will be received, the Shire should seek the approval to continue the practise from the Department of Health and the Department of Environmental Regulation;○ Treatment plant – the Shire should pump down the pond water levels sufficiently to determine and implement a suitable wave erosion treatment for the inner face of the ponds. The current overflow pipe from pond No.2 should be re-located to the north east corner of the pond;○ Treatment plant – the AMP should contain a sequence and description of procedures for the general operation and de-sludging of the Imhoff Tank;○ Planned maintenance - the Shire should verify that the planned maintenance schedule corresponds with maintenance tasks undertaken by the plumber and agree to and document changes where necessary. The Shire should negotiate a fee for each of the planned maintenance tasks and a cost basis for unplanned maintenance and repairs; and○ The Shire should consider the appointment of an officer with the authority (via the Works Manager) to direct and coordinate all practical aspects of the sewerage operations and maintenance.	

Current Review: Deficiencies and Recommendations			
B. Unresolved at End of Current Review Period			
Ref. (no./year)	Asset Management System Effectiveness Rating		Management Action Taken by End of Review Period
	Asset Management System Component		
	Criteria/Details of Asset Management System Deficiency		
3/2017	<ul style="list-style-type: none">• Rating: B 2;• Component: Asset Maintenance; and• Details:<ul style="list-style-type: none">• See the section for Asset Maintenance as included in Table 15 entitled: “Review Observations and Recommendations” in section 5.3 of this Report.		<ul style="list-style-type: none">• The planned maintenance schedules should have provision for confirming that maintenance has occurred and the date. Recommendation 2/2017 above is also applicable to maintenance. <ul style="list-style-type: none">• Zero.
4/2017	<ul style="list-style-type: none">• Rating: B 2;• Component: Risk Management; and• Details:<ul style="list-style-type: none">• See the section for Risk Management as included in Table 15 entitled: “Review Observations and Recommendations” in section 5.3 of this Report.		<ul style="list-style-type: none">• That the Risk Assessment be reviewed to verify or correct the conclusions of the analysis. <ul style="list-style-type: none">• Zero.
5/2017	<ul style="list-style-type: none">• Rating: C 3;• Component: Contingency Planning; and• Details:<ul style="list-style-type: none">• See the section for Contingency Planning as included in Table 15 entitled: “Review Observations and Recommendations” in section 5.3 of this Report.		<ul style="list-style-type: none">• That in view of the above comments, the AMP section on contingency planning be carefully reviewed, corrected and re-written. <ul style="list-style-type: none">• Zero.
6/2017	<ul style="list-style-type: none">• Rating: C 3;• Component: Financial Planning; and• Details:<ul style="list-style-type: none">• See the section for Financial Planning as included in Table 15 entitled: “Review Observations and Recommendations” in section 5.3 of this Report.		<ul style="list-style-type: none">• Section 7 of the AMP should be reviewed, clarified and edited so that cost estimates in the whole of life spread sheets and the AMP are in agreement – or any differences explained. The document should be extended annually to provide a rolling five years prediction of the financial viability of the sewerage system. Similarly, the source and relationship between amounts in the various tables of Section 7 of the AMP should be made clearer. <ul style="list-style-type: none">• Zero.

Current Review: Deficiencies and Recommendations			
B. Unresolved at End of Current Review Period			
Ref. (no./year)	Asset Management System Effectiveness Rating		Management Action Taken by End of Review Period
	Asset Management System Component		
	Criteria/Details of Asset Management System Deficiency		
7/2017	<ul style="list-style-type: none">• Rating: C 3;• Component: Capital Expenditure Planning; and• Details:<ul style="list-style-type: none">• See the section for Capital Expenditure Planning as included in Table 15 entitled: “Review Observations and Recommendations” in section 5.3 of this Report.		<ul style="list-style-type: none">• Zero.
8/2017	<ul style="list-style-type: none">• Rating: C 3;• Component: Review of Asset Management System; and• Details:<ul style="list-style-type: none">• See the section for Review of Asset Management System as included in Table 15 entitled: “Review Observations and Recommendations” in section 5.3 of this Report.		<ul style="list-style-type: none">• Zero.

Table 16: Current Review: Deficiencies and Recommendations (Part B)

6 Audit Opinion

To the best of my knowledge, this report is based on true representation of the audit findings and opinions.

Cameron Palassis
Executive Director – Audit and Assurance

Paxon Group
Level 5, 160 St Georges Terrace
Perth WA 6000

Date: 27 March 2018

Perth

Level 5, 160 St Georges Terrace
Perth Western Australia 6000
Telephone: +61 8 9476 3144
Facsimile: +61 8 9476 3188
GPO Box 2753, Perth WA 6001

Melbourne

Level 27, 101 Collins Street
Melbourne VIC 3000
Telephone: +61 3 9111 0046
Facsimile: +61 3 9111 0045

Sydney

Level 57, MLC Centre, Martin Place
Sydney NSW 2000
Telephone: +61 2 8355 3690
Facsimile: +61 2 8355 3689

www.paxongroup.com.au

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