

Moama Lifestyle Villages Pty Ltd
Water Services (Operating) Licence

Operational Audit and Asset
Management System
Effectiveness Review

Report
8 May 2018

PAXON GROUP

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1 Executive Summary

1.1 Operational Audit

Audit Objective

The operational audit (“Audit”) was conducted to assess Moama Lifestyle Villages Pty Ltd.’s (“Moama”) level of compliance with the conditions of its licence.

The Audit covered the period from 1 October 2014 to 30 September 2017 (“Audit Period”) inclusive.

Licence, Business and Major Changes

Moama provides water services under the provisions of a Water Services Licence issued by the Economic Regulation Authority (“ERA”).

Moama was granted a Water Services Operating Licence (“WSOL”) by the ERA. The WSOL commenced on the 7th September 2010 and authorises Moama 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 Moama took place during the Audit Period.

Moama’s Actions on Previous Audit Report Recommendations

The previous Audit was conducted by Quantum Assurance in respect of the period 1 October 2012 to 30 September 2014. The Quantum Assurance Final Report, dated January 2015, identified two non-compliances and 1 control improvement.

This Audit assessed the actions taken by Moama in response to the non-compliances included in the Audit Report dated January 2015. This Audit determined both the two previously identified non-compliances are still unresolved. This audit determined the control improvement was not implemented.

Details of these non-compliances and recommendations as included in the previous Audit Report, its status and any further action required are included in Table 5 entitled: “*Previous Audit: Non-Compliances and Recommendations*” as in section 3 of this Report.

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

The Audit identified several instances of non-compliance with the conditions of Moama’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 – Water Services Act 2012*” as in section 4 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: Water Services Act 2012*” as in section 4 of this Report.

Furthermore, specific detailed information as to those individual obligations assessed as non-compliant and/or as having weak controls is contained in Table 11 entitled: “*Current Audit: Non-Compliances and Recommendations*” as included in section 4 of this Report.

Control Environment

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

Licence Compliance

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

Table 1 on the following page 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 Priority Applied	Adequacy of Controls Rating						Compliance Rating					
	Adequate Controls A	Generally Adequate Controls B	Inadequate Controls C	No Controls Evident D	Not Performed NP	Not Applicable NA	Compliant 1	Non-compliant – Minor Impact 2	Non-compliant – Moderate Impact 3	Non-compliant – Major Impact 4	Not Rated NR	Not Applicable NA
1 (Highest)												
2			10		4	2	6	1			7	2
3	5		2		1		3	2	2		1	
4			6		1	54	1	1	3		2	54
5 (Lowest)	9		28	1	16	26	14			1	39	26
Not applicable						20						20
Not used						5						5
Total	14		46	1	22	107	24	4	5	1	49	107

Table 1: Summary of Audit Findings

1.2 Asset Management System Effectiveness Review

Review Objective

The Water Services Licensing Act 1995 and the current Act each requires that Moama provides for and maintains an asset management system. The system should set out the processes to be taken by Moama to ensure the proper planning, operation, financing, maintenance, repair and renewal of its assets and for monitoring of its water services. The Act requires that Moama provides 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 Moama 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 are provided in Section 2 of this report.

The Review covered the period from the 1st October 2014 to the 30th September 2017 inclusive.

Summary of Conclusions

This review notes three different wastewater treatment companies have operated Moama's Wastewater Treatment Plant ("WWTP") since its water services licence was granted in 2010. A series of plant emergencies and treatment non-compliances occurred during the initial years, resulting in the 2015 appointment of the third company, Wastewater Services Pty Ltd ("WWS") to operate and manage the sewerage system. During this period there has been a marked improvement in the operation and maintenance of the system and treatment quality. WWS operates the system on an ad-hoc basis. Contract documents have been prepared for WWS to construct and operate a new WWTP. However, the contract has not been executed pending resolution of the possibility of a Water Corporation sewer becoming available to accept sewage flows from the Moama site in the near future.

This review concludes that Moama's failure to address the above recommendations over the last three years indicates an unfortunate lack of management interest in complying with the requirements and obligations of its Licence. This review's average performance rating of "C 3" underlines this conclusion.

The sewage collection, treatment, and non-potable reticulation system is currently well operated, maintained and is performing satisfactorily. However, the ad-hoc nature of the services provision reduces Moama's overall control of the system and exposes its customers to a potential loss of the service in the event of a significant (albeit unlikely) dispute between Moama and its service provider.

Moama's Response to Previous Review Report Recommendations

The previous Review was conducted by Quantum in 2014. The Review Report, dated January 2015, identified several issues and provided ten detailed recommendations to resolve the issues identified.

This review concluded that none of the ten recommendations have been adequately resolved. This conclusion is primarily due to Moama's failure to update its 2009 asset management documentation and/or to implement most of the recommendations.

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

The recommendations of the previous Review and subsequent status related to each recommendation as provided in Table 7 are summarised as follows:

Asset Planning

- Recommendation 05/2014: Unresolved:
 - The licensee should ensure that clear and well-defined service levels are included in the next revision of the operations and maintenance contract; and
 - The licensee should ensure that a signed copy of any future operations and maintenance contract is retained.
- Recommendation 06/2014: Partly addressed – Unresolved:

The licensee should continue to monitor the capacity of the WWTP, currently at 50% capacity for 143 houses. When the system nears its maximum capacity, an Asset Transition Plan should be developed to provide further capacity, depending upon

the options available at the time such as connecting to the Water Corporation's sewer network or upgrading the plant.

- Recommendation 07/2014: Unresolved:
 - The licensee should ensure that a full review and revision of the Asset Management Plan is undertaken covering all aspects of the AMP, including the financial information and modifications of the plant; and
 - The licensee should include the AMP on the TLLV WWTP Document Register and ensure the AMP is reviewed and updated every two years or whenever major changes occur.

Asset Operations

- Recommendation 08/2014: Partly Resolved:
 - The licensee should revise the documentation of all Operational and Maintenance policies and procedures;
 - The licensee should ensure that the procedure of a daily visual inspection of the plant undertaken by NLV personnel is added to the Operational and Maintenance policies and procedures;
 - The licensee should ensure that monthly recycled water samples are taken, analysed and reported to the Department of Health; and
 - The licensee should ensure that all aspects of alarm monitoring procedures, including a formal hierarchy of referrals, are documented to ensure fail safe operation of the WWTP.
- Recommendation 09/2014: Unresolved:

The licensee should ensure that a new Asset Management Register is developed and includes all assets including asset type, location, material, plans of components, and an assessment of assets' physical/structural condition.
- Recommendation 10/2014: Unresolved:
 - A record of Tristar operators training as well as NLV staff where relevant should be documented in the TLLV WWTP Asset Management System Competency and Training Record template;
 - The licensee should ensure that all NLV staff involved with daily plant inspection and frontline operation monitoring activities are inducted in Health and Safety Guidelines prior to conducting the daily inspections and a record of this is kept in the Plant Induction Record template; and
 - The licensee should ensure that the TLLV WWTP Asset Management System Competency and Training Record and Plant Induction record are regularly reviewed and kept up to date.

Risk Management

- Recommendation 11/2014: Unresolved:
 - The licensee should ensure that risks associated with the non-potable water reticulation/re-use (e.g. cross connection, un-authorised use of recycled water, residents coming into contact with below ground irrigation system, etc.) are captured in the Risk Register;
 - The licensee should ensure that a current copy of the WWTP Risk Register is kept

on the Tristar's WWTP procedures file kept on site; and

- The requirement to keep a current copy of the WWTP Risk Register on the Tristar's WWTP procedures file should be added into the Internal Audit Checklist and compliance reviewed regularly.

Contingency Planning

- Recommendation 12/2014: Unresolved:
 - The licensee should ensure that a current copy of the WWTP Emergency Response Plan as well as TLLV Emergency Response Plan is kept on the Tristar's WWTP procedures file kept on site; and
 - The licensee should update the AMS Contact List, outside of the normal review frequency, when changes to staffing occur.

Financial Planning

- Recommendation 13/2014: Unresolved:
 - The licensee should review the financial objectives and strategies and actions to achieve the objectives in the Financial Plan, for validity and accuracy in terms of the current operation of the WWTP;
 - The licensee should update the Financial Plan for financial projections of operating statements (profit/loss) and statements of financial position for the next 5 years from 2014;
 - The licensee should update the Financial Plan for firm predictions of income for next 5 years from 2014 and reasonable indicative predictions beyond this period; and
 - The licensee should review and update the Financial Plan for operations and maintenance, administration and capital expenditure requirements of the services based on the current data collections and verifications, and for the WWTP modifications and current operation of the WWTP.

Capital Expenditure Planning:

- Recommendation 14/2014: Unresolved:

As part of the Financial Plan review and update, the licensee should review and update the capital expenditure plan in the financial plan to be consistent with the asset life and current assets.

Licence Compliance

Tables 8 & 9 of the ERA's: "*Audit and Review Guidelines: Water Licences – July 2014*" provided the basis for assessment of the effectiveness rating levels associated with "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 Moama's Asset Management System is summarised in Table 2 on the following page:

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 Findings

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 Moama 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 of this Report).

2.1.2 Asset Management System Effectiveness Review

The Act requires that Moama provides for and maintains an asset management system. The system should set out the processes to be taken by Moama to ensure the proper planning, operation, financing, maintenance, repair and renewal of its assets and for monitoring of its water services. The Act requires Moama 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 or not Moama 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 16 entitled: “*Current Review: Deficiencies and Recommendations*” as in section 5 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 Moama for the proper operation and maintenance of assets. The plans must convey Moama'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 Moama 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 Village's Manager and Tristar's operations representative, inspected the water services facilities, including the wastewater collection system, pumping station and treatment plant, together with the disinfection, storage and disposal system for treated wastewater. 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 that 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
- Moama's response to the recommendations made in previous reviews.

2.3.3 Audit/Review Reporting

The Audit/Review reporting consisted of the following steps:

- Prior to the conclusion of the Audit/Review visit, discussed any observations and recommendations with the representatives of Moama to confirm understanding of the issues and to agree upon the action to be taken;
- Provided a draft Audit and Review Report to the ERA for review. The ERA provided comments on the Draft Audit and Review Report to Paxon. Paxon considered the ERA's comments and made amendments to the Draft Audit and Review Report, as appropriate; and
- Provided the final Audit and Review Report to the ERA.

The ERA will forward the draft Audit and Review Report, with the ERA's comments to Moama for their comment. The ERA will procure the post-audit implementation plan from Moama.

2.4 Time Interval Covered in Audit/Review

The Audit/Review covered the period from 1 October 2014 to 30 September 2017. The previous Audit covered the period from 1 October 2012 to the 30 September 2014. The previous Review covered the period from 1 October 2013 to 30 September 2014.

2.5 Audit/Review Dates

The Audit/Review fieldwork was conducted during November 2017.

2.6 Licensee's Representatives

Moama employees who participated in the Audit were as follows:

Staff Member	Position
William Marshall	Group General Manager – Operations National Lifestyle Villages Pty Ltd
Melissa Cattai	Administration Assistant, Village Services National Lifestyle Villages Pty Ltd

Table 3: Moama Employees Who Participated in the Audit

Moama employees who participated in the Review were as follows:

Staff Member	Position
Denham Carlyon	Village Manager, Tuart Lakes Lifestyle Villages Pty Ltd
Melissa Cattai	Administration Assistant, Village Services National Lifestyle Villages Pty Ltd
Roy	WWTP Operator and Wastewater Services Pty Ltd Representative

Table 4: Moama 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;
- Audit and Review Guidelines: Water Licences – July 2014;

- Water Compliance Reporting Manual – Water Services Act 2012 – April 2014;
- Water Compliance Reporting Manual – Water Services Act 2012 - July 2016;
- Water Services Operating Licence – Moama Lifestyle Villages Pty Ltd – WL40, Version 2, 18 November 2013;
- Water Services Licence – Moama Lifestyle Villages Pty Ltd – WL40, Version 3, 1 July 2016;
- Moama Lifestyle Villages Pty Ltd – Audit and Review Plan – Operational Audit and Asset Management System Effectiveness Review of the Water Services (Operating) Licence for 2014 - 2017;
- Quantum Assurance - Moama Lifestyle Villages Pty Ltd – (Tuart Lakes Lifestyle Village) – Operational Audit and Asset Management System Review – Water Licence WL40 (Non-potable and sewerage) - Final Report – Economic Regulation Authority – January 2015;
- 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;
- Two complaints handling procedure documents;
- “National Lifestyle Villages – Tuart Lakes Lifestyle Village – Customer Charter”;
- Communication with the ERA;
- Appropriate financial documents;
- Sample of “Residential Site Agreements – Tuart Lakes Lifestyle Village”;
- TLLV’s “Compliance Register – Reporting Requirements”;
- “Village Policy – Your Guide to Village Life - National Lifestyle Villages”;
- Performance Reporting Data Sheets – 2014-2015;
- Performance Reporting Data Sheets – 2015-2016; and
- Performance Reporting Data Sheets – 2016-2017.

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 – Moama Lifestyle Villages Pty Ltd – WL40, Version 2, 18 November 2013;
- Water Services Licence – Moama Lifestyle Villages Pty Ltd – WL40, Version 3, 1 July 2016;
- Audit and Review Guidelines: Water Licences – July 2014;
- Tuart Lakes Lifestyle Village Asset Management Plan - 13/10/2009 together with sixteen Appendices – including:
 - Department of Health “In Principle Approval”;
 - Department of Environment and Conservation Works Approval;
 - WWTP Operation and Maintenance Manual; and
 - Department of Health Validation Monitoring Program.
- Water Sample Analyses for 2014/15, 2016/17 and 2017/18 (2015/16 not provided);

- ERA Compliance Reports for 2014/15, 2015/16 and 2016/17;
- Water Analysis Data Sheets for 2014/15, 2015/16 and 2016/17;
- ERA Letter to Moama dated 18/7/2016 approving postponement of 2016 Audit and Review;
- Annual Reports to Department of Health for 2014/15 and 2016/17;
- Department of Health Letter to Moama dated 2/9/2015 advising concern at treatment and operation non-compliances;
- Denham Carlyon e-mail to Reviewer in answer to queries;
- Wastewater Services - WWTP completed Operating Check Sheet for 3/7/2017 to 7/7/2017; and
- Draft Documents for a contract between Moama and Wastewater Services for Design, Construction and Operation of a new WWTP.

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	8
Anton Prinsloo – Senior Consultant	38
Barry Robbins - Barry Robbins Engineering and Project Management	36
TOTAL	82

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)	Compliance and Control Rating	Auditor’s Recommendation and Action Taken	Date Resolved	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)		
There is no content to 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)	Compliance and Control Rating	Auditor's Recommendation and Action Taken	Date Resolved	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			
There is no content to Part B.				

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)	Compliance and Control Rating	Auditor's Recommendation and Action Taken	Further Action Required (FAR) (Yes/No/Not Applicable)
	Legislative Obligation and Details of the Issue		(Including Current Recommendation Reference if Applicable)
01/2014	<ul style="list-style-type: none"> Rating: A 1; Obligation: Water Services Licensing Act 1995; and Details: <ul style="list-style-type: none"> As the TLLV Customer Charter contains information on the resident's as well as TLLV responsibilities for a healthier recycled water system that are not being provided to the village residents in any other document, the auditor considers the continual provision of the TLLV Customer Charter to be beneficial to the village residents; and Document version control should be introduced. 	<p><u>Auditor's recommendation:</u></p> <ul style="list-style-type: none"> The licensee should arrange for TLLV to include document version control in the TLLV Customer Charter. <p><u>Action taken:</u></p> <ul style="list-style-type: none"> Paxon examined the document entitled: "National Lifestyle Villages – Tuart Lakes Lifestyle Village – Customer Charter". This document in the footnote states: "TL-29 Customer Service Charter - Rev1.docx". 	<ul style="list-style-type: none"> Further action is required as detailed below: <ul style="list-style-type: none"> The Customer charter should include the following administrative information: <ul style="list-style-type: none"> Version number; Date of any amendments; Summary of the amendments made; Identity of the person who made the amendments; Identity of the person who approved the amendments; and Date the amendment was approved.
02/2014	<ul style="list-style-type: none"> Rating: B 2; Obligation: Water Services Code of Conduct (Customer Service Standards) 2013 - clause 35.1; and Details: <ul style="list-style-type: none"> Tuart Lakes Lifestyle Village is the sole customer (under the Water Services Act 2012) but it should record any complaints from village residents and lodge these with Moama for action; 	<p><u>Auditor's recommendation:</u></p> <ul style="list-style-type: none"> The licensee (Moama) should create a written complaints procedure in relation to investigating and dealing with complaints from TLLV on behalf of their customers about the provision of water services by the licensee or a failure by the licensee to provide a water service. The licensee's complaints procedure must: <ul style="list-style-type: none"> Be developed using as a minimum standard, the relevant provisions of the AS/ISO 10002-2006 and the Authority's guidelines (if any); 	<ul style="list-style-type: none"> Further action is required as detailed below: <ul style="list-style-type: none"> The procedure which deals with complaints TLLV lodges with Moama states: <p><i>"If complainant dissatisfied, refer to mediation or Water Ombudsman, keep complainant informed."</i></p> The procedure which deals with complaints residents at Tuart Lakes lodges with TLLV does not address clause 35(4) of the Water Services Code of Conduct (Customer Service Standards) 2013; and

Previous Audit: Non-Compliances and Recommendations			
C. Unresolved at End of Current Audit Period			
Reference (no./year)	Compliance and Control Rating	Auditor's Recommendation and Action Taken	Further Action Required (FAR) (Yes/No/Not Applicable)
	Legislative Obligation and Details of the Issue		(Including Current Recommendation Reference if Applicable)
02/2014 (continued)	<ul style="list-style-type: none"> The auditor was advised by the licensee that any complaints from TLLV relating to their customers would be forwarded to the licensee for attention. TLLV has a written complaints procedure in the TLLV Customer Charter in a management pack that is discussed by the Village Manager with each prospective new resident and displayed in the TLLV administration office; and The auditor reviewed the TLLV Complaints Register and noted that there were no complaints received that related to water services provided by the licensee. 	<ul style="list-style-type: none"> Provide for the matters specified in relation to lodgement of complaints, responding to complaints, dispute resolution arrangements and resolving complaints; and Inform the customer (TLLV) that they do not have to use the licensee's complaints procedure, provide details of procedures under the Act, and set out the costs and benefits to the customer of the complaint resolution procedure or of the procedures under the Act. <p><u>Action taken:</u></p> <ul style="list-style-type: none"> Paxon notes Moama took the following action: <ul style="list-style-type: none"> Moama compiled two written complaints procedures. The first procedure deals with complaints TLLV lodges with Moama. The second procedure deals with complaints residents at Tuart Lakes lodges with TLLV. Paxon noted both documents cover complaints from lodgement to resolution; Moama has stated the two written complaints procedures were developed using as a minimum standard the relevant provisions of AS ISO 10002-2006; and Paxon notes the written complaints procedures, from a holistic perspective, address: 	<ul style="list-style-type: none"> A recommendation 03/2017 was raised in this regard.

Previous Audit: Non-Compliances and Recommendations			
C. Unresolved at End of Current Audit Period			
Reference (no./year)	Compliance and Control Rating	Auditor's Recommendation and Action Taken	Further Action Required (FAR) (Yes/No/Not Applicable)
	Legislative Obligation and Details of the Issue		(Including Current Recommendation Reference if Applicable)
02/2014 (continued)		<ul style="list-style-type: none"> Recording of complaints; Time limits and methods for responding to complaints; Dispute resolution arrangements; and Resolving a complaint before the end of the period of 15 business days starting on the day the complaint was received. Paxon notes the TLLV document entitled: "National Lifestyle Villages – Tuart Lakes Lifestyle Village – Customer Charter" states the following: "If we do not respond accordingly complaints are dealt with by the Department of Water "; The Charter then provides contact details for the department. However, as per clause 35(4) of the Code of Conduct this information must be included in the complaints procedure and not in a separate document. 	
03/2014	<ul style="list-style-type: none"> B 2; LO: Licence WL 40, Clause 16.1 – 16.3; and Details: <ul style="list-style-type: none"> In accordance with the Water Compliance Reporting Manual April 2014, the licensee is required to submit to the Authority annual compliance reports by 31 August for the year ending 30 June. The auditor reviewed the 	<p><u>Auditor's recommendation:</u></p> <ul style="list-style-type: none"> The licensee should ensure that all future Compliance and Performance Reports are submitted to the Authority within the timeframes required and copies of correspondence between licensee and the Authority retained; and The licensee should maintain a Compliance Register as a reminder of license obligations for 	<ul style="list-style-type: none"> Further action is required as detailed below: <ul style="list-style-type: none"> Moama should comply with the due dates for the submission of its annual compliance reports and annual performance reports as stipulated by the ERA.

Previous Audit: Non-Compliances and Recommendations			
C. Unresolved at End of Current Audit Period			
Reference (no./year)	Compliance and Control Rating	Auditor's Recommendation and Action Taken	Further Action Required (FAR) (Yes/No/Not Applicable)
	Legislative Obligation and Details of the Issue		(Including Current Recommendation Reference if Applicable)
03/2014 (continued)	<p>licensee's correspondence with the Authority and licensee's Compliance Reports 2012/13 and 2013/14 and noted the following exceptions:</p> <ul style="list-style-type: none"> • Performance Report for 2012/13 was submitted on 1 August 2013. This should be reported as a non-compliance in the 2014 Compliance Report; • Compliance Report for 2013/14 was submitted on 8 September; and • No evidence was available on whether the 2013/14 Performance Report was submitted by the due date. 	<p>review, recording of any non-compliances and due dates for annual reporting to the Authority.</p> <p><u>Action taken:</u></p> <ul style="list-style-type: none"> • TLLV does maintain a document entitled: "Compliance Register – Reporting Requirements" ("Compliance Register"). This Compliance Register does include the obligations to submit compliance reports and performance reports to the ERA and stipulate the frequency and due dates for these reports; • Paxon found proof of the submission to the ERA of all the compliance reports and performance reports which were due during the Audit Period; and • However, as Paxon found, both the compliance report for 2015/2016 and the performance report for 2015/2016 was submitted late to the ERA. 	

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	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 B.				

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		
05/2014	<ul style="list-style-type: none"> • Rating: C 3; • Component: Asset Planning (service levels); and • Details: <ul style="list-style-type: none"> • There is a Service Agreement in place with Tristar to perform daily operational and maintenance tasks at the WWTP. The Operational Service Requirements are documented in a separate TLLV internal document that outlines the service levels required. However, this document is not part of the Service Agreement with Tristar. The service levels are not well defined in the Tristar Service Agreement; and • The Service Agreement with Tristar was dated 11 February 2014 is for a term of 12 months and due for renewal in February 2015. Moama could not locate the signed Service Agreement. However, it could be argued that the contract is implied as Moama continued to use Tristar's services and pay their bills. 	<p><u>Reviewer's Recommendations:</u></p> <ul style="list-style-type: none"> • The licensee should ensure that clear and well-defined service levels are included in the next revision of the operations and maintenance contract; and • The licensee should ensure that a signed copy of any future operations and maintenance contract is retained. <p><u>Action Taken:</u></p> <ul style="list-style-type: none"> • Service Levels were not well defined in Aquasol's contract. 	<ul style="list-style-type: none"> • FAR: Yes; and • Details: <ul style="list-style-type: none"> • The AMP has not been reviewed or upgraded; • Service levels are set out in the draft contract documents with Wastewater Services ("WWS") for the construction a new WWTP and its operation. However, the contract documents have not been executed and WWS is operating the existing WWTP on an ad hoc basis; and • The recommendation of the 2014 report should be implemented.
06/2014	<ul style="list-style-type: none"> • Rating: A 1; • Component: Asset Planning (future capacity); and • Details: 	<p><u>Reviewer's Recommendation:</u></p> <ul style="list-style-type: none"> • The licensee should continue to monitor the capacity of the WWTP, currently at 50% capacity for 143 houses. When the system nears its maximum capacity, an Asset Transition Plan 	<ul style="list-style-type: none"> • FAR: Yes; and • Details: <ul style="list-style-type: none"> • A draft contract has been prepared for WWS to construct and operate a new WWTP but has

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		
06/2014 (continued)	<ul style="list-style-type: none"> Demand is linked solely to the occupancy level of the village which is capped at a maximum of 470 residences when the village is complete. Once TLLV reaches maximum occupancy, no further allowance will be made by NLV for expansion of the WWTP operations and the associated Water Recycling Scheme infrastructure; The WWTP was planned to be installed in two stages. The capacity of the system was reportedly adequate for a design flow of 75 cubic metres per day. Based on the assumption of the WWTP operating at its maximum capacity per day, the WWTP was assumed to have a maximum capacity to serve 180 connections under Stage 1. Stage 2 was to upgrade the WWTP to meet growing need; and However, the current actual flow, from 143 residences, is 35 cubic metres per day. Therefore, the WWTP has a capacity to serve at approximately 300 residences. Once the capacity of the system is reached in approximately 3 years at the current sales rate, there are various development options that will be considered such as possible connection 	<p>should be developed to provide further capacity, depending upon the options available at the time such as connecting to the Water Corporation's sewer network or upgrading the plant.</p> <p><u>Action Taken:</u></p> <ul style="list-style-type: none"> Currently the WWTP has 120 connections and a maximum capacity of 180. The reviewer was advised the current projected new connection rate is approximately 50/60 per year. The WWTP could reach capacity within 12 months and given the issues of the year past the WWTP may not be effective at its rated capacity. 	<p>not been executed;</p> <ul style="list-style-type: none"> Documentation was sought - but not received, confirming National Lifestyle Villages ("NLSV") board approving funding for the new WWTP. Similarly, documentation regarding discussion with DOH (new WWTP) and discussion with Water Corporation (regarding connection to an impending sewer outfall) was not received; and The recommendation of the 2014 report should be implemented.

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			
06/2014 (continued)	to a future Water Corporation system.			
07/2014	<ul style="list-style-type: none"> • Rating: C 3; • Component: Asset Planning (asset management plan); and • Details: <ul style="list-style-type: none"> • The historical Tuart Lakes Lifestyle Village (TLLV) Asset Management Plan (AMP), dated 13th October 2009 is outdated, and revision and update of the AMP is required to incorporate modifications of the plant and changes to all aspects of the AMP that have occurred since its issue in October 2009. Also, the financial forecasts of owning and operating assets should be reviewed and updated based on the current costs and in terms of the current operation of the plant; and • The reviewer also noted that the AMP is not included on the TLLV WWTP Document Register. The AMP should be reviewed and updated every two years or whenever major changes occur. 	<p><u>Reviewer's Recommendations:</u></p> <ul style="list-style-type: none"> • The licensee should ensure that a full review and revision of the Asset Management Plan is undertaken covering all aspects of the AMP, including the financial information and modifications of the plant; and • The licensee should include the AMP on the TLLV WWTP Document Register and ensure that AMP is reviewed and updated every two years or whenever major changes occur. 	<ul style="list-style-type: none"> • FAR: Yes; and • Details: <ul style="list-style-type: none"> • The AMP has not been reviewed or updated; and • The recommendation of the 2014 report should be implemented. 	

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		
08/2014	<ul style="list-style-type: none"> • Rating: C 3; • Component: Asset Operations (policies and procedures); and • Details: <ul style="list-style-type: none"> • Documentation of an update to the Operation and Maintenance Manual was not available. The Tristar O&M Manual sighted, consisted of only manufacturers' manuals for two items of plant infrastructure. The historic Aquasol O&M manual provided has details of the original plant and would require revision to incorporate plant modifications if adopted; • The daily operations procedure was only evident from the Operational Checklist – Daily Report. These report sheets are detailed and report on the operation and maintenance of all separate items of the plant infrastructure. The Operational Checklist Daily report was updated for the plant modifications. All operational activities were the subject of an individual report; • In addition to Tristar inspections, a daily visual inspection of the plant by NLV maintenance personnel was reported to be carried out focusing on compound security, 	<p><u>Reviewer's Recommendations:</u></p> <ul style="list-style-type: none"> • The licensee should revise the documentation of all Operational and Maintenance policies and procedures; • The licensee should ensure that the procedure of a daily visual inspection of the plant undertaken by NLV personnel is added to the Operational and Maintenance policies and procedures; • The licensee should ensure that monthly recycled water samples are taken, analysed and reported to the Department of Health; and • The licensee should ensure that all aspects of alarm monitoring procedures, including a formal hierarchy of referrals, are documented to ensure failsafe operation of the WWTP. 	<ul style="list-style-type: none"> • FAR: Yes; and • Details: <ul style="list-style-type: none"> • The documentation has not been revised. The WWTP is operated by WWS on an ad-hoc basis. Plant operations are based on WWS experience and a seven-day check list; • Daily checking is undertaken by WWS staff. NLV personnel are not involved; • Water samples are taken by WWS and submitted for analysis as required; • Alarms are transmitted to WWS and selected NLV personnel; and • The above-mentioned documentation should be prepared in recognition of the current service implementation practises.

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		
08/2014 (continued)	<p>alarms, odour emissions and overflows. Although, the daily inspection tasks performed by NLV personnel have been documented in the daily NLV WWTP inspection log sheet and evidence of these daily inspections has been sighted, the WWTP Operational and Maintenance policies and procedures should be updated for NLV personnel daily inspection requirement and procedure;</p> <ul style="list-style-type: none"> • Monthly recycled water samples are taken with the exception of October 2013 and November 2013 not being reported to DoH; • The alarm system has been improved to include sludge levels. The alarm monitoring is carried out by Tristar and NLV staff. An informal cross check within NLV staffing is carried out prior to referral of the alarm callout to Tristar. A daily visual inspection of the plant by NLV maintenance personnel was reported to be carried out; • Documentation of all aspects of alarm monitoring procedures, including a formal hierarchy of referrals, is required to ensure failsafe operation of the WWTP; and 		

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		
08/2014 (continued)	<ul style="list-style-type: none"> While actual operation and maintenance of the WWTP is adequate, the revision of the documentation of all O&M procedures is required to ensure continued adequacy of WWTP operation regardless of personnel or contractual changes. 		
09/2014	<ul style="list-style-type: none"> Rating: C 3; Component: Asset Operations (asset register); and Details: <ul style="list-style-type: none"> The original Aquasol Asset Register sighted, covers most of the plant components, but does not reflect recent changes and has not been fully populated with all required details; and The reviewer was advised by the licensee that the External Consulting Engineer is in the process of producing a new asset register, but it is still at an early stage. 	<p><u>Reviewer's Recommendation:</u></p> <ul style="list-style-type: none"> The licensee should ensure that a new Asset Management Register is developed and includes all assets including asset type, location, material, plans of components, and an assessment of assets' physical/structural condition. 	<ul style="list-style-type: none"> FAR: Yes; and Details: <ul style="list-style-type: none"> A new asset register has not been prepared; and The recommendation of the 2014 report should be implemented.
10/2014	<ul style="list-style-type: none"> Rating: B 2; Component: Asset Operations (competency and training); and Details: <ul style="list-style-type: none"> The Service Agreement between NLV and Tristar Water Solution Pty Ltd (dated 26 	<p><u>Reviewer's Recommendations:</u></p> <ul style="list-style-type: none"> A record of Tristar operators training as well as NLV staff where relevant should be documented in the TLLV WWTP Asset Management System Competency and Training Record template; The licensee should ensure that all NLV staff 	<ul style="list-style-type: none"> FAR: Yes; and Details: <ul style="list-style-type: none"> The WWTP has been operated on an ad-hoc basis since 2015; There is no training record template; There is no record of Health and Safety

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		
10/2014 (continued)	<p>February 2014) provides for one service technician on site for 3 days per week, one engineer on site as required and Perth-based process engineering support during normal working hours, including weekly review of plant log sheets. The service technician is also available by telephone to provide troubleshooting assistance to plant operators if required in case of emergency. No evidence of appropriate training of Tristar technicians was sighted;</p> <ul style="list-style-type: none"> • The TLLV WWTP Asset Management System Competency and Training Record template has been developed as part of the Register of TLLV Asset Management System Documents but has not been populated as yet. A record of Tristar operators training is required as well as NLV staff where relevant; and • The reviewer was advised by the licensee that all maintenance team members that are involved with daily plant inspection and frontline operation monitoring activities are inducted in Health and Safety Guidelines. The reviewer sighted the Plant Induction Record provided and noted that one maintenance staff member advised to the reviewer as 	<p>involved with daily plant inspection and frontline operation monitoring activities are inducted in Health and Safety Guidelines prior to conducting the daily inspections and a record of this is kept in the Plant Induction Record template; and</p> <ul style="list-style-type: none"> • The licensee should ensure that the TLLV WWTP Asset Management System Competency and Training Record and Plant Induction record are regularly reviewed and kept up to date. 	<p>induction for WWS personnel operating the WWTP;</p> <ul style="list-style-type: none"> • There are no records of Asset Management or Induction competency; and • The recommendation of the 2014 report should be implemented in recognition of the current operational practises.

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			
10/2014 (continued)	performing the majority of the daily inspections of the plant was not included on the Plant Induction Record. The reviewer also noted that the entries in the Plant Induction Record for the External Consulting Engineer and two other NLV staff members were dated 6th and 11th of November 2014.			
11/2014	<ul style="list-style-type: none"> • Rating: B 2; • Component: Risk Management (reticulation risks); and • Details: <ul style="list-style-type: none"> • All the risks currently identified relate to the WWTP. The risks associated with the non-potable water reticulation/re-use (e.g. cross connection, unauthorised use of recycled water, residents coming into contact with below ground irrigation system, etc.) are not captured in the Risk Register; and • A current copy of the WWTP Risk Register was not observed to be included on the Tristar's WWTP procedures file kept on site. The requirement to keep current copy of the WWTP Risk Register on the Tristar's WWTP procedures file should be added into the 	<u>Reviewer's recommendations:</u> <ul style="list-style-type: none"> • The licensee should ensure that risks associated with the non-potable water reticulation/re-use (e.g. cross connection, unauthorised use of recycled water, residents coming into contact with below ground irrigation system, etc.) are captured in the Risk Register; • The licensee should ensure that a current copy of the WWTP Risk Register is kept on the Tristar's WWTP procedures file kept on site; and • The requirement to keep current copy of the WWTP Risk Register on the Tristar's WWTP procedures file should be added into the Internal Audit Checklist and compliance reviewed regularly. 	<ul style="list-style-type: none"> • FAR: Yes; and • Details: <ul style="list-style-type: none"> • The recommendations have not been addressed. The system is operated by WWS on an ad-hoc basis; and • The recommendation of the 2014 report should be implemented in recognition of the current operational practises. 	

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)	Internal Audit Checklist and compliance reviewed regularly.				
12/2014	<ul style="list-style-type: none"> • Rating: B 2; • Component: Contingency Plans (location and contacts); and • Details: <ul style="list-style-type: none"> • The WWTP Emergency Response Plan provides contingency plans for Discharge to Environment and Spillage to Bund Area and sets out clear lines of authority and responsibility for both the licensee and the maintenance contractor. No regular testing is carried out, due to simplicity of the procedure; • The associated Contact List identifies primary and alternate contacts and contact mobile phone numbers for Tristar, NLV as well as licensed waste disposal contractor. The AMS Contact is included on the TLLV WWTP AMS Document Register and is to be reviewed on a 12-monthly basis. The AMS Contact List sighted was last updated on 28th February 2014. The reviewer noted that the name and mobile phone number of General Manager Operations, who recently resigned, is still 	<p><u>Reviewer's recommendations:</u></p> <ul style="list-style-type: none"> • The licensee should ensure that a current copy of the WWTP Emergency Response Plan as well as TLLV Emergency Response Plan is kept on the Tristar's WWTP procedures file kept on site; and • The licensee should update the AMS Contact List, outside of the normal review frequency, when changes to staffing occur. 	<ul style="list-style-type: none"> • FAR: Yes; and • Details: <ul style="list-style-type: none"> • WWS operates the WWTP on an ad-hoc basis; and • The recommendation of the 2014 report should be implemented in recognition of the current operational practises. 		

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
	Asset Management System Component	Further Action Required (FAR) (Yes/No/Not Applicable)
	Criteria/Details of Asset Management System Deficiency	Details of Further Action Required (Including Current Recommendation Reference if Applicable)
12/2014 (continued)	<p>listed as an alternate contact in case of emergency;</p> <ul style="list-style-type: none"> The AMS Contact List was observed to be clearly displayed on electrical control cabinet on site. Emergency contact number was sighted on sign at WWTP gate; and A current copy of the WWTP Emergency Response Plan as well as TLLV Emergency Response Plan was not observed to be included on the Tristar's WWTP procedures file kept on site. 	
13/2014	<ul style="list-style-type: none"> Rating: B 2; Component: Financial Planning (income and expenditure forecasts); and Details: <ul style="list-style-type: none"> As part of the licence application, the financial plan was presented in the historical AMP (dated 13th October 2009) sighted. The financial plan was not updated since; The historical financial plan states the financial objectives and strategies and actions to achieve the objectives. However, as the key assumptions in preparing the financial plan were based on 2009 figures prior to the operation of the WWTP, the financial 	<p><u>Reviewer's Recommendations:</u></p> <ul style="list-style-type: none"> The licensee should review the financial objectives and strategies and actions to achieve the objectives in the Financial Plan, for validity and accuracy in terms of the current operation of the WWTP; The licensee should update the Financial Plan for financial projections of operating statements (profit/loss) and statements of financial position for the next 5 years from 2014; The licensee should update the Financial Plan for firm predictions of income for next 5 years from 2014 and reasonable indicative predictions beyond this period; and
		<ul style="list-style-type: none"> FAR: Yes; and Details: <ul style="list-style-type: none"> As for the AMP, the Financial Plan has not been updated; and The recommendation of the 2014 report should be implemented in recognition of the current operational practises.

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>objectives and strategies and actions to achieve the objectives in the AMP should be reviewed for validity and accuracy in term of the current operation of the WWTP;</p> <ul style="list-style-type: none"> • The Financial Plan provided financial projections of operating statements (profit/loss) and statements of financial position for NLV, Moama's parent company and primary source of funding, for first five years (2010-2014). No projections of operating statements (profit/loss) and statements of financial position were made beyond 2014; • Indicative projections of income were presented in the Appendix O of the AMP for life of the licence (2010 – 2034) in the static cash flow forecast. Income predictions have been calculated based upon initial headworks fees obtained from village occupants as well as yearly service rates per home at that time; • As the assumptions made in the historical financial plan in preparing forecasts of income were based on the 2009 figures, the financial forecasts should be updated; and • As the assumptions made in the historical financial plan in preparing forecasts of required capital expenditure and asset values, 	<ul style="list-style-type: none"> • The licensee should review and update the Financial Plan for operations and maintenance, administration and capital expenditure requirements of the services based on the current data collections and verifications, and for the WWTP modifications and current operation of the WWTP. 	

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)	operations and maintenance, depreciation expense and carrying estimates were based on the 2009 figures prior to the operation of the WWTP, the financial forecasts should be updated.			
14/2014	<ul style="list-style-type: none"> • Rating: B 2; • Component: Capital Expenditure (plan); and • Details: <ul style="list-style-type: none"> • As part of the licence application, the historical financial projections capital costs for TLLV WWTP were presented in the Appendix O of the AMP for life of the licence (2010 – 2034) in a static cash flow forecast. The financial projections allowed for full replacement costs of all assets every ten years; and • As the assumptions made in the historical financial plan in preparing forecasts of required capital expenditure and asset values were based on the 2009 figures prior the operation of the WWTP, the accuracy of the financial forecasts should be improved based on the current data collections and verifications and in terms of WWTP modifications and current operation of the WWTP. 	<p><u>Reviewer's Recommendation:</u></p> <ul style="list-style-type: none"> • As part of the Financial Plan review and update, the licensee should review and update the capital expenditure plan in the financial plan to be consistent with the asset life and current assets. 	<ul style="list-style-type: none"> • FAR: Yes; and • Details: <ul style="list-style-type: none"> • As for the AMP, the Financial Plan has not been updated, nor a Capital Expenditure Plan prepared; and • The recommendation of the 2014 report should be implemented in recognition of the current operational practises. 	

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

4 Operational Audit: Comprehensive Report

4.1 Audit Compliance and Controls Rating Scales

The compliance and controls 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 Compliance and Controls 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 Compliance and Controls Rating Scales

The Audit Compliance and Controls 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 Section Number	Water Services (Operating) Licence – Versions 2 & 3 Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
1	21(1)(a)	27.1/3.3.1 (a)		2			✓							✓		
2	21(1)(b)	27.1/3.3.1 (b)	Duty to provide services and do works	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	2			✓							✓		
6	24(1)(a) & 24 (2)	20.1/4.1.1		4			✓							✓		
7	24(1)(b)	20.2/4.1.1 4.1.2	& Asset management system	4			✓								✓	
8	24(1)(c)	20.3/4.1.3		5	✓									✓		
9	25	14.1/4.3.1	Operational audit	5	✓									✓		
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 2 & 3			A	B	C	D	NP	NA	1	2	3	4	NR	NA
	Section Number	Clause Number														
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	4				✓						✓		
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	5		✓								✓		
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	2		✓								✓		
19	87(2)	5.1/3.1.1	Review of certain decisions under or relating to this division	2				✓						✓		
20	90(7)	5.1/3.1.1	Construction over or in vicinity of water service works of licensee	2		✓								✓		
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		2		✓				✓						
24	98(3)	5.1/3.1.1	Minister may require connection to sewerage works	5				✓						✓		

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 2 & 3			A	B	C	D	NP	NA	1	2	3	4	NR	NA
	Section Number	Clause Number														
25	106(2)	5.1/3.1.1	Compliance notices (discharge or wastewater inlet)	5			✓							✓		
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)	5			✓							✓		
29	122(2)	5.1/3.1.1	Review of decisions relating to giving compliance notices	5					✓					✓		
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	5	✓						✓					
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	5						✓				✓		
35	142	5.1/3.1.1	Prerequisites to provision of major works	5			✓							✓		
36	143 (2)	5.1/3.1.1	Licensee to prepare plans and publish and give notice of major works	5			✓							✓		
37	143 (3)	5.1/3.1.1		5			✓							✓		
38	144(3)	5.1/3.1.1	Objections and submissions	5			✓							✓		

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 2 & 3			A	B	C	D	NP	NA	1	2	3	4	NR	NA
	Section Number	Clause Number														
39	145(2)	5.1/3.1.1	Licensee may amend proposal	5					✓					✓		
40	147(3)	5.1/3.1.1	Powers of Minister in respect of proposal	5					✓					✓		
41	147(4)	5.1/3.1.1		5					✓					✓		
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	5					✓					✓		
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	5	✓								✓			
50	174(1)	5.1/3.1.1	Notice of entry	5	✓								✓			
51	174(3)	5.1/3.1.1		5	✓									✓		
52	175(2)	5.1/3.1.1		Rights of occupier of dwelling	5		✓							✓		

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 2 & 3			A	B	C	D	NP	NA	1	2	3	4	NR	NA
	Section Number	Clause Number														
53	175(5)	5.1/3.1.1	Rights of occupier of dwelling	5	✓						✓					
54	176(1)	5.1/3.1.1		5			✓							✓		
55	176(3)	5.1/3.1.1	When authorised person must leave	5			✓							✓		
56	176(4)	5.1/3.1.1		5			✓							✓		
57	181	5.1/3.1.1	Actions of authorised persons and others	5			✓				✓					
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		5					✓					✓		
61	190(5)	5.1/3.1.1	Execution of warrant	5					✓					✓		
62	210(5)	5.1/3.1.1	Designation of inspectors and compliance officers	5			✓							✓		
63	218(2)	5.1/3.1.1		5					✓					✓		
64	218(3)	5.1/3.1.1	Liability of certain persons for damage caused in exercise of powers	5					✓					✓		

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. 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 Regulations 2013	Water Services (Operating) Licence – Versions 2 & 3			A	B	C	D	NP	NA	1	2	3	4	NR	NA
	Regulation Number	Clause Number														
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	2										✓	✓	
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	5			✓								✓	
76	65(1)	5.1/3.1.1	Records	5										✓	✓	
77	65(2)	5.1/3.1.1		5										✓	✓	
78	65(4)	5.1/3.1.1		5										✓	✓	
79	67	5.1/3.1.1		Records to be basis for water service charges	5										✓	✓

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 Regulations 2013	Water Services (Operating) Licence – Versions 2 & 3			A	B	C	D	NP	NA	1	2	3	4	NR	NA
	Regulation Number	Clause Number														
80	68(5)	5.1/3.1.1	Objections to entries in records	5										✓		
81	68(6)	5.1/3.1.1		5											✓	
82	68(7)	5.1/3.1.1	Objections to entries in records	5										✓		
83	68(8)	5.1/3.1.1		5											✓	
84	69(3)	5.1/3.1.1	State Administrative Tribunal review of licensee's decision on objection	5										✓		
85	70(2)	5.1/3.1.1	SAT review: licensee's decision not to extend time for objection/review	5										✓		
86	74(1)	5.1/3.1.1	Amending records after objection or review	5										✓		
87	74(2)	5.1/3.1.1		5											✓	
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	5			✓							✓		
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. 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 Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence – Versions 2 & 3			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	4						✓							✓	
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. 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 Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence – Versions 2 & 3			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	4											✓	✓
108	16(3)	5.3/3.1.1		4											✓	✓
109	16(4)	5.3/3.1.1		4											✓	✓
110	16(5)	5.3/3.1.1		4											✓	✓
111	17(1)	5.3/3.1.1		Overcharging in bills	4											✓
112	17(2)	5.3/3.1.1	4												✓	✓
113	18(1)	5.3/3.1.1	Review of bills	4											✓	✓
114	18(2)	5.3/3.1.1		4											✓	✓
115	18(3) & (6)	5.3/3.1.1		4											✓	✓

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 Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence – Versions 2 & 3			Clause Number	Clause Number	A	B	C	D	NP	NA	1	2	3	4	NR
116	18(4)	5.3/3.1.1	Review of bills	4						✓						✓	
117	18(5)	5.3/3.1.1		4						✓							✓
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		4						✓							✓

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 Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence – Versions 2 & 3			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. 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 Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence – Versions 2 & 3			Clause Number	Clause Number	A	B	C	D	NP	NA	1	2	3	4
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	3	✓						✓					
146	35(2)	5.3/3.1.1		3	✓						✓					
147	35(3)	5.3/3.1.1		3	✓						✓					
148	35(4)	5.3/3.1.1	Procedure for dealing with complaints about water services	3		✓							✓			
149	35(6)	5.3/3.1.1		3		✓							✓			
150 - 1	36(1)	5.3/3.1.1	Services to be provided without charge	4		✓							✓			
152	36(2)	5.3/3.1.1	Services to be provided without charge	4						✓						✓

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 Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence – Versions 2 & 3			A	B	C	D	NP	NA	1	2	3	4	NR	NA
153	37(1)	5.3/3.1.1	Information to be publicly available - bills	4											✓	✓
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. 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 2 & 3			A	B	C	D	NP	NA	1	2	3	4	NR	NA
	Section Number	Clause Number														
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	5					✓						✓	
160	12	12/3.6.1	Accounting records	5			✓					✓				
161	12	13.1/4.2.1	Individual performance standards	n/a						✓					✓	
162	12	14.4/4.3.4	Operational audit	5	✓							✓				
163	12	15.1(a), (b), (c)/3.7.1 (a), (b), (c)	Reporting a change in circumstances	5				✓						✓		
164	Not used															
165	12	16.1/3.8.1		3					✓						✓	
166	12	16.2/3.8.2	Provision of information	3	✓							✓				
167	12	16.3/3.8.3		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 Section Number	Water Services (Operating) Licence – Versions 2 & 3 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	5						✓					✓	
169	12	18.1/2.7.1	Notices	5			✓				✓					
170	Not used															
171	12	20.2/4.1.2	Asset management system	5						✓					✓	
172	12	20.6/4.1.6		5	✓							✓				
173	12	21.1/5.5.1	Water Services Ombudsman Scheme	5			✓				✓					
174	Not used															
175	12	23.1/5.1.1	Customer contract	5						✓					✓	
176	12	23.2/5.1.2		5							✓					✓
177	12	23.3/5.1.3		5							✓					✓
178	12	23.6/5.1.5		5							✓					✓
179	12	24.1 & 24.2/ 5.3.1 & 5.3.2		5							✓					✓
180	12	24.4/5.3.4	Non-standard terms and conditions of service	5						✓					✓	

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 Section Number	Water Services (Operating) Licence – Versions 2 & 3 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	2						✓						✓	
182	12	28.1(b)/3.4.1 (b)	Provision of water services outside operating area	2						✓						✓	
183	12	30.3/5.4.3	Hardship policy	5							✓					✓	
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 Moama to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Section Number	Clause Number				Including Recommendations	Controls
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"> Moama has stated it did provide water services to persons entitled to those service under the Act during the Audit Period. Moama continued the water services were provided as follows: <ul style="list-style-type: none"> The non-potable water supply service was provided to Tuart Lakes Lifestyle Villages Pty Ltd (“TLLV”) for the irrigation of common property within the operating area of Moama’s Water Services Licence; and Sewerage services were provided to dwellings in TLLV. Moama does not have a specific set of controls to help ensure its compliance with the obligations listed in the following legislative instruments: <ul style="list-style-type: none"> Water Services Act 2012; Water Services Regulations 2013; Water Services Code of Conduct (Customer Service Standards) 2013; and 	C	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 Moama to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Section Number	Clause Number				Including Recommendations	Controls
1 (cont.)	Water Services Act 2012	Water Services (Operating) Licence – Versions 2 and 3			<ul style="list-style-type: none"> Water Services (Operating) Licences, versions 2 and 3. ("Compliance Obligations") Paxon has noted the ERA's "Water Compliance Reporting Manual – Water Services Act 2012 – July 2016" is available on Moama's network. Thus, it is available as a reference document for Moama employees responsible for obedience with the Compliance Obligations; TLLV does maintain a document entitled: "Compliance Register – Reporting Requirements" ("Compliance Register"). However, the Compliance Register focuses on reporting obligations to regulatory authorities and does not comprehensively address Moama's compliance obligations; and Moama has stated some controls which relate directly to the Compliance Obligations, are recorded in its asset management system. <p>Recommendation 1/2017:</p> <ul style="list-style-type: none"> Moama should expand its Compliance Register to ensure it addresses all the obligations listed in the above-mentioned legislative instruments. 	C	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 Moama to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services (Operating) Licence – Versions 2 and 3				Including Recommendations	Controls
	Section Number	Clause Number					
1 (cont.)					This schedule should identify appropriate policy and procedure documents and responsible employees.	C	1
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"> Moama has stated it did not refuse to provide a water service to any applicant during the Audit Period; and Moama does not have a specific set of controls to help ensure its compliance with the legislative obligations derived from the water services it provides. A recommendation (01/2017) was made in this regard (see reference number 1 above). 	C	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 are covered in comprehensive detail in the Review section of this report. The reviewer has rated the asset management system across 12-key asset management system processes. The Reviewer’s average rating is as follows: <ul style="list-style-type: none"> Asset Management Process and Policy Definition Adequacy: as “C” meaning it “Requires Significant Improvement”; and 	C	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 Moama to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services (Operating) Licence – Versions 2 and 3				Including Recommendations	Controls
	Section Number	Clause Number					
3 (cont.)					<ul style="list-style-type: none"> Asset Management Performance: as “3” meaning “Corrective Action Required”. 	C	2
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 license.	2	<ul style="list-style-type: none"> Moama has stated it did not provide any water services outside of the operating area of the licence during the Audit Period; and Paxon regards application of section 22 of the Act to Moama’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.	2	<ul style="list-style-type: none"> Moama is a wholly owned subsidiary of NLV. Moama has stated the NLV group of companies owned all water service works used by it for the provision of water services during the Audit Period; and Moama does not have a specific set of controls to help ensure its compliance with the legislative obligations derived from the water services it provides. A recommendation (01/2017) was made in this regard (see reference number 1 above). 	C	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 Moama to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services (Operating) Licence – Versions 2 and 3				Controls	Compliance
	Section Number	Clause Number					
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.	4	<ul style="list-style-type: none"> See the findings for reference number 3 above. 	C	2
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.	4	<ul style="list-style-type: none"> Moama has stated no reportable changes to its asset management system took place during the Audit Period; and Moama does not have a specific set of controls to help ensure its compliance with the legislative obligations derived from the water services it provides. A recommendation (01/2017) was made in this regard (see reference number 1 above). 	C	NR
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.	5	<ul style="list-style-type: none"> Quantum Assurance performed an asset management system review of Moama for the period 1 October 2013 to 30 September 2014; Paxon Group (“Paxon”) has been appointed to conduct an operational audit and asset management system review of Moama for the period 1 October 2014 to 30 September 2017; and The TLLV Compliance Register specifically records this obligation. 	A	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 Moama to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services (Operating) Licence – Versions 2 and 3				Controls	Compliance
	Section Number	Clause Number					
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.	5	<ul style="list-style-type: none"> Quantum Assurance performed an operational audit of Moama for the period 1 October 2012 to 30 September 2014; Paxon Group (“Paxon”) has been appointed to conduct an operational audit and asset management system review of Moama for the period 1 October 2014 to 30 September 2017; and The TLLV Compliance Register specifically records this obligation. 	A	1
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"> As per the document entitled: “<i>Moama Lifestyle Villages Pty Ltd - Audit and Review Plan</i>”, as approved by the ERA, this obligation was not applicable to Moama during the Audit Period. 	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. 	NA	NA
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 	NA	NA

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 Moama to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services (Operating) Licence – Versions 2 and 3				Including Recommendations	Controls
	Section Number	Clause Number					
12 (cont.)					below in which both controls and compliance are rated.	NA	NA
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"> Moama has stated no instances occurred during the Audit Period where it ceased to provide a water service in an area; and Moama does not have a specific set of controls to help ensure its compliance with the legislative obligations derived from the water services it provides. A recommendation (01/2017) was made in this regard (see reference number 1 above). 	C	NR
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.	4	<ul style="list-style-type: none"> Moama has stated it was not a supplier of last resort during the Audit Period; and Paxon regards application of section 60 of the Act to Moama’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"> Moama has stated it did agree to be bound by, and compliant with, any decision of direction of the water services ombudsman under the scheme during the Audit Period; and 	C	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 Moama to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services (Operating) Licence – Versions 2 and 3				Controls	Compliance
	Section Number	Clause Number					
15 (cont.)					<ul style="list-style-type: none"> Moama does not have a specific set of controls to help ensure its compliance with the legislative obligations derived from the water services it provides. A recommendation (01/2017) was made in this regard (see reference number 1 above). 	C	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.	5	<ul style="list-style-type: none"> Moama has stated no interruption of water services it was responsible for took place during the Audit Period; and Moama does not have a specific set of controls to help ensure its compliance with the legislative obligations derived from the water services it provides. A recommendation (01/2017) was made in this regard (see reference number 1 above). 	C	NR
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 provided. The licensee must do this within 7 days of receiving the fee for dealing with the notification.	5	<ul style="list-style-type: none"> Moama has stated no building work was carried out on land in the operating area of its license during the Audit Period; and Moama does not have a specific set of controls to help ensure its compliance with the legislative obligations derived from the water services it provides. A recommendation (01/2017) was made in this regard (see reference number 1 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 Moama to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services (Operating) Licence – Versions 2 and 3				Including Recommendations	Controls
	Section Number	Clause Number					
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.	2	<ul style="list-style-type: none"> Moama has stated no instances took place where it was required to give a person 21 days' notice of its intention to commence works during the Audit Period; and Moama does not have a specific set of controls to help ensure its compliance with the legislative obligations derived from the water services it provides. A recommendation (01/2017) was made in this regard (see reference number 1 above). 	C	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.	2	<ul style="list-style-type: none"> Moama has stated it has no knowledge of any application made to the State Administrative Tribunal during the Audit Period; and Paxon regards application of section 87(2) of the Act to Moama'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
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	2	<ul style="list-style-type: none"> Moama has stated no compliance notices were given during the Audit Period; and Moama does not have a specific set of controls to help ensure its compliance with the legislative obligations derived from the water services it 	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 Moama to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)		
	Water Services Act 2012	Water Services (Operating) Licence – Versions 2 and 3				Including Recommendations	Controls	Compliance
	Section Number	Clause Number						
20 (cont.)			is located, or the activity is taking place if the person to be given the notice is not the owner of the land.		provides. A recommendation (01/2017) was made in this regard (see reference number 1 above).		C	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"> Moama has stated it did not cut off the supply of water to an occupied dwelling during the Audit Period; and Moama does not have a specific set of controls to help ensure its compliance with the legislative obligations derived from the water services it provides. A recommendation (01/2017) was made in this regard (see reference number 1 above) 		C	1
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"> Moama has stated it did install fire hydrants in accordance with applicable requirements during the Audit Period; and Moama does not have a specific set of controls to help ensure its compliance with the legislative obligations derived from the water services it provides. A recommendation (01/2017) was made in this regard (see reference number 1 above). 		C	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 Moama to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)		
	Water Services Act 2012	Water Services (Operating) Licence – Versions 2 and 3				Including Recommendations	Controls	Compliance
	Section Number	Clause Number						
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.	2	<ul style="list-style-type: none"> Moama has stated it did 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 during the Audit Period; and Moama does not have a specific set of controls to help ensure its compliance with the legislative obligations derived from the water services it provides. A recommendation (01/2017) was made in this regard (see reference number 1 above). 		C	1
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.	5	<ul style="list-style-type: none"> Moama has stated the Minister did not require it to connect a wastewater inlet on land to the sewerage works of the licensee during the Audit Period; and Paxon regards application of section 98(3) of the Act to Moama’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 ²	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at Moama to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services (Operating) Licence – Versions 2 and 3				Controls	Compliance
	Section Number	Clause Number					
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.	5	<ul style="list-style-type: none"> Moama has stated it did not give a compliance notice in relation to failure to maintain fittings, fixtures and pipes during the Audit Period; and Moama does not have a specific set of controls to help ensure its compliance with the legislative obligations derived from the water services it provides. A recommendation (01/2017) was made in this regard (see reference number 1 above). 	C	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"> As per the document entitled: “Moama Lifestyle Villages Pty Ltd - Audit and Review Plan”, as approved by the ERA, this obligation was not applicable to Moama during the Audit Period. 	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"> As per the document entitled: “Moama Lifestyle Villages Pty Ltd - Audit and Review Plan”, as approved by the ERA, this obligation was not applicable to Moama during the Audit Period. 	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).	5	<ul style="list-style-type: none"> Moama has stated no compliance notices were given during the Audit Period; and Moama does not have a specific set of controls to help ensure its compliance with the legislative obligations derived from the water services it provides. A recommendation (01/2017) was 	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 Moama to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)		
	Water Services Act 2012	Water Services (Operating) Licence – Versions 2 and 3				Including Recommendations	Controls	Compliance
	Section Number	Clause Number						
28 (cont.)					made in this regard (see reference number 1 above).		C	NR
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.	5	<ul style="list-style-type: none"> Moama has stated no compliance notices were given, and as such no applications were made to the State Administrative Tribunal, during the Audit Period; and Paxon regards application of section 122(2) of the Act to Moama’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
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"> The non-potable water supply service was provided exclusively to TLLV during the Audit Period for the irrigation of common property within the operating area of Moama’s Water Services Licence. Thus, Moama had only one customer for the non-potable water as it was not supplied to occupied dwellings within TLLV; Moama has stated each dwelling has its own sewerage connection and thus there was no need to apportion fees during the Audit Period; and As this obligation is not applicable to Moama’s operations, no specific systems, processes and 		NA	NA

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 Moama to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)		
	Water Services Act 2012	Water Services (Operating) Licence – Versions 2 and 3				Including Recommendations	Controls	Compliance
	Section Number	Clause Number						
30 (cont.)					controls are needed.		NA	NA
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"> Moama has stated no memorial was lodged with the Registrar and thus no withdrawal of a memorial took place during the Audit Period; and Moama does not have a specific set of controls to help ensure its compliance with the legislative obligations derived from the water services it provides. A recommendation (01/2017) was made in this regard (see reference number 1 above). 		C	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.	5	<ul style="list-style-type: none"> The standard <i>"Residential Site Agreements"</i> entered between Moama and residents within Moama's water service licence operating area, during the Audit Period comprehensively address entry to residents' dwellings to do works. This includes a reference to <i>"at least 7 and not more than 14 days prior notice of the reason for entering the residential site"</i>; and Moama has stated it did comply with the standard <i>"Residential Site Agreements"</i> during the Audit Period. 		A	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 Moama to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services (Operating) Licence – Versions 2 and 3				Controls	Compliance
	Section Number	Clause Number					
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"> Moama has stated no fences or gates were removed or erected during the Audit Period and thus no notification of any owners was required; and Moama does not have a specific set of controls to help ensure its compliance with the legislative obligations derived from the water services it provides. A recommendation (01/2017) was made in this regard (see reference number 1 above). 	C	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.	5	<ul style="list-style-type: none"> Moama has stated all roads within its licence area are internal. Thus, no notice to any public authority was required during the Audit Period; and As this obligation is not applicable to Moama's operations, no specific systems, processes and controls are needed. 	NA	NA
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.	5	<ul style="list-style-type: none"> Moama has stated no major works took place during the Audit Period; and Moama does not have a specific set of controls to help ensure its compliance with the legislative obligations derived from the water services it provides. A recommendation (01/2017) was 	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 Moama to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services (Operating) Licence – Versions 2 and 3				Including Recommendations	Controls
	Section Number	Clause Number					
35 (cont.)					made in this regard (see reference number 1 above).	C	NR
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.	5	<ul style="list-style-type: none"> See the findings for reference 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.	5	<ul style="list-style-type: none"> See the findings for reference 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.	5	<ul style="list-style-type: none"> See the findings for reference 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.	5	<ul style="list-style-type: none"> Moama has stated no major works took place during the Audit Period; and Paxon regards application of section 145(2) of the Act to Moama’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 ²	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Moama to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services (Operating) Licence – Versions 2 and 3				Controls	Compliance
	Section Number	Clause Number					
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).	5	<ul style="list-style-type: none"> See the findings for reference number 39 above. 	NP	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.	5	<ul style="list-style-type: none"> See the findings for reference number 39 above. 	NP	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"> Moama has stated it did not provide water service works that were general works during the Audit Period; and Moama does not have a specific set of controls to help ensure its compliance with the legislative obligations derived from the water services it provides. A recommendation (01/2017) was made in this regard (see reference number 1 above). 	C	NR
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	<ul style="list-style-type: none"> See the findings for reference number 42 above. 	C	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	<ul style="list-style-type: none"> See the findings for reference number 42 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 Moama to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services (Operating) Licence – Versions 2 and 3				Controls	Compliance
	Section Number	Clause Number					
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	<ul style="list-style-type: none"> See the findings for reference number 42 above. 	C	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.	5	<ul style="list-style-type: none"> Moama has stated the Minister did not advise it to acquire an interest in land during the Audit Period; and Paxon regards application of section 166(5) of the Act to Moama’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
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"> Moama has stated no interest in land was taken during the Audit Period and thus no associated costs were incurred; and Moama does not have a specific set of controls to help ensure its compliance with the legislative obligations derived from the water services it provides. A recommendation (01/2017) was made in this regard (see reference number 1 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 Moama to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services (Operating) Licence – Versions 2 and 3				Controls	Compliance
	Section Number	Clause Number					
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 Planning and Development Act 2005, unless the Minister permits the licensee to do so.	5	<ul style="list-style-type: none"> Moama has stated it did not sell an interest in land during the Audit Period; and Paxon regards application of section 170 of the Act to Moama’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
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.	5	<ul style="list-style-type: none"> Moama has stated more than 48 hours’ notice was given of proposed entry to a place for the purposes of doing works, to the occupier or owner during the Audit Period; and The standard “Residential Site Agreements” entered between TLLV and residents at Tuart Lakes Lifestyle Village, during the Audit Period comprehensively address entry to residents’ dwellings to do works. This includes a reference to “at least 7 and not more than 14 days prior notice of the reason for entering the residential site”. 	A	1
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.	5	<ul style="list-style-type: none"> Moama has stated notice of a proposed entry and the reason therefore was given in writing during the Audit Period; and The standard “Residential Site Agreements” entered between TLLV and residents at Tuart Lakes Lifestyle Village, during the Audit Period 	A	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 Moama to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services (Operating) Licence – Versions 2 and 3				Controls	Compliance
	Section Number	Clause Number					
50 (cont.)					comprehensively address entry to residents' dwellings to do works. This includes a reference to "at least 7 and not more than 14 days prior notice of the reason for entering the residential site".	A	1
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.	5	<ul style="list-style-type: none"> Moama has stated no instances occurred during the Audit Period where a place was entered under the Act and notice of entry was not given to the occupier; and The standard "Residential Site Agreements" entered between TLLV and residents at Tuart Lakes Lifestyle Village, during the Audit Period comprehensively address entry to residents' dwellings to do works. This includes a reference to "at least 7 and not more than 14 days prior notice of the reason for entering the residential site". 	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.	5	<ul style="list-style-type: none"> Moama has stated the prescribed actions, as far as applicable, were performed prior to entering premises if an occupier was present during the Audit Period; and Moama does not have a specific set of controls to help ensure its compliance with the legislative obligations derived from the water services it provides. A recommendation (01/2017) was 	C	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 Moama to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services (Operating) Licence – Versions 2 and 3				Including Recommendations	Controls
	Section Number	Clause Number					
52 (cont.)					made in this regard (see reference number 1 above).	C	1
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 warrant (as applicable) in a prominent position in the dwelling before leaving the dwelling.	5	<ul style="list-style-type: none"> The standard “Residential Site Agreements” entered between TLLV and residents at Tuart Lakes Lifestyle Village, during the Audit Period comprehensively address entry to residents’ dwellings to do works. This includes a reference to “at least 7 and not more than 14 days prior notice of the reason for entering the residential site”; and Moama has stated the standard “Residential Site Agreements” were complied with during the Audit Period. 	A	1
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.	5	<ul style="list-style-type: none"> Moama has stated no instances took place during the Audit Period where an owner or occupier refused or withdrawn their consent to enter a place; and Moama does not have a specific set of controls to help ensure its compliance with the legislative obligations derived from the water services it provides. A recommendation (01/2017) was made in this regard (see reference number 1 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 Moama to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services (Operating) Licence – Versions 2 and 3				Controls	Compliance
	Section Number	Clause Number					
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.	5	<ul style="list-style-type: none"> Moama has stated no request to produce a certificate of authority was made in respect of entry to a place during the Audit Period; and Moama does not have a specific set of controls to help ensure its compliance with the legislative obligations derived from the water services it provides. A recommendation (01/2017) was made in this regard (see reference number 1 above). 	C	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.	5	<ul style="list-style-type: none"> See the findings for reference number 55 above. 	C	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 intended to limit interference with the lawful activities of the owner or occupier.	5	<ul style="list-style-type: none"> Moama has stated during the Audit Period it did comply with any reasonable request from the owner or occupier intended to limit interference with the lawful activities of the owner or occupier; and Moama does not have a specific set of controls to help ensure its compliance with the legislative obligations derived from the water services it provides. A recommendation (01/2017) was 	C	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 Moama to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services (Operating) Licence – Versions 2 and 3				Controls	Compliance
	Section Number	Clause Number					
57 (cont.)					made in this regard (see reference number 1 above).	C	1
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"> Moama has stated no applications for warrants were made during the Audit Period; and Paxon regards application of sections 186, 187(1)-(3), 190(4) and 190(5) of the Act to Moama’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 these clauses are applicable. 	NP	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 reference number 58 above. 	NP	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.	5	<ul style="list-style-type: none"> See the findings for reference number 58 above. 	NP	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.	5	<ul style="list-style-type: none"> See the findings for reference number 58 above. 	NP	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 Moama to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012 Section Number	Water Services (Operating) Licence – Versions 2 and 3 Clause Number				Controls	Compliance
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.	5	<ul style="list-style-type: none"> Moama has stated it did not designate a person as an inspector or compliance officer during the Audit Period. Thus, it did not need to give such person a certificate of authority; and Moama does not have a specific set of controls to help ensure its compliance with the legislative obligations derived from the water services it provides. A recommendation (01/2017) was made in this regard (see reference number 1 above). 	C	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.	5	<ul style="list-style-type: none"> Moama has stated it did not obstruct the free use of any place, and it did not cause any damage during the Audit Period; and Paxon regards application of section 218 (2) of the Act to Moama’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
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.	5	<ul style="list-style-type: none"> Moama has stated no physical damage was caused in the exercise of a works power or a power of entry during the Audit Period; and Paxon regards application of section 218 (3) of the Act to Moama’s operations will be a rare event. Thus, specific systems, processes and controls are 	NP	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 Moama to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)		
	Section Number	Clause Number				Including Recommendations	Controls	Compliance
64 (cont.)	Water Services Act 2012	Water Services (Operating) Licence – Versions 2 and 3			only expected to be put in place when the stipulations of this clause are applicable.		NP	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. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Moama to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Regulations 2013	Water Services (Operating) Licence – Versions 2 and 3				Controls	Compliance
	Regulation Number	Clause Number			Including Recommendations		
65	23(2)	5.1 / 3.1.1	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.	4	<ul style="list-style-type: none"> Moama has stated the non-potable water supply service was provided exclusively to TLLV during the Audit Period for the irrigation of common property within the operating area of Moama's Water Services Licence. Thus, Moama had only one customer for the non-potable water as it was not supplied to occupied dwellings within TLLV; The "National Lifestyle Villages - Tuart Lakes Lifestyle Village – Customer Charter" states: <i>"The Tuart Lakes Lifestyle Village utilises recycled water to irrigate designated grassed areas. For the protection of the Lifestylers the recycled water is irrigated below ground."</i>; Paxon confirmed by reference to an irrigation drawing that non-potable water was not provided to occupied dwellings within TLLV during the Audit Period; and Both Moama and TLLV are wholly owned subsidiaries of National Lifestyle Villages Pty Ltd ("NLV"), hereinafter referred to as the NLV Group. Thus, this obligation was not applicable to Moama's operations during the Audit Period. 	NA	NA

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 Moama to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Regulations 2013	Water Services (Operating) Licence – Versions 2 and 3				Including Recommendations	Controls
	Regulation Number	Clause Number					
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 reference 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 reference number 65 above. 	NA	NA
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 reference number 65 above. 	NA	NA
69	29(2)	5.1 / 3.1.1	If the developer of a lot makes a request to the licensee to defer payment of an infrastructure contribution, the licensee must, subject to regulations 29(3) and 29(4), allow the payment to be deferred.	5	<ul style="list-style-type: none"> Moama is a wholly owned subsidiary of NLV. The NLV group of companies owns and develops the land within the operating area of Moama’s Water Services Licence. Thus, Paxon does not regard this obligation as applicable to Moama’s operations. 	NA	NA
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	5	<ul style="list-style-type: none"> Moama has stated the non-potable water supply service was provided exclusively to TLLV during the Audit Period for the irrigation of common property within the 	NA	NA

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 Moama to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Regulations 2013	Water Services (Operating) Licence – Versions 2 and 3				Including Recommendations	Controls
	Regulation Number	Clause Number					
70 (cont.)			must be installed and tested (which must be at least 7 days after the order is given).		operating area of Moama’s Water Services Licence. Thus, Moama had only one customer for the non-potable water as it was not supplied to occupied dwellings within TLLV; and <ul style="list-style-type: none"> The “National Lifestyle Villages - Tuart Lakes Lifestyle Village – Customer Charter” states: <i>“The Tuart Lakes Lifestyle Village utilises recycled water to irrigate designated grassed areas. For the protection of the Lifestylers the recycled water is irrigated below ground.”</i> Thus, this obligation was not applicable to Moama’s operations during the Audit Period.	NA	NA
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 reference number 70 above. 	NA	NA
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	5	<ul style="list-style-type: none"> See the findings for reference number 70 above. 	NA	NA

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 Moama to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)		
	Water Services Regulations 2013	Water Services (Operating) Licence – Versions 2 and 3				Including Recommendations	Controls	Compliance
	Regulation Number	Clause Number						
72 (cont.)			done and the date by which the work is to be done (which must be at least 7 days after the notice is given).				NA	NA
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.	2	<ul style="list-style-type: none"> Paxon notes the ERA document entitled: “Water Compliance Reporting Manual – Water Services Act 2012 – October 2017” states this obligation is not in use any longer; and Moama has stated no drainage plumbing was connected to its sewerage works during the Audit Period. Thus, this obligation was not applicable to Moama’s operations during the Audit Period. 		NA	NA
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"> Moama has stated no instances took place during the Audit Period where it exercised a works power in a road and considered it necessary to alter the position of infrastructure; and Moama does not have a specific set of controls to help ensure its compliance with the legislative obligations derived from the water services it provides. A recommendation (01/2017) was made in this regard (see reference number 1 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 Moama to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Regulations 2013	Water Services (Operating) Licence – Versions 2 and 3				Controls	Compliance
	Regulation Number	Clause Number			Including Recommendations		
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.	5	<ul style="list-style-type: none"> Moama has stated it does not recall any instances during the Audit Period, where it opened or broke up the surface of a road; and Moama does not have a specific set of controls to help ensure its compliance with the legislative obligations derived from the water services it provides. A recommendation (01/2017) was made in this regard (see reference number 1 above). 	C	NR
76	65(1)	5.1 / 3.1.1	The licensee must maintain records for all land in respect of which water service charges apply.	5	<ul style="list-style-type: none"> As both Moama and TLLV are wholly owned subsidiaries of NLV, no contractual agreement exists between Moama and TLLV. Thus, Paxon could not examine such an agreement to determine any reference to charges for water services; Moama has stated it did not charge TLLV for the non-potable water supply services (irrigation water) it provided during the Audit Period; Moama has stated it did not charge TLLV or the owners of dwellings at TLLV (“customers”) for sewerage services provided during the Audit Period; 	NA	NA

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 Moama to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)		
	Regulation Number	Clause Number				Including Recommendations	Controls	Compliance
76 (cont.)	Water Services Regulations 2013	Water Services (Operating) Licence – Versions 2 and 3					NA	NA
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.	5	<ul style="list-style-type: none"> • Paxon examined a sample of rental letters distributed by the NLV Group to customers during the Audit Period and found these letters did provide for payment of a fortnightly rental but did not include any reference to charges for sewerage services; • Paxon examined a sample of “Residential Site Agreements” which TLLV entered with customers during the Audit Period and found these agreements did provide for rent and other charges but did not include any reference to charges for sewerage services; and • Thus, as Moama did not levy any charges during the Audit Period in respect of either: <ul style="list-style-type: none"> • Non-potable water supply service; nor • Sewerage services, this obligation was not applicable to Moama’s operations during the Audit Period. 		NA	NA

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 Moama to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Regulations 2013	Water Services (Operating) Licence – Versions 2 and 3				Including Recommendations	Controls
	Regulation Number	Clause Number					
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.	5	<ul style="list-style-type: none"> See the findings for reference number 76 above. 	NA	NA
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.	5	<ul style="list-style-type: none"> See the findings for reference number 76 above. 	NA	NA
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.	5	<ul style="list-style-type: none"> See the findings for reference number 76 above. 	NA	NA
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.	5	<ul style="list-style-type: none"> See the findings for reference number 76 above. 	NA	NA
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.	5	<ul style="list-style-type: none"> See the findings for reference number 76 above. 	NA	NA

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 Moama to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Regulations 2013	Water Services (Operating) Licence – Versions 2 and 3				Including Recommendations	Controls
	Regulation Number	Clause Number					
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.	5	<ul style="list-style-type: none"> See the findings for reference number 76 above. 	NA	NA
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.	5	<ul style="list-style-type: none"> See the findings for reference number 76 above. 	NA	NA
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.	5	<ul style="list-style-type: none"> See the findings for reference number 76 above. 	NA	NA
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.	5	<ul style="list-style-type: none"> See the findings for reference number 76 above. 	NA	NA

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 Moama to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Regulations 2013	Water Services (Operating) Licence – Versions 2 and 3				Including Recommendations	Controls
	Regulation Number	Clause Number					
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.	5	<ul style="list-style-type: none"> See the findings for reference number 76 above. 	NA	NA
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"> See the findings for reference number 76 above. 	NA	NA
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 with the notice, and the rights of review under the Act in relation to the notice and who may apply for review.	5	<ul style="list-style-type: none"> Moama has stated no compliance notices were given during the Audit Period; and Moama does not have a specific set of controls to help ensure its compliance with the legislative obligations derived from the water services it provides. A recommendation (01/2017) was made in this regard (see reference number 1 above). 	C	NR
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	n/a	<ul style="list-style-type: none"> As per the document entitled: “<i>Moama Lifestyle Villages Pty Ltd - Audit and Review Plan</i>”, as approved by the ERA, this obligation was not applicable to Moama during the Audit Period. 	NA	NA

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 Moama to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)		
	Water Services Regulations 2013	Water Services (Operating) Licence – Versions 2 and 3				Including Recommendations	Controls	Compliance
	Regulation Number	Clause Number						
90 (cont.)			or identity card identifying the officer as a person authorised to issue infringement notices.				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"> As per the document entitled: “<i>Moama Lifestyle Villages Pty Ltd - Audit and Review Plan</i>”, as approved by the ERA, this obligation was not applicable to Moama during the Audit Period. 		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. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Moama to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Clause Number	Clause Number				Including Recommendations	Controls
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"> TLLV does have a document entitled: “<i>National Lifestyle Villages – Tuart Lakes Lifestyle Village – Customer Charter</i>”. This document refers exclusively to the provision of recycled water and its use “<i>to irrigate designated grass areas</i>”; Sewerage services were provided to dwellings in TLLV during the Audit Period; and Moama does not have a specific set of controls to help ensure its compliance with the legislative obligations derived from the water services it provides. A recommendation (01/2017) was made in this regard (see reference number 1 above). <p>Recommendation 2/2017:</p> <ul style="list-style-type: none"> Moama should compile and make publicly available written information about the sewerage services it provides to ensure compliance with clause 7 of the Water Services Code of Conduct (Customer Service Standards) 2013 (“Code of Conduct”). 	C	3

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 Moama to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Clause Number	Clause Number				Including Recommendations	Controls
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.	4	<ul style="list-style-type: none"> Moama has stated the non-potable water supply service was provided exclusively to TLLV during the Audit Period for the irrigation of common property within the operating area of Moama’s Water Services Licence. Thus, Moama had only one customer for the non-potable water as it was not supplied to occupied dwellings within TLLV; The “National Lifestyle Villages - Tuart Lakes Lifestyle Village – Customer Charter” states: <i>“The Tuart Lakes Lifestyle Village utilises recycled water to irrigate designated grassed areas. For the protection of the Lifestylers the recycled water is irrigated below ground.”</i>; Paxon confirmed by reference to an irrigation drawing that non-potable water was not provided to occupied dwellings within TLLV during the Audit Period; and Thus, there was no connection of a metered water supply to occupied dwellings and consequently this obligation was not applicable to Moama’s operations during the Audit Period. 	NA	NA

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 Moama 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 2 and 3				Including Recommendations	Controls
	Clause Number	Clause Number					
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"> As both Moama and TLLV are wholly owned subsidiaries of NLV, no contractual agreement exists between Moama and TLLV. Thus, Paxon could not examine such an agreement to determine any reference to charges for water services; Moama has stated it did not charge TLLV for the non-potable water supply services (irrigation water) it provided during the Audit Period; Moama has stated it did not charge TLLV or the owners of dwellings at TLLV (“customers”) for sewerage services provided during the Audit Period; Paxon examined a sample of rental letters distributed by the NLV Group to customers during the Audit Period and found these letters did provide for payment of a fortnightly rental but did not include any reference to charges for sewerage services; Paxon examined a sample of “Residential Site Agreements” which TLLV entered with customers during the Audit Period and found 	NA	NA

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 Moama to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Clause Number	Clause Number				Including Recommendations	Controls
94 (cont.)	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 2 and 3			<p>these agreements did provide for rent and other charges but did not include any reference to charges for sewerage services; and</p> <ul style="list-style-type: none"> • Thus, as Moama did not levy any charges during the Audit Period in respect of either: <ul style="list-style-type: none"> • Non-potable water supply service; nor • Sewerage services, <p>this obligation was not applicable to Moama’s operations during the Audit Period.</p>	NA	NA
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"> • See the finding for reference number 94 above. 	NA	NA
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 finding for reference number 94 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 finding for reference number 94 above. 	NA	NA

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 Moama 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 2 and 3				Including Recommendations	Controls
	Clause Number	Clause Number					
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 finding for reference number 94 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"> See the finding for reference number 94 above. 	NA	NA
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; and See the finding for reference number 94 above. 	NA	NA
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"> This clause came into operation on 18 November 2015; and See the finding for reference number 94 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"> This clause came into operation on 18 November 2015; and See the finding for reference number 94 above. 	NA	NA

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 Moama to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Clause Number	Clause Number				Including Recommendations	Controls
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 2 and 3					
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	• See the finding for reference number 94 above.	NA	NA
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	• See the finding for reference number 94 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	• See the finding for reference number 94 above.	NA	NA
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	• See the finding for reference number 94 above.	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.	4	• See the finding for reference number 94 above.	NA	NA

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 Moama 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 2 and 3				Including Recommendations	Controls
	Clause Number	Clause Number					
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.	4	• See the finding for reference number 94 above.	NA	NA
109	16(4)	5.3 / 3.1.1	The licensee must not charge interest or late payment fees on an undercharged amount.	4	• See the finding for reference number 94 above.	NA	NA
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.	4	• See the finding for reference number 94 above.	NA	NA
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.	4	• See the finding for reference number 94 above.	NA	NA

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 Moama to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Clause Number	Clause Number				Including Recommendations	Controls
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 2 and 3					
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.	4	• See the finding for reference number 94 above.	NA	NA
113	18(1)	5.3 / 3.1.1	The licensee must review a bill on the customer's request.	4	• See the finding for reference number 94 above.	NA	NA
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.	4	• See the finding for reference number 94 above.	NA	NA
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.	4	• See the finding for reference number 94 above.	NA	NA
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.	4	• See the finding for reference number 94 above.	NA	NA

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 Moama to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Clause Number	Clause Number				Including Recommendations	Controls
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 2 and 3					
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.	4	• See the finding for reference number 94 above.	NA	NA
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	• See the finding for reference number 94 above.	NA	NA
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	• See the finding for reference number 94 above.	NA	NA
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	• See the finding for reference number 94 above.	NA	NA
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	• See the finding for reference number 94 above.	NA	NA

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 Moama to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)		
	Clause Number	Clause Number				Including Recommendations	Controls	Compliance
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 2 and 3						
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"> See the finding for reference number 94 above. 	NA	NA	
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"> See the finding for reference number 94 above. 	NA	NA	
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"> See the finding for reference number 94 above. 	NA	NA	
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"> Moama did not levy any charges (neither non-quantity charges nor usage charges) during the Audit Period in respect of either: <ul style="list-style-type: none"> Non-potable water supply service; or Sewerage services. <p>Thus, this obligation was not applicable to Moama's operations during the Audit Period.</p>	NA	NA	

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 Moama to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Clause Number	Clause Number				Including Recommendations	Controls
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 2 and 3					
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"> See the findings for reference number 125 above. 	NA	NA
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.	4	<ul style="list-style-type: none"> Moama’s Water Services Licence commenced on 7 September 2010. As such, it was in place before the commencement of the Act; and Thus, this clause is not applicable to Moama. 	NA	NA
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"> See the findings for reference number 125 above. 	NA	NA
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"> See the findings for reference number 125 above. 	NA	NA
130	27(2)	5.3 / 3.1.1	A 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"> See the findings for reference number 125 above. 	NA	NA

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 Moama to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Clause Number	Clause Number				Including Recommendations	Controls
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 2 and 3					
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"> See the findings for reference number 125 above. 	NA	NA
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"> See the findings for reference number 125 above. 	NA	NA
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"> See the findings for reference number 125 above. 	NA	NA
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"> See the findings for reference number 125 above. 	NA	NA

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 Moama 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 2 and 3				Including Recommendations	Controls
	Clause Number	Clause Number					
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"> As per the document entitled: “<i>Moama Lifestyle Villages Pty Ltd - Audit and Review Plan</i>”, as approved by the ERA, this obligation was not applicable to Moama during the Audit Period. 	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"> As per the document entitled: “<i>Moama Lifestyle Villages Pty Ltd - Audit and Review Plan</i>”, as approved by the ERA, this obligation was not applicable to Moama during the Audit Period. 	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"> As per the document entitled: “<i>Moama Lifestyle Villages Pty Ltd - Audit and Review Plan</i>”, as approved by the ERA, this obligation was not applicable to Moama during the Audit Period. 	NA	NA

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 Moama 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 2 and 3				Including Recommendations	Controls
	Clause Number	Clause Number					
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"> As per the document entitled: “<i>Moama Lifestyle Villages Pty Ltd - Audit and Review Plan</i>”, as approved by the ERA, this obligation was not applicable to Moama during the Audit Period. 	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"> The non-potable water supply service was provided exclusively to TLLV (associated company) during the Audit Period for the irrigation of common property within the operating area of Moama’s Water Services Licence. Thus, this clause is not applicable to Moama’s operations. 	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"> As per the document entitled: “<i>Moama Lifestyle Villages Pty Ltd - Audit and Review Plan</i>”, as approved by the ERA, this obligation was not applicable to Moama during the Audit Period. 	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"> As per the document entitled: “<i>Moama Lifestyle Villages Pty Ltd - Audit and Review Plan</i>”, as approved by the ERA, this obligation was not applicable to Moama during the Audit Period. 	NA	NA

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 Moama 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 2 and 3				Including Recommendations	Controls
	Clause Number	Clause Number					
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 finding for reference 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"> As per the document entitled: “<i>Moama Lifestyle Villages Pty Ltd - Audit and Review Plan</i>”, as approved by the ERA, this obligation was not applicable to Moama during the Audit Period. 	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 finding for reference 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.	3	<ul style="list-style-type: none"> Paxon examined two written complaints procedures. The first procedure deals with complaints TLLV lodges with Moama. The second procedure deals with complaints residents at Tuart Lakes lodges with TLLV. Both documents cover complaints from lodgement to resolution. 	A	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 Moama to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Clause Number	Clause Number				Including Recommendations	Controls
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 2 and 3					
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).	3	<ul style="list-style-type: none"> Moama has stated the two written complaints procedures were developed using as a minimum standard the relevant provisions of AS ISO 10002-2006. 	A	1
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.	3	<ul style="list-style-type: none"> Paxon notes the written complaints procedures, from a holistic perspective, address: <ul style="list-style-type: none"> Recording of complaints; Time limits and methods for responding to complaints; Dispute resolution arrangements; and 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 they use the complaint resolution procedure or instead of the procedures under the Act.	3	<ul style="list-style-type: none"> Paxon examined the two written complaints procedures; The procedure which deals with complaints TLLV lodges with Moama states: <i>"If complainant dissatisfied, refer to mediation or Water Ombudsman, keep complainant informed."</i> 	C	3

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 Moama 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 2 and 3	Including Recommendations	Controls	Compliance	
148 (cont.)			<ul style="list-style-type: none"> The procedure which deals with complaints residents at Tuart Lakes lodge with TLLV does not address clause 35(4) of the Code of Conduct; Paxon notes the TLLV document entitled: <i>“National Lifestyle Villages – Tuart Lakes Lifestyle Village – Customer Charter”</i> states the following: <ul style="list-style-type: none"> <i>“If we do not respond accordingly complaints are dealt with by the Department of Water “;</i> The Charter then provides contact details for the department. However, as per clause 35(4) of the Code of Conduct this information must be included in the complaints procedure and not in a separate document; and Moama does not have a specific set of controls to help ensure its compliance with the legislative obligations derived from the water services it provides. A recommendation (01/2017) was made in this regard (see reference number 1 above). 	C	3	

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 Moama to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)		
	Clause Number	Clause Number				Including Recommendations	Controls	Compliance
148 (cont.)	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 2 and 3						
					Recommendation 3/2017: <ul style="list-style-type: none"> Moama should update its complaints procedures to provide customers with the information stipulated in clause 35(4) of the Water Services Code of Conduct (Customer Service Standards) 2013. 		C	3
149	35(6)	5.3 / 3.1.1	The licensee's complaints procedure must be publicly available.	3	<ul style="list-style-type: none"> Moama has stated the two written complaints procedures were only available upon request during the Audit Period; Paxon examined a sample of "Residential Site Agreements" which TLLV entered with customers during the Audit Period and found these agreements did not refer to a specific complaints procedure for water services; Paxon examined a document entitled: "Village Policy – Your Guide to Village Life - National Lifestyle Villages". This document is provided as an attachment to the above-mentioned Residential Site Agreements". This policy document does include a "Code of Conduct" and a "Grievance Policy". However, neither of these two documents refer to a specific complaints procedure for water services; and 		C	3

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 Moama to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Clause Number	Clause Number				Including Recommendations	Controls
149 (cont.)					<ul style="list-style-type: none"> Moama does not have a specific set of controls to help ensure its compliance with the legislative obligations derived from the water services it provides. A recommendation (01/2017) was made in this regard (see reference number 1 above). <p>Recommendation 4/2017:</p> <p>Moama should make its complaints procedure publicly available to ensure compliance with clause 35(6) of the Water Services Code of Conduct (Customer Service Standards) 2013.</p>	C	3
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"> Moama has stated the non-potable water supply service was provided exclusively to TLLV (associated company) during the Audit Period for the irrigation of common property within the operating area of Moama’s Water Services Licence. Paxon does not regard clause 36(1) of the Water Services Code of Conduct (Customer Service Standards) 2013 as being applicable in respect of these services; Sewerage services were provided to dwellings in TLLV during the Audit Period. Moama has stated it did not provide the following 	C	3

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 Moama to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Clause Number	Clause Number				Including Recommendations	Controls
150 (cont.)	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 2 and 3			<p>information to residents in Tuart Lakes Lifestyle Village during the Audit Period in respect of the sewerage services:</p> <ul style="list-style-type: none"> • Services for general enquiries for use by customers with hearing or speech impairment; • Interpreter services for general enquiries; and • A large-print version of any of its publicly available documents. <p>• Moama does not have a specific set of controls to help ensure its compliance with the legislative obligations derived from the water services it provides. A recommendation (01/2017) was made in this regard (see reference number 1 above).</p> <p>Recommendation: 5/2017</p> <ul style="list-style-type: none"> • Moama should provide residents at Tuart Lakes Lifestyle Village on request and at no charge with the above-mentioned information to ensure compliance with clause 36(1) of the Water Services Code of Conduct (Customer Service Standards) 2013. 	C	3

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 Moama to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)		
	Clause Number	Clause Number				Including Recommendations	Controls	Compliance
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 2 and 3						
151	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"> This reporting 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"> Moama did not levy any charges during the Audit Period in respect of either: <ul style="list-style-type: none"> Non-potable water supply service; or Sewerage services. Thus, this obligation was not applicable to Moama's operations during the Audit Period. 	NA	NA	
153	37(1)	5.3 / 3.1.1	The licensee must make the prescribed information publicly available.	4	<ul style="list-style-type: none"> Moama did not levy any charges during the Audit Period in respect of either: <ul style="list-style-type: none"> Non-potable water supply service; or Sewerage services. Thus, clauses 37(1)(a) to (c) and (e) to (i) of the Water Services Code of Conduct (Customer Service Standards) 2013 was not applicable to Moama's operations during the Audit Period; Moama has stated the non-potable water supply service was provided exclusively to TLLV (associated company) during the Audit Period for the irrigation of common property within the operating area of Moama's Water 	NA	NA	

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 Moama to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Clause Number	Clause Number				Including Recommendations	Controls
153 (cont.)	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services (Operating) Licence - Versions 2 and 3			Services Licence. Thus, clauses 37(1)(j) to (l) of the Water Services Code of Conduct (Customer Service Standards) 2013 was not applicable to Moama’s operations during the Audit Period.	NA	NA
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"> Moama did not levy any charges during the Audit Period in respect of either: <ul style="list-style-type: none"> Non-potable water supply service; or Sewerage services. <p>Thus, this obligation was not applicable to Moama’s operations during the Audit Period.</p>	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 92 to 154)]

No. ²	Obligation Under: Water Services (Operating) Licence - (Versions 2 and 3) and 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 Moama to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
					Controls	Compliance
				Including Recommendations		
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"> Moama has stated, during the Audit Period, it paid annual licence charge in relation to the ERA (Licensing Funding) Regulations 2014; Paxon examined a sample of accounting records which discloses details of such payments made; and Moama does not have a specific set of controls to help ensure its compliance with the legislative obligations derived from the water services it provides. A recommendation (01/2017) was made in this regard (see reference number 1 above). 	C	1
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"> Moama’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); Water Services Code of Conduct (Customer Service Standards) 2013 (see reference numbers 92 to 154); and 	NA	NA

No. ²	Obligation Under: Water Services (Operating) Licence - (Versions 2 and 3) and 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 Moama to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
					Including Recommendations	Controls
156 (cont.)				<ul style="list-style-type: none"> Water Services (Operating) Licences, versions 2 and 3 (see reference numbers 155 to 190). 	NA	NA
157	Not used	As per the ERA's document entitled: "Water Compliance Reporting Manual - Water Services Act 2012 – July 2016" this number is not used.	Not used	Not used	Not used	Not used
158	Not used	As per the ERA's document entitled: "Water Compliance Reporting Manual - Water Services Act 2012 – July 2016" 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.	5	<ul style="list-style-type: none"> Moama has stated no breaches of applicable legislation took place during the Audit Period; and Paxon regards application of clause 3.1.2 of the Water Services Licence - Version 3 to Moama'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
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.	5	<ul style="list-style-type: none"> Paxon examined the: "Independent Auditor's Report to the Members of National Lifestyle Villages Pty Ltd" in respect of the 2013/2014, 2014/2015 and 2015/2016 financial years, dated 12 June 2015, 1 June 2016 and 4 	C	1

No. ²	Obligation Under: Water Services (Operating) Licence - (Versions 2 and 3) and 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 Moama to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
				Including Recommendations	Controls	Compliance
160 (cont.)				December 2017 respectively. Both these reports stated the financial reports complied with Australian Accounting Standards to the extent described in Note 1 to the financial report; and <ul style="list-style-type: none"> Moama does not have a specific set of controls to help ensure its compliance with the legislative obligations derived from the water services it provides. A recommendation (01/2017) was made in this regard (see reference number 1 above). 	C	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"> As per the document entitled: <i>“Moama Lifestyle Villages Pty Ltd - Audit and Review Plan”</i>, as approved by the ERA, this obligation was not applicable to Moama during the Audit Period. 	NA	NA
162	14.4/4.3.4	The licensee must cooperate with the independent expert and comply with the ERA’ standard audit guidelines dealing with the operational audit.	5	<ul style="list-style-type: none"> Moama did cooperate with Paxon during the performance of the operational audit and specifically complied with section 10.1: <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 The TLLV Compliance Register specifically records this obligation. 	A	1

No. ²	Obligation Under: Water Services (Operating) Licence - (Versions 2 and 3) and 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 Moama to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8) Controls	Compliance
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.	5	<ul style="list-style-type: none"> Moama has stated that, during the Audit Period, it was not under external administration, nor did a material change take place in the circumstances upon which the licence was granted which affected its ability to meet its obligations. Thus, Moama did not submit any report to the ERA in terms of either section 15.1 (b) or 3.7.1 (b) of its Water Services (Operating) Licence; The independent auditors of National Lifestyle Villages Pty Ltd did not qualify their audit reports for the years ended 30 June 2014 and 30 June 2015. However, the independent auditors did include an “<i>Emphasis of Matter</i>” item in both audit reports in respect of “<i>a material uncertainty</i>” as to the consolidated entity’s and the company’s ability to continue as going concerns. The independent auditors did not qualify their audit report for the year ended 30 June 2016 but did include a “<i>Material Uncertainty Related to Going Concern</i>” item in its audit report in respect of the group’s ability to continue as a going concern; 	D	4

No. ²	Obligation Under: Water Services (Operating) Licence - (Versions 2 and 3) and 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 Moama to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
				Including Recommendations	Controls	Compliance
163 (cont.)				<ul style="list-style-type: none"> Moama Lifestyle Villages Pty Ltd was a wholly owned subsidiary of National Lifestyle Villages Pty Ltd (“NLV”) during the Audit Period. Thus, the material uncertainties as to the going concern status of the NLV group, as included in the above-mentioned independent auditor’s reports, may have affected Moama’s ability to continue as a going concern during the Audit Period. In terms of Paxon’s interpretation of the stipulations of section 15.1(b) and section 3.7.1 (b) of Moama’s Water Services (Operating) Licence as in force during the Audit Period, Moama should have reported these material uncertainties as to the NLV group’s ability to continue as a going concern to the ERA; and Moama did not provide the Paxon Group with any financial statements for the financial years included in the Audit Period. <p>Recommendation 6/2017:</p> <ul style="list-style-type: none"> Moama should on a perpetual basis assess its reporting obligations in terms of section 3.7.1 (b) of its current Water Services Licence. 	D	4

No. ²	Obligation Under: Water Services (Operating) Licence - (Versions 2 and 3) and 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 Moama to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)		
					Controls	Compliance	
				Including Recommendations			
164	Not used	As per the ERA's document entitled: "Water Compliance Reporting Manual - Water Services Act 2012 – July 2016" 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 functions under the Act in the manner and form specified by the ERA.	3	<ul style="list-style-type: none"> Moama has indicated 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 during the Audit Period; and Paxon regards application of clause number 3.8.1 of the Water Services Licence to Moama'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 these clauses are applicable. 		NP	NR
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 Water Compliance Reporting Manual that apply to the licensee.	3	<ul style="list-style-type: none"> Moama's Compliance Report for 2014-2015 included two non-compliances which were both included in the Quantum Assurance report on the operational audit of Moama for the period 1 October 2012 to 30 September 2014. This report was submitted to the ERA on 26 August 2015; 		A	2

No. ²	Obligation Under: Water Services (Operating) Licence - (Versions 2 and 3) and 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 Moama to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Clause Number			Including Recommendations	Controls	Compliance
166 (cont.)				<ul style="list-style-type: none"> Moama’s Compliance Report for 2015-2016 stated there were no non-compliances to report. This report was submitted to the ERA on 29 September 2016 and not by 31 August 2016. This was a non-compliance; Moama’s Compliance Report for 2016-2017 included two non-compliances. The first non-compliance recorded was the late submission of the 2015-2016 compliance report as referred to above. The second non-compliance recorded was the late submission of the performance report for 2015/2016 on 5 October 2016. This compliance report was submitted to the ERA on 30 August 2017; Quantum Assurance raised the late submission of compliance reports and performance reports in their report on the operational audit of Moama for the period 1 October 2012 to 30 September 2014 (non-compliance 03/2014). Thus, this matter is still unresolved and is appropriately included in Section 3.1 of this Report (Table 6 – Part C); 	A	2

No. ²	Obligation Under: Water Services (Operating) Licence - (Versions 2 and 3) and 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 Moama to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
				Including Recommendations	Controls	Compliance
166 (cont.)				<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 all the above-mentioned compliance reports refer to the “Water Services Licensing Act 2012 and not the Water Services Act 2012; and • The TLLV Compliance Register specifically records this obligation. 	A	2
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 Water, Sewerage and Irrigation Licence Performance Reporting Handbook, and the National Performance Framework that apply to the licensee.	3	<ul style="list-style-type: none"> • Paxon has noted Moama used the ERA’s Datasheets for the completion of its performance reports for the 2014-2015, 2015-2016 and 2016-2017 years; • The 2014-2015 performance report was provided to the ERA on 30 July 2015; • The 2015-2016 performance report was provided to the ERA on 5 October 2016. This late submission of the performance report was a non-compliance and was included as such in Moama’s 2016-2017 Compliance Report; • The 2016-2017 performance report was provided to the ERA on 30 August 2017; 	A	2

No. ²	Obligation Under: Water Services (Operating) Licence - (Versions 2 and 3) and 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 Moama to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
Clause Number				Including Recommendations	Controls	Compliance
167 (cont.)				<ul style="list-style-type: none"> Quantum Assurance raised the late submission of compliance reports and performance reports in their report on the operational audit of Moama for the period 1 October 2012 to 30 September 2014 (non-compliance 03/2014). Thus, this matter is still unresolved and is appropriately included in Section 3.1 of this Report (Table 6 – Part C); and The TLLV Compliance Register specifically records this obligation. 	A	2
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.	5	<ul style="list-style-type: none"> Moama has stated the ERA did not direct it to publish any information during the Audit Period; and Paxon regards application of clause numbers 2.8.1 and 2.8.2 of the Water Services Licence to Moama’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 these clauses are applicable. 	NP	NR

No. ²	Obligation Under: Water Services (Operating) Licence - (Versions 2 and 3) and 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 Moama to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
					Controls	Compliance
	Clause Number			Including Recommendations		
169	18.1 / 2.7.1	Unless otherwise specified, all notices must be in writing.	5	<ul style="list-style-type: none"> Paxon has noted notices were given in writing during the Audit Period. Numerous examples, as referred to throughout this Audit Report, were sighted to support this statement; and Moama does not have a specific set of controls to help ensure its compliance with the legislative obligations derived from the water services it provides. A recommendation (01/2017) was made in this regard (see reference number 1 above). 	C	1
170	Not used	As per the ERA's document entitled: "Water Compliance Reporting Manual - Water Services Act 2012 – July 2016" 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.	5	<ul style="list-style-type: none"> Moama has stated no material changes to the asset management system took place during the Audit Period; and Paxon regards application of clause number 4.1.2 of the Water Services Licence to Moama'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 these clauses are applicable. 	NP	NR

No. ²	Obligation Under: Water Services (Operating) Licence - (Versions 2 and 3) and 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 Moama to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
					Controls	Compliance
				Including Recommendations		
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.	5	<ul style="list-style-type: none"> Moama did cooperate with Paxon during the performance of the asset management system review and specifically complied with section 10.1 “Assistance provided by the Licensee” as included in the ERA’s document entitled: “Audit and Review Guidelines: Water Licences – July 2014”; and The TLLV Compliance Register specifically records this obligation. 	A	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.	5	<ul style="list-style-type: none"> Moama has stated it was a member of the water services ombudsman scheme during the Audit Period; Paxon examined a sample of accounting records which discloses details of a payment made to the Energy and Water Ombudsman (Western Australia) Limited’s; and Moama does not have a specific set of controls to help ensure its compliance with the legislative obligations derived from the water services it provides. A recommendation (01/2017) was made in this regard (see reference number 1 above). 	C	1

No. ²	Obligation Under: Water Services (Operating) Licence - (Versions 2 and 3) and 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 Moama to Ensure Compliance with Licence Obligations		Ratings (as per Table 8)	
				Including Recommendations	Controls	Compliance	
174	Not used	As per the ERA's document entitled: "Water Compliance Reporting Manual - Water Services Act 2012 – July 2016" 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.	5	<ul style="list-style-type: none"> As both Moama and TLLV are wholly owned subsidiaries of NLV, no contractual agreement exists between Moama and TLLV regarding the non-potable water supply service (irrigation water) Moama supplied to TLLV during the Audit Period; Moama has stated TLLV (not Moama) enters "Residential Site Agreements" with customers to whom sewerage services are provided; Paxon examined a sample of these "Residential Site Agreements" and confirmed TLLV (not Moama) was a contract part to these agreements; and Moama consequently did not enter into customer contracts in respect of the water services it provided during the Audit Period. Thus, this obligation was not applicable to Moama's operations during the Audit Period. 	NA	NA	

No. ²	Obligation Under: Water Services (Operating) Licence - (Versions 2 and 3) and 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 Moama to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
				Including Recommendations	Controls	Compliance
176	23.2 / 5.1.2	The licensee must comply with any <i>Customer Contract Guidelines</i> that apply to the licensee.	5	<ul style="list-style-type: none"> See the findings for reference number 175 above. 	NA	NA
177	23.3 / 5.1.3	The licensee may only amend the customer contract with the ERA's approval.	5	<ul style="list-style-type: none"> See the findings for reference number 175 above. 	NA	NA
178	23.6 / 5.1.5	The licensee must comply with any direction by the ERA to amend the customer contract.	5	<ul style="list-style-type: none"> See the findings for reference number 175 above. 	NA	NA
179	24.1 and 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.	5	<ul style="list-style-type: none"> See the findings for reference number 175 above. 	NA	NA
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.	5	<ul style="list-style-type: none"> See the findings for reference number 175 above. 	NA	NA

No. ²	Obligation Under: Water Services (Operating) Licence - (Versions 2 and 3) and 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 Moama to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
					Including Recommendations	Controls
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.	2	<ul style="list-style-type: none"> Moama has stated it was not a supplier of last resort during the Audit Period; and Paxon regards application of section 60 of the Act to Moama'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
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.	2	<ul style="list-style-type: none"> Moama has stated it did not provide any water services outside of the operating area of the licence during the Audit Period; and Paxon regards application of section 22 of the Act to Moama'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
183	30.3 / 5.4.3	The licensee must comply with the ERA's Financial Hardship Policy Guidelines as they apply to the licensee.	5	<ul style="list-style-type: none"> Moama did not levy any charges (neither non-quantity charges nor usage charges) during the Audit Period in respect of either: <ul style="list-style-type: none"> Non-potable water supply service; or Sewerage services. 	NA	NA

No. ²	Obligation Under: Water Services (Operating) Licence - (Versions 2 and 3) and 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 Moama to Ensure Compliance with Licence Obligations		Ratings (as per Table 8)	
				Including Recommendations	Controls	Compliance	
183 (cont.)				Thus, this obligation was not applicable to Moama’s operations during the Audit Period.		NA	NA
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"> As per the document entitled: “<i>Moama Lifestyle Villages Pty Ltd - Audit and Review Plan</i>”, as approved by the ERA, this obligation was not applicable to Moama during the Audit Period. 		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"> As per the document entitled: “<i>Moama Lifestyle Villages Pty Ltd - Audit and Review Plan</i>”, as approved by the ERA, this obligation was not applicable to Moama during the Audit Period. 		NA	NA
186	31.3 / 6.1.3	The licensee must comply with the terms of the Memorandum of Understanding.	n/a	<ul style="list-style-type: none"> As per the document entitled: “<i>Moama Lifestyle Villages Pty Ltd - Audit and Review Plan</i>”, as approved by the ERA, this obligation was not applicable to Moama during the Audit Period. 		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	<ul style="list-style-type: none"> As per the document entitled: “<i>Moama Lifestyle Villages Pty Ltd - Audit and Review Plan</i>”, as approved by the ERA, this obligation was not applicable to Moama during the Audit Period. 		NA	NA

No. ²	Obligation Under: Water Services (Operating) Licence - (Versions 2 and 3) and 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 Moama to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
					Including Recommendations	Controls
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	<ul style="list-style-type: none"> As per the document entitled: “<i>Moama Lifestyle Villages Pty Ltd - Audit and Review Plan</i>”, as approved by the ERA, this obligation was not applicable to Moama during the Audit Period. 	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	<ul style="list-style-type: none"> As per the document entitled: “<i>Moama Lifestyle Villages Pty Ltd - Audit and Review Plan</i>”, as approved by the ERA, this obligation was not applicable to Moama during the Audit Period. 	NA	NA
190	Schedule 3/ Schedule 2	The licensee must comply with the service and performance standards as set out in Schedule 3.	n/a	<ul style="list-style-type: none"> As per the document entitled: “<i>Moama Lifestyle Villages Pty Ltd - Audit and Review Plan</i>”, as approved by the ERA, this obligation was not applicable to Moama during the Audit Period. 	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. ³	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. ⁴	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation		
	Details for Control and/or Compliance Rating		
1, 2, 5, 7, 13, 15, 16, 17, 18, 20, 21, 22, 23, 25, 28, 31, 33, 35, 36, 37, 38, 42, 43, 44, 45, 47, 52, 54, 55, 56, 57, 62, 74, 75, 89, 92, 148, 149, 150, 155, 160, 169 and 173 (1/2017)	<ul style="list-style-type: none"> • Rating: C 1; • Obligation: Act – section 21(1)(a) and Water Services Licence Version 3 (“WL3”) – clause 3.3.1 (a); and • Details: <ul style="list-style-type: none"> • Moama does not have a specific set of controls to help ensure its compliance with the obligations listed in the following legislative instruments: <ul style="list-style-type: none"> • Water Services Act 2012; • Water Services Regulations 2013; • Water Services Code of Conduct (Customer Service Standards) 2013; and • Water Services (Operating) Licences, versions 2 and 3. • (“Compliance Obligations”); • Paxon has noted the ERA’s <i>“Water Compliance Reporting Manual – Water Services Act 2012 – July 2016”</i> is available on Moama’s network. Thus, it 	<ul style="list-style-type: none"> • Moama should expand its Compliance Register to ensure it addresses all the obligations listed in the above-mentioned legislative instruments. This schedule should identify appropriate policy and procedure documents and responsible employees. 	
4	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. ⁴	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	<p>Legislative Obligation</p> <hr/> <p>Details for Control and/or Compliance Rating</p>		
1, 2, 5, 7, 13, 15, 16, 17, 18, 20, 21, 22, 23, 25, 28, 31, 33, 35, 36, 37, 38, 42, 43, 44, 45, 47, 52, 54, 55, 56, 57, 62, 74, 75, 89, 92, 148, 149, 150, 155, 160, 169 and 173 (1/2017) (continued)		<p>is available as a reference document for Moama employees responsible for obedience with the Compliance Obligations;</p> <ul style="list-style-type: none"> TLLV does maintain a document entitled: <i>"Compliance Register – Reporting Requirements"</i> ("Compliance Register"). However, the Compliance Register focuses on reporting obligations to regulatory authorities and does not comprehensively address Moama's compliance obligations; and Moama has stated some controls which relate directly to the Compliance Obligations, are recorded in its asset management system. 	
92 (2/2017)	<ul style="list-style-type: none"> Rating: C 3; Obligation: Water Services Code of Conduct (Customer Service Standards) 2013 ("Code of Conduct") – clause 7 and WL3 - clause 3.1.1; and Details: <ul style="list-style-type: none"> TLLV does have a document entitled: <i>"National Lifestyle Villages – Tuart Lakes Lifestyle</i> 	<ul style="list-style-type: none"> Moama should compile and make publicly available written information about the sewerage services it provides to ensure compliance with clause 7 of the Code of Conduct. 	

Current Audit: Non-compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
No. ⁴	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation		
	Details for Control and/or Compliance Rating		
92 (2/2017) (continued)	<p><i>Village – Customer Charter</i>". This document refers exclusively to the provision of recycled water and its use "to irrigate designated grass areas"; and</p> <ul style="list-style-type: none"> • Sewerage services were provided to dwellings in TLLV during the Audit Period. 		
148 (3/2017)	<ul style="list-style-type: none"> • Rating: C 3; • Obligation: Code of Conduct – clause 35(4) and WL3 – clause 3.1.1; and • Details: <ul style="list-style-type: none"> • Paxon examined the two written complaints procedures; • The procedure which deals with complaints TLLV lodges with Moama states: <p><i>"If complainant dissatisfied, refer to mediation or Water Ombudsman, keep complainant informed."</i></p> • The procedure which deals with complaints residents at Tuart Lakes lodge with TLLV does not address clause 35(4) of the Code of Conduct; • Paxon notes the TLLV document entitled: <p><i>"National Lifestyle Villages – Tuart Lakes Lifestyle</i></p> 	<ul style="list-style-type: none"> • Moama should update its complaints procedures to provide customers with the information stipulated in clause 35(4) of the Water Services Code of Conduct (Customer Service Standards) 2013. 	

Current Audit: Non-compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
No. ⁴	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation		
	Details for Control and/or Compliance Rating		
148 (3/2017) (continued)	<p><i>Village – Customer Charter</i> states the following:</p> <p><i>“If we do not respond accordingly complaints are dealt with by the Department of Water “;</i></p> <ul style="list-style-type: none"> • The Charter then provides contact details for the department. However, as per clause 35(4) of the Code of Conduct this information must be included in the complaints procedure and not in a separate document; and • Moama does not have a specific set of controls to help ensure its compliance with the legislative obligations derived from the water services it provides. A recommendation (01/2017) was made in this regard (see reference number 1 above). 		
149 (4/2017)	<ul style="list-style-type: none"> • Rating: C 3; • Obligation: Code of Conduct – clause 35(6) and WL3 – clause 3.1.1; and • Details: <ul style="list-style-type: none"> • Moama has stated the two written complaints procedures were only available upon request during the Audit Period; 	<ul style="list-style-type: none"> • Moama should make its complaints procedure publicly available to ensure compliance with clause 35(6) of the Water Services Code of Conduct (Customer Service Standards) 2013. 	

Current Audit: Non-compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
No. ⁴	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation		
	Details for Control and/or Compliance Rating		
149 (4/2017) (continued)	<ul style="list-style-type: none"> • Paxon examined a sample of "Residential Site Agreements" which TLLV entered with customers during the Audit Period and found these agreements did not refer to a specific complaints procedure for water services; and • Paxon examined a document entitled: "Village Policy – Your Guide to Village Life - National Lifestyle Villages". This document is provided as an attachment to the above-mentioned Residential Site Agreements". This policy document does include a "Code of Conduct" and a "Grievance Policy". However, neither of these two documents refer to a specific complaints procedure for water services. 		
150 (5/2017)	<ul style="list-style-type: none"> • Rating: C 3; • Obligation: Code of Conduct – clause 36(1) and WL3 – clause 3.1.1; and • Details: <ul style="list-style-type: none"> • Moama has stated the non-potable water supply service was provided exclusively to TLLV (associated company) during the Audit Period for the irrigation of common property within the operating area of Moama's Water 	<ul style="list-style-type: none"> • Moama should provide residents at Tuart Lakes Lifestyle Village on request and at no charge with the above-mentioned information to ensure compliance with clause 36(1) of the Water Services Code of Conduct (Customer Service Standards) 2013. 	

Current Audit: Non-compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
No. ⁴	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation		
	Details for Control and/or Compliance Rating		
150 (5/2017) (continued)	<p>Services Licence. Paxon does not regard clause 36(1) of the Water Services Code of Conduct (Customer Service Standards) 2013 as being applicable in respect of these services;</p> <ul style="list-style-type: none"> • Sewerage services were provided to dwellings in TLLV during the Audit Period. Moama has stated it did not provide the following information to residents in Tuart Lakes Lifestyle Village during the Audit Period in respect of the sewerage services: <ul style="list-style-type: none"> • Services for general enquiries for use by customers with hearing or speech impairment; • Interpreter services for general enquiries; and • A large-print version of any of its publicly available documents. 		
163 (6/2017)	<ul style="list-style-type: none"> • Rating: D 4; • Obligation: Act – section 12 and WL3 – clause 3.7.1 (b); and • Details: 	<ul style="list-style-type: none"> • Moama should on a perpetual basis assess its reporting obligations in terms of section 3.7.1 (b) of its current Water Services Licence. 	

Current Audit: Non-compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
No. ⁴	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation		
	Details for Control and/or Compliance Rating		
163 (6/2017) (continued)	<ul style="list-style-type: none"> Moama has stated that, during the Audit Period, it was not under external administration, nor did a material change take place in the circumstances upon which the licence was granted which affected its ability to meet its obligations. Thus, Moama did not submit any report to the ERA in terms of either section 15.1 (b) or 3.7.1 (b) of its Water Services (Operating) Licence; The independent auditors of National Lifestyle Villages Pty Ltd did not qualify their audit reports for the years ended 30 June 2014 and 30 June 2015. However, the independent auditors did include an "Emphasis of Matter" item in both audit reports in respect of "a material uncertainty" as to the consolidated entity's and the company's ability to continue as going concerns. The independent auditors did not qualify their audit report for the year ended 30 June 2016 but did include a "Material Uncertainty Related to Going Concern" item in its audit report in respect of the group's ability to continue as a going concern; 		

Current Audit: Non-compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
No. ⁴	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation		
	Details for Control and/or Compliance Rating		
163 (6/2017) (continued)	<ul style="list-style-type: none"> Moama Lifestyle Villages Pty Ltd was a wholly owned subsidiary of National Lifestyle Villages Pty Ltd ("NLV") during the Audit Period. Thus, the material uncertainties as to the going concern status of the NLV group, as included in the above-mentioned independent auditor's reports, may have affected Moama's ability to continue as a going concern during the Audit Period. In terms of Paxon's interpretation of the stipulations of section 15.1(b) and section 3.7.1 (b) of Moama's Water Services (Operating) Licence as in force during the Audit Period, Moama should have reported these material uncertainties as to the NLV group's ability to continue as a going concern to the ERA; and Moama did not provide the Paxon Group with any financial statements for the financial years included in the Audit Period. 		

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:

Asset Management System	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.			✓					✓

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 Creation and Acquisition				✓		✓		
• Full project evaluations are undertaken for new assets including comparative estimates 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				✓				✓

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
<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 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 				✓		✓		

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
<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			
	Adequately Defined	Requires Some Improvement	Requires Significant Improvement	Inadequate	Performing Effectively	Opportunity for Improvement	Corrective Action Required	Serious Action Required
<ul style="list-style-type: none"> Input controls include appropriate verification and validation of data entered into the system; 				✓		✓		
<ul style="list-style-type: none"> Logical access controls appear adequate such as passwords; 				✓	✓			
<ul style="list-style-type: none"> Physical security access controls appear adequate; 				✓	✓			
<ul style="list-style-type: none"> Data back-up procedures appear adequate and back-ups are tested; 				✓	✓			
<ul style="list-style-type: none"> Key computations related to Licensee performance reporting are materially accurate; and 				✓			✓	
<ul style="list-style-type: none"> Management reports appear adequate for the Licensee to monitor licence obligations. 			✓		✓			
Risk Management				✓			✓	
<ul style="list-style-type: none"> Risk management policies and procedures exist and are being applied to minimise internal and external risk associated with the asset management system; 			✓				✓	
<ul style="list-style-type: none"> Risks are documented in a risk register and treatment plans are actioned and monitored; and 			✓				✓	
<ul style="list-style-type: none"> The probability and consequences of asset failure are regularly assessed. 				✓			✓	

Asset Management System 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
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 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 expenditure requirements of the services; and 			✓			✓		

Asset Management System 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
<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 				✓				✓
<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	Systems, Processes and Controls in Place at Moama for Asset Management Including Recommendations	Asset Management Process and Policy Definition Adequacy Rating	Asset Management Performance Rating
Asset Planning	<ul style="list-style-type: none"> The Asset Management Plan (“AMP”) is the original document dated 2009 and appears to have been prepared as part of the application for the water service. It has not been amended despite recommendations of the 2014 Review undertaken by Quantum Assurance. Consequently, most recommendations of the 2014 report have not been addressed; Moama as licensee for the water services, advised it is currently treating with the Water Corporation, with the intention of discharging to one of two Water Corporation sewers expected to be available for connection within twelve months; Aquasol Pty Ltd undertook construction and initial operation of the Wastewater Treatment Plant (“WWTP”). The WWTP was subsequently operated and maintained by Tristar Pty Ltd. Since 2015 Wastewater Services Pty Ltd (“WWS”) has operated and maintained the WWTP on an ad-hoc basis. An experienced operator provided by WWS attends the plant for 30 hours over five or six days weekly. Moama staff are not required to undertake any operating or maintenance at the WWTP; and A contract agreement for WWS to design, construct and operate a new plant has been prepared but not executed, pending resolution of a Water Corporation sewer becoming available to sewage flows from TLLV, which occupies the Moama property. Moama advised that the board of its parent company (NLV) has approved the funding of the new WWTP. However, execution of the agreement has been delayed pending the outcome of discussions with Water Corporation regarding the availability and timing a sewer connection. <p>Recommendation 01/2017</p> <ul style="list-style-type: none"> In accordance with its current management and operational practises, Moama should, as a minimum: <ul style="list-style-type: none"> Fully update its Asset Management Plan including where appropriate; and Implement recommendations numbers 5, 6 and 7 of the Quantum Assurance 2014 Review, as set out in Table 7 of this report. 	C	3

Asset Management System	Systems, Processes and Controls in Place at Moama for Asset Management Including Recommendations	Asset Management Process and Policy Definition Adequacy Rating	Asset Management Performance Rating
Asset Creation and Acquisition	<ul style="list-style-type: none"> • Purchase of spare parts and materials associated with operation and maintenance of the WWTP is undertaken by WWS. Moama reimburses the costs if the acquisitions are not included in the service fee. Acquisition of major assets or services not covered by the service fees is arranged by WWS on the basis of its recommendation and Moama’s approval; • Moama advises that estimates and contract documentation for the design, construction and operation of the new WWTP has been submitted to and approved by NLV; and • Any acquisitions for the collection sewers and pumping stations (which are owned by Moama) are recommended by consultants and approved by Moama prior to implementation. <p>Recommendation 02/2017</p> <ul style="list-style-type: none"> • Moama should upgrade the AMP to include the current procedures and practises adopted for Asset Creation and Acquisition. 	D	2
Asset Disposal	<ul style="list-style-type: none"> • Moama has no specific disposal plan for the sewerage services; and • The AMP simply states: “ a detailed disposal plan has not been created. When decommissioning of the Water Recycling Scheme, including WWTP and associated irrigation infrastructure, is considered necessary, it will be undertaken in accordance with the relevant Department of Environment and Conservation and Department of Health Standards”. <p>Recommendation 03/2017</p> <ul style="list-style-type: none"> • In view of the future replacement of the existing WWTP, a specific disposal plan for these assets should be formulated and documented. 	D	4
Environmental Analysis	<ul style="list-style-type: none"> • The AMP incorrectly refers to the Water Services Licensing Act 1995 - which was repealed and replaced by the Water Services Act 2012 on 18th November 2013; • Other relevant legislation noted in the AMP is correct; • Compliance reports to ERA were generally technically compliant. Some reports were submitted late and therefore procedurally non-compliant in those instances. A series of equipment failures prior to 2014 were noted in reports to the Health Department - resulting in earlier chemical and health quality non-compliances. These have been corrected since 2015 when WWS commenced operating the WWTP; 	C	2

Asset Management System	Systems, Processes and Controls in Place at Moama for Asset Management Including Recommendations	Asset Management Process and Policy Definition Adequacy Rating	Asset Management Performance Rating
<p>Environmental Analysis (continued)</p>	<ul style="list-style-type: none"> • Supply standards are related mainly to the wastewater treatment and disposal system and are generally stated to comply with relevant legislation and/or standards; • Data for reports to the ERA and DOH are prepared by WWS and provided to Moama for completion and submission to the appropriate authority; and • The various threats associated with the services are thoroughly examined in Appendices to the AMP – specifically, the Health and Environmental Risk Assessments undertaken by consultants (GHD) and Land Capability Assessment also undertaken by consultants (Golder). <p>Recommendation 04/2017</p> <ul style="list-style-type: none"> • The reference to legislation related to the water services licence should be corrected; and • System threats should be reviewed and updated as required and extended to include threats to the collection, pumping and effluent disposal systems. 		
<p>Asset Operations</p>	<ul style="list-style-type: none"> • The original Operations and Maintenance (“O&M”) manual provided by Aquasol (the original operator) was initially used by Tristar when it took over operation of the WWTP. The manual was not up to date and Tristar also made further changes to the WWTP. Therefore, whilst the 2009 AMP contains the original O&M documentation, it is well out of date, generic rather than detailed, in draft format and not applicable to the existing WWTP; • Since 2015, the WWTP has been operated by WWS on a provision of services basis. The WWTP is operated and maintained (without reference to O&M manuals) on the basis of WWS knowledge and experience of the processes involved; • WWS provided THE Reviewer with a seven-day list of checks, data collection and basic maintenance used for operation of the plant; • WWS provides management with copies of the completed check lists and other data required for reporting to the ERA and DOH; • Reviewer noted that the WWS operator for the WWTP is on-site for 30 hours per week. He is familiar with the treatment processes involved and their implementation at the WWTP. The operator undertakes all data recording, plant checks, adjustments, effluent sampling and delivery for testing and basic maintenance. WWS is also responsible for operation and maintenance of the collection sewers, pumping stations and rising mains; 	<p>D</p>	<p>1</p>

Asset Management System	Systems, Processes and Controls in Place at Moama for Asset Management Including Recommendations	Asset Management Process and Policy Definition Adequacy Rating	Asset Management Performance Rating
Asset Operations (continued)	<ul style="list-style-type: none"> Although WWTP operations are not fully documented, the experience of the operator and WWS improved operating results indicate that the sewerage system is competently managed; Village staff operates the effluent disposal system – which is basically automatic; and Although the relationship between Moama and WWS appears sound, the sewerage system is nevertheless operated on an informal basis - without a formal contract between the parties regarding tasks, standards, payment, dispute resolution, responsibility boundaries etc. Reviewer is concerned that in the absence of a formal contract, a dispute or disagreement between the parties (albeit unlikely) could result in a reduction or loss of the sewerage services. A formal contract between Moama and WWS should be entered for at least a continuation of the services currently provided. <p>Recommendation 05/2017</p> <ul style="list-style-type: none"> That Moama and WWS enter a formal contract for the continuation of WWS current services; and That O&M documentation be prepared and implemented in accordance with: <ul style="list-style-type: none"> The current systems for collection, treatment and disposal of sewage flows; and Implementation of recommendations number 8(a) and (c), 9 and 10 of the Quantum Assurance 2014 Review, as set out in Table 7 of this report. 		
Asset Maintenance	<ul style="list-style-type: none"> As for Asset Operations above, the O&M documentation setting out the maintenance requirements in the AMP is out of date, generic rather than detailed and in draft format; Reviewer’s discussion with WWS and its operator indicates the plant is well maintained despite the lack of documentation. WWS obtains Moama’s approval for impending maintenance or other expense not covered by its service agreement; Village staff operates the effluent irrigation system – which is basically automatic. Land and Water Services undertakes maintenance/repairs as necessary; and As stated above, WWS is responsible for maintenance and repair of both the WWTP and collection system. The village also retains the services of contractors for waste tankering, plumbing and electrical services. <p>Recommendation 06/2017</p> <ul style="list-style-type: none"> That O&M documentation be prepared and implemented in accordance with the current systems for collection, treatment and disposal of sewage flows. 	D	1

Asset Management System	Systems, Processes and Controls in Place at Moama for Asset Management Including Recommendations	Asset Management Process and Policy Definition Adequacy Rating	Asset Management Performance Rating
Asset Management Information System	<ul style="list-style-type: none"> Asset Management is based on Microsoft Dynamics Navision 2015 software, which is used throughout the NLV group of companies. The financial sub-package of the software covers purchasing, payments and receipts. A data-recording sub-package is used for recording and compiling data associated with operations, maintenance and monitoring; and The computer server is located in a locked and alarmed room in the administration building - which is also locked and alarmed outside business hours. Access to the server is by password, which in turn, allows or denies access to specific staff members. Data is backed up daily to the cloud. <p>Recommendation 07/2017</p> <ul style="list-style-type: none"> The name of the software package should be corrected in the AMP. A brief description or diagram should also be provided of the uses and interconnections of the sub-packages. 	C	2
Risk Management	<ul style="list-style-type: none"> Figure 3 of the AMP contains a conventional risk analysis and control approach. Reviewer noted the provision of a 20 KVA diesel generator to start automatically in the event of a power failure. It is noted that the analysis considers only the WWTP. The collection system sewers, pumping stations and effluent disposal system are not addressed. Also, as noted elsewhere, the AMP is dated 2009 and - as for the risk assessment, requires a thorough review and update. <p>Recommendation 08/2017</p> <ul style="list-style-type: none"> The risk assessment should be updated to include: <ul style="list-style-type: none"> The current systems – including the collection, pumping, treatment and effluent disposal systems; and Recommendation number 11 of the Quantum Assurance 2014 Review, as set out in Table 7 of this report. 	D	3
Contingency Planning	<ul style="list-style-type: none"> There is no contingency plan for the sewer collection system, pumping station WWTW or effluent disposal system. The inference being that emergency situations can be competently handled by experts such as WWS, Land and Water Services, supported by Moama’s preferred tankering, plumbing and electrical contractors. <p>Recommendation 09/2017</p> <ul style="list-style-type: none"> That a set of contingency plans be prepared to address emergency procedures for the overall system. The documentation should include: 	D	4

Asset Management System	Systems, Processes and Controls in Place at Moama for Asset Management Including Recommendations	Asset Management Process and Policy Definition Adequacy Rating	Asset Management Performance Rating
Contingency Planning (continued)	<ul style="list-style-type: none"> A sequence of steps in addressing emergencies, together with a list of critical personnel, contractors and authorities; and As appropriate, recommendation number 12 of the Quantum Assurance 2014 Review, as set out in Table 7 of this report. 	D	4
Financial Planning	<ul style="list-style-type: none"> NLV's financial planning focuses on stability and profitable operation of the overall company, rather than that of the sewerage facilities at its various villages. Therefore, the annual cost of operating the sewerage system is estimated and included in a consolidated operating and management budget for TLLV. Following approval of the NLV board, TLLV must manage its expenditure within its budget limits; The sewerage system costs include the fees and expense for WWS operation of the systems together with an allowance for unforeseen maintenance and repairs. Reviewer was advised of WSS service fees and allowances made for maintenance and repairs. This information was provided "<i>commercial in confidence</i>". Reviewer considers the approach is reasonable; and Financial information provided within the 2009 AMP indicated NLV expected to be able to fund the TLLV for the forthcoming five years. The 2009 figures are out of date and obviously no longer valid. In the absence of updated information for NLV, the Reviewer is unable to assess whether or not funding for TLLV is guaranteed currently or in the future five or so years. <p>Recommendation 10/2017</p> <ul style="list-style-type: none"> That the 2008 financial plan in the 2009 AMP be update to 2018 including forecasts for the forthcoming five years; That the financial plan and rolling five years forecasts be updated annually and included in the AMP; and That these recommendations be implemented having reference also to recommendation number 13 of the Quantum Assurance 2014 Review, as set out in Table 7 of this report. 	C	2
Capital Expenditure Planning	<ul style="list-style-type: none"> Although the AMP contains an asset replacement schedule and associated estimates, the information is out dated. There is no formal capital expenditure plan. WWS advises Moama of any capital expenditure which it considers necessary and implements the replacement on receipt of TLLV approval. This approach in conjunction with the overall TLLV approved budget appears satisfactory 	C	3

Asset Management System	Systems, Processes and Controls in Place at Moama for Asset Management Including Recommendations	Asset Management Process and Policy Definition Adequacy Rating	Asset Management Performance Rating
<p>Capital Expenditure Planning (continued)</p>	<p>in the interval prior to a decision and implementation of a new WWTP construction or connection to sewer.</p> <p>Recommendation 11/2017</p> <ul style="list-style-type: none"> • Until a new WWTP is constructed, or sewage flows are disposed of to the Water Corp’s system the current practise of WWS provision of its services – including WWS forecasting of capital expenditure as necessary, be continued and documented; and • That – pending a decision and implementation on future treatment and disposal of sewage, this recommendation supersedes recommendation number 14 of the Quantum Assurance 2014 Review, as set out in Table 7 of this report. 		
<p>Review of Asset Management System</p>	<ul style="list-style-type: none"> • The AMP is dated 2009 and appears to have been prepared as part of the original licence application – rather than as a guide to the existing sewerage systems management and operations. The AMP is considered almost useless in terms of the current operations and practises. Notwithstanding the lack of useful documentation, the management of the assets is considered acceptable although segmented. <p>Recommendation 12/2017</p> <ul style="list-style-type: none"> • That the existing 2009 AMP and its associated systems be reviewed and updated including provision of a written requirement for on-going reviews at intervals not exceeding three years. 	<p>D</p>	<p>4</p>

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		
01/2017	<ul style="list-style-type: none"> • Rating: C 3; • Component: Asset Planning; and • Details: <ul style="list-style-type: none"> • See the section for Asset Planning as included in Table 15 entitled: "Review Observations and Recommendations" in section 5.3 of this Report. 	<p>Recommendation 01/2017</p> <ul style="list-style-type: none"> • In accordance with its current management and operational practises, Moama should, as a minimum: <ul style="list-style-type: none"> • Fully update its Asset Management Plan including where appropriate; and • Implement recommendations numbers 5, 6 and 7 of the Quantum Assurance 2014 Review, as set out in Table 7 of this report. 	Zero.
02/2017	<ul style="list-style-type: none"> • Rating: D 2; • Component: Asset Creation and Acquisition; and • Details: <ul style="list-style-type: none"> • See the section for Asset Creation and Acquisition as included in Table 15 entitled: "Review Observations and Recommendations" in section 5.3 of this Report. 	<p>Recommendation 02/2017</p> <ul style="list-style-type: none"> • Moama should upgrade the AMP to include the current procedures and practises adopted for Asset Creation and Acquisition. 	Zero.
03/2017	<ul style="list-style-type: none"> • Rating: D 4; • Component: Asset Disposal; and • Details: <ul style="list-style-type: none"> • See the section for Asset Disposal as included in Table 15 entitled: "Review Observations and Recommendations" in section 5.3 of this Report. 	<p>Recommendation 03/2017</p> <ul style="list-style-type: none"> • In view of the future replacement of the existing WWTP, a specific disposal plan for these assets should be formulated and documented. 	Zero.
04/2017	<ul style="list-style-type: none"> • Rating: C 2; • Component: Environmental Analysis; and • Details: 	<p>Recommendation 04/2017</p> <ul style="list-style-type: none"> • The reference to legislation related to the water services licence should be corrected; and 	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			
04/2017 (continued)	<ul style="list-style-type: none"> See the section for Environmental Analysis as included in Table 15 entitled: "Review Observations and Recommendations" in section 5.3 of this Report. 		<ul style="list-style-type: none"> System threats should be reviewed and updated as required and extended to include threats to the collection, pumping and effluent disposal systems. 	
05/2017	<ul style="list-style-type: none"> Rating: D 1; Component: Asset Operations; and Details: <ul style="list-style-type: none"> See the section for Asset Operations as included in Table 15 entitled: "Review Observations and Recommendations" in section 5.3 of this Report. 		<p>Recommendation 05/2017</p> <ul style="list-style-type: none"> That Moama and WWS enter a formal contract for the continuation of WWS current services; and That O&M documentation be prepared and implemented in accordance with: <ul style="list-style-type: none"> The current systems for collection, treatment and disposal of sewage flows; and Implementation of recommendations number 8(a) and (c), 9 and 10 of the Quantum Assurance 2014 Review, as set out in Table 7 of this report. 	Zero.
06/2017	<ul style="list-style-type: none"> Rating: D 1; 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. 		<p>Recommendation 06/2017</p> <ul style="list-style-type: none"> That O&M documentation be prepared and implemented in accordance with the current systems for collection, treatment and disposal of sewage flows. 	Zero.
07/2017	<ul style="list-style-type: none"> Rating: C 2; Component: Asset Management Information System; and Details: <ul style="list-style-type: none"> See the section for Asset Management Information System as included in Table 15 entitled: "Review Observations and Recommendations" in section 5.3 of this Report. 		<p>Recommendation 07/2017</p> <ul style="list-style-type: none"> The name of the software package should be corrected in the AMP. A brief description or diagram should also be provided of the uses and interconnections of the sub-packages. 	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		
08/2017	<ul style="list-style-type: none"> • Rating: D 3; • 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. 	<p>Recommendation 08/2017</p> <ul style="list-style-type: none"> • The risk assessment should be updated to include: <ul style="list-style-type: none"> • The current systems – including the collection, pumping, treatment and effluent disposal systems; and • Recommendation number 11 of the Quantum Assurance 2014 Review, as set out in Table 7 of this report. 	Zero.
09/2017	<ul style="list-style-type: none"> • Rating: D 4; • 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. 	<p>Recommendation 09/2017</p> <ul style="list-style-type: none"> • That a set of contingency plans be prepared to address emergency procedures for the overall system. The documentation should include: <ul style="list-style-type: none"> • A sequence of steps in addressing emergencies, together with a list of critical personnel, contractors and authorities; and • As appropriate, recommendation number 12 of the Quantum Assurance 2014 Review, as set out in Table 7 of this report. 	Zero.
10/2017	<ul style="list-style-type: none"> • Rating: C 2; • 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. 	<p>Recommendation 10/2017</p> <ul style="list-style-type: none"> • That the 2008 financial plan in the 2009 AMP be update to 2018 including forecasts for the forthcoming five years; • That the financial plan and rolling five years forecasts be updated annually and included in the AMP; and • That these recommendations be implemented having reference also to recommendation number 13 of the Quantum Assurance 2014 Review, as set out in Table 7 of this report. 	Zero.
11/2017	<ul style="list-style-type: none"> • Rating: C 3; • Component: Capital Expenditure Planning; and • Details: 	<p>Recommendation 11/2017</p> <ul style="list-style-type: none"> • Until a new WWTP is constructed, or sewage flows are disposed of to the Water Corp's system the current practise of WWS 	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		
11/2017 (continued)	<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. 	<p>provision of its services – including WWS forecasting of capital expenditure as necessary, be continued and documented; and</p> <ul style="list-style-type: none"> That – pending a decision and implementation on future treatment and disposal of sewage, this recommendation supersedes recommendation number 14 of the Quantum Assurance 2014 Review, as set out in Table 7 of this report. 	
12/2017	<ul style="list-style-type: none"> Rating: D 4; 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. 	<p>Recommendation 12/2017</p> <ul style="list-style-type: none"> That the existing 2009 AMP and its associated systems be reviewed and updated including provision of a written requirement for on-going reviews at intervals not exceeding three years. 	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
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