

Aquasol Pty Ltd

Water Services (Operating) Licence

Operational Audit and Asset
Management System
Effectiveness Review

Report
18 September 2018

PAXON GROUP

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1 Executive Summary

1.1 Operational Audit

Audit Objective

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

The Audit covered the period from 1 February 2015 to 31 January 2018 (“Audit Period”).

Licence, Business and Major Changes

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

Aquasol was granted a Water Services (Operating) Licence (“WSL”) by the ERA. The WSL commenced on 5 February 2013 and authorised Aquasol to provide potable water supply services, non-potable water supply services and sewerage services during the Audit Period.

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 WSL, dated 18 November 2013, to take account of the provisions of the Act.

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

Aquasol’s Response to Previous Audit Report Recommendations

The previous Audit was conducted by Quantum Assurance in respect of the period 5 February 2013 to 31 January 2015. The Quantum Assurance report, dated 28 May 2015, identified seven “*Current Audit Non-Compliances and Recommendations*”.

This Audit concluded four of the seven recommendations included in the Quantum Assurance report, dated 28 May 2015, has been resolved. The remaining three recommendations are still unresolved.

Details of all seven recommendations included in the Quantum Assurance report are included in section 3.1 of this Report entitled: “*Previous Audit: Non-Compliances and Recommendations*”.

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

The Audit identified several non-compliances with the conditions of Aquasol’s WSL.

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

- A summarised assessment of both compliance and controls per individual obligation is disclosed in Table 9 entitled: “*Audit: Obligation Ratings Summary*” as included in section 4.2 of this Report; and

- A detailed assessment of both compliance and controls per individual obligation, including recommendations for findings of non-compliance and/or weak controls, is disclosed in Table 10 entitled: “*Audit Observations and Recommendations*” as included in section 4.3 of this Report.

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

Control Environment

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

Licence Compliance

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

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

Audit	Adequacy of Controls Rating						Compliance Rating						
	Adequacy of Controls Rating		Compliance Rating		Compliance Rating		Compliance Rating		Compliance Rating		Compliance Rating		
	Adequate Controls	Generally Adequate Controls	Inadequate Controls	No Controls Evident	Not Performed	Not Applicable	Compliant	Non-compliant – Minor Impact	Non-compliant – Moderate Impact	Non-compliant – Major Impact	Not Rated	Not Applicable	
Audit Priority Applied	A	B	C	D	NP	NA	1	2	3	4	NR	NA	
1 (Highest)	1			2								3	
2	14			7	5		8	2				16	
3	15			33	6		3	1	1			49	
4	26			55	10		32	7	7			45	
5 (Lowest)	1											1	
Not Applicable							9						9
Not Used							6						6
Total	57			97	21	15	43	10	8			114	15

Table 1: Summary of Audit Ratings

1.2 Asset Management System Effectiveness Review

Review Objective

The Water Services Act 2012 requires that Aquasol provides for and maintains an asset management system. The system should set out the processes to be taken by Aquasol 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 Aquasol 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 Aquasol has in place the appropriate systems for the planning, construction, operation and maintenance of its water services assets.

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

The Review covered the period from 1 February 2015 to 31 January 2018.

Summary of Conclusions

This review concludes that Aquasol planned and operated the water services at the Lancelin South development competently and professionally. Aquasol assigned experienced staff to the project and a high level of documentation, product quality and service was achieved – particularly regarding the potable and non-potable water supplies.

Reviewer noted several management related non-compliances in reports to ERA, together with Aquasol’s subsequent action to avert re-occurrence.

Ten of the twelve performance assessments undertaken ranged from A 1 (performing adequately) to B 2 (opportunity for improvement). The eleventh assessment – of Item 7- Asset Management Information System, was assessed as B 4 (requires some improvement, serious action required) as there is no staff member responsible for the maintenance of the system and external backup of the system is not undertaken. The twelfth assessment – of Item 9 - Contingency Planning, was assessed as D 4 (inadequate, serious action required) as the Asset Management Plan contains no emergency procedures, despite a specific recommendation to this affect in the previous (2015) review.

Aquasol’s Actions on Previous Review Report Recommendations

The previous Review was conducted by Quantum in 2015. The Review Report, dated the 28th May 2015, identified several issues and provided eleven detailed recommendations to resolve the issues identified.

This review concluded that three of the eleven recommendations have been resolved and one is no longer applicable. Of the remaining seven recommendations, three were partly resolved and four unresolved.

Details of actions taken by Aquasol 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 this report.

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

Recommendation 8/2015: status - resolved

Update the Legislative Requirements Section of the Asset Management Plan for waste water treatment services for the changes in the legislative requirements.

Recommendation 9/2015: status – no longer applicable

As planned, finalise the agreement with the Department of Health regarding formalising the drinking water standards.

Recommendation 10/2015: status – resolved

Put in place a formal contract with the sewerage cartage contractor.

Recommendation 11/2015: status – unresolved

Include the distribution and reticulation mains and other equipment in the sub-division, in the Asset Register.

Recommendation 12/2015: status – partly resolved

Improve the documentation of the planned maintenance activities and include maintenance of the distribution and reticulation mains.

Recommendation 13/2015: status – unresolved

Ensure that data backups are regularly tested.

Recommendation 14/2015: status - resolved

Consider the risks associated with the current level of sewage service and document the risk and treatment plans in the risk register.

Recommendation 15/2015: status – unresolved

Keep a copy of the risk register onsite at the water treatment plant.

Recommendation 16/2015: status – unresolved

Formally document the contingency measures and plans that have been put in place, and the testing.

Recommendation 17/2015: status – partly resolved

Update the financial plan for the slower take-up of lots in the sub-division than planned.

Recommendation 18/2015: status – partly resolved

Implement the planned annual reviews of the Asset Management Plans.

Licence Compliance

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

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

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

Table 2: Summary of Review Ratings

2 Scope of Work

2.1 Objectives

2.1.1 Operational Audit

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

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

2.1.2 Asset Management System Effectiveness Review

The Act requires Aquasol to provide for and maintain an asset management system. The system should set out the processes to be taken by Aquasol to ensure the proper planning, operation, financing, maintenance, repair and renewal of its assets and for monitoring of its water services. The Act requires Aquasol 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 Aquasol 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 5.4 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 to be taken by Aquasol for the proper operation and maintenance of assets. The plans must convey Aquasol'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 Aquasol 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 Aquasol's Construction Manager - Technician, inspected the water services facilities, including the groundwater supply bore and water treatment plant, including dosing, dis-infection, storage and reticulation systems for both potable and non-potable water. 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
- Aquasol's response to the recommendations made in previous reviews.

2.3.3 Audit/Review Reporting

The Audit/Review reporting consisted of the following steps:

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

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

2.4 Time Interval Covered in Audit/Review

The Audit/Review covered the period from 1 February 2015 to 31 January 2018. The previous Audit and Review covered the period from 5 February 2013 to 31 January 2015.

2.5 Audit/Review Dates

The Audit/Review fieldwork was conducted during June 2018.

2.6 Licensee's Representatives

Aquasol employees who participated in the Audit are as follows:

Staff Member	Position
Paul Savage	Technical Director
Francisca Haro	Project & Environmental Coordinator

Table 3: Aquasol Employees Who Participated in the Audit

Aquasol employees who participated in the Review are as follows:

Staff Member	Position
Paul Savage	Technical Director
Francisca Haro	Project & Environmental Coordinator
Scott Spiers	Construction Manager

Table 4: Aquasol Employees Who Participated in the Review

2.7 Key Documents and Other Information Sources

2.7.1 Operational Audit

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

- Water Services Act 2012;
- Water Services Code of Conduct (Customer Service Standards) 2013;
- Water Services Regulations 2013;
- Water Services Operating Licence – Aquasol Pty Ltd – WL42, Version 4, 18 November 2013;
- Water Services Licence – Aquasol Pty Ltd – WL42, Version 5, 1 July 2016;
- Water Services Licence – Aquasol Pty Ltd – WL42, Version 6, 25 January 2018;
- Audit and Review Guidelines: Water Licences – July 2014;

- Quantum Assurance – Aquasol Pty Ltd - Operational Audit and Asset Management System Review - Water Licence WL42 (potable, non-potable and sewerage) – Report – Economic Regulation Authority – 28 May 2015;
- Water Compliance Reporting Manual – Water Services Act 2012 – October 2017;
- Water Compliance Reporting Manual – Water Services Act 2012 – July 2016;
- Water Compliance Reporting Manual – Water Services Act 2012 - April 2014;
- Water Services Act 2012 – Water, Sewerage and Irrigation Licence Performance Reporting Handbook – May 2015;
- Water Services Act 2012 – Water, Sewerage and Irrigation Licence Performance Reporting Handbook – May 2017;
- Compliance Reports for 2014/2015 to 2016/2017;
- Performance Reporting Data Sheets for 2014-2015 to 2016/2017;
- Aquasol – Asset Management Plan – Lancelin South Development – Waste Water Treatment Services – January 2017;
- Aquasol – Customer Service Charter – Potable, Non-Potable and Sewer Services - Lancelin South Development – January 2017;
- A sample of “*Water Account – Tax Invoices*” issued during the Audit Period;
- February 2013 – Financial Hardship Policy – For Water Services – Aquasol – Water Treatment Solutions – Lancelin South; and
- Various compliance procedure documents.

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 – Aquasol Pty Ltd – WL42, Version 4, 18 November 2013;
- Water Services Licence – Aquasol Pty Ltd – WL42, Version 5, 1 July 2016;
- Audit and Review Guidelines: Water Licences – July 2014;
- Quantum Assurance – Aquasol Pty Ltd - Operational Audit and Asset Management System Review - Water Licence WL42 (potable, non-potable and sewerage) – Report – Economic Regulation Authority – 28 May 2015;
- Department of Health (“DOH”) - letter to Aquasol dated 4 May 2015 confirming a delay in the preparation of a Memorandum of Understanding for the development and advising Aquasol to commence submitting quarterly reports to DOH;
- Department of Water – letter dated 5 April 2013 attaching Licence No. GWL 176077(1) to take 470000 Kl of groundwater annually for the Lancelin South development;
- Aquasol Asset Management Plan for Potable and Non-Potable Water dated January 2017, together with four appendices;
- Aquasol Asset Management Plan for Wastewater Treatment Services dated January 2017, together with six appendices;
- Annual Reports to ERA for the period 2014 /2015 to 2016/2017;

- Water Analysis Data Sheets and subsequent quarterly reports to DOH for the period July – September 2015 to July - September 2017;
- Aquasol - annual reports of groundwater harvested for the Lancelin South development;
- Aquasol – Customer Service Charter – Waste Water, Drinking & Irrigation Water Services – Lancelin South Development – January 2017;
- Copy of letter Aquasol sent to Lancelin South Pty Ltd enclosing a document setting out conditions for ceasing water services operations after September 2017; and
- Copy of circular pamphlet to advise owners that the non-potable water supply should not be used for drinking. Issued annually with Customer Charter.

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	4
Anton Prinsloo – Senior Consultant	33
Barry Robbins - Barry Robbins Engineering and Project Management	33
TOTAL	70

Table 5: Audit/Review Team Members and Hours Utilised

3 Licensee’s Response to Previous Recommendations

3.1 Previous Audit: Non-Compliances and Recommendations

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

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

Previous Audit: Non-Compliances and Recommendations			
B. Resolved During Current Audit Period			
Reference (no./year)	Control and Compliance Rating	Auditor's Recommendation and Action Taken	Further Action Required (FAR) (Yes/No/Not Applicable)
	Legislative Obligation		Details of Further Action Required (Including Current Recommendation Reference if Applicable)
	Details of the Issue		
2/2015	<ul style="list-style-type: none"> Rating: B NR; Obligation: Act - section 27 and Code of Conduct - clause 26(6); and Details: <p>Aquasol's Financial Hardship Policy was approved by the Authority on 16 May 2014 and is not due for review until 2019. The requirement to review the policy every 5 years is stated in the policy, however to ensure compliance with this requirement, Aquasol's ERA Commitments To Follow schedule should be updated for the required policy review due date.</p> 	<p><u>Auditor's Recommendation:</u></p> <ul style="list-style-type: none"> Aquasol should update its ERA Commitments to Follow schedule for the Financial Hardship Policy's next review due date. <p><u>Action Taken:</u></p> <ul style="list-style-type: none"> Paxon examined Aquasol's financial hardship policy which states under the heading: "Approval and review": <i>"We will review our policy at least every five years to ensure it remains up-to-date and relevant."</i> <p>Paxon regards this statement as an adequate control measure.</p>	<ul style="list-style-type: none"> FAR: no; and Details of further action required: not applicable.
3/2015	<ul style="list-style-type: none"> Rating: C 2; Obligation: Act - section 27 and Code of Conduct - clauses 35(3) & (4); and Details: <ul style="list-style-type: none"> The audit reviewed Aquasol's Complaints Procedure and noted that the procedure covers how complaints are to be lodged and recorded and dispute resolution arrangements; However, it does not provide time limits and methods for responding to complaints in respect of all complaint lodgement options offered; 	<p><u>Auditor's Recommendation:</u></p> <ul style="list-style-type: none"> Aquasol should update its Complaints Procedure to: <ul style="list-style-type: none"> Provide for time limits and methods for responding to complaints; Provide for resolving a complaint within 15 business days from when the complaint was received; State that a customer may, but does not have to, use the complaints procedure before or instead of the procedures under the Act i.e. applying to the Water Services Ombudsman or making an 	<ul style="list-style-type: none"> FAR: no; and Details of further action required: not applicable.

Previous Audit: Non-Compliances and Recommendations			
B. Resolved During Current Audit Period			
Reference (no./year)	Control and Compliance Rating	Auditor's Recommendation and Action Taken	Further Action Required (FAR) (Yes/No/Not Applicable)
	Legislative Obligation		Details of Further Action Required (Including Current Recommendation Reference if Applicable)
	Details of the Issue		
3/2015 (continued)	<ul style="list-style-type: none"> o Further, the procedure does not provide for resolving a complaint before the end of the period of 15 business days starting on the day the complaint was received, although this timeframe is stated in the Section 3.3 Resident's Enquiries of the Customer Service Charter; and o The specific complaints procedures as per the Code of Conduct are also not covered in the procedure. 	<p>appeal from, or applying for a review of, the decision to the State Administrative Tribunal;</p> <ul style="list-style-type: none"> o In addition to an option of applying to the Water Services Ombudsman, list the option of making an appeal from, or applying for a review of, the decision that gave rise to the complaint to the State Administrative Tribunal; and o Set out the benefits to the customer, in relation to time and costs, if the customer chooses to use the complaints procedure before or instead of the procedures under the Act i.e. Water Services Ombudsman or State Administrative Tribunal. <p><u>Action Taken:</u></p> <ul style="list-style-type: none"> • See the findings for compliance obligation 147 in section 4.3 below – Table 10; and • See the findings for compliance obligation 148 in section 4.3 below – Table 10. 	
5/2015	<ul style="list-style-type: none"> • Rating: B 2; • Obligation: Act – section 29 and Water Services Operating Licence (“WSOL”) – clauses 5.1 and 16.1; and • Details: 	<p><u>Auditor's Recommendations:</u></p> <ul style="list-style-type: none"> • Aquasol should ensure that all future Compliance Reports are submitted to the Authority within the timeframes required; • Aquasol should keep records of all Compliance reports and reports submissions; and 	<ul style="list-style-type: none"> • FAR: no; and • Details of further action required: not applicable.

Previous Audit: Non-Compliances and Recommendations			
B. Resolved During Current Audit Period			
Reference (no./year)	Control and Compliance Rating	Auditor's Recommendation and Action Taken	Further Action Required (FAR) (Yes/No/Not Applicable)
	Legislative Obligation		Details of Further Action Required (Including Current Recommendation Reference if Applicable)
	Details of the Issue		
5/2015 (continued)	<ul style="list-style-type: none"> ○ In accordance with the Water Compliance Reporting Manual April 2014, Aquasol is required to submit to the Authority: <ul style="list-style-type: none"> • Annual performance reports no later than 31 July for the reporting year ending 30 June; and • Annual compliance reports by 31 August for the year ending 30 June. ○ The auditor reviewed Aquasol's correspondence with the Authority and the available Compliance and Performance Reports for 2012/13 and 2013/14 and noted the following exceptions: <ul style="list-style-type: none"> • The Compliance Report for the year ended 30 June 2014 was submitted on 8 September 2014 rather than by the due date of 31 August 2014; and • Aquasol was unable to source the Compliance Report for the year ended 30 June 2013 and evidence of its submission to the Authority by the due date within Aquasol's records. ○ The auditor reviewed Aquasol's ERA Commitments To Follow (Based on Water Operation Licence No 42) schedule and noted that the requirement to submit the annual 	<ul style="list-style-type: none"> • Aquasol should update its ERA Commitments to Follow (Based on Water Operating Licence No 42) schedule for the requirement to submit the annual Compliance and Performance Reports and their due dates. <p><u>Action Taken:</u></p> <ul style="list-style-type: none"> • See the findings for compliance obligation 166 in section 4.3 below – Table 10. 	

Previous Audit: Non-Compliances and Recommendations			
B. Resolved During Current Audit Period			
Reference (no./year)	Control and Compliance Rating	Auditor's Recommendation and Action Taken	Further Action Required (FAR) (Yes/No/Not Applicable)
	Legislative Obligation		Details of Further Action Required (Including Current Recommendation Reference if Applicable)
	Details of the Issue		
5/2015 (continued)	Compliance Report as well as annual Performance Report and their submission due dates is not specifically stated in the schedule.		
6/2015	<ul style="list-style-type: none"> • Rating: B 2; • Obligation: WSOL – clauses 1 and 16.2; and • Details: <ul style="list-style-type: none"> ○ Section 9.3.2.3 of the Audit and Review Guidelines: Water Licenses July 2014 states that Authority expects licensees to maintain a compliance (or breach) register in respect of their licence conditions; and ○ Aquasol's Environmental Co-ordinator advised that they don't keep a compliance register. 	<p><u>Auditor's Recommendations</u></p> <ul style="list-style-type: none"> • Aquasol should maintain a Compliance Breach Register in respect of their licence conditions to ensure that all contraventions of the licence conditions for each financial year are reported to the Authority in the annual Compliance report. <p><u>Action Taken:</u></p> <ul style="list-style-type: none"> • Paxon has examined an Aquasol document entitled: "Register Breach Compliances" which provides details of non-compliances. 	<ul style="list-style-type: none"> • FAR: no; and • Details of further action required: not applicable.

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

Previous Audit: Non-Compliances and Recommendations			
C. Unresolved at End of Current Audit Period			
Reference (no./year)	Control and Compliance Rating	Auditor's Recommendation and Action Taken	Further Action Required (FAR) (Yes/No/Not Applicable)
	Legislative Obligation		Details of Further Action Required (Including Current Recommendation Reference if Applicable)
	Details of the Issue		
1/2015	<ul style="list-style-type: none"> Rating: D NR; Obligation: Water Services Act 2012 ("Act") - section 27 and Water Services Code of Conduct (Customer Service Standards) 2013 ("Code of Conduct") - clause 18(1) - 18(5); and Details: <ul style="list-style-type: none"> The licensee must have a written procedure for the review of a bill on the customer's request; Although the written Aquasol's Billing Enquiries procedure is in place, it does not contain all required information; and Aquasol's Environmental Co-ordinator advised that no request for review of the water bill had been received during the audit period. 	<ul style="list-style-type: none"> Aquasol should update its Billing Enquiries procedure to include information about: <ul style="list-style-type: none"> What happens if the customer has been undercharged or overcharged; That the customer may, but does not have to, use the licensee's complaints procedure before or instead of applying to the Water Services Ombudsman or making an appeal from, or applying for a review of, the decision that gave rise to the complaint, to the State Administrative Tribunal; and That the licensee must inform the customer of the outcome of a review of the customer's bill as soon as practicable or otherwise less than 15 business days from the day the customer's request for review was received. 	<ul style="list-style-type: none"> FAR: yes; and Details of further action required: <ul style="list-style-type: none"> See the findings for compliance obligations 113 to 117 in section 4.3 below – Table 10; and Aquasol should compile a procedure document for the review of bills which complies with the stipulations of section 18 of the Customer Service Standards and include it appropriately in its "Customer Service Charter". (Recommendation 8/2018)
4/2015	<ul style="list-style-type: none"> Rating: C 2; Obligation: Act - sections 27 & 95(3) and Code of Conduct – clause 37(1); and Details: <ul style="list-style-type: none"> The licensee must make the "prescribed information" publicly available. The definition of "publicly available" per Clause 3 of the Water Services Code of Conduct is website and hardcopy; 	<ul style="list-style-type: none"> Aquasol should publish information about Residential Pricing and Charges and about the services provided by Aquasol under clause 36 of the Code on its website; and Aquasol should update its Customer Service Charter for information under section 95(3), re the supply of water cannot be cut off to an occupied dwelling unless the occupier agrees and about sustainable use of water. 	<ul style="list-style-type: none"> FAR: yes; and Details of further action required: <ul style="list-style-type: none"> See the findings for compliance obligation 153 in section 4.3 below – Table 10; and Aquasol should make all the prescribed information stipulated in clauses 37(1) of the Customer Service Standards publicly available. (Recommendation 14/2018)

Previous Audit: Non-Compliances and Recommendations			
C. Unresolved at End of Current Audit Period			
Reference (no./year)	Control and Compliance Rating	Auditor's Recommendation and Action Taken	Further Action Required (FAR) (Yes/No/Not Applicable)
	Legislative Obligation		Details of Further Action Required (Including Current Recommendation Reference if Applicable)
	Details of the Issue		
4/2015 (continued)	<ul style="list-style-type: none"> ○ The auditor noted that the majority of the "prescribed information" set out in Section 37 of the Code is available to customers in the Customer Service Charter published on Aquasol's website and in hardcopy upon request. The building services fees and charges are also published on Aquasol's website and provided in hardcopy in the Builder's Application Package; and ○ The auditor noted that following "prescribed information" is not publicly available to customers: <ul style="list-style-type: none"> • Information about Residential Pricing and Charges and about the services provided by Aquasol under clause 36 of the Code is provided in hardcopy to the residents but is not published on Aquasol's website; and • Information under section 95(3), re the supply of water cannot be cut off to an occupied dwelling unless the occupier agrees, and about sustainable use of water is not publicly available to customers on Aquasol's website or in hardcopy. 		

Previous Audit: Non-Compliances and Recommendations			
C. Unresolved at End of Current Audit Period			
Reference (no./year)	Control and Compliance Rating	Auditor's Recommendation and Action Taken	Further Action Required (FAR) (Yes/No/Not Applicable)
	Legislative Obligation		Details of Further Action Required (Including Current Recommendation Reference if Applicable)
	Details of the Issue		
7/2015	<ul style="list-style-type: none"> • Rating: as per individual obligations; • Obligation: <ul style="list-style-type: none"> ○ Act – sections 27, 84(2), 87(2), 90(7), 95(3), 119(2), 122(2), 128(4), 141(1), 142, 143(2) & (3), 144(3), 145(2), 147(3) & (4), 151(1)-(3), 153(2) & (3), 173(4), 174(1) & (3), 175(2) & (5), 176(1), (3) & (4), 181, 186, 187(1)-(3), 190(4) & (5), 218(2); ○ Water Services Regulations 2012 – reg. 60(2), 63 and 85; ○ Code of Conduct - clauses 13(1) & (2), 14(1), 16(2) - (5), 17(1) & (2), 31, 32, 33, 34(4) & (6); and ○ WSOL - clause 5.1 and 15.1(d). • Details: <ul style="list-style-type: none"> ○ The licence includes compliance obligations in respect of water service works, road works, notification to the Authority of general or major water (service works within 10 business days, termination of water supply, conditions of entry to premises, issue of work order notices or compliance notices, warrants, billing review, under and over charges, memorials, objections and reducing flow rates; and ○ Although the audit confirmed these activities had not occurred in the audit period, there are 	<ul style="list-style-type: none"> • Aquasol should develop and/or update internal procedures with the requirements under the licence water service works, road works, notification to the Authority of general or major water service works within 10 business days, termination of water supply, conditions of entry to premises, issue of work order notices or compliance notices, warrants, billing review, under and over charges, memorials, objections and reducing flow rates. The detailed compliance obligations listed in this report could be used as a reference; and • Aquasol should update its ERA Commitments To Follow (Based on Water Operation Licence No 42) schedule for relevant requirements, such as notification to the Authority within 10 business days of major or general water service works. 	<ul style="list-style-type: none"> • FAR: yes; and • Details of further action required: <ul style="list-style-type: none"> ○ See the findings for compliance obligations 1, 2, 15, 17, 18, 20, 25, 28, 30, 31, 33, 34, 43-45, 50, 52-57, 62, 63, 64, 66, 69,74, 75, 89, 92, 94, 95, 96, 97, 99, 100, 101, 103, 104, 105, 128, 133, 146, 149, 160, 162, 165, 168, 172, 175-180, 183, 185- section 4.3 below – Table 10; and ○ Aquasol should consider implementing a compliance register which records all its obligations in terms of the Water Legislation. This register should identify, per individual compliance obligation, appropriate policy and procedure documents and responsible employees. The ERA's document entitled: "Water Compliance Reporting Manual - Water Services Act 2012 – October 2017" may help Aquasol to develop its own compliance register. <p>(Recommendation 1/2018)</p>

Previous Audit: Non-Compliances and Recommendations			
C. Unresolved at End of Current Audit Period			
Reference (no./year)	Control and Compliance Rating	Auditor's Recommendation and Action Taken	Further Action Required (FAR) (Yes/No/Not Applicable)
	Legislative Obligation		Details of Further Action Required (Including Current Recommendation Reference if Applicable)
	Details of the Issue		
7/2015 (continued)	no documented internal procedures that would ensure compliance with these conditions		

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

3.2 Previous Review: Deficiencies and Recommendations

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

There is no content in Part A.

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

Previous Review: Deficiencies and Recommendations					
B. Resolved During Current Review Period					
Reference (no./year)	Asset Management System Effectiveness Rating	Reviewer's Recommendation and Action Taken		Further Action Required (FAR) (Yes/No/Not Applicable)	
	Asset Management System Component			Details of Further Action Required (Including Current Recommendation Reference if Applicable)	
	Criteria/Details of Asset Management System Deficiency				
08/2015	<ul style="list-style-type: none"> • Rating: B 2; • Component: Asset Creation and Acquisition – Update of Legislation; and • Details: <ul style="list-style-type: none"> ○ Section 2.3 of the respective AMPS for potable/non-potable water supply and wastewater supply outlines the legislative, environmental and safety requirements. These are monitored by Aquasol's Environmental Co-ordinator; and <p>However, the reviewer noted that the Legislative Requirements Section of the AMP for Waste Water Treatment Services (dated May 2013) still refers to the Water Services Act 1995 and the old version of the operating licence and does not reflect the most recent changes to the legislation including Water Services Act 2012, Water Services Regulation 2013 and Water Services Code of Conduct (Customer Service Standards) 2013 as well as changes to the operating licence (new version of the operating licence was issued on 18 November 2013).</p> 	<ul style="list-style-type: none"> • The Legislative Requirements Section of the AMP for Waste Water Treatment Services should be updated to reflect the recent changes to the legislative requirements including Water Services Act 2012, Water Services Regulation 2013 and Water Services Code of Conduct (Customer Service Standards) 2013 as well as for the new version of the operating licence issued on 18 November 2013. 		<ul style="list-style-type: none"> • No; and • The corrections have been implemented. 	

Previous Review: Deficiencies and Recommendations			
B. Resolved During Current Review Period			
Reference (no./year)	Asset Management System Effectiveness Rating	Reviewer's Recommendation and Action Taken	Further Action Required (FAR) (Yes/No/Not Applicable)
	Asset Management System Component		Details of Further Action Required (Including Current Recommendation Reference if Applicable)
	Criteria/Details of Asset Management System Deficiency		
09/2015	<ul style="list-style-type: none"> • Rating: B 2; • Component: Environmental Analysis – Department of Health; and • Details: <ul style="list-style-type: none"> ○ Regarding specific regulations for drinking water purposes, an application to the Department of Health (DOH) was submitted before water supply system was built. As required by the Authority, a Memorandum of Understanding (MOU) with DoH is required to be entered into. The reviewer reviewed the correspondence between Aquasol and DOH and noted that the implementation of a new MOU with Aquasol was deferred, by mutual agreement, until such time as an MOU can be finalised that is based on the Australian Drinking Water Guidelines 2011; ○ As stated in the AMP for potable/ non-potable water supply, all material used that is in contact with drinking water is approved by the 'Material and substances in Drinking Water' published by DoH, with exception of the anti-scalant which does not require approval as it will be removed in the final treatment water process; and 	<ul style="list-style-type: none"> • As planned, Aquasol should finalise the MOU with the Department of Health to formalise the water treatment plant's conformance with the Australian Drinking Water Guidelines 2011 and the annual compliance reporting to the Department. 	<ul style="list-style-type: none"> • No; and • DOH has not initiated a MOU process and is not expected to do so - as it has been advised by the ERA that Aquasol is no longer the Licensee for Lancelin South.

Previous Review: Deficiencies and Recommendations					
B. Resolved During Current Review Period					
Reference (no./year)	Asset Management System Effectiveness Rating	Reviewer's Recommendation and Action Taken		Further Action Required (FAR) (Yes/No/Not Applicable)	
	Asset Management System Component			Details of Further Action Required (Including Current Recommendation Reference if Applicable)	
	Criteria/Details of Asset Management System Deficiency				
09/2015 (continued)	<ul style="list-style-type: none"> o Aquasol's Environmental Co-ordinator advised that the MOU is still under revision by DoH, there is no formal water sampling program, and no annual report has been requested by the DoH. 				
10/2015	<ul style="list-style-type: none"> • Rating: B 2; • Component: Asset Operations — Sewerage cartage; and • Details: <ul style="list-style-type: none"> o For the sewerage service, to serve the initial lots, a small length of gravity sewer has been constructed discharging to a service pit. From this pit, sewage is pumped to a truck and discharged at the Water Corporation Sewerage treatment plant. A company, Lancelin Sands is used to pump out the pit, in response to a request from Aquasol. No formal contract is in place for this activity. 	<ul style="list-style-type: none"> • Aquasol should put in place a formal contract with the existing or another experienced contractor for the pump out of the sewage collection pit. 		<ul style="list-style-type: none"> • No; and • A contract was prepared initially. However, pump outs are now arranged by Lancelin South. 	
14/2015	<ul style="list-style-type: none"> • Rating: B 2; • Component: Risk Management - WWTP; and • Details: <ul style="list-style-type: none"> o The reviewer noted that the Risk Assessment for Sewerage System was developed on the 	<ul style="list-style-type: none"> • Aquasol should consider the risks associated with the current level of sewage service, such as the failure by the waste water cartage contractor to pump out the sludge as required etc. and document the identified risks and treatment plans in the AMP for the Wastewater Treatment 		<ul style="list-style-type: none"> • No; and • The risks associated with the waste cartage contractor and the future WWTP have been addressed. 	

Previous Review: Deficiencies and Recommendations			
Reference (no./year)	Asset Management System Effectiveness Rating	System Effectiveness	Reviewer's Recommendation and Action Taken
Asset Management System Component			
14/2015 (continued)	assumption that the WWTP has been already constructed and the risks associated with the current level of sewage service operation have not been considered and documented such as the failure by the waste water cartage contractor to pump out the sludge as required etc.		Services and in the WWTP Risk Register.

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

Previous Review: Deficiencies and Recommendations			
C. Unresolved at End of Current Review Period			
Reference (no./year)	Asset Management System Effectiveness Rating	Reviewer's Recommendation and Action Taken	Further Action Required (FAR) (Yes/No/Not Applicable)
	Asset Management System Component		Details of Further Action Required (Including Current Recommendation Reference if Applicable)
	Criteria/Details of Asset Management System Deficiency		
11/2015	<ul style="list-style-type: none"> Rating: B 2; Component: Asset Operations – Update of asset register; and Details: <ul style="list-style-type: none"> The Asset Register for the WTP was sighted. The current WTP Asset Register includes details on: <ul style="list-style-type: none"> Asset Identification Code; Description; Dimensions/ type; Construction materials/model; and Construction date. <p>The historical cost information for the assets has not been transferred to the Asset Register but is in the financial system;</p> The asset location is documented in 'As Constructed' drawings stored in Aquasol's office (hard copy) and electronically on the network. An asset register for the distribution mains to the sub-division, and reticulation mains and equipment within the sub-division was not provided; and 	<ul style="list-style-type: none"> Aquasol should ensure that the distribution mains to the sub-division, and reticulation mains and equipment within the sub- division are documented accurately and completely in the Asset Register. 	<ul style="list-style-type: none"> FAR: yes; and Details of further action required: <ul style="list-style-type: none"> The recommendation has been only partly implemented; and Registers are essentially scheduling of quantities. Provision has not been made for recording construction and life replacement year, current condition etc. (See Recommendation: 2/2018).

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		
11/2015 (continued)	<ul style="list-style-type: none"> o The WWTP Asset Register has been developed based on the main WWTP assets to be constructed or acquired on a staged basis. However, the current sewage assets that are in place re tankering the liquid waste to the Water Corporation's treatment plant are not documented in the Asset Register for Sewage Services. 		
12/2015	<ul style="list-style-type: none"> • Rating: C 2; • Component: Asset Maintenance – Documentation of procedures and their completion; and • Details: <ul style="list-style-type: none"> o There is a Monthly General Maintenance Plan for the Water Treatment Plant (WTP) in place. The WTP is automatic apart from some monthly maintenance to refill chemical drums, compile data logged information and undertake sampling. The Monthly General Maintenance Plan only lists the tasks to be undertaken and the performance of the tasks is reliant on the knowledge of the key personnel for example undertake water sampling, calibrate and verify chlorine readings, general maintenance to compressor etc.; 	<ul style="list-style-type: none"> • Aquasol should prepare a Maintenance Plan spreadsheet in accordance with section 6.2 of the Asset Management Plan (WTP) and mark if off as tasks are completed; • Aquasol should ensure that the tasks undertaken during the weekly inspection of the WTP are documented, included in Aquasol's planned work program and marked off as it is completed; • Aquasol should ensure that, where not self-explanatory, the routine maintenance tasks are documented in more detail and work procedures developed where required e.g. water sampling procedure etc; and • Aquasol should implement a procedure for checking the distribution and reticulation main systems on at least an annual basis, and the 	<ul style="list-style-type: none"> • FAR: yes; and • Details of further action required: <ul style="list-style-type: none"> o A spreadsheet has been prepared but does not include maintenance works on the water and sewer reticulation; o As above, the tasks to be undertaken during the weekly inspection of the WTP have been included on a spreadsheet. However, tasks associated with water and sewerage reticulation need to be extended; o The recommendation for routine maintenance tasks has not been fully implemented; and o The recommendation to implement a procedure for checking the distribution and reticulation main systems has not been implemented. (See Recommendation 3/2018)

Previous Review: Deficiencies and Recommendations				
C. Unresolved at End of Current Review Period				
Reference (no./year)	Asset Management System Effectiveness Rating	Asset Management System Component	Reviewer's Recommendation and Action Taken	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)
12/2015 (continued)	<ul style="list-style-type: none"> o Client Service Reports are being completed by the technician undertaking the monthly routine maintenance checks, for internal records. Aquasol also utilises a Servicing and Maintenance Log Book on each project to have a record of services and maintenance conducted. Log books are filled out by authorised staff members; o Aquasol samples the site monthly as an internal practice to confirm performance of the WTP. The reviewer sighted Lancelin - monthly sampling results spreadsheet as well as a sample of Laboratory Reports. However, there is no water sampling procedure in place; o During a site inspection, the Construction Manager advised that apart from the monthly general maintenance the Aquasol staff also inspect the WTP on a weekly basis. However, the tasks undertaken during the weekly inspection of the plant are not documented and the performance of the tasks is reliant on the knowledge of the key personnel, although the backup maintenance staff are trained in what to do; and o There is no routine maintenance plan in place for the current stage of sewage service operation and Aquasol's Environmental Co-ordinator confirmed that no routine 		carrying out of maintenance to repair any observed fault.	

Previous Review: Deficiencies and Recommendations			
C. Unresolved at End of Current Review Period			
Reference (no./year)	Asset Management System Effectiveness Rating	Reviewer's Recommendation and Action Taken	Further Action Required (FAR) (Yes/No/Not Applicable)
	Asset Management System Component		Details of Further Action Required (Including Current Recommendation Reference if Applicable)
	Criteria/Details of Asset Management System Deficiency		
12/2015 (continued)	<p>maintenance of sewage system assets is currently taking place apart from the checking of the sewage pit level. Although, the reviewer confirmed that the sewage pit level is being checked, this is not documented in any maintenance checklist. No information was available on procedures for checking and maintaining the distribution mains, and reticulation system within the subdivision for leaks or other damage.</p>		
13/2015	<ul style="list-style-type: none"> • Rating: B 2; • Component: Asset Management Information System – Testing of data backups; and • Details: <ul style="list-style-type: none"> ○ The system is backed up daily and a copy stored offsite as part of the standard IT maintenance procedure. However, there was no evidence that backups are regularly tested. 	<p>Aquasol should ensure that data backups are regularly tested, such as monthly, to ensure that data can be recovered.</p>	<ul style="list-style-type: none"> • FAR: yes; and • Details of further action required: <ul style="list-style-type: none"> ○ See Recommendation 4/2018.
15/2015	<ul style="list-style-type: none"> • Rating: B 2; • Component: Risk Management - WWTP; and • Details: <ul style="list-style-type: none"> ○ Treatment plans (mitigation and contingency) have been documented in the respective Asset 	<ul style="list-style-type: none"> • Aquasol should ensure that current copies of the Risk Registers for Water Treatment Plant and Sewage System are kept on Aquasol's procedures file kept on site. 	<ul style="list-style-type: none"> • FAR: yes; and • Details of further action required: <ul style="list-style-type: none"> ○ There is no evidence that a copy of the risk register was kept on-site. (See Recommendation 5/2018)

Previous Review: Deficiencies and Recommendations				
C. Unresolved at End of Current Review Period				
Reference (no./year)	Asset Management System Effectiveness Rating	Reviewer's Recommendation and Action Taken	Further Action Required (FAR) (Yes/No/Not Applicable)	
	Asset Management System Component		Details of Further Action Required (Including Current Recommendation Reference if Applicable)	
	Criteria/Details of Asset Management System Deficiency			
15/2015 (continued)	<p>Management Plans and detailed Risk Registers;</p> <ul style="list-style-type: none"> ○ As the treatment plans are mainly based on contingencies that are part of the design of the WTP plant, backup equipment and routine checks and maintenance performed as part of the weekly site inspections and monthly routine maintenance regime, the treatment plans are being actioned and monitored as part of the daily operation and maintenance of the plant; and ○ However, current copies of the respective Risk Registers for Water Treatment Plant and Sewage System were not observed to be included on Aquasol's procedures file on site. 			
16/2015	<ul style="list-style-type: none"> • Rating: B 2; • Component: Contingency Plan — Document and test emergency procedures; and • Details: <ul style="list-style-type: none"> ○ Both Asset Management Plans for potable/non-potable water and wastewater supply and respective Asset Registers include mitigation and management strategies. Although the treatment plans are mainly based on contingencies that are part of the 	<ul style="list-style-type: none"> • Based on the risk assessment in the AMPs, Aquasol should document the <i>emergency</i> procedures to cover events identified in the risk assessment as being higher risks as well as sewerage overflows from the gravity reticulation system. The contingency plans should include: <ul style="list-style-type: none"> ○ Detailed procedures; ○ Key contact details — name, number and location; 	<ul style="list-style-type: none"> • FAR: yes; and • Details of further action required: <ul style="list-style-type: none"> ○ The recommendation has not been implemented. Recommendation No.16 of Quantum's 2015 Review should be implemented in full. (See Recommendation 6/2018) 	

Previous Review: Deficiencies and Recommendations			
C. Unresolved at End of Current Review Period			
Reference (no./year)	Asset Management System Effectiveness Rating	Reviewer's Recommendation and Action Taken	Further Action Required (FAR) (Yes/No/Not Applicable)
	Asset Management System Component		Details of Further Action Required (Including Current Recommendation Reference if Applicable)
	Criteria/Details of Asset Management System Deficiency		
16/2015 (continued)	<p>design of the INTP plant, backup equipment and routine checks and maintenance performed as part of the weekly site inspections and monthly routine maintenance regime, the reliance is placed on the knowledge of key personnel to act in the emergency situations;</p> <ul style="list-style-type: none"> ○ All risk events "residual risk exposure" are identified as low as contingency measures have been put in place. E.g. dual pumps operating in duty/standby to provide a backup where one pump fails. It is considered that the risk management strategies in place are adequate; ○ The risk management planning is considered to covers all the significant risks for the WTP. The plant has alarms and backup systems that allow water to be delivered while faults are resolved. However, the contingency measures and plans have not been formally documented and relevant staff formally briefed on their operation; and ○ No contingency plan has been considered for the existing waste water treatment, such as for sewerage overflow form the gravity reticulation system. 	<ul style="list-style-type: none"> ○ Communication protocols; ○ Specifications, location and availability of emergency equipment; and ○ Authorities that need to be contacted and when. • Once developed, the contingency plans should be reviewed and tested on at least an annual basis or whenever major changes are required to the plans to ensure they are operable and that appropriate persons are aware of their responsibilities in cases of emergency. 	

Previous Review: Deficiencies and Recommendations				
C. Unresolved at End of Current Review Period				
Reference (no./year)	Asset Management System Effectiveness Rating	Reviewer's Recommendation and Action Taken	Further Action Required (FAR) (Yes/No/Not Applicable)	
	Asset Management System Component		Details of Further Action Required (Including Current Recommendation Reference if Applicable)	
	Criteria/Details of Asset Management System Deficiency			
17/2015	<ul style="list-style-type: none"> • Rating: A 2; • Component: Financial Planning – Update Financial Plan; and • Details: <ul style="list-style-type: none"> ○ The plan is based on the sale of a significant number of lots, projected to be 660 by 2017. The financial plan relates to Aquasol's performance, with revenue subsidised by Lancelin South Pty Ltd; and ○ It was observed that the actual rate of lot uptake is far lower than the projections. This may have negative impacts on the financial capacity of Lancelin South PIL to provide ongoing funds to Aquasol to run the Water Supply and Treatment systems in accordance with the Agreement. 	<ul style="list-style-type: none"> • The Financial Plan in the Asset Management Plans should be updated for the slower take-up of lots and the impact, if any, on the operating revenue and costs of providing the water treatment services. 	<ul style="list-style-type: none"> • FAR: yes; and • Details of further action required: <ul style="list-style-type: none"> ○ The financial plan is logical in concept. However, there is no allowance for water supply and sewer reticulation costs. Also, actual costs should replace costs initially included as estimates. (See Recommendation 7/2018) 	
18/2015	<ul style="list-style-type: none"> • Rating: A 2; • Component: Review of Asset Management System; and • Details: <ul style="list-style-type: none"> ○ Both Plans have a section on Monitoring and Review Procedures. This requires Asset Management Plans to be reviewed annually and reissued when changes occur to the 	<ul style="list-style-type: none"> • As stated in the Asset Management Plans, the Plans should be reviewed on an annual basis. 	<ul style="list-style-type: none"> • FAR: yes; and • Details of further action required: <ul style="list-style-type: none"> ○ Although the AMP has been re-issued annually, each issue should contain a progressive record of amendments dates etc. to track changes and verify the review. (See Recommendation 9/2018) 	

Previous Review: Deficiencies and Recommendations			
C. Unresolved at End of Current Review Period			
Reference (no./year)	Asset Management System Effectiveness Rating	Reviewer's Recommendation and Action Taken	Further Action Required (FAR) (Yes/No/Not Applicable)
	Asset Management System Component		Details of Further Action Required (Including Current Recommendation Reference if Applicable)
	Criteria/Details of Asset Management System Deficiency		
18/2015 (continued)	<p>current systems, processes and procedures and external review of the system every 24 months as per the licence condition. The Plan has document control (version details); and</p> <ul style="list-style-type: none"> o The Asset Management Plan - Lancelin South Development Waste Water Treatment Services was due for review in May 2014 <i>but</i> no evidence was provided of any review. 		

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

4 Operational Audit: Comprehensive Report

4.1 Audit Controls and Compliance Rating Scales

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

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

Operational Audit Controls and Compliance Rating Scales					
Adequacy of Controls Rating			Compliance Rating		
Rating	Description		Rating	Description	
A	Adequate controls – no improvement needed		1	Compliant	
B	Generally adequate controls – improvement needed		2	Non-compliant – minor impact on customers or third parties	
C	Inadequate controls – significant improvement required		3	Non-compliant – moderate impact on customers or third parties	
D	No controls evident		4	Non-compliant – major impact on customers or third parties	
NP	Not performed		NR	Obligation was not rated as no activity took place to exercise the obligation during the Audit Period	
NA	Obligations identified as not applicable during the Audit Period		NA	Obligations identified as not applicable during the Audit Period	

Table 8: Audit Controls and Compliance Rating Scales

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

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

4.2 Audit: Obligation Ratings Summary

No. ¹	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Adequacy of Controls Rating (Refer to the 6-point rating scale in Table 8 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 8 for details)					
	Water Services Act 2012 Section Number	Water Services Licence – Version 6 Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
1	21(1)(a)	3.3.1 (a)		2				✓			✓					
2	21(1)(b)	3.3.1 (b)	Duty to provide services and do works	2				✓							✓	
3	21(1)(c)	3.1.1 & 3.5		2	✓						✓					
4	22	3.4.1	Provision of water services outside operating areas	2					✓						✓	
5	23	3.5	Works holding arrangements	4	✓						✓					
6	24(1)(a) & 24 (2)	4.1.1		2	✓						✓					
7	24(1)(b)	4.1.1 & 4.1.2	Asset management system	4	✓										✓	
8	24(1)(c)	4.1.3		4	✓						✓					
9	25	4.3.1	Operational audit	4	✓						✓					
11	27	3.1.1	Compliance with code of conduct made by Authority	4				✓			✓					
12	29	3.1.1	Licensee must comply with duties under Act	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 – October 2017".															

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 Licence – Version 6 Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
13	36	3.1.1	Provision of a water service ceasing – duty to leave system in safe condition	2					✓		✓					
14	60	5.6.1	Duty to perform functions of supplier of last resort	2					✓						✓	
15	66	5.5.1	Water Services Ombudsman Scheme	4				✓			✓					
16	77(3)	3.1.1	Interruption of water services generally	2	✓										✓	
17	82(4) & (5)	3.1.1	Notification of and requirements as to building work	4				✓			✓					
18	84(2)	3.1.1	Ensuring water service works are done	3				✓							✓	
19	87(2)	3.1.1	Review of certain decisions under or relating to this division	3					✓						✓	
20	90(7)	3.1.1	Construction over or in vicinity of water service works of licensee	3				✓							✓	
21	95(3)	3.1.1	Disconnection or reduction in rate of flow	1	✓										✓	
22	96(1)	3.1.1	Fire hydrants	2					✓						✓	
23	96(5)	3.1.1		4					✓						✓	
24	98(3)	3.1.1	Minister may require connection to sewerage works	2					✓						✓	
25	106(2)	3.1.1	Compliance notices (discharge or wastewater inlet)	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 Act 2012	Water Services Licence – Version 6			A	B	C	D	NP	NA	1	2	3	4	NR	NA
	Section Number	Clause Number														
28	119(2)	3.1.1	Compliance notices (non-compliance with specific sections of Act)	3				✓						✓		
29	122(2)	3.1.1	Review of decisions relating to giving compliance notices	3					✓					✓		
30	125(2)	3.1.1	Supplying groups of dwellings	4				✓						✓		
31	128(4)	3.1.1	Prohibition on dealings in land	3				✓						✓		
32	129(5)	3.1.1	Reading meters, routine inspection and maintenance	4	✓									✓		
33	139(3)	3.1.1	Ancillary works powers	4				✓						✓		
34	141(1)	3.1.1	Special provisions applicable to road works	3	✓									✓		
35	142	3.1.1	Prerequisites to provision of major works	3	✓									✓		
36	143 (2)	3.1.1	Licensee to prepare plans and publish and give notice of major works	3	✓									✓		
37	143 (3)	3.1.1		3	✓									✓		
38	144(3)	3.1.1	Objections and submissions	3	✓									✓		
39	145(2)	3.1.1	Licensee may amend proposal	3	✓									✓		
40	147(3)	3.1.1	Powers of Minister in respect of proposal	3	✓									✓		
41	147(4)	3.1.1		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 Licence – Version 6 Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
42	151(1)	3.1.1	Licensee to prepare plans and give notice of general works	3	✓									✓		
43	151(2)	3.1.1		3			✓							✓		
44	152(3)	3.1.1		3			✓							✓		
45	153(3)	3.1.1		3			✓							✓		
46	166(5)	3.1.1		4				✓						✓		
47	166(6)	3.1.1	Taking an interest in land for purposes of licensee	4				✓						✓		
48	170	3.1.1		4				✓						✓		
49	173(4)	3.1.1		3	✓									✓		
50	174(1)	3.1.1	Notice of entry	3			✓							✓		
51	174(3)	3.1.1		3	✓									✓		
52	175(2)	3.1.1	Rights of occupier of dwelling	3			✓							✓		
53	175(5)	3.1.1		3			✓							✓		
54	176(1)	3.1.1		3			✓							✓		
55	176(3)	3.1.1	When authorised person must leave	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 Licence – Version 6 Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
56	176(4)	3.1.1	When authorised person must leave	3				✓							✓	
57	181	3.1.1	Actions of authorised persons and others	3				✓							✓	
58	186	3.1.1	Contents of application (warrant to enter)	3					✓						✓	
59	187(1) – (3)	3.1.1	How application to be made (warrant to enter)	3					✓						✓	
60	190(4)	3.1.1	Execution of warrant	3					✓						✓	
61	190(5)	3.1.1		3					✓						✓	
62	210(5)	3.1.1	Designation of inspectors and compliance officers	4				✓							✓	
63	218(2)	3.1.1	Liability of certain persons for damage caused in exercise of powers	3				✓							✓	
64	218(3)	3.1.1		4				✓							✓	

Table 9: Audit: Obligation Ratings Summary

[Obligations as per ERA’s: “Water Compliance Reporting Manual – Water Services Act 2012 – October 2017” (Numbers 1 to 64)]

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Adequacy of Controls Rating (Refer to the 6-point rating scale in Table 8 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 8 for details)					
	Water Services Regulations 2013	Water Services Licence – Version 6			A	B	C	D	NP	NA	1	2	3	4	NR	NA
	Regulation Number	Clause Number														
65	23(2)	3.1.1	Installation of certain meters	4	✓									✓		
66	24(4)	3.1.1	Access to meters	4			✓							✓		
67	26(3)	3.1.1	Testing water meters	4	✓									✓		
68	26(5)	3.1.1		4	✓									✓		
69	29(1)	3.1.1	Subdivision: deferring infrastructure contributions	4			✓							✓		
70	42(2)	3.1.1	Backflow prevention devices: installation	4			✓					✓				
71	43(3)	3.1.1	Backflow prevention devices: testing and maintenance	4			✓					✓				
72	43(6)	3.1.1		4			✓					✓				
74	60(2)	3.1.1	Altering position of service infrastructure in roads	3			✓							✓		
75	63	3.1.1	Roads broken up to be reinstated	3			✓							✓		
76	65(1)	3.1.1	Records	4			✓			✓						
77	65(2)	3.1.1		4			✓				✓					
78	65(4)	3.1.1		4			✓							✓		
79	67	3.1.1	Records to be basis for water service charges	4	✓						✓					
80	68(5)	3.1.1	Objections to entries in records	4			✓							✓		

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Adequacy of Controls Rating (Refer to the 6-point rating scale in Table 8 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 8 for details)					
	Water Services Regulations 2013	Water Services Licence – Version 6			A	B	C	D	NP	NA	1	2	3	4	NR	NA
	Regulation Number	Clause Number														
81	68(6)	3.1.1		4			✓							✓		
82	68(7)	3.1.1	Objections to entries in records	4			✓							✓		
83	68(8)	3.1.1		4			✓							✓		
84	69(3)	3.1.1		State Administrative Tribunal review of licensee’s decision on objection	4			✓							✓	
85	70(2)	3.1.1	SAT review: licensee’s decision not to extend time for objection/review	4			✓							✓		
86	74(1)	3.1.1	Amending records after objection or review	4			✓							✓		
87	74(2)	3.1.1		4			✓							✓		
88	75(1)	3.1.1	Certain information to be available to tenants and others	5	✓									✓		
89	85	3.1.1	Compliance notices	3			✓							✓		

Table 9: Audit: Obligation Ratings Summary

[Obligations as per ERA’s: “Water Compliance Reporting Manual – Water Services Act 2012 – October 2017” (Numbers 65 to 91)]

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

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

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Adequacy of Controls Rating (Refer to the 6-point rating scale in Table 8 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 8 for details)					
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Licence – Version 6			A	B	C	D	NP	NA	1	2	3	4	NR	NA
116	18(4)	3.1.1	Review of bills	3			✓							✓		
117	18(5)	3.1.1		3			✓								✓	
118	20	3.1.1	When payment due if not set under regulations	4	✓						✓					
119	21(1)	3.1.1	Payment methods	4	✓						✓					
120	21(2)	3.1.1		4			✓				✓					
121	22	3.1.1	Consent for direct debits	4	✓						✓					
122	23(1)	3.1.1	Payment in advance	4	✓										✓	
123	24	3.1.1	Free redirection in absence, illness	4	✓						✓					
124	25	3.1.1	Assistance for customers experiencing payment difficulties	4	✓										✓	
125	26(1) & (2)	3.1.1 & 5.4.1	Financial hardship policy	4				✓			✓					
126	26(3)	3.1.1		4				✓			✓					
128	26(5)	3.1.1		4			✓				✓					

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Adequacy of Controls Rating (Refer to the 6-point rating scale in Table 8 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 8 for details)					
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Licence – Version 6			A	B	C	D	NP	NA	1	2	3	4	NR	NA
129	26(6)	3.1.1	Financial hardship policy	4	✓									✓		
130	27(2)	3.1.1	Assistance for customers experiencing financial hardship	4	✓									✓		
131	27(3)	3.1.1		4			✓							✓		
132	28(1)	3.1.1	Matters relating to customers experiencing payment difficulties or financial hardship	4	✓									✓		
133	28(4) & (5)	3.1.1		4			✓			✓						
134	29	3.1.1	No debt collection in certain cases	4	✓									✓		
135	30(1)	3.1.1	Restoration of drinking water supply	2	✓									✓		
136	30(2)	3.1.1		2	✓									✓		
137	31	3.1.1	Preliminary action	1			✓							✓		
138	32	3.1.1	No reduction in certain cases	1			✓							✓		
139	33	3.1.1	Water flow not to be reduced below minimum rate	3	✓									✓		
142	34(4)	3.1.1	Minimum performance standards for restoration of water supply	3			✓							✓		

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Adequacy of Controls Rating (Refer to the 6-point rating scale in Table 8 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 8 for details)					
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Licence – Version 6			A	B	C	D	NP	NA	1	2	3	4	NR	NA
144	34(6)	3.1.1	Minimum performance standards for restoration of water supply	3			✓							✓		
145	35(1)	3.1.1	Procedure for dealing with complaints about water services	4	✓						✓					
146	35(2)	3.1.1		4			✓					✓				
147	35(3)	3.1.1		3	✓							✓				
148	35(4)	3.1.1		3	✓							✓				
149	35(6)	3.1.1		Procedure for dealing with complaints about water services	4			✓				✓				
150	36(1)	3.1.1	Services to be provided without charge	4	✓						✓					
151	36(1)	3.1.1	Services to be provided without charge	4	✓						✓					
152	36(2)	3.1.1	Services to be provided without charge	4	✓						✓					
153	37(1)	3.1.1	Information to be publicly available - bills	3			✓						✓			
154	12 [37(2)]	3.1.1		4			✓						✓			

Table 9: Audit: Obligation Ratings Summary

[Obligations as per ERA's: "Water Compliance Reporting Manual – Water Services Act 2012 – October 2017" (Numbers 92 to 154)]

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Adequacy of Controls Rating						Compliance Rating					
	Water Services Act 2012	Water Services Licence – Version 6			(Refer to the 6-point rating scale in Table 8 for details)						(Refer to the 6-point rating scale in Table 8 for details)					
	Section Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
155	12	3.2.1	Fees	4				✓						✓		
156	12	3.1.1	Compliance with applicable legislation	2				✓						✓		
159	12	3.1.2	Compliance with applicable legislation	4					✓						✓	
160	12	3.6.1	Accounting records	4				✓							✓	
161	12	4.2.1	Individual performance standards	2	✓									✓		
162	12	4.3.4	Operational audit	4				✓						✓		
163	12	3.7.1 (a), (b), (c)	Reporting a change in circumstances	2	✓											✓
165	12	3.8.1	Provision of information	2				✓							✓	
166	12	3.8.2		2	✓									✓		
167	12	3.8.3		2	✓										✓	
168	12	2.8.1 & 2.8.2	Publishing information	4				✓								✓
169	12	2.7.1	Notices	4					✓					✓		
171	12	4.1.2	Asset management system	2	✓											✓
172	12	4.1.6		4				✓						✓		

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Adequacy of Controls Rating						Compliance Rating					
	Water Services Act 2012	Water Services Licence – Version 6			(Refer to the 6-point rating scale in Table 8 for details)						(Refer to the 6-point rating scale in Table 8 for details)					
	Section Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
173	12	5.5.1	Water Services Ombudsman Scheme	4			✓				✓					
175	12	5.1.1	Customer contract	4			✓								✓	
176	12	5.1.2		4			✓								✓	
177	12	5.1.3		4			✓								✓	
178	12	5.1.5		4			✓								✓	
179	12	5.3.1 & 5.3.2		Non-standard terms and conditions of service	4			✓								✓
180	12	5.3.4	4				✓								✓	
181	12	5.6.1	Supplier of last resort	4				✓							✓	
182	12	3.4.1 (b)	Provision of water services outside operating area	4				✓							✓	
183	12	5.4.3	Hardship policy	4			✓				✓					
184	12	6.1.1	Memorandum of Understanding	2	✓										✓	
185	12	6.1.2		2			✓								✓	
186	12	6.1.3		2			✓								✓	
187	12	6.1.4		2			✓								✓	

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Adequacy of Controls Rating						Compliance Rating					
	Water Services Act 2012	Water Services Licence – Version 6			(Refer to the 6-point rating scale in Table 8 for details)						(Refer to the 6-point rating scale in Table 8 for details)					
	Section Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
188	12	6.1.5	Memorandum of Understanding	2	✓											✓
189	12	6.1.6		2	✓											
190	12	Sch. 2	Service and performance standards	2	✓						✓					

Table 9: Audit: Obligation Ratings Summary

[Obligations as per ERA’s: “Water Compliance Reporting Manual – Water Services Act 2012 – October 2017” (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 Aquasol to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012 Section Number	Water Services Licence – Version 6 Clause Number				Controls	Compliance
1.	21(1)(a)	3.3.1 (a)	The licensee must provide a water service 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"> • Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that, during the Audit Period, Aquasol provided potable water supply services, non-potable water supply services and sewerage services to persons entitled to those services under the Water Services Act 2012 (“Act”); • Paxon examined a sample of “Water Account – Tax Invoices” issued during the Audit Period and confirmed these invoices included charges for: <ul style="list-style-type: none"> ○ Potable water consumption; ○ Non-potable water consumption; and ○ Sewerage services. • Paxon found Aquasol has no systems and controls in place to manage compliance with section 21(1)(a) of the Act. Aquasol did provide Paxon with several “Commitments to Follow” documents which record compliance obligations as seen from the perspective of the ERA, Department of Health, “Customer Service Charter” 	D	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 – October 2017”						

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 Aquasol to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8) Controls Compliance					
	<table border="1"> <tr> <td>Water Services Act 2012</td> <td>Water Services Licence – Version 6</td> </tr> <tr> <td>Section Number</td> <td>Clause Number</td> </tr> </table>	Water Services Act 2012	Water Services Licence – Version 6	Section Number	Clause Number					
Water Services Act 2012	Water Services Licence – Version 6									
Section Number	Clause Number									
				<p>and others. However, these documents do not specifically address compliance obligations in terms of the:</p> <ul style="list-style-type: none"> ○ Water Services Act 2012; ○ Water Services Code of Conduct (Customer Service Standards) 2013; ○ Water Services Regulations 2013; and ○ Water Services (Operating) Licences in force during the Audit Period. <p>(Hereinafter collectively referred to as the “Water Legislation”);</p> <ul style="list-style-type: none"> • Paxon examined the document entitled: “<i>Aquasol – Asset Management Plan – Lancelin South Development – Potable and Non Potable Water Supply – January 2017</i>” (“Asset Management Plan”). Paxon found this document does contain limited references to the Water Legislation; and • Paxon examined the document entitled: “<i>Aquasol – Customer Service Charter – Potable, Non-Potable and Sewer Services - Lancelin South Development – January 2017</i>” (“Customer Service Charter”). Paxon found this document contains limited references to the Water Legislation. However, the Customer Service Charter specifically states: 						

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	Water Services Act 2012	Water Services Licence – Version 6			Including Recommendations	Controls	Compliance
	Section Number	Clause Number					
					<p><i>“Aquasol will supply water services (potable and non potable), and waste water disposal service to residents of the Lancelin South Development.”</i></p> <p>Recommendation 1/2018:</p> <ul style="list-style-type: none"> Aquasol should consider implementing a compliance register which records all its obligations in terms of the Water Legislation. This register should identify, per individual compliance obligation, appropriate policy and procedure documents and responsible employees. The ERA’s document entitled: <i>“Water Compliance Reporting Manual - Water Services Act 2012 – October 2017”</i> may help Aquasol to develop its own compliance register. 		
2.	21(1)(b)	3.3.1 (b)	The licensee must offer to provide a water service on reasonable terms, unless provision of the service is not financially viable or is otherwise not practicable, to persons within the operating area who are not entitled to the service under the Act.	2	<ul style="list-style-type: none"> Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that, during the Audit Period, no persons within the operating area who were not entitled to the service under the Act requested such a service; and Paxon found Aquasol has no systems and controls in place to manage compliance with section 21(1)(b) of the Act. A recommendation (1/2018) was made in this regard (see compliance obligation number 1 above). 	D	NR

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	Water Services Act 2012 Section Number	Water Services Licence – Version 6 Clause Number				Controls	Compliance
3.	21(1)(c)	3.1.1 & 3.5	The licensee must provide, operate and maintain the water service works specified by the ERA in the licence.	2	<ul style="list-style-type: none"> The provision, operation and maintenance of water service works during the Audit Period are covered in comprehensive detail in the Review section of this report. The reviewer rated the asset management system across all 12-key asset management system processes. The Reviewer has stated: <i>“This review concludes that Aquasol planned and operated the water services at the Lancelin South development competently and professionally.”</i> A summary of his findings is included in Table 2 above; and Paxon examined Aquasol’s Asset Management Plan which addresses the: <ul style="list-style-type: none"> Provision of water service works in section 4.5 entitled: <i>“Renewal and Replacement Plan”</i>, section 5.3 entitled: <i>“Capital Investment Program”</i> and Appendix C entitled: <i>“Lancelin South Water Supply – Cashflow analysis”</i>; and Operation and maintenance of the water service works in section 4.3 <i>“Routine Maintenance Plan”</i>. 	A	1

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	Water Services Act 2012 Section Number	Water Services Licence – Version 6 Clause Number				Controls	Compliance
4.	22	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"> • Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that, during the Audit Period, Aquasol did not provide water service outside of the operating area(s) of the license; • Aquasol provided Paxon with copies of maps disclosing the water services operating areas during the Audit Period, being: <ul style="list-style-type: none"> ○ OWR-OA-304(B); and ○ OWR-OA-312. <p>Thus, Paxon is satisfied Aquasol had enough guidance during the Audit Period to help identify its water services operating areas; and</p> <ul style="list-style-type: none"> • Paxon regards application of section 22 of the Act to Aquasol’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	3.5	All water service works used by the licensee in the provision of a water service must be held by the licensee, or must be covered by a works holding arrangement.	4	<ul style="list-style-type: none"> • Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that, during the Audit Period, the water service works used to provide water services were leased from the developer; and • Paxon examined a lease agreement entered with the lessor for “water supply infrastructure”. 	A	1

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	Water Services Act 2012 Section Number	Water Services Licence – Version 6 Clause Number				Controls	Compliance
6.	24(1)(a) & 24(2)	4.1.1	The licensee must have an asset management system that provides for the operation and maintenance of the water service works.	2	<ul style="list-style-type: none"> See the findings for compliance obligation number 3 above. 	A	1
7.	24(1)(b)	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"> Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that, during the Audit Period, no changes took place to Aquasol’s asset management system; and Paxon examined the document entitled: “<i>ERA Commitments to Follow (Based on Water Operation Licence No 42)</i>”. This document specifically includes notification of the ERA of “<i>any material change to the asset management system</i>”. 	A	NR
8.	24(1)(c)	4.1.3	A licensee must provide the ERA with a report by an independent expert as to the effectiveness of its asset management system every 24 months, or such longer period as determined by the ERA.	4	<ul style="list-style-type: none"> Quantum Assurance performed an “<i>Asset Management System Review</i>” of Aquasol for the period 5 February 2013 to 31 January 2015; Paxon was appointed by the ERA to conduct an operational audit and asset management system effectiveness review of Aquasol for the period 1 February 2015 to 31 January 2018; and Paxon examined the document entitled: “<i>ERA Commitments to Follow (Based on Water Operation Licence No 42)</i>” which provides for conducting an asset management system review and providing a report to the ERA every 24 months. 	A	1

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	Water Services Act 2012 Section Number	Water Services Licence – Version 6 Clause Number				Controls	Compliance
9.	25	4.3.1	A licensee must, not less than once every 24 months, or such longer period as determined by the ERA, provide the ERA with an operational audit conducted by an independent expert appointed by the ERA.	4	<ul style="list-style-type: none"> Quantum Assurance performed an “Operational Audit” of Aquasol for the period 5 February 2013 to 31 January 2015; Paxon was appointed by the ERA to conduct an operational audit and asset management system effectiveness review of Aquasol for the period 1 February 2015 to 31 January 2018; and Paxon examined the document entitled: “ERA Commitments to Follow (Based on Water Operation Licence No 42)” which provides for conducting an operational audit every 24 months. 	A	1
11.	27	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. 	D	1
12.	29	3.1.1	The licensee must comply with the duties imposed on it by the Act in relation to its licence and must carry out its operations in respect of the licence in accordance with the Act.	4	<ul style="list-style-type: none"> Compliance with the Water Services Act 2012 (“Act”) is specifically addressed in this Report - see reference numbers 1 to 64 and 155 to 190 below in which both controls and compliance are rated. 	D	NR

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	Water Services Act 2012 Section Number	Water Services Licence – Version 6 Clause Number				Controls	Compliance
13.	36	3.1.1	If the licensee ceases to provide a water service in an area, the licensee must ensure that the water service works are left in a safe condition, and must not remove any part of the works except with the approval of the Minister.	2	<ul style="list-style-type: none"> • Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that, during the Audit Period, Aquasol terminated providing essential services to Lancelin South on 30 September 2017 and that the developer took over this function; • Paxon examined an essential services agreement signed by the parties involved. Nothing in this agreement implies the water service works would be left in an unsafe condition and/or that part thereof would be removed; and • Paxon regards application of section 36 of the Act to Aquasol’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	1
14.	60	5.6.1	If the licensee is the supplier of last resort for a designated area, the licensee must perform the functions of the supplier of last resort and must comply with the relevant duties and carry out the relevant operations prescribed.	2	<ul style="list-style-type: none"> • Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that, during the Audit Period, Aquasol was not a supplier of last resort; and • Paxon regards application of section 60 of the Act to Aquasol’s operations will be a rare event. Thus, specific systems, processes and controls are only expected to be put in place when the stipulations of this clause are applicable. 	NP	NR

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	Water Services Act 2012 Section Number	Water Services Licence – Version 6 Clause Number				Controls	Compliance
15.	66	5.5.1	Licensees who are required to be a member of the water services ombudsman scheme agree to be bound by, and compliant with, any decision of direction of the water services ombudsman under the scheme.	4	<ul style="list-style-type: none"> • Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that, during the Audit Period, Aquasol agreed to be bound by, and was compliant with, any decision of direction of the water services ombudsman under the scheme; and • Paxon found Aquasol has no systems and controls in place to manage compliance with section 66 of the Act. A recommendation (1/2018) was made in this regard (see compliance obligation number 1 above). 	D	1
16.	77(3)	3.1.1	The licensee must take reasonable steps to minimise the extent or duration of any interruption of water services it is responsible for.	2	<ul style="list-style-type: none"> • Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that, during the Audit Period, no interruption of the water services it provided took place; • Paxon examined Aquasol’s “Client Complaints Register” which does not include any entries in respect of the interruption of water services; • Paxon examined Aquasol’s “Customer Service Charter” which states in section 2.1 entitled: “Obligation to provide a service”: “All reasonable endeavours will be made to minimise the impact of unplanned interruptions or under emergency situations.” 	A	NR

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	Water Services Act 2012 Section Number	Water Services Licence – Version 6 Clause Number				Controls	Compliance
17.	82(4) & (5)	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.	4	<ul style="list-style-type: none"> • Paxon examined a document entitled: “<i>Building Services Fixed Fees and Charges 2014</i>” which does provide for levying an application fee for a “<i>new single residential building approval</i>”; • Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that, during the Audit Period, building works did occur and plans were submitted and approved but no fees were charged; and • Paxon found Aquasol has no systems and controls in place to manage compliance with sections 82(4) and 82(5) of the Act. A recommendation (1/2018) was made in this regard (see compliance obligation number 1 above). 	D	1
18.	84(2)	3.1.1	If the licensee has given a notice under section 83(3)(a) of the Act, and the licensee is satisfied that the person given the notice is not going to comply with the notice within a reasonable time, the licensee must give the person 21 days notice of its intention to commence the works.	3	<ul style="list-style-type: none"> • Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that, during the Audit Period, no instances took place where it was required to give a person 21 days’ notice of its intention to commence works; and • Paxon found Aquasol has no systems and controls in place to manage compliance with section 84(2) of the Act. A recommendation (1/2018) was made in this regard (see compliance obligation number 1 above). 	D	NR

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	Water Services Act 2012 Section Number	Water Services Licence – Version 6 Clause Number				Controls	Compliance
19.	87(2)	3.1.1	If a person makes an application with the State Administrative Tribunal for a review of a decision in respect of the licensee providing additional water services when a person has not responded to the licensee's notice, the licensee cannot provide the works until the application has been finally dealt with, except in limited circumstances.	3	<ul style="list-style-type: none"> • Paxon confirmed by interview of Aquasol's Environmental Co-ordinator that, during the Audit Period, no applications were made to the State Administrative Tribunal; and • Paxon regards application of section 87(2) of the Act to Aquasol'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)	3.1.1	If the licensee gives a compliance notice to a person who is undertaking construction or carrying out similar works in the vicinity of water service works, the licensee must, to the extent practicable, consult with the owner of the land on which the obstruction is located or the activity is taking place if the person to be given the notice is not the owner of the land.	3	<ul style="list-style-type: none"> • Paxon confirmed by interview of Aquasol's Environmental Co-ordinator that, during the Audit Period, no compliance notices were given; and • Paxon found Aquasol has no systems and controls in place to manage compliance with section 90(7) of the Act. A recommendation (1/2018) was made in this regard (see compliance obligation number 1 above). 	D	NR
21.	95(3)	3.1.1	The licensee cannot cut off the supply of water to an occupied dwelling unless the occupier agrees to that.	1	<ul style="list-style-type: none"> • Paxon confirmed by interview of Aquasol's Environmental Co-ordinator that, during the Audit Period, it did not cut off the supply of water to an occupied dwelling; and • Paxon examined Aquasol's "Customer Service Charter" which states in section 4.4 entitled: "Restriction of Service": 	A	NR

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	Water Services Act 2012 Section Number	Water Services Licence – Version 6 Clause Number				Controls	Compliance
					<i>“licensee cannot cut off the supply of water to an occupied dwelling unless the occupier agrees to that “.</i>		
22.	96(1)	3.1.1	If the licensee provides water supply reticulation works, or enters into an agreement for the provision of water supply reticulation works, the licensee must install fire hydrants attached to those works in accordance with the requirements of FESA, or the relevant local government as to the location and type of hydrant.	2	<ul style="list-style-type: none"> • Paxon confirmed by interview of Aquasol’s Technical Director that, during the Audit Period, FESA did not request Aquasol to install fire hydrants; and • Paxon regards application of section 96(1) of the Act to Aquasol’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
23.	96(5)	3.1.1	The licensee must comply with requests made by FESA or a local government under sections 96(3) and 96(4) of the Act to the extent practicable and within a reasonable time.	4	<ul style="list-style-type: none"> • Paxon confirmed by interview of Aquasol’s Technical Director that, during the Audit Period, FESA did not request Aquasol to install, remove, repair or maintain a fire hydrant; and • Paxon regards application of section 96(3) of the Act to the Shire’s operations will be a rare event. Thus, specific systems, processes and controls are only expected to be put in place when the stipulations of this clause are applicable. 	NP	NR
24.	98(3)	3.1.1	If required to by the Minister, the licensee must connect a wastewater inlet on land to the sewerage works of the licensee.	2	<ul style="list-style-type: none"> • Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that, during the Audit Period, the Minister did not require Aquasol to connect a wastewater inlet on land to the sewerage works of the licensee; and 	NP	NR

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	Water Services Act 2012 Section Number	Water Services Licence – Version 6 Clause Number				Controls	Compliance
					<ul style="list-style-type: none"> Paxon regards application of section 98(3) of the Act to Aquasol’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. 		
25.	106(2)	3.1.1	The licensee must include the information specified in a compliance notice given in relation to failure to maintain fittings, fixtures and pipes.	4	<ul style="list-style-type: none"> Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that, during the Audit Period, no compliance notices were given; and Paxon found Aquasol has no systems and controls in place to manage compliance with section 106(2) of the Act. A recommendation (1/2018) was made in this regard (see compliance obligation number 1 above). 	D	NR
28.	119(2)	3.1.1	The licensee must include the information specified in a compliance notice given in relation to the matters set out in section 119(1).	3	<ul style="list-style-type: none"> Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that, during the Audit Period, no compliance notices were given; and Paxon found Aquasol has no systems and controls in place to manage compliance with section 119(2) of the Act. A recommendation (1/2018) was made in this regard (see compliance obligation number 1 above). 	D	NR

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	Water Services Act 2012 Section Number	Water Services Licence – Version 6 Clause Number				Controls	Compliance
29.	122(2)	3.1.1	If a person makes an application to the State Administrative Tribunal under section 122(1), the licensee cannot take, or continue to take, action against the person except in the circumstances specified.	3	<ul style="list-style-type: none"> • Paxon confirmed by interview of Aquasol's Environmental Co-ordinator that, during the Audit Period, no compliance notices were given. Thus, no applications were made, during the Audit Period, to the State Administrative Tribunal; and • Paxon regards application of section 122(2) of the Act to Aquasol'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)	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> .	4	<ul style="list-style-type: none"> • Paxon confirmed by interview of Aquasol's Environmental Co-ordinator that, during the Audit Period, Aquasol did not apportion fees; and • Paxon found Aquasol has no systems and controls in place to manage compliance with section 125(2) of the Act. A recommendation (1/2018) was made in this regard (see compliance obligation number 1 above). 	D	NR
31.	128(4)	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.	3	<ul style="list-style-type: none"> • Paxon confirmed by interview of Aquasol's Environmental Co-ordinator that, during the Audit Period, no circumstances necessitated the withdrawal of a memorial; and 	D	NR

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	Water Services Act 2012 Section Number	Water Services Licence – Version 6 Clause Number				Controls	Compliance
					<ul style="list-style-type: none"> Paxon found Aquasol has no systems and controls in place to manage compliance with section 128(4) of the Act. A recommendation (1/2018) was made in this regard (see compliance obligation number 1 above). 		
32.	129(5)	3.1.1	If a routine inspection or maintenance is likely to cause disruption to the occupants of a place at least 48 hours notice of a proposed entry must be given to the occupier of the place unless the occupier agrees otherwise.	4	<ul style="list-style-type: none"> Paxon confirmed by interview of Aquasol's Technical Director that, during the Audit Period, no place was entered; and Paxon examined Aquasol's "Customer Service Charter" which states in section 2.4 entitled: "Access": <i>"In the case of routine maintenance, Aquasol will notify the resident 7 days prior the need to enter a property."</i> 	A	NR
33.	139(3)	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.	4	<ul style="list-style-type: none"> Paxon confirmed by interview of Aquasol's Environmental Co-ordinator that, during the Audit Period, Aquasol did not remove or erect a fence or gate; and Paxon found Aquasol has no systems and controls in place to manage compliance with section 139(3) of the Act. A recommendation (1/2018) was made in this regard (see compliance obligation number 1 above). 	D	NR

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	Water Services Act 2012 Section Number	Water Services Licence – Version 6 Clause Number				Controls	Compliance
34.	141(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.	3	<ul style="list-style-type: none"> • Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that, during the Audit Period, Aquasol did not carry out road work that involved breaking the surface of the road or caused major obstruction to road traffic; and • Paxon examined an Aquasol document entitled: <i>“Internal Procedure – Road Works”</i> which states: <i>“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.”</i> 	A	NR
35.	142	3.1.1	The licensee must comply with sections 143 and 144 of the Act in relation to the proposed major works, and has given any notice required under section 148.	3	<ul style="list-style-type: none"> • Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that, during the Audit Period, no major works were undertaken; • Paxon found Appendix E to Aquasol’s <i>“Asset Management Plan”</i> provides for asset replacements during 2017 which may be interpreted as being “major works”; • Paxon requested Aquasol to explain why these projected asset replacements should not be regarded as major works. Aquasol’s Environmental Co-ordinator confirmed these 	A	NR

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	Water Services Act 2012 Section Number	Water Services Licence – Version 6 Clause Number				Controls	Compliance
					asset replacements did not constitute major works; • The Reviewer has stated: <i>“No new assets were installed during the review period”</i> (see section 5.3 entitled: “Review Observations and Recommendations” - Table 15); and • Paxon examined an Aquasol document entitled: <i>“Internal Procedure – Road Works”</i> which specifically provides for compliance with sections 142, 143(2), 143(3), 144(3), 145(2), 147(3) and 147(4) of the Act.		
36.	143(2)	3.1.1	Before the licensee submits a proposal for the provision of major works to the Minister, the licensee must prepare, publish and make available plans and details of those major works as specified.	3	• See the findings for compliance obligation number 35 above.	A	NR
37.	143 (3)	3.1.1	The licensee must, within 5 days of publishing the plans and details on the licensee’s website, give notice setting out the matters prescribed in section 143(4) to the persons and agencies specified.	3	• See the findings for compliance obligation number 35 above.	A	NR
38.	144(3)	3.1.1	The licensee must have regard to an objection or submission lodged within the relevant period.	3	• See the findings for compliance obligation number 35 above.	A	NR

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012 Section Number	Water Services Licence – Version 6 Clause Number				Controls	Compliance
39.	145(2)	3.1.1	If the licensee makes alterations to the plans or details referred to in section 143(2), the licensee must give written notice of the alterations to any person who is likely to be adversely affected by those alterations.	3	<ul style="list-style-type: none"> See the findings for compliance obligation number 35 above. 	A	NR
40.	147(3)	3.1.1	The licensee must comply with a direction given by a Minister in respect of a proposal to provide water service works that are major works under section 143(3).	3	<ul style="list-style-type: none"> See the findings for compliance obligation number 35 above. 	A	NR
41.	147(4)	3.1.1	If the Minister gives a direction that further notices in relation to the proposed major works be given under section 143(3), the licensee must resubmit the proposal.	3	<ul style="list-style-type: none"> See the findings for compliance obligation number 35 above. 	A	NR
42.	151(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.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of Aquasol's Environmental Co-ordinator that, during the Audit Period, no general works were undertaken; Paxon found Appendix E to Aquasol's "Asset Management Plan" provides for asset replacements during 2017 which may be interpreted as being "general works"; Paxon requested Aquasol to explain why these projected asset replacements should not be regarded as general works. Aquasol's Environmental Co-ordinator confirmed these 	A	NR

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Licence – Version 6				Controls	Compliance
	Section Number	Clause Number					
					asset replacements did not constitute general works within the definition included in section 134 of the Act; <ul style="list-style-type: none"> The Reviewer has stated: <p><i>“No new assets were installed during the review period”</i></p> (see section 5.3 entitled: “Review Observations and Recommendations” - Table 15); and Paxon examined an Aquasol document entitled: <i>“Internal Procedure – Road Works”</i> which specifically provides for compliance with section 151(1) of the Act. However, Paxon found Aquasol has no internal procedure in place to manage its compliance obligations in respect of sections 151(2), 152(3) and 153(3) of the Act. A recommendation (1/2018) was made in this regard (see compliance obligation number 1 above). 		
43.	151(2)	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.	3	<ul style="list-style-type: none"> See the findings for compliance obligation number 42 above. 	D	NR
44.	152(3)	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).	3	<ul style="list-style-type: none"> See the findings for compliance obligation number 42 above. 	D	NR

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012 Section Number	Water Services Licence – Version 6 Clause Number				Controls	Compliance
45.	153(3)	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.	3	<ul style="list-style-type: none"> See the findings for compliance obligation number 42 above. 	D	NR
46.	166(5)	3.1.1	On being advised by the Minister that an interest in land is appropriate to the licensee’s needs, the licensee is required to acquire the interest.	4	<ul style="list-style-type: none"> Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that, during the Audit Period, the Minister did not advise Aquasol to acquire an interest in land; and Paxon regards application of sections 166(5) and 166(6) of the Act to Aquasol’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)	3.1.1	Any costs incurred in taking an interest in land are to be paid by the licensee.	4	<ul style="list-style-type: none"> See the findings for compliance obligation number 46 above. 	NP	NR
48.	170	3.1.1	The licensee must not sell an interest in land if the purchaser would hold a parcel of land that did not comply with the minimum lot size and zoning requirements under the <i>Planning and Development Act 2005</i> , unless the Minister permits the licensee to do so.	4	<ul style="list-style-type: none"> Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that, during the Audit Period, Aquasol did not sell an interest in land; and Paxon regards application of section 170 of the Act to Aquasol’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 Aquasol to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012 Section Number	Water Services Licence – Version 6 Clause Number				Controls	Compliance
					only expected to be put in place when the stipulations of this clause are applicable.		
49.	173(4)	3.1.1	In relation to entry to a place for the purposes of doing works, in the circumstances specified the licensee is required to give 48 hours notice of proposed entry to a place to the occupier or owner, as applicable, unless the occupier or owner agrees otherwise.	3	<ul style="list-style-type: none"> • Paxon confirmed by interview of Aquasol's Technical Director that, during the Audit Period, no entry was made to a place for exercising a works power under the Act; and • Paxon examined Aquasol's "Customer Service Charter" which states in section 2.4 entitled: "Access": <ul style="list-style-type: none"> ○ "In the case of routine maintenance, Aquasol will notify the resident 7 days prior the need to enter a property..."; and ○ "In an emergency or unplanned situation, Aquasol will make all possible attempts to notify the resident before the time of entry, although it may be necessary to access the property without consent. In that case the resident will be notified following the event." 	A	NR
50.	174(1)	3.1.1	Notice of a proposed entry by the licensee must be in writing and must set out the purpose of the entry, including (if applicable) any work proposed to be carried out.	3	<ul style="list-style-type: none"> • Paxon confirmed by interview of Aquasol's Technical Director that, during the Audit Period, no entry was made to a place for exercising a works power under the Act; and • Paxon found Aquasol has no systems and controls in place to manage compliance with sections 174(1), 175(2), 175(5), 176(1), 176(3), 	D	NR

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012 Section Number	Water Services Licence – Version 6 Clause Number				Controls	Compliance
					176(4) and 181 of the Act. A recommendation (1/2018) was made in this regard (see compliance obligation number 1 above).		
51.	174(3)	3.1.1	Even if in a particular instance the licensee may enter a place under the Act without having to give notice of proposed entry, the licensee must when practicable, and when it will not compromise the reason for entry, give notice of entry to the occupier.	3	<ul style="list-style-type: none"> • Paxon confirmed by interview of Aquasol's Technical Director that, during the Audit Period, no entry was made to a place for exercising a works power under the Act; and • Paxon examined Aquasol's "Customer Service Charter" which states in section 2.4 entitled: "Access": <i>"In an emergency or unplanned situation, Aquasol will make all possible attempts to notify the resident before the time of entry, although it may be necessary to access the property without consent. In that case the resident will be notified following the event."</i> 	A	NR
52.	175(2)	3.1.1	If an occupier is present when the licensee proposes to enter a dwelling, the licensee must perform the prescribed actions before entering the premises.	3	<ul style="list-style-type: none"> • See the findings for compliance obligation number 50 above. 	D	NR
53.	175(5)	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.	3	<ul style="list-style-type: none"> • See the findings for compliance obligation number 50 above. 	D	NR

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012 Section Number	Water Services Licence – Version 6 Clause Number				Controls	Compliance
54.	176(1)	3.1.1	If the licensee has entered a place with or without consent, the licensee must leave the premises as soon as practicable after being notified that the owner or occupier has refused or withdrawn their consent.	3	• See the findings for compliance obligation number 50 above.	D	NR
55.	176(3)	3.1.1	The licensee must produce their certificate of authority if asked to do so, and must not perform, or continue to perform, a function under the Act if they are not able to do so.	3	• See the findings for compliance obligation number 50 above.	D	NR
56.	176(4)	3.1.1	If the licensee enters or proposes to enter a place, and the owner or occupier requests the licensee produce evidence of authority for that entry, then the licensee must leave the place if they are unable to do so unless the owner or occupier agrees otherwise.	3	• See the findings for compliance obligation number 50 above.	D	NR
57.	181	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.	3	• See the findings for compliance obligation number 50 above.	D	NR
58.	186	3.1.1	If the licensee applies for a warrant, the application must contain the prescribed information.	3	• Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that, during the Audit Period, no applications for warrants were made; and	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 Aquasol to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012 Section Number	Water Services Licence – Version 6 Clause Number				Controls	Compliance
					<ul style="list-style-type: none"> • Paxon regards application of sections 186, 187(1)-(3), 190(4) and 190(5) of the Act to Aquasol'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. 		
59.	187(1) – (3)	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.	3	<ul style="list-style-type: none"> • See the findings for compliance obligation number 58 above. 	NP	NR
60.	190(4)	3.1.1	Unless required to give a copy of the warrant, the licensee executing the warrant must produce the warrant for inspection by the occupier of the place concerned on entry (if practicable), and if requested to do so.	3	<ul style="list-style-type: none"> • See the findings for compliance obligation number 58 above. 	NP	NR
61.	190(5)	3.1.1	On completing the execution of a warrant the licensee must record the prescribed information on that warrant.	3	<ul style="list-style-type: none"> • See the findings for compliance obligation number 58 above. 	NP	NR
62.	210(5)	3.1.1	If the licensee designates a person as an inspector or compliance officer, the licensee must give that person a certificate of authority that includes certain prescribed information.	4	<ul style="list-style-type: none"> • Paxon confirmed by interview of Aquasol's Environmental Co-ordinator that, during the Audit Period, Aquasol did not designate a person as an inspector or compliance officer; and • Paxon found Aquasol has no systems and controls in place to manage compliance with section 210(5) of the Act. A recommendation 	D	NR

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 - Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012 Section Number	Water Services Licence – Version 6 Clause Number				Controls	Compliance
					(1/2018) was made in this regard (see compliance obligation number 1 above).		
63.	218(2)	3.1.1	In the exercise or purported exercise of a power under the Act, the licensee must ensure that, to the extent practicable, the free use of any place is not obstructed, and that as little damage, harm or inconvenience is caused as is possible.	3	<ul style="list-style-type: none"> • Paxon confirmed by interview of Aquasol's Technical Director that, during the Audit Period, no entry was made to a place for exercising a works power under the Act. Thus, Aquasol did not obstruct the free use of any place, and it did not cause damage, harm or inconvenience; and • Paxon found Aquasol has no systems and controls in place to manage compliance with section 218(2) of the Act. A recommendation (1/2018) was made in this regard (see compliance obligation number 1 above). 	D	NR
64.	218(3)	3.1.1	If the licensee does any physical damage in the exercise of a works power or a power of entry, the licensee must ensure that the damage is made good, and pay compensation to the extent that it is not practicable to make good the damage.	4	<ul style="list-style-type: none"> • Paxon confirmed by interview of Aquasol's Environmental Co-ordinator that, during the Audit Period, no physical damage was caused in the exercise of a works power or a power of entry; and • Paxon found Aquasol has no systems and controls in place to manage compliance with section 218(3) of the Act. A recommendation (1/2018) was made in this regard (see compliance obligation number 1 above). 	D	NR

Table 10: Audit Observations and Recommendations

[Obligations as per the ERA's: "Water Compliance Reporting Manual – Water Services Act 2012 – October 2017" (Numbers 1 to 64)]

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Regulations 2013 Regulation Number	Water Services Licence – Version 6 Clause Number				Controls	Compliance
65.	23(2)	3.1.1	If the licensee provides a water supply service in respect of a multi-unit development, the licensee must, on the request of the owner or the strata company, assess whether a meter is satisfactory for measuring the quantity or flow of water passing through a pipe supplying water to the unit.	4	<ul style="list-style-type: none"> • Paxon confirmed by interview of Aquasol's Environmental Co-ordinator that, during the Audit Period, no meter tests were requested; and • Paxon examined Aquasol's "Customer Service Charter" which makes provision for the performance of meter tests at a client's request in section 3.1 entitled: "Residents & Aquasol Responsibilities". 	A	NR
66.	24(4)	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"> • Paxon confirmed by interview of Aquasol's Environmental Co-ordinator that, during the Audit Period, no compliance notices were given to persons in respect of access to meters; and • Paxon found Aquasol has no systems and controls in place to manage compliance with regulation 24(4) of the Water Services Regulations 2013. A recommendation (1/2018) was made in this regard (see compliance obligation number 1 above). 	D	NR
67.	26(3)	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"> • Paxon confirmed by interview of Aquasol's Environmental Co-ordinator that, during the Audit Period, no meter tests were requested; and 	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Regulations 2013	Water Services Licence – Version 6				Controls	Compliance
	Regulation Number	Clause Number			Including Recommendations		
					<ul style="list-style-type: none"> Paxon examined Aquasol's "Customer Service Charter" which includes a procedure for meter tests and fees payable therefor in section 3.1 entitled: "Residents & Aquasol Responsibilities". 		
68.	26(5)	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"> Paxon confirmed by interview of Aquasol's Environmental Co-ordinator that, during the Audit Period, no meter tests were requested; and Paxon examined Aquasol's "Customer Service Charter" which provides for: <ul style="list-style-type: none"> Refund or credit of meter test costs paid in section 3.1 entitled: "Residents & Aquasol Responsibilities"; and Refund or credit of customers overcharged in section 4.1 entitled: "Tariff and Charges". 	A	NR
69.	29(1)	3.1.1	The licensee must, on the written request of a developer who is required to pay the licensee an infrastructure contribution in respect of a subdivided lot, defer the payment of the contribution unless regulations 29(3) or 29(4) applies.	4	<ul style="list-style-type: none"> Paxon confirmed by interview of Aquasol's Environmental Co-ordinator that, during the Audit Period, no requests for deferment of infrastructure contributions were made; and Paxon found Aquasol has no systems and controls in place to manage compliance with regulation 29(1) of the Water Services Regulations 2013. A recommendation (1/2018) was made in this regard (see compliance obligation number 1 above). 	D	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Regulations – 2013	Water Services Licence – Version 6				Controls	Compliance
	Regulation Number	Clause Number			Including Recommendations		
70.	42(2)	3.1.1	The written order requiring the owner or occupier of land to install a backflow prevention device must set out the date which the device must be installed and tested (which must be at least 7 days after the order is given).	4	<ul style="list-style-type: none"> • Paxon examined an Aquasol document entitled: <i>“Backflow Information”</i>. This document states: <ul style="list-style-type: none"> ○ <i>“Every connection to the drinking water supply must have a backflow prevention device appropriate for the land use and activities carried out at the property.”</i>; and ○ <i>“Backflow prevention devices at the boundary are owned by the property owner and maintained by the owner/occupier. Property owners are responsible for testing high and medium risk rating devices at commissioning, and after any maintenance or at least annually. A licensed plumber will need to complete the report.”</i> • Paxon examined Aquasol’s Compliance Report for 2015-2016 which recorded the following breach: <p><i>“No written order provided to owner or occupier of land to install a backflow prevention device. However a ‘Backflow Information Pamphlet’ was provided to owner’s builder previous construction.”</i>;</p> • Paxon examined Aquasol’s Compliance Report for 2016-2017 which recorded the following breach: 	D	3

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Regulations 2013	Water Services Licence – Version 6				Including Recommendations	Controls
	Regulation Number	Clause Number					
					<p><i>“A written notification re- installation of backflow prevention device was provided to each owner / occupier. However, it did not include a date which the device must be installed and tested.”; and</i></p> <ul style="list-style-type: none"> • Paxon notes both the above-mentioned Compliance Reports record <i>“Actions that the licensee has taken to rectify the breach”</i>. Thus, no recommendation is made. 		
71.	43(3)	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).	4	<ul style="list-style-type: none"> • See the findings for compliance obligation number 70 above. 	D	3
72.	43(6)	3.1.1	The compliance notice requiring the owner or occupier of land to have their backflow prevention device made good as specified in the notice must include the work that is required to be done, the manner in which the work is to be done and the date by which the work is to be done (which must be at least 7 days after the notice is given)	4	<ul style="list-style-type: none"> • Paxon examined Aquasol’s Compliance Report for 2016-2017 which recorded the following breach: <i>“Written notification provided to owners/occupier was incomplete.”; and</i> • Paxon notes the above-mentioned Compliance Report records <i>“Actions that the licensee has taken to rectify the breach”</i>. Thus, no recommendation is made. 	D	3

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Regulations 2013 Regulation Number	Water Services Licence – Version 6 Clause Number				Controls	Compliance
74.	60(2)	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.	3	<ul style="list-style-type: none"> • Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that, during the Audit Period, no works power was exercised in a road; and • Paxon found Aquasol has no systems and controls in place to manage compliance with regulation 60(2) of the Water Services Regulations 2013. A recommendation (1/2018) was made in this regard (see compliance obligation number 1 above). 	D	NR
75.	63	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.	3	<ul style="list-style-type: none"> • Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that, during the Audit Period, Aquasol did not open or broke up the surface of a road; and • Paxon found Aquasol has no systems and controls in place to manage compliance with regulation 63 of the Water Services Regulations 2013. A recommendation (1/2018) was made in this regard (see compliance obligation number 1 above). 	D	NR
76.	65(1)	3.1.1	The licensee must maintain records for all land in respect of which water service charges apply.	4	<ul style="list-style-type: none"> • Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that, during the Audit Period, Aquasol did maintain records for all land in respect of which water service charges applied; 	D	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Regulations 2013 Regulation Number	Water Services Licence – Version 6 Clause Number				Controls	Compliance
					<ul style="list-style-type: none"> • Paxon examined a document entitled: “<i>Lancelin Settlement Information</i>” which records details of properties and provides a basis for levying water service charges; and • Paxon found Aquasol has no systems and controls in place to manage compliance with regulation 65(1) of the Water Services Regulations 2013. However, Paxon notes the ERA document entitled: “<i>Water Compliance Reporting Manual – Water Services Act 2012 – October 2017</i>” states obligations 76 to 88A are not applicable to Aquasol any longer. Thus, no recommendation is made. 		
77.	65(2)	3.1.1	The records for all land in respect of which water service charges apply must contain prescribed information.	4	<ul style="list-style-type: none"> • Paxon examined a document entitled: “<i>Lancelin Settlement Information</i>” and found it did not disclose the following information: <ul style="list-style-type: none"> ○ Name and address of the owner of the land; ○ Gross rental value; ○ Classification of the land; and ○ Amount of any unpaid charges. • Paxon found Aquasol has no systems and controls in place to manage compliance with regulation 65(2) of the Water Services Regulations 2013. However, Paxon notes the ERA document entitled: “<i>Water Compliance</i>” 	D	2

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Regulations 2013	Water Services Licence – Version 6				Controls	Compliance
	Regulation Number	Clause Number			Including Recommendations		
					<i>Reporting Manual – Water Services Act 2012 – October 2017</i> states obligations 76 to 88A are not applicable to Aquasol any longer. Thus, no recommendation is made.		
78.	65(4)	3.1.1	The licensee must make the records for all land in respect of which water service charges apply available for inspection by any person without charge, and give a copy of particular records to a person with a material interest in them, on payment of the prescribed charge.	4	<ul style="list-style-type: none"> • Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that, during the Audit Period, no requests for inspection of land records were made; and • Paxon found Aquasol has no systems and controls in place to manage compliance with regulation 65(4) of the Water Services Regulations 2013. However, Paxon notes the ERA document entitled: <i>“Water Compliance Reporting Manual – Water Services Act 2012 – October 2017”</i> states obligations 76 to 88A are not applicable to Aquasol any longer. Thus, no recommendation is made. 	D	NR
79.	67	3.1.1	Except as otherwise provided under the Act, the records maintained by the licensee for a period in relation to land are the basis upon which the licensee must determine the water service charges applicable for the period.	4	<ul style="list-style-type: none"> • Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that, during the Audit Period, its land records were the basis upon which Aquasol determined its water service charges; 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Regulations 2013	Water Services Licence – Version 6				Controls	Compliance
	Regulation Number	Clause Number			Including Recommendations		
					<ul style="list-style-type: none"> • Paxon examined a sample of “Water Account – Tax Invoices” issued during the Audit Period, and found it levied “annual fixed charges” for water and sewerage; and • Paxon examined Aquasol’s “Customer Service Charter” which states in section 4.1 entitled: “Tariff and Charges”: <i>“Resident’s accounts will detail:</i> <ul style="list-style-type: none"> • A fixed service charge and a variable charge for Drinking Water consumption; • A fixed service charge and a variable charge for Irrigation Water consumption; and • A fixed service charge for Waste Water disposal. 		
80.	68(5)	3.1.1	The licensee must consider an objection to the records maintained by a licensee under regulation 65 as soon as practicable.	4	<ul style="list-style-type: none"> • Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that, during the Audit Period, no objections were lodged to the records maintained by Aquasol under regulation 65; and • Paxon examined Aquasol’s “Customer Service Charter” which addresses “complaints” in section 3.1 entitled: “Resident’s Enquiries” and found it refers to complaints in general terms but does not address objections to land records (regulations 68(5), 68(6), 68(7), 68(8), 69(3), 70(2), 74(1) and 74(2) of the of the Water 	D	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Regulations 2013	Water Services Licence – Version 6				Controls	Compliance
	Regulation Number	Clause Number			Including Recommendations		
					Services Regulations 2013). However, as these compliance obligations are no longer applicable to Aquasol no recommendation is made.		
81.	68(6)	3.1.1	The licensee must give the person by whom the objection was made written notice of the licensee’s decision on the objection together with a brief statement of the licensee’s reasons for the decision.	4	<ul style="list-style-type: none"> See the findings for compliance obligation number 80 above. 	D	NR
82.	68(7)	3.1.1	If the licensee disallows an objection, wholly or in part, to entries in the records maintained by a licensee under regulation 65, the licensee must advise the person who objected of any consequent amendment of the records.	4	<ul style="list-style-type: none"> See the findings for compliance obligation number 80 above. 	D	NR
83.	68(8)	3.1.1	If the licensee allows an objection, wholly or in part, to entries in the records maintained by a licensee under regulation 65, the licensee must advise the person of the time within which and the manner in which a review of the decision may be sought.	4	<ul style="list-style-type: none"> See the findings for compliance obligation number 80 above. 	D	NR
84.	69(3)	3.1.1	Upon receipt of a notice from a person dissatisfied with a decision of the licensee on an objection, the licensee must promptly refer the relevant records to the State Administrative Tribunal for a review.	4	<ul style="list-style-type: none"> See the findings for compliance obligation number 80 above. 	D	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Regulations 2013 Regulation Number	Water Services Licence – Version 6 Clause Number				Controls	Compliance
85.	70(2)	3.1.1	Upon receipt of a notice from a person dissatisfied with a decision of the licensee to refuse to extend the time for giving an objection to the licensee or a notice under regulation 69(2), the licensee must promptly refer the decision to the State Administrative Tribunal for a review.	4	<ul style="list-style-type: none"> See the findings for compliance obligation number 80 above. 	D	NR
86.	74(1)	3.1.1	The licensee must make any amendment of the records necessary as a consequence of an allowance, wholly or in part, of an objection under the Act or the <i>Valuation of Land Act 1978</i> or as a consequence of a review by the State Administrative Tribunal.	4	<ul style="list-style-type: none"> See the findings for compliance obligation number 80 above. 	D	NR
87.	74(2)	3.1.1	The licensee must, if necessary as a consequence of the amendment to the records under regulation 74(1) re-determine and if necessary provide a rebate or refund.	4	<ul style="list-style-type: none"> See the findings for compliance obligation number 80 above. 	D	NR
88.	75(1)	3.1.1	If a person is liable, under an agreement with the owner of land, for payment of the water service charges in respect of certain land, the person is entitled to receive from the licensee all information necessary for the person to assess his or her liability under the agreement	5	<ul style="list-style-type: none"> Paxon confirmed by interview of Aquasol's Environmental Co-ordinator that, during the Audit Period, no such instances were encountered by Aquasol; Paxon examined Aquasol's "Customer Service Charter" which states in section 4.1 entitled: "Tariff and Charges": "Property owners can request in writing that accounts be placed in a tenant's name. However, 	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	
	Water Services Regulations – 2013	Water Services Licence – Version 6				Controls	Compliance
	Regulation Number	Clause Number					
					<i>these charges ultimately remain the owner's responsibility".</i>		
89.	85	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.	3	<ul style="list-style-type: none"> • Paxon confirmed by interview of Aquasol's Environmental Co-ordinator that, during the Audit Period, no compliance notices were given; and • Paxon found Aquasol has no systems and controls in place to manage compliance with regulation 85. A recommendation (1/2018) was made in this regard (see compliance obligation number 1 above). 	D	NR

Table 10: Audit Observations and Recommendations

[Obligations as per the ERA's: "Water Compliance Reporting Manual – Water Services Act 2012 – October 2017" (Numbers 65 to 91)]

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Licence – Version 6				Including Recommendations	Controls
	Clause Number	Clause Number					
92.	7	3.1.1	The licensee must have written information for customers about the prescribed matters.	4	<ul style="list-style-type: none"> • Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that: <ul style="list-style-type: none"> ○ During the Audit Period the documents mentioned below were available on Aquasol’s website; and ○ The website section which referred to Lancelin South was removed in March 2018. Thus, Paxon could not determine whether the information specified in clause 7 was publicly available; • Paxon examined Aquasol’s “Customer Service Charter” which states in section 2.2 entitled: “Water and Waste Water Supply”: <i>“Aquasol will supply water services (potable and non potable), and waste water disposal service to residents of the Lancelin South Development.”;</i> • Paxon examined Aquasol’s “Customer Service Charter” which states in section 2.2 entitled: “Water and Waste Water Supply”: <i>“Installation will be provided to each dwelling prior to occupancy, and connection will be supplied upon request by a resident within 10 business days.”;</i> 	D	1

No.	Obligation Under:	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Licence – Version 6		Including Recommendations	Controls Compliance
				<ul style="list-style-type: none"> Paxon examined Aquasol’s “Customer Service Charter” which states in section 4.4 entitled: “Restriction of Service”: <i>“Except as elsewhere provided herein, service may be restricted** only if: (a) water service charges (including interest on overdue amounts) remain unpaid for 30 days after they become due; due date will be provided on each billing, (b) the owner of the land requests that the licensee do so; (c) licensee cannot cut off the supply of water to an occupied dwelling unless the occupier agrees to that.”</i> ** Restricted service: dribble supply for minimum hygienic/health purposes.”; Paxon examined Aquasol’s “Customer Service Charter” which states in section 2.2 entitled: “Water and Waste Water Supply”: <i>“To apply for a service connection visit our website www.aquasol.com.au, select Lancelin South Services or contact our Customer Service</i> 	

No.	Obligation Under:	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Licence – Version 6	Including Recommendations	Controls	Compliance
			<p><i>Representative on 08 9248 7533, requesting for a fully “Conditions of Connections & Test” form.”;</i></p> <ul style="list-style-type: none"> • Paxon examined an Aquasol document entitled: <i>“Builders – Single Residence Application and Service Connection Form”;</i> • Paxon also examined an Aquasol document (not titled) which specifies documents to accompany the <i>“Single Residence Application and Service Connection Form”</i> and guides customers in completing that form; • Paxon examined an Aquasol document entitled: <i>“Building Services Fixed Fees and Charges 2014”</i> which records amounts for an application fee, connection fee and activation fee. This document further states: <ul style="list-style-type: none"> <i>“The connection will not be made until all fees associated with this application have been paid.”;</i> • Paxon examined Aquasol’s <i>“Customer Service Charter”</i> which states in section 2.2 entitled: <i>“Water and Waste Water Supply”:</i> <ul style="list-style-type: none"> <i>“...and connection will be supplied upon request by a resident within 10 business days.”;</i> and 		

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Licence – Version 6			Including Recommendations	Controls	Compliance
	Clause Number	Clause Number					
					<ul style="list-style-type: none"> Paxon found Aquasol has no systems and controls in place to manage compliance with clause 7 of the Water Services Code of Conduct (Customer Service Standards) 2013 (“Customer Service Standards”). A recommendation (1/2018) was made in this regard (see compliance obligation number 1 above). 		
93.	8	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"> Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that, during the Audit Period, 90% of connections were completed before the end of 10 business days after customers complied with the specified conditions; Paxon requested but Aquasol could not provide any records to confirm the Environmental Co-ordinator’s statement; and Paxon examined Aquasol’s “Customer Service Charter” which states in section 2.2 entitled: “Water and Waste Water Supply”: “...and connection will be supplied upon request by a resident within 10 business days.” 	A	2

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Licence – Version 6				Including Recommendations	Controls
	Clause Number	Clause Number					
					Recommendation 2/2018: <ul style="list-style-type: none"> • Aquasol should keep proper records of connections made including dates on which: <ul style="list-style-type: none"> ○ Customers complied with all conditions for connection; and ○ Connections were completed. 		
94.	9	3.1.1	The licensee must issue a bill for non-quantity charges to each customer at least once in every 12 month period.	4	<ul style="list-style-type: none"> • Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that, during the Audit Period, bills for non-quantity charges were issued to customers on an annual basis; • Paxon examined a sample of “Water Account – Tax Invoices” issued during the Audit Period and confirmed it: <ul style="list-style-type: none"> ○ Levied “annual fixed charges” for sewage and water; and ○ Levied quarterly fixed charges for potable water and non-potable water. • Paxon found Aquasol has no systems and controls in place to manage compliance with clause 9 of the Customer Service Standards. A recommendation (1/2018) was made in this 	D	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)		
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Licence – Version 6				Including Recommendations	Controls	Compliance
	Clause Number	Clause Number						
					regard (see compliance obligation number 1 above).			
95.	10(2)	3.1.1	The licensee must issue a bill for usage to each customer at least once in every 6 month period.	4	<ul style="list-style-type: none"> • Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that, during the Audit Period, bills for usage were issued to customers every three to four months; • Paxon examined a sample of “Water Account – Tax Invoices” issued during the Audit Period and found it levied usage charges for potable water and non-potable water every 61 days; and • Paxon found Aquasol has no systems and controls in place to manage compliance with clause 10(2) of the Customer Service Standards. A recommendation (1/2018) was made in this regard (see compliance obligation number 1 above). 	D	1	
96.	10(3)	3.1.1	The licensee must ensure a bill for usage is based on a meter reading to ascertain the quantity supplied or discharge	4	<ul style="list-style-type: none"> • Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that, during the Audit Period, bills for usage were based on meter readings to ascertain the quantity supplied or discharged; 	D	1	

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Licence – Version 6			Including Recommendations	Controls	Compliance
	Clause Number	Clause Number					
					<ul style="list-style-type: none"> • Paxon examined a sample of “Water Account – Tax Invoices” issued during the Audit Period and found it levied usage charges for potable water and non-potable water on meter readings”; and • Paxon found Aquasol has no systems and controls in place to manage compliance with clause 10(3) of the Customer Service Standards. A recommendation (1/2018) was made in this regard (see compliance obligation number 1 above). 		
97.	10(4)	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"> • Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that, during the Audit Period, no estimates of usage were made; and • Paxon found Aquasol has no systems and controls in place to manage compliance with clause 10(4) of the Customer Service Standards. A recommendation (1/2018) was made in this regard (see compliance obligation number 1 above). 	D	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Licence – Version 6				Including Recommendations	Controls
	Clause Number	Clause Number					
98.	10(5)	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"> • Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that, during the Audit Period, no estimates of usage were made; and • Paxon examined Aquasol’s “Customer Service Charter” which states in section 4.1 entitled: “Tariff and Charges” “If a water meter is faulty, consumption charges will be estimated and based on an average of past consumption.” 	A	NR
99.	11	3.1.1	The licensee must send a bill to the address of the place where the water service is provided or, if the customer nominates another address, to the nominated address.	4	<ul style="list-style-type: none"> • Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that, during the Audit Period, Aquasol did send bills to the water service delivery address, or a nominated address; • Paxon examined a sample of “Water Account - Tax Invoices” issued during the Audit Period and found they were sent to both water service delivery addresses and nominated addresses; 	D	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Licence – Version 6				Including Recommendations	Controls
	Clause Number	Clause Number					
					<ul style="list-style-type: none"> • Paxon examined Aquasol’s “Customer Service Charter” but could not find any direct reference to section 11 of the Customer Service Standards; and • Paxon found Aquasol has no systems and controls in place to manage compliance with clause 11 of the Customer Service Standards. A recommendation (1/2018) was made in this regard (see compliance obligation number 1 above). 		
100.	12(1)	3.1.1	Each bill must contain the prescribed information	4	<ul style="list-style-type: none"> • This clause came into operation on 18 November 2015; • Paxon examined a sample of “Water Account - Tax Invoices” issued after this date and found these notices, with some exceptions, complied with the stipulations of clause 12(1) of the Code of Conduct. The examined “Water Account - Tax Invoices” did not disclose: <ul style="list-style-type: none"> ○ The address of the place in respect of which the water service was provided; ○ The nature and amount of any applicable concession, discount or rebate; 	D	3

No.	Obligation Under:	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Licence – Version 6		Including Recommendations	Controls Compliance
				<ul style="list-style-type: none"> ○ The amount of interest or fees charged for late payment of outstanding amounts; ○ The amount of any arrears or credit standing to the customer’s name; ○ The licensee’s website address; ○ Contact details for account, payment and general enquiries for use by customers with hearing or speech impairment; and ○ A statement that the website contains information about estimates, meter reading and testing, complaints and review. ● Paxon found Aquasol has no systems and controls in place to manage compliance with clause 12(1) of the Customer Service Standards. A recommendation (1/2018) was made in this regard (see compliance obligation number 1 above). <p>Recommendation 3/2018:</p> <ul style="list-style-type: none"> ● Aquasol should amend its “Water Account - Tax Invoices” to comply with all the stipulations of clause 12(1) of the Customer Service Standards. 	

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Licence – Version 6				Including Recommendations	Controls
	Clause Number	Clause Number					
101.	12(2)	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; Paxon confirmed by interview of Aquasol's Environmental Co-ordinator that, during the Audit Period, no estimates of usage were made. Thus, no instances of compliance with clause 12(2)(f) of the Code of Conduct were expected; Paxon examined a sample of "Water Account - Tax Invoices" issued after this date and found these notices complied with the other stipulations of clause 12(2) of the Code of Conduct; and Paxon found Aquasol has no systems and controls in place to manage compliance with clause 12(2) of the Customer Service Standards. A recommendation (1/2018) was made in this regard (see compliance obligation number 1 above). 	D	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Licence – Version 6				Including Recommendations	Controls
	Clause Number	Clause Number					
102.	12(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; • Paxon confirmed by interview of Aquasol's Environmental Co-ordinator that, during the Audit Period, no estimates of usage were made. Thus, no instances of compliance with clause 12(3)(a) of the Code of Conduct were expected; • Paxon examined a sample of "Water Account - Tax Invoices" issued after this date and found these notices did not comply with the other stipulations of clause 12(3) of the Code of Conduct being that: <ul style="list-style-type: none"> ○ The customer may request a meter reading and bill to determine outstanding charges for a period that is not the same as the usual billing cycle; ○ The customer may request a meter reading and revised bill if the customer disputes an estimate on which a bill is based and that if the customer so requests, information about the fees that apply; 	D	3

No.	Obligation Under:	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Licence – Version 6		Including Recommendations	Controls Compliance
				<ul style="list-style-type: none"> o The customer may request, in accordance with the regulations mentioned in section 79(3)(b), the testing of a meter and that if the customer so requests, information about the fees that apply and when the fees may be reimbursed in accordance with the regulations mentioned in section 79(3)(c); o The bill can be reviewed in accordance with the licensee’s review procedure mentioned in clause 18; and o Complaints about the provision of a water service by the licensee or a failure by the licensee to provide a water service can be made in accordance with the licensee’s complaints procedure mentioned in clause 35. <p>Recommendation 4/2018:</p> <ul style="list-style-type: none"> • Aquasol should amend its “<i>Water Account - Tax Invoices</i>” to comply with all the stipulations of clause 12(3) of the Customer Service Standards. 	

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Licence – Version 6				Including Recommendations	Controls
	Clause Number	Clause Number					
103.	13(1)	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.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that, during the Audit Period, no estimates of usage were made; Paxon examined Aquasol’s “Customer Service Charter” which states in section 4.1 entitled: <i>“Tariff and Charges”</i> <i>“If a water meter is faulty, consumption charges will be estimated and based on an average of past consumption.”</i> Paxon does not regard this statement as adequate as it limits estimates to faulty water meters; and Paxon found Aquasol has no systems and controls in place to manage compliance with clause 13(1) of the Customer Service Standards. A recommendation (1/2018) was made in this regard (see compliance obligation number 1 above). 	D	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Licence – Version 6				Including Recommendations	Controls
	Clause Number	Clause Number					
104.	13(2)	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.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that, during the Audit Period, no estimates of usage were made; Paxon examined Aquasol’s “Customer Service Charter” which states in section 4.1 entitled: <i>“Tariff and Charges”</i> <i>“If resident is overcharged, extra cost will be refund directly or used as a credit for futures charges (as agreed with the resident).”</i> Paxon regards this statement as being too general in nature and not specific enough to address next bill adjustments for incorrect estimates; and Paxon found Aquasol has no systems and controls in place to manage compliance with clause 13(2) of the Customer Service Standards. A recommendation (1/2018) was made in this regard (see compliance obligation number 1 above). 	D	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Licence – Version 6				Including Recommendations	Controls
	Clause Number	Clause Number					
105.	14(1)	3.1.1	The licensee must provide to the customer on request a meter reading and a bill in in the prescribed circumstances.	3	<ul style="list-style-type: none"> • Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that, during the Audit Period, no customer requested a meter reading and a bill in the prescribed circumstances; • Paxon examined Aquasol’s “Customer Service Charter” which states in section 4.1 entitled: <i>“Tariff and Charges”</i> <i>“If you believe your meter is faulty, we can arrange for it to be tested, however, a fee applies if no fault is found.”</i> Paxon regards this statement as being too general in nature and not specific enough to address the different billing period and faulty estimates provided for in clause 14(1) of the Code of Conduct; and • Paxon found Aquasol has no systems and controls in place to manage compliance with clause 14(1) of the Customer Service Standards. A recommendation (1/2018) was made in this regard (see compliance obligation number 1 above). 	D	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)		
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Licence – Version 6				Including Recommendations	Controls	Compliance
	Clause Number	Clause Number						
106.	15	3.1.1	The licensee must have a publicly available written policy, standard or set of guidelines in relation to granting a discount to a customer whose meter reading indicates a water usage that is higher than normal for the customer but is likely to have been wasted because of a leak.	4	<ul style="list-style-type: none"> Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that, during the Audit Period, such a policy did exist, but it was not available on Aquasol’s website; Paxon examined Aquasol’s “Customer Service Charter” which states in section 4.1 entitled: “Tariff and Charges” <i>“If your account is unusually high, because there is an undetected water leak within your property, then you may qualify for an ex-gratia allowance of up to 50 per cent. The conditions of such arrangement will be provided upon request.”</i>; and <p>Recommendation 5/2018:</p> <ul style="list-style-type: none"> Aquasol should disclose its policy for granting a discount to a customer in the specified circumstances on its website. 	A	3	
107.	16(2)	3.1.1	The licensee cannot recover an undercharged amount from a customer unless it is for water services provided in the 12 month period ending on the day on which the licensee informed the customer of the undercharging.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that, during the Audit Period, no undercharging of customers took place; Paxon examined Aquasol’s “Customer Service Charter” which states in section 4.1 entitled: 	D	NR	

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Licence – Version 6				Including Recommendations	Controls
	Clause Number	Clause Number					
					<p><i>“Tariff and Charges”</i></p> <p><i>“If, by error, a resident is undercharged, it will be required to pay the shortfall.”</i></p> <p>Paxon could not find any reference to the stipulated limitation of the recovery period for undercharged amounts; and</p> <ul style="list-style-type: none"> Paxon could not find any other information to confirm Aquasol has systems and controls in place to manage compliance with clause 16 of the Customer Service Standards. <p>Recommendation 6/2018:</p> <ul style="list-style-type: none"> Aquasol should compile a procedure document for undercharged amounts which complies with the stipulations of clause 16 of the Customer Service Standards and include it appropriately in its <i>“Customer Service Charter.”</i> 		
108.	16(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	3	<ul style="list-style-type: none"> Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that, during the Audit Period, no undercharging of customers took place; Paxon examined Aquasol’s <i>“Customer Service Charter”</i> which states in section 4.1 entitled: 	D	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Licence – Version 6				Including Recommendations	Controls
			repayment plan as specified in the code of conduct.		<p><i>“Tariff and Charges”</i></p> <p><i>“If, by error, a resident is undercharged, it will be required to pay the shortfall. Any overdue accounts will incur an interest penalty.”</i></p> <p>Paxon believes this <i>“interest penalty”</i> statement and the placement thereof immediately after the undercharges reference may be interpreted as meaning Aquasol will charge interest on undercharged amounts; and</p> <ul style="list-style-type: none"> • A recommendation (8/2018) was raised in this regard (see compliance obligation number 107 above). 		
109.	16(4)	3.1.1	The licensee must not charge interest or late payment fees on an undercharged amount.	3	<ul style="list-style-type: none"> • See the findings for compliance obligation number 108 above. 	D	NR
110.	16(5)	3.1.1	The licensee must allow a customer to pay an undercharged amount by way of a repayment plan that has effect for the duration of shorter of the prescribed periods starting on the day that the bill in clause 16(3) is issued.	3	<ul style="list-style-type: none"> • Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that, during the Audit Period, no undercharging of customers took place; • Paxon examined Aquasol’s <i>“Customer Service Charter”</i>, specifically section 4.3 entitled: <i>“Hardship Policy and Flexible Payment Plans”</i> but could not find any reference to the prescribed 	D	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Licence – Version 6			Including Recommendations	Controls	Compliance
	Clause Number	Clause Number					
					<p>periods stipulated in clause 16(5) of the Code of Conduct; and</p> <ul style="list-style-type: none"> • A recommendation (8/2018) was raised in this regard (see compliance obligation number 107 above). 		
111.	17(1)	3.1.1	If the licensee overcharges a customer, the licensee must credit the customer's account and must immediately afterwards notify the customer, or inform the customer of the overcharging and recommended options for refunding or crediting the overcharged amount.	3	<ul style="list-style-type: none"> • Paxon confirmed by interview of Aquasol's Environmental Co-ordinator that, during the Audit Period, one customer was overcharged; • Paxon examined correspondence entered between Aquasol and the customer and found: <ul style="list-style-type: none"> ○ Customer reported the matter; and ○ Aquasol's response was slow. • Paxon examined Aquasol's "Customer Service Charter" which states in section 4.1 entitled: "Tariff and Charges" <p><i>"If resident is overcharged, extra cost will be refund directly or used as a credit for futures charges (as agreed with the resident)."</i></p> 	A	2

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Licence – Version 6				Including Recommendations	Controls
	Clause Number	Clause Number					
112.	17(2)	3.1.1	The licensee must, in accordance with the customer's instructions, refund or credit the customer's account within 15 business days from starting on the day the licensee receives the instructions.	3	<ul style="list-style-type: none"> • Paxon confirmed by interview of Aquasol's Environmental Co-ordinator that, during the Audit Period, one customer was overcharged; • Paxon examined correspondence entered between Aquasol and the customer and found a replacement bill was issued to the customer prior to payment of the account; • Paxon examined Aquasol's "Customer Service Charter", specifically section 4.1 entitled: "Tariff and Charges" but could find no reference to the "15 business days" stipulated in clause 17(2) of the Customer Service Standards. <p>Recommendation 7/2018:</p> <ul style="list-style-type: none"> • Aquasol should update its "Customer Service Charter" to explicitly refer to the "15 business days" reaction period stipulated in clause 17(2) of the Customer Service Standards. 	D	1
113.	18(1)	3.1.1	The licensee must review a bill on the customer's request.	4	<ul style="list-style-type: none"> • Paxon confirmed by interview of Aquasol's Environmental Co-ordinator that, during the Audit Period, no requests for review of bills were received; 	D	NR

No.	Obligation Under:	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Licence – Version 6		Including Recommendations	Controls Compliance
	Clause Number	Clause Number		<ul style="list-style-type: none"> Paxon examined Aquasol’s “Customer Service Charter” and found it contains no specific reference to the review of bills. Paxon notes the “Customer Service Charter” does include section 3.3 entitled: “Resident’s Enquiries”. However, Paxon believes this section is to generally written to be regarded as ensuring compliance with clause 18 of the Customer Service Standards; and Paxon could not find any other information to confirm Aquasol has systems and controls in place to manage compliance with clause 18 of the Customer Service Standards. <p>Recommendation 8/2018:</p> <ul style="list-style-type: none"> Aquasol should compile a procedure document for the review of bills which complies with the stipulations of section 18 of the Customer Service Standards and include it appropriately in its “Customer Service Charter”. 	

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Licence – Version 6				Including Recommendations	Controls
	Clause Number	Clause Number					
114.	18(2)	3.1.1	The license must have a written procedure for the review of a bill on the customer’s request.	3	• See the findings for compliance obligation number 113 above.	D	NR
115.	18(3) & (6)	3.1.1	The review procedure in clause 18(2) must include the specified information and be publicly available.	3	• See the findings for compliance obligation number 113 above.	D	NR
116.	18(4)	3.1.1	The review procedure must state that the customer may, but does not have to, use the licensee’s complaints procedure mentioned in clause 35 before or instead of applying to the water services ombudsman or, if available, making an appeal from, or applying for a review or, the decision under regulations mentioned in section 222(2)(k) of the Act.	3	• See the findings for compliance obligation number 113 above.	D	NR
117.	18(5)	3.1.1	The licensee must inform the customer of the outcome of a review of the customer’s bill as soon as practicable or otherwise less than 15 business days from the day the customer’s request for review was received.	3	• See the findings for compliance obligation number 113 above.	D	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Licence – Version 6				Including Recommendations	Controls
	Clause Number	Clause Number					
118.	20	3.1.1	The time set by the licensee for the payment of a bill must be after 14 days from when the bill is issued.	4	<ul style="list-style-type: none"> Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that, during the Audit Period, customers were given 30 days to pay consumption charges and 90 days to pay annual charges; and Paxon examined a sample of “Water Account – Tax Invoices” issued during the Audit Period and found customers were given 30 days to pay consumption charges and 60 days to pay annual charges. 	A	1
119.	21(1)	3.1.1	The licensee must allow a customer to pay a bill using any of the prescribed methods selected by the customer.	4	<ul style="list-style-type: none"> Paxon examined a sample of “Water Account – Tax Invoices” issued during the Audit Period and found it recorded all the prescribed methods on invoices for consumption charges and invoices for annual charges. 	A	1
120.	21(2)	3.1.1	The licensee must, when offering bill payment method options, inform the customer of the fees and charges (if any) associated with each bill payment method offered.	4	<ul style="list-style-type: none"> Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that, during the Audit Period, Aquasol did not levy fees or charges for the different bill payment methods offered to customers; Paxon examined a sample of “Water Account – Tax Invoices” issued during the Audit Period and found it did not refer to the levy of fees or 	D	2

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	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Licence – Version 6			Including Recommendations	Controls	Compliance
	Clause Number	Clause Number					
					<p>charges for the different bill payment methods offered to customers; and</p> <ul style="list-style-type: none"> • However, Paxon also examined Aquasol’s document entitled: <i>“Builders – Single Residence Application and Service Connection Form”</i> which states: <p><i>“Credit Card Payment (A 0.6% transaction fee will apply to this payment).”</i></p> <p>Recommendation 9/2018:</p> <ul style="list-style-type: none"> • Aquasol should ensure documentation presented to customers are accurate and not contradictory. 		
121.	22	3.1.1	Before receiving a bill payment by direct debit the licensee must obtain the express consent, either orally or in writing, of the holder of the account to be debited and of the customer or an adult person nominated by the customer, to do so.	4	<ul style="list-style-type: none"> • Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that, during the Audit Period, one customer did make payment by direct debit (against a credit card account); and • Paxon examined the Aquasol document entitled: <i>“Builders – Single Residence Application and Service Connection Form”</i> which provides for recording details of bill payments by direct 	A	1

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	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Licence – Version 6				Controls	Compliance
	Clause Number	Clause Number			Including Recommendations		
					debit and requires the account holder's signature.		
122.	23(1)	3.1.1	The licensee must accept payment in advance from a customer on a customer's request.	4	<ul style="list-style-type: none"> • Paxon confirmed by interview of Aquasol's Environmental Co-ordinator that, during the Audit Period, no customer made a payment in advance; and • Paxon examined a sample of "Water Account – Tax Invoices" issued during the Audit Period and found it specifically provides for acceptance of customer payments in advance. 	A	NR
123.	24	3.1.1	The licensee must on request and at no charge redirect a customer's bills because of the customer's absence or illness.	4	<ul style="list-style-type: none"> • Paxon confirmed by interview of Aquasol's Environmental Co-ordinator that, during the Audit Period, one bill was redirected at no charge at the customer's request; and • Paxon examined a sample of "Water Account – Tax Invoices" issued during the Audit Period and found it specifically provides for redirecting a customer's bills because of the customer's absence or illness. 	A	1

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	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Licence – Version 6				Including Recommendations	Controls
	Clause Number	Clause Number					
124.	25	3.1.1	The licensee must allow a customer to pay a bill under a payment plan or other arrangement under which the customer is given more time to pay the bill or to pay arrears if the customer is assessed by the licensee as experiencing payment difficulties.	4	<ul style="list-style-type: none"> • Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that, during the Audit Period, no payment plans or other arrangements were entered under which customers were given more time to pay bills or to pay arrears; and • Paxon examined Aquasol’s “Customer Service Charter” which includes section 4.3 entitled: “Hardship Policy & Flexible Payment Plans”. 	A	NR
125.	26(1) & (2)	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"> • Aquasol does have a financial hardship policy entitled: “February 2013 – Financial Hardship Policy – For Water Services”; • The ERA approved Aquasol’s financial hardship policy on 16 May 2014; and • This compliance obligation was a once-off requirement and does not require any systems, processes and controls on a perpetual basis. 	NP	1
126.	26(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"> • Aquasol’s Water Services Licence commenced on 5 February 2013. As such, it was in place before the commencement of the Act; • Section 27 of the Act took effect on 18 November 2013. As such, Aquasol’s financial 	NP	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Licence – Version 6				Including Recommendations	Controls
	Clause Number	Clause Number					
					<p>hardship policy must have been finalised by 17 May 2014;</p> <ul style="list-style-type: none"> • Aquasol’s financial hardship policy is dated February 2013. Thus, Aquasol complied with clause 26(3) in the Code of Conduct; and • This compliance obligation was a once-off requirement and does not require any systems, processes and controls on a perpetual basis. 		
128.	26(5)	3.1.1	The licensee's financial hardship policy must be publicly available.	4	<ul style="list-style-type: none"> • Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that, during the Audit Period: <ul style="list-style-type: none"> ○ Its financial hardship policy was available on its website; and ○ Website section which referred to Lancelin South was removed in March 2018. <p>Thus, Paxon could not independently confirm this statement; and</p> <ul style="list-style-type: none"> • Paxon found Aquasol has no systems and controls in place to manage compliance with clause 26(5) of the Customer Service Standards. A recommendation (01/2018) was made in this 	D	1

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	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Licence – Version 6				Including Recommendations	Controls
					regard (see compliance obligation number 1 above).		
129.	26(6)	3.1.1	The licensee must review its financial hardship policy at least once in every 5 year period and, as part of the review process, consult with relevant consumer organisations.	4	<ul style="list-style-type: none"> The ERA approved Aquasol’s financial hardship policy on 16 May 2014. Thus, a review of the policy document is only required by May 2019, which date followed the Audit Period; and Paxon examined Aquasol’s financial hardship policy which states under the heading: <i>“Approval and review”</i>: <i>“We will review our policy at least every five years to ensure it remains up-to-date and relevant.”</i> 	A	NR
130.	27(2)	3.1.1	The licensee must allow a customer experiencing financial hardship to pay a bill under an interest-free or fee-free payment plan other arrangement under which the customer is given more time to pay the bill or to pay arrears.	4	<ul style="list-style-type: none"> Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that, during the Audit Period, no customers requested more time to pay bills; and Paxon examined Aquasol’s financial hardship policy which states under the heading: <i>“Payment plans”</i> <i>“If we determine that you are in financial hardship, we will offer you more time to pay the water services portion of your rate notice or a payment plan for this</i> 	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Licence – Version 6				Including Recommendations	Controls
	Clause Number	Clause Number					
					<i>portion. We will not charge you any fees or interest as part of your extension or payment plan."</i>		
131.	27(3)	3.1.1	The licensee must also consider reducing the amount owed, review and revise, if appropriate, how a customer is paying a bill under clause 27(2) and provide the specified written information to a customer.	4	<ul style="list-style-type: none"> • Paxon confirmed by interview of Aquasol's Environmental Co-ordinator that, during the Audit Period, no customers requested more time to pay bills; • Paxon examined Aquasol's financial hardship policy which states under the heading: "Debt reduction and collection": <i>"If you are in financial hardship, we will consider reducing the amount you owe us.";</i> • Paxon examined Aquasol's financial hardship policy which states under the heading: "Payment plans": <i>"If appropriate, we will review and revise your extension or payment plan.";</i> • Paxon examined Aquasol's financial hardship policy which states under the heading: "Useful information": <i>"Redirection of rate notice: We will advise you of your right to have your rate notice redirected to</i> 	D	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Licence – Version 6			Including Recommendations	Controls	Compliance
	Clause Number	Clause Number					
					<p><i>another person free of charge if you are absent or ill.”;</i></p> <ul style="list-style-type: none"> • Paxon examined Aquasol’s financial hardship policy which states under the heading: <i>“Useful information”</i>: <i>“Payment options: You may pay your rate notice by direct debit, Centrepay, internet, telephone or post.”</i>; and • Paxon examined Aquasol’s financial hardship policy which states under the heading: <i>“Useful information”</i>: <i>“Financial counselling: We will advise you of any financial counselling services or other organisations that may be available to you.”</i> 		
132.	28(1)	3.1.1	Before the licensee enters into a payment plan or other similar arrangement with a customer who is not the owner of the land in respect of which the water service is provided, the licensee must ensure that the owner is aware of the proposed plan or arrangement.	4	<ul style="list-style-type: none"> • Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that, during the Audit Period, no payment plan or other similar arrangement were entered with customers; and • Paxon examined Aquasol’s financial hardship policy which states under the heading: <i>“Payment plans”</i>: 	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Licence – Version 6				Including Recommendations	Controls
	Clause Number	Clause Number					
					<i>“If you are a tenant, we must make sure that the land owner is aware of us giving you an extension or entering into a payment plan with you before we do so. We can agree that you notify the land owner of the proposed extension or payment plan (and provide us with evidence that you have done so), or you can give us permission to notify the land owner.”</i>		
133.	28(4) & (5)	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	See the findings for compliance obligation number 128 above.	D	1
134.	29	3.1.1	The licensee must not commence or continue proceedings to recover a debt from a customer who is complying with a payment plan or other arrangement, or who is being assessed for payment difficulties or who is being assessed for financial hardship.	4	<ul style="list-style-type: none"> • Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that, during the Audit Period, Aquasol did not commence or continue proceedings to recover debts from customers who were complying with payment plans or other arrangements; and • Paxon examined Aquasol’s financial hardship policy which states under the heading: <i>“Debt Reduction and Collection”</i>: <i>“We will also not commence or continue proceedings to recover your debt:</i> 	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Licence – Version 6				Including Recommendations	Controls
	Clause Number	Clause Number					
					<ul style="list-style-type: none"> • While we are assessing whether or not you are in financial hardship; or • If you are complying with your payment plan or another payment arrangement you have with us.” 		
135.	30(1)	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.	2	<ul style="list-style-type: none"> • Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that, during the Audit Period, Aquasol did not reduce the rate of flow of drinking water to land; and • Paxon examined Aquasol’s financial hardship policy which states under the heading: <i>“Reducing and restoring your water flow”</i>: <i>“If we have reduced your water flow, we will restore it once you have either paid the amount you owe us, or entered into a payment plan with us for that amount.”</i> 	A	NR
136.	30(2)	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.	2	<ul style="list-style-type: none"> • Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that, during the Audit Period, Aquasol did not reduce the rate of flow of drinking water to land; and 	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Licence – Version 6				Including Recommendations	Controls
	Clause Number	Clause Number					
					<ul style="list-style-type: none"> Paxon examined Aquasol’s “Customer Service Charter” which states in section 4.4 entitled: “Restriction of Service”: <i>“Except as elsewhere provided herein, service may be restricted** only if: ... (b) the owner of the land requests that the licensee do so”.</i> 		
137.	31	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.	1	<ul style="list-style-type: none"> Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that, during the Audit Period, Aquasol did not reduce the rate of flow of drinking water to a customer; and Paxon examined both Aquasol’s financial hardship policy and its “Customer Services Charter” but could not find any specific reference which records using Aquasol’s best endeavours to inform the customer in person of its intention to do so if the amount owing is not paid. <p>Recommendation 10/2018:</p> <ul style="list-style-type: none"> Aquasol should update its financial hardship policy to refer appropriately to clause 31 of the Customer Service Standards. 	D	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Licence – Version 6				Including Recommendations	Controls
	Clause Number	Clause Number					
138.	32	3.1.1	The licensee must not reduce the rate of flow of drinking water under the Act if the specified circumstances apply.	1	<ul style="list-style-type: none"> • Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that, during the Audit Period, Aquasol did not reduce the rate of flow of drinking water to a customer; and • Paxon examined both Aquasol’s financial hardship policy and its “Customer Services Charter” but could not find any specific references to not reducing the rate of flow of a supply of drinking water to a customer in the following cases – <ul style="list-style-type: none"> ○ The amount owing being less than \$200; ○ A complaint made by the customer in relation to the water service charges is not resolved; ○ After 3 p.m. on a Friday, Saturday, Sunday, public holiday or day before a public holiday; ○ The occupier is a tenant and the owner are liable to pay the amount owing; and ○ The customer requires water to operate a life support machine or has been assessed and 	D	NR

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	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Licence – Version 6				Including Recommendations	Controls
	Clause Number	Clause Number					
					determined by the licensee as requiring water for a special need. Recommendation 11/2018: <ul style="list-style-type: none"> Aquasol should update its financial hardship policy to refer appropriately to clause 32 of the Customer Service Standards. 		
139.	33	3.1.1	The licensee must not reduce the rate of flow of water to a customer to below 2.3 litres each minute.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that, during the Audit Period, Aquasol did not reduce the rate of flow of drinking water to a customer; and Paxon examined Aquasol’s “Customer Service Charter” which states in section 4.4 entitled: “Restriction of Service”: <i>“Restricted service: dribble supply for minimum hygienic/health purposes”.</i> 	A	NR
142.	34(4)	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.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that, during the Audit Period, Aquasol did not reduce the rate of flow of drinking water to a customer; and Paxon examined both Aquasol’s financial hardship policy and its “Customer Service Charter” but could find no reference to 	D	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Licence – Version 6				Including Recommendations	Controls
	Clause Number	Clause Number					
					restoring a water supply to land if the restoration event occurs: <ul style="list-style-type: none"> ○ Before 3 p.m. on a business day, by the next business day; and ○ At any other time, within the next 2 business days, unless the licensee and customer expressly agree otherwise. Recommendation 12/2018: <ul style="list-style-type: none"> • Aquasol should update its financial hardship policy to refer appropriately to clause 34(4) of the Customer Service Standards. 		
144.	34(6)	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.	3	<ul style="list-style-type: none"> • See the findings for reference number 142 above. 	D	NR
145.	35(1)	3.1.1	The licensee must have a written complaints procedure in relation to investigating and dealing with complaints of customers about the provision of water services by the licensee or a failure by the licensee to provide a water service.	4	<ul style="list-style-type: none"> • Paxon examined Aquasol's "Customer Service Charter" which under the heading: "Resident's Enquiries" addresses complaints regarding water services. 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Licence – Version 6				Including Recommendations	Controls
	Clause Number	Clause Number					
146.	35(2)	3.1.1	The licensee's complaints procedure must be developed using as minimum standards the relevant provisions of the AS ISO 10002-2006 and the ERA's guidelines (if any).	4	<ul style="list-style-type: none"> • Paxon confirmed by interview of Aquasol's Environmental Co-ordinator that, Aquasol did not develop its complaints procedure using as minimum standards the relevant provisions of AS ISO 10002-2006 and the ERA's guidelines (if any); and • Paxon found Aquasol has no systems and controls in place to manage compliance with clause 35(2) of the Customer Service Standards. A recommendation (01/2018) was made in this regard (see compliance obligation number 1 above). <p>Recommendation 13/2018:</p> <ul style="list-style-type: none"> • Aquasol should review its complaints procedure to ensure it meets the relevant provisions of AS ISO 10002-2006 and the ERA document entitled: <i>"Customer Complaints Guidelines: distinguishing customer queries from complaints."</i> 	D	2
147.	35(3)	3.1.1	The licensee's complaints procedure must provide for the matters specified in relation to lodgement of complaints, responding to	3	<ul style="list-style-type: none"> • Paxon examined a "Questions and Answers" page for "Customer Service" which addresses customer complaints. This document records different complaint lodgement methods 	A	1

No.	Obligation Under:	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)
	Water Services Code of Conduct (Customer Service Standards) 2013 Clause Number Clause Number			Including Recommendations	Controls Compliance
		complaints, dispute resolution arrangements and resolving complaints.		<p>(telephone, e-mail or post). This document states:</p> <p><i>“Recording of Customer Queries</i></p> <p><i>Each Aquasol customer has a specific account number by which they are uniquely identifiable. All queries and contacts with our customers are tracked under these numbers on our IT systems. Aquasol complies with its statutory obligations on record retention.”;</i></p> <ul style="list-style-type: none"> • The document further states: <p><i>“Our commitment is to provide a single point of contact to customers, and where feasible, with an on-the-spot response to any enquiry. If this cannot be done, we will investigate and a quality assurance representative will agree an appropriate call back schedule with the customer.”;</i></p> • The document records dispute resolution arrangements under the heading: <i>“Unresolved Complaints”;</i> and • Aquasol’s <i>“Customer Service Charter”</i> states in section: <i>“3.3 Resident’s Enquiries”:</i> 	

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Clause Number	Clause Number				Including Recommendations	Controls
					<i>"Aquasol will attend to your complaint and ensure it is resolved within 15 working days."</i>		
148.	35(4)	3.1.1	The licensee's complaints procedure must inform the customer that they do not have to use the licensee's complaints procedure, provide details of procedures under the Act, and set out the costs and benefits to the customer if the use the complaint resolution procedure or instead of the procedures under the Act.	3	<ul style="list-style-type: none"> • Paxon examined a "Questions and Answers" page for "Customer Service" which addresses customer complaints. This document states under the heading: "Unresolved Complaints": <i>Customer may, but does not have to, use the licensee's complaints procedure before or instead of applying to the Water Services Ombudsman or making an appeal from, or applying for a review of, the decision that gave rise to the complaint, to the State Administrative Tribunal.</i>; • This document records the "Water Services Ombudsman's" complaints service is free and provides a link for the costs attached to using the State Administrative Tribunal's services to resolve a complaint. 	A	1
149.	35(6)	3.1.1	The licensee's complaints procedure must be publicly available.	4	<ul style="list-style-type: none"> • Paxon confirmed by interview of Aquasol's Environmental Co-ordinator that the website section which referred to Lancelin South was removed in March 2018. Thus, Paxon could not determine whether the information specified 	D	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Licence – Version 6				Including Recommendations	Controls
	Clause Number	Clause Number					
					<p>in clause 35(6) was publicly available at the time of the Audit;</p> <ul style="list-style-type: none"> • Paxon examined a “Questions and Answers” page for “Customer Service” which addresses customer complaints. The format of this document is like that of a webpage; and • Paxon found Aquasol has no systems and controls in place to manage compliance with clause 35(6) of the Customer Service Standards. A recommendation (01/2018) was made in this regard (see compliance obligation number 1 above). 		
150.	36(1)	3.1.1	The licensee must provide a customer with the specified services on request and at no charge.	4	<ul style="list-style-type: none"> • Paxon examined a sample of “Water Account – Tax Invoices” which were issued during the Audit Period and found it recorded the following statement: <i>“Aquasol can provide the following on request at no charge: - services for account, payment and general enquiries for use by customers with hearing or speech impaired;</i> 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)		
	Clause Number	Clause Number				Controls	Compliance	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Licence – Version 6						
					<ul style="list-style-type: none"> - interpreter services for account, payment and general enquiries; - a large-print version of any of the licensee’s publicly available documents”. 			
151.	36(1)	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 obligation is a duplication of compliance obligation 150 above. 	A	1	
152.	36(2)	3.1.1	The licensee must make available to each customer the customer’s personal account information.	4	<ul style="list-style-type: none"> • Paxon examined a sample of “Water Account – Tax Invoices” issued during the Audit Period and is satisfied it discloses customers’ personal account information. 	A	1	
153.	37(1)	3.1.1	The licensee must make the prescribed information publicly available.	3	<ul style="list-style-type: none"> • Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that the website section which referred to Lancelin South was removed in March 2018. Thus, Paxon could not determine whether the information specified in clause 37(1) was publicly available. However, Paxon found several instances of non-compliance with the stipulations of clause 37(1) in the documents examined - as detailed below. Thus, it can reasonably be assumed not all clause 37(1) stipulated information was publicly available; 	D	3	

No.	Obligation Under:	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Licence – Version 6		Including Recommendations	Controls Compliance
				<ul style="list-style-type: none"> • Paxon examined a document entitled: <i>“Building Services Fixed Fees and Charges 2014”</i> which provides details of the fees and charges that will be imposed and collected by the licensee; • Paxon examined a sample of <i>“Water Account – Tax Invoices”</i> issued during the Audit Period which discloses the licensee’s bill payment method options but no detail as to the fees and charges (if any) associated with each bill payment method offered (see Paxon’s findings for compliance obligation 120 above and specifically recommendation 11/2018); • Paxon could not find any reference in the Aquasol documents examined to the exemptions, discounts, rebates and concessions that are available to customers; • Paxon’s findings for the services provided by Aquasol under clause 36 is disclosed above (see Paxon’s findings for compliance obligations 150 and 152 above); • Paxon examined Aquasol’s <i>“Customer Service Charter”</i> which addresses access in section 2.4 entitled: <i>“Access”</i>. However, this section does 	

No.	Obligation Under:	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Licence – Version 6		Including Recommendations	Controls Compliance
				<p>not refer to the power of a person authorised by a licensee under section 129 to enter a place without consent, notice or warrant to read a meter connected to the licensee’s water service works;</p> <ul style="list-style-type: none"> • Paxon examined Aquasol’s “Customer Service Charter” which states in section 3.1 entitled: “Residents & Aquasol Responsibilities”: “It is the owner’s responsibility to prevent damage to the water meter, whilst maintaining access to the meter.”; • Paxon examined Aquasol’s “Customer Service Charter” which states in section 4.4 entitled: “Restriction of Service”: “Except as elsewhere provided herein, service may be restricted** only if: (a) water service charges (including interest on overdue amounts) remain unpaid for 30 days after they become due;”; • Paxon examined Aquasol’s financial hardship policy which states in section 6 entitled: “Reducing and restoring your water flow”: “We will not reduce your water flow while we are 	

No.	Obligation Under:	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Licence – Version 6		Including Recommendations	Controls Compliance
				<p><i>assessing whether you are in financial hardship. We will also not reduce your water flow if you are in financial hardship and you are complying with your payment plan.”;</i></p> <ul style="list-style-type: none"> • This differs from the stipulations of clause 37(1)(h) of the Customer Service Standards which provides for exercising the power of cut-off or reduction in the rate of flow of a supply of water if service charges remain unpaid for 30 days after they become due even if a payment plan was offered or is being complied with; • Paxon examined Aquasol’s “Customer Service Charter” which states in section 4.4 entitled: “Restriction of Service”: <i>“...licensee cannot cut off the supply of water to an occupied dwelling unless the occupier agrees to that.”;</i> • Paxon examined Aquasol’s “Customer Service Charter” which states in section 2.2 entitled: “Water and Waste Water Supply”: <i>“Regulatory approvals on waste water systems and the use of treated bore water; involve strict quality and system management control measures to</i> 	

No.	Obligation Under:	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Licence – Version 6		Including Recommendations	Controls Compliance
				<p><i>prevent impacts on the environment and the health of the residents.</i></p> <p><i>For this purpose, Aquasol is required to comply with all applicable requirements of the Department of Environment and Conservation, with the Department of Health regarding health legislation, regulations and performance standards; and with Economic Regulation Authority for services provisions.”;</i></p> <ul style="list-style-type: none"> • Paxon examined an Aquasol document which records a “<i>Few Water Wise Tips</i>”. Aquasol’s Environmental Co-ordinator has stated this document was available on their website and was provided to all customers at the time of connection to the water services; • Paxon examined Aquasol’s “<i>Customer Service Charter</i>”, specifically section 2.4 entitled: “<i>Access</i>” and section 1.5 entitled: “<i>Contact Details for Unplanned Interruptions & Emergency Situations</i>” which address planned and unplanned interruptions of water supply. <p>Recommendation 14/2018:</p> <ul style="list-style-type: none"> • Aquasol should make all the prescribed information stipulated in clauses 37(1) of the 	

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Licence – Version 6				Including Recommendations	Controls
	Clause Number	Clause Number					
					Customer Service Standards publicly available.		
154.	Notes – Clause 12 [clause 37(2)]	3.1.1	The licensee must ensure that the specified information about bill may be obtained from its website.	4	<ul style="list-style-type: none"> • Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that the website section which referred to Lancelin South was removed in March 2018. Thus, Paxon could not determine whether the information specified in clause 37(2) was publicly available. However, Paxon found several instances of non-compliance with the stipulations of clause 37(2) in the documents examined - as detailed below. Thus, it can reasonably be assumed not all clause 37(2) stipulated information was publicly available; • See the findings for compliance obligation 103 above in respect of estimates. A recommendation (1/2018) was raised in this regard; • See the findings for compliance obligation 105 above in respect of meter readings and bills for periods other than the usual billing cycle. A recommendation (1/2018) was raised in this regard; 	D	3

No.	Obligation Under:	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Licence – Version 6		Including Recommendations	Controls Compliance
	Clause Number	Clause Number		<ul style="list-style-type: none"> • See the findings for compliance obligation 105 above in respect of disputed estimates. A recommendation (1/2018) was raised in this regard; • Paxon examined Aquasol’s “Customer Service Charter” which includes a procedure for meter tests and fees payable therefor in section 3.1 entitled: “Residents & Aquasol Responsibilities”; • See the findings for compliance obligation 113 above in respect of review of bills. A recommendation (11/2018) was raised in this regard; and • See the findings for compliance obligations 145 to 149 above in respect of complaints information available on the Shire’s website. <p>Recommendation 15/2018:</p> <ul style="list-style-type: none"> • Aquasol should make all the prescribed information stipulated in clauses 37(1) of the Customer Service Standards publicly available. 	

Table 10: Audit Observations and Recommendations

[Obligations as per the ERA’s: “Water Compliance Reporting Manual – Water Services Act 2012 – October 2017” (Numbers 92 to 154)]

No.	Obligation Under: Water Services Licence - Version 6 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	Controls Compliance
155.	3.2.1	The licensee must pay the applicable fees and charges in accordance with the applicable regulations.	4	<ul style="list-style-type: none"> • Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that, during the Audit Period, Aquasol paid the applicable fees and charges in accordance with the applicable regulations; • Paxon examined a “Remittance Advice” dated 08/05/2017 which recorded a payment of \$2,890.98 made to the ERA. Aquasol’s Environmental Co-ordinator indicated this amount represents payment of annual fees and standing fees to the ERA; and • Paxon found Aquasol has no systems and controls in place to manage compliance with clause 3.2.1 of its Water Services Licence – Version 6. A recommendation (01/2018) was made in this regard (see compliance obligation number 1 above). 	D	1
156.	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"> • Aquasol’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); 	D	1

No.	Obligation Under: Water Services Licence - Version 6 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8) Controls Compliance	
				<ul style="list-style-type: none"> o Water Services Code of Conduct (Customer Service Standards) 2013 (see reference numbers 92 to 154); and o Water Services (Operating) Licences, versions 4, 5 and 6 (see reference numbers 155 to 190). 		
159.	3.1.2	The licensee must comply with a direction from the ERA in relation to a breach of applicable legislation.	4	<ul style="list-style-type: none"> • Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that, during the Audit Period, the only breach of applicable legislation was the late payment of a fee; and • Paxon regards application of clause 3.1.2 of the Water Services Licence - Version 6 (“WSL 6”) to Aquasol’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	2
160.	3.6.1	The licensee and any related body corporate must maintain accounting records that comply with the Australian Accounting Standards Board Standards or equivalent International Accounting Standards.	4	<ul style="list-style-type: none"> • Paxon examined a set of financial statements for Aquasol for the year ended 30 June 2017. These financial statements included a “<i>Compilation Report</i>” from Carbon Accountants & Business Consultants. These financial statements made no reference to whether accounting records were maintained that 	D	2

No.	Obligation Under: Water Services Licence - Version 6 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	Controls Compliance
				<p>complied with the Australian Accounting Standards Board Standards or equivalent International Accounting Standards; and</p> <ul style="list-style-type: none"> • Paxon found Aquasol has no systems and controls in place to manage compliance with clause 3.6.1 of WSL 6. A recommendation (1/2018) was made in this regard (see compliance obligation number 1 above). 		
161.	4.2.1	The licensee must comply with any individual performance standards prescribed by the ERA.	2	<ul style="list-style-type: none"> • Paxon examined Aquasol’s Performance Report for 2014-2015 which states 100% of connected properties were supplied at a pressure and flow that met the standards set out in the licence; • Paxon examined Aquasol’s Performance Report for 2015-2016 which states 100% of connected properties were supplied at a pressure and flow that met the standards set out in the licence; • Paxon examined Aquasol’s Performance Report for 2016-2017 which states 100% of connected properties who used potable water were supplied at a pressure and flow that met the standards set out in the licence; and 	A	1

No.	Obligation Under: Water Services Licence - Version 6 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8) Controls Compliance
				<ul style="list-style-type: none"> Paxon examined a document entitled: “ERA Commitments to Follow (Based on Water Operation Licence No 42)” which states: “Submit annual Compliance and Performance report to ERA”. 	
162.	4.3.4	The licensee must cooperate with the independent expert and comply with the ERA’s standard audit guidelines dealing with the operational audit.	4	<ul style="list-style-type: none"> Aquasol did cooperate with Paxon during the performance of the operational audit 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 Paxon found Aquasol has no systems and controls in place to manage compliance with clause 4.3.4 of WSL 6. A recommendation (1/2018) was made in this regard (see compliance obligation number 1 above). 	D 1
163.	3.7.1 (a), (b), (c)	The licensee must report to the ERA, in the manner prescribed, if a licensee is under external administration or there is a material change in the circumstances upon which the licence was granted which may affect a licensee’s ability to meet its obligations.	2	<ul style="list-style-type: none"> Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator 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; and 	A NR

No.	Obligation Under: Water Services Licence - Version 6 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8) Controls Compliance
				<ul style="list-style-type: none"> • Paxon examined a document entitled: “ERA Commitments to Follow (Based on Water Operation Licence No 42)” which states: <ul style="list-style-type: none"> ○ “Report if: licensee is under external administration”; and ○ “Report if: licensee experiences a significant change in the licensee’s corporate, financial or technical circumstances”. 	
165.	3.8.1	The licensee must provide the ERA specified information relevant to the operation of the licence or the licensing scheme, or the performance of the ERA’s function under the Act in the manner and form specified by the ERA.	2	<ul style="list-style-type: none"> • Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that, during the Audit Period, Aquasol did not provide specified information to the ERA in the manner and form specified by the ERA; and • Paxon found Aquasol has no systems and controls in place to manage compliance with clause 3.8.1 of WSL 6. A recommendation (1/2018) was made in this regard (see compliance obligation number 1 above). Recommendation 16/2018: • Aquasol should ensure all information submitted to the ERA in response to a request are provided in the manner and form the manner and form specified by the ERA. 	D 2

No.	Obligation Under: Water Services Licence - Version 6 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	Controls Compliance
166.	3.8.2	The licensee must comply with any information reporting requirements prescribed by the ERA, including but not limited to the provisions of the <i>Water Compliance Reporting Manual</i> that apply to the licensee.	2	<ul style="list-style-type: none"> • Aquasol’s Compliance Report for 2014-2015 identified the following breaches in Schedule A: <ul style="list-style-type: none"> ○ “Water sample: levels of Nickel and Lead higher than guideline in potable water”; ○ “Update Complaints Procedure (Incomplete information to customers)”; ○ “Update Billing Enquiries procedure (Incomplete information to customers)”; and ○ “The licensee must enter into a Memorandum of Understanding with the Department of Health as soon as practicable after the commencement date”. <p>The e-mail sent to the ERA to which this Compliance Report was attached was dated 6 August 2015;</p> • Aquasol’s Compliance Report for 2015-2016 identified the following breaches in Schedule A: <ul style="list-style-type: none"> ○ “The written order requiring the owner or occupier of land to install a backflow prevention device must set out the date which the device must be installed and tested (which must be at least 7 days after the order is given).”; and 	A	1

No.	Obligation Under: Water Services Licence - Version 6 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8) Controls Compliance
				<ul style="list-style-type: none"> ○ <i>“The licensee must pay the applicable fees in accordance with the Regulations.”</i> The e-mail sent to the ERA to which this Compliance Report was attached was dated 25 July 2016; ● Aquasol’s Compliance Report for 2016-2017 identified the following breaches in Schedule A: <ul style="list-style-type: none"> ○ <i>“The written order requiring the owner or occupier of land to install a backflow prevention device must set out the date which the device must be installed and tested (which must be at least 7 days after the order is given).”; and</i> ○ <i>“The compliance notice requiring the owner or occupier of land to have their backflow prevention device made good as specified in the notice must include the work that is required to be done, the manner in which the work is to be done and the date by which the work is to be done (which must be at least 7 days after the notice is given).”</i> The e-mail sent to the ERA to which this Compliance Report was attached was dated 25 August 2017; 	

No.	Obligation Under: Water Services Licence - Version 6 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8) Controls Compliance
				<ul style="list-style-type: none"> • Paxon examined Schedule A of all three the above-mentioned reports and is satisfied the information provided was in the manner and form specified by the ERA; • Paxon examined a document entitled: “ERA Commitments to Follow (Based on Water Operation Licence No 42)” which states: <ul style="list-style-type: none"> ○ “Submit annual Compliance and Performance report to ERA”; and ○ “Timeline – Every 31 August.”; and • Paxon examined an Aquasol document entitled: “Register Breach Compliances” which records details of non-compliances. 	
167.	3.8.3	The licensee must provide the ERA with the data required for performance reporting purposes that is specified in the <i>Water, Sewerage and Irrigation Licence Performance Reporting Handbook</i> , and the National Performance Framework that apply to the licensee.	2	<ul style="list-style-type: none"> • The Reviewer has stated: <i>ERA annual reports for the review period indicated that supply pressure and flow standards have been met. Reviewer notes that annual data reports to ERA did not record the length of sewer serving the development – despite the fact that reticulation sewers had been constructed and were conveying sewage flows to the waste removal pit at the then low point of the system.</i> 	A 2

No.	Obligation Under: Water Services Licence - Version 6 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8) Controls Compliance
				<p><i>Consequently, the length of sewer per connection was not calculated"</i></p> <p>(see section 5.3 entitled: "Review Observations and Recommendations" - Table 15);</p> <ul style="list-style-type: none"> • Paxon examined Aquasol's Performance Report for 2014-2015. Paxon is satisfied this report records the data required for performance reporting purposes as stipulated, except as indicated above; • The e-mail sent to the ERA to which this Performance Report was attached was dated 6 August 2015. Thus, this Performance Report was provided late to the ERA. Paxon confirmed it was recorded in the 2015-2016 Compliance Report as a breach; • Paxon examined Aquasol's Performance Report for 2015-2016. Paxon is satisfied this report records the data required for performance reporting purposes as stipulated, except as indicated above; • The e-mail sent to the ERA to which this Performance Report was attached was dated 28 July 2016. Thus, this Performance Report was provided in time to the ERA; 	

No.	Obligation Under: Water Services Licence - Version 6 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8) Controls Compliance
				<ul style="list-style-type: none"> • Paxon examined Aquasol’s Performance Report for 2016-2017. Paxon is satisfied this report records the data required for performance reporting purposes as stipulated, except as indicated above; • The e-mail sent to the ERA to which this Performance Report was attached was dated 25 August 2017; and • Paxon examined a document entitled: “ERA Commitments to Follow (Based on Water Operation Licence No 42)” which states: <ul style="list-style-type: none"> ○ “Submit annual Compliance and Performance report to ERA”; and ○ Timeline – Every 31 August. <p>Recommendation 17/2018:</p> <ul style="list-style-type: none"> • Aquasol should ensure its annual performance reports to the ERA: <ul style="list-style-type: none"> ○ Include all reportable information; and ○ Are submitted before the set deadline therefor. 	
168.	2.8.1 & 2.8.2	Subject to clause 2.8.3, the licensee must publish within the specified timeframe any information that the ERA has directed the licensee to publish under clause 2.8.1.	4	<ul style="list-style-type: none"> • Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that, during the Audit Period, the ERA did not direct Aquasol to publish any information; and 	D NR

No.	Obligation Under: Water Services Licence - Version 6 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8)	Controls Compliance
				<ul style="list-style-type: none"> Paxon found Aquasol has no systems and controls in place to manage compliance with clauses 2.8.1 and 2.8.2 of WSL 6. A recommendation (1/2018) was made in this regard (see compliance obligation number 1 above). 		
169.	2.7.1	Unless otherwise specified, all notices must be in writing.	4	<ul style="list-style-type: none"> Paxon observed 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 Based on the nature of this obligation, Paxon do not believe Aquasol requires specific systems, processes and controls to ensure compliance with this obligation. 	NP	1
171.	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.	2	<ul style="list-style-type: none"> Paxon confirmed by interview of Aquasol's Environmental Co-ordinator that, during the Audit Period, no changes took place to its asset management system; and Paxon examined a document entitled: "ERA Commitments to Follow (Based on Water Operation Licence No 42)" which states: <i>"Notify the Authority of any material change to the asset management system"</i>. 	A	NR

No.	Obligation Under: Water Services Licence - Version 6 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
				Including Recommendations	Controls	Compliance
172.	4.1.6	The licensee must cooperate with the independent expert and comply with the ERA’s standard guidelines dealing with the asset management system review.	4	<ul style="list-style-type: none"> • Aquasol did cooperate with Paxon during the performance of the asset management system effectiveness 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 • Paxon found Aquasol has no systems and controls in place to manage compliance with clause 4.1.6 of WSL 6. A recommendation (1/2018) was made in this regard (see compliance obligation number 1 above). 	D	1
173.	5.5.1	The licensee must not supply water services to customers unless the licensee is a member of and bound by the water services ombudsman scheme.	4	<ul style="list-style-type: none"> • See the findings for compliance obligation number 15 above. 	D	1
175.	5.1.1	If directed by the ERA, the licensee must submit a draft customer contract for approval.	4	<ul style="list-style-type: none"> • Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that, during the Audit Period, no customer contracts were entered; and • Paxon found Aquasol has no systems and controls in place to manage compliance with clauses 5.1 to 5.3 of WSL 6. A recommendation (01/2018) was made in this regard (see compliance obligation number 1 above). 	D	NR

No.	Obligation Under: Water Services Licence - Version 6 and the Water Services Act 2012 (Section 12)	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
				Including Recommendations	Controls	Compliance
176.	5.1.2	The licensee must comply with any <i>Customer Contract Guidelines</i> that apply to the licensee.	4	<ul style="list-style-type: none"> See the findings for compliance obligation number 175 above. 	D	NR
177.	5.1.3	The licensee may only amend the customer contract with the ERA's approval.	4	<ul style="list-style-type: none"> See the findings for compliance obligation number 175 above. 	D	NR
178.	5.1.5	The licensee must comply with any direction by the ERA to amend the customer contract.	4	<ul style="list-style-type: none"> See the findings for compliance obligation number 175 above. 	D	NR
179.	5.3.1 & 5.3.2	Unless clause 5.3.3 applies, the licensee cannot enter into an agreement with a customer to provide water services that exclude, modify or restrict the terms and conditions of the licence or the requirements of the <i>Code of Conduct</i> without the prior approval of the ERA.	4	<ul style="list-style-type: none"> See the findings for compliance obligation number 175 above. 	D	NR
180.	5.3.4	If the licensee enters into an agreement that excludes, modifies or restricts the terms and conditions of the licence or the requirements of the <i>Code of Conduct</i> , the licensee must publish an annual report containing the information specified.	4	<ul style="list-style-type: none"> See the findings for compliance obligation number 175 above. 	D	NR
181.	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	4	<ul style="list-style-type: none"> See the findings for compliance obligation number 14 above. 	NP	NR

No.	Obligation Under: Water Services Licence - Version 6 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
				Including Recommendations	Controls	Compliance
		under or for the purpose of the last resort plan in accordance with the Act.				
182.	3.4.1 (b)	If the licensee provides a water service outside of the operating area the licensee must apply to amend the licence unless otherwise notified by the ERA.	4	<ul style="list-style-type: none"> See the findings for compliance obligation number 4 above. 	NP	NR
183.	5.4.3	The licensee must comply with the ERA’s Financial Hardship Policy Guidelines as they apply to the licensee.	4	<ul style="list-style-type: none"> Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that, during the Audit Period, Aquasol complied with the ERA’s Financial Hardship Policy Guidelines as it applied to Aquasol; and Paxon found Aquasol has no systems and controls in place to manage compliance with clause 5.4.3 of WSL 6. A recommendation (1/2018) was made in this regard (see compliance obligation number 1 above). 	D	1
184.	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.	2	<ul style="list-style-type: none"> Paxon confirmed by interview of Aquasol’s Environmental Co-ordinator that up to the last day of the Audit Period, no Memorandum of Understanding (“MOU”) was entered with the Department of Health; Paxon examined an e-mail message received from a Senior Policy Officer at the Department of Health, dated 4 May 2015, which states: 	A	NR

No.	Obligation Under: Water Services Licence - Version 6 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations Including Recommendations	Ratings (as per Table 8) Controls Compliance
				<ul style="list-style-type: none"> ○ "...our preference remains to defer the proposed MOU, by mutual agreement, until such time as an MOU can be finalised that is based on ADWG 2011"; and ○ "Hopefully that will be later in calendar year 2015." ● Paxon was informed by e-mail received from Aquasol's Environmental Co-ordinator that no further communication was received from the Department of Health regarding the MOU after the e-mail dated 4 May 2015; and ● Paxon examined a document entitled: "ERA Commitments to Follow (Based on Water Operation Licence No 42)". This document provides for compliance with sections 6.1.1, 6.1.5 and 6.1.6. Paxon found Aquasol has no systems and controls in place to manage compliance with clauses 6.1.2. to 6.1.4 of WSL 6. A recommendation (1/2018) was made in this regard (see compliance obligation number 1 above). <p>Recommendation 18/2018:</p> <ul style="list-style-type: none"> ● Aquasol should enter a MOU with the Department of Health without delay. 	

No.	Obligation Under: Water Services Licence - Version 6 and the Water Services Act 2012 (Section 12)	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
				Including Recommendations	Controls	Compliance
185.	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.	2	<ul style="list-style-type: none"> See the findings for compliance obligation number 184 above. 	D	NR
186.	6.1.3	The licensee must comply with the terms of the Memorandum of Understanding.	2	<ul style="list-style-type: none"> See the findings for compliance obligation number 184 above. 	D	NR
187.	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.	2	<ul style="list-style-type: none"> See the findings for compliance obligation number 184 above. 	D	NR
188.	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.	2	<ul style="list-style-type: none"> See the findings for compliance obligation number 184 above. 	A	NR
189.	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.	2	<ul style="list-style-type: none"> See the findings for compliance obligation number 184 above. 	A	NR

No.	Obligation Under: Water Services Licence - Version 6 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Applied (Rated as: 1 – High to 5 – Low)	Systems, Processes and Controls in Place at Aquasol to Ensure Compliance with Licence Obligations	Ratings (as per Table 8)	
				Including Recommendations	Controls	Compliance
190.	Sch. 2	The licensee must comply with the service and performance standards as set out in Schedule 2.	2	<ul style="list-style-type: none"> See the findings for compliance obligation number 161 above. 	A	1

Table 10: Audit Observations and Recommendations

[Obligations as per the ERA's: "Water Compliance Reporting Manual – Water Services Act 2012 – October 2017" (Numbers 155 to 190)]

4.4 Current Audit: Non-Compliances and Recommendations

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

- There is no content in Part A.

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

Current Audit: Non-Compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
No.	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation		
	Details for Control and/or Compliance Rating		
1, 2, 15, 17, 18, 20, 25, 28, 30, 31, 33, 34, 43-45, 50, 52-57, 62, 63, 64, 66, 69,74, 75, 89, 92, 94, 95, 96, 97, 99, 100, 101, 103, 104, 105, 128, 133, 146, 149, 155, 160, 162, 165, 168, 172, 175-180, 183, 185-187 (1/2018)	<ul style="list-style-type: none"> • Rating: D 1; • Obligation: compliance obligation 1: Water Services Act 2012 ("Act"): section 21(1)(a) and Water Services Licence 6 ("WSL 6"): clause 3.3.1 (a) and as per the other individual compliance obligations recorded; and • Details: <ul style="list-style-type: none"> ○ Paxon found Aquasol has no systems and controls in place to manage compliance with section 21(1)(a) of the Act. Aquasol did provide Paxon with several "Commitments to Follow" documents which record compliance obligations as seen from the perspective of the ERA, Department of Health, "Customer Service Charter" and others. However, these documents do not specifically address compliance obligations in terms of the: <ul style="list-style-type: none"> • Water Services Act 2012; • Water Services Code of Conduct (Customer Service Standards) 2013; • Water Services Regulations 2013; and 	<ul style="list-style-type: none"> • Aquasol should consider implementing a compliance register which records all its obligations in terms of the Water Legislation. This register should identify, per individual compliance obligation, appropriate policy and procedure documents and responsible employees. The ERA's document entitled: "Water Compliance Reporting Manual - Water Services Act 2012 – October 2017" may help Aquasol to develop its own compliance register. 	<ul style="list-style-type: none"> • Zero.

Current Audit: Non-Compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
No.	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation		
	Details for Control and/or Compliance Rating		
1, 2, 15, 17, 18, 20, 25, 28, 30, 31, 33, 34, 43-45, 50, 52-57, 62, 63, 64, 66, 69,74, 75, 89, 92, 94, 95, 96, 97, 99, 100, 101, 103, 104, 105, 128, 133, 146, 149, 155, 160, 162, 165, 168, 172, 175-180, 183, 185-187 (1/2018) (continued)		<ul style="list-style-type: none"> • Water Services (Operating) Licences in force during the Audit Period. (Hereinafter collectively referred to as the "Water Legislation"); ○ Paxon examined the document entitled: "Aquasol – Asset Management Plan – Lancelin South Development – Potable and Non Potable Water Supply – January 2017" ("Asset Management Plan"). Paxon found this document does contain limited references to the Water Legislation; and ○ Paxon examined the document entitled: "Aquasol – Customer Service Charter – Waste Water, Drinking & Irrigation Water Services – Lancelin South Development – January 2016" ("Customer Service Charter"). Paxon found this document does contain limited references to the Water Legislation. However, the Customer Service Charter specifically states: <i>"Aquasol will supply water services (potable and non potable), and waste water disposal service to residents of the Lancelin South Development."</i> 	

Current Audit: Non-Compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
No.	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
Legislative Obligation			
Details for Control and/or Compliance Rating			
93 (2/2018)	<ul style="list-style-type: none"> Rating: A 2; Obligation: Water Services Code (Customer Service Standards) 2013 ("Customer Service Standards"): clause 8 and WSL 6: 3.1.1; and Details: <ul style="list-style-type: none"> Paxon confirmed by interview of Aquasol's Environmental Co-ordinator that, during the Audit Period, 90% of connections were completed before the end of 10 business after customers complied with the specified conditions; and Paxon requested but Aquasol could not provide any records to confirm the Environmental Co-ordinator's statement. 	<ul style="list-style-type: none"> Aquasol should keep proper records of connections made including dates on which: <ul style="list-style-type: none"> Customers complied with all conditions for connection; and Connections were completed. 	<ul style="list-style-type: none"> Zero.
100 (3/2018)	<ul style="list-style-type: none"> Rating: D 3; Obligation: Customer Service Standards: clause 12(1) and WSL 6: clause 3.1.1; and Details: <ul style="list-style-type: none"> Paxon examined a sample of "Water Account - Tax Invoices" issued after this date and found these notices, with some exceptions, complied with the stipulations of clause 12(1) of the 	<ul style="list-style-type: none"> Aquasol should amend its "Water Account - Tax Invoices" to comply with all the stipulations of clause 12(1) of the Code of Conduct. 	<ul style="list-style-type: none"> Zero.

Current Audit: Non-Compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
No.	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation		
	Details for Control and/or Compliance Rating		
100 (3/2018) (continued)	Code of Conduct. The examined "Water Account - Tax Invoices" did not disclose: <ul style="list-style-type: none"> • The address of the place in respect of which the water service was provided; • The nature and amount of any applicable concession, discount or rebate; • The amount of interest or fees charged for late payment of outstanding amounts; • The amount of any arrears or credit standing to the customer's name; • The licensee's website address; • Contact details for account, payment and general enquiries for use by customers with hearing or speech impairment; and • A statement that the website contains information about estimates, meter reading and testing, complaints and review. 		
102 (4/2018)	<ul style="list-style-type: none"> • Rating: D 3; • Obligation: Customer Service Standards: clause 12(3) and WSL 6: clause 3.1.1; and • Details: 	<ul style="list-style-type: none"> • Aquasol should amend its "Water Account - Tax Invoices" to comply with all the stipulations of clause 12(3) of the Code of Conduct. 	<ul style="list-style-type: none"> • Zero.

Current Audit: Non-Compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
No.	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation		
	Details for Control and/or Compliance Rating		
102 (4/2018) (continued)	<ul style="list-style-type: none"> o Paxon examined a sample of "Water Account - Tax Invoices" issued after this date and found these notices did not comply with the following stipulations of clause 12(3) of the Code of Conduct being that: <ul style="list-style-type: none"> • The customer may request a meter reading and bill to determine outstanding charges for a period that is not the same as the usual billing cycle; • The customer may request a meter reading and revised bill if the customer disputes an estimate on which a bill is based and that if the customer so requests, information about the fees that apply; • The customer may request, in accordance with the regulations mentioned in section 79(3)(b), the testing of a meter and that if the customer so requests, information about the fees that apply and when the fees may be reimbursed in accordance with the regulations mentioned in section 79(3)(c); • The bill can be reviewed in accordance with the licensee's review procedure mentioned 		

Current Audit: Non-Compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
No.	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation		
	Details for Control and/or Compliance Rating		
102 (4/2018) (continued)	<ul style="list-style-type: none"> in clause 18; and Complaints about the provision of a water service by the licensee or a failure by the licensee to provide a water service can be made in accordance with the licensee's complaints procedure mentioned in clause 35. 		
106 (5/2018)	<ul style="list-style-type: none"> Rating: A 3; Obligation: Customer Service Standards: clause 15 and WSL 6: clause 3.1.1; and Details: <ul style="list-style-type: none"> Paxon confirmed by interview of Aquasol's Environmental Co-ordinator that, during the Audit Period, such a policy did exist, but it was not available on Aquasol's website. 	<ul style="list-style-type: none"> Aquasol should disclose its policy for granting a discount to a customer in the specified circumstances on its website. 	<ul style="list-style-type: none"> Zero.
107 (6/2018)	<ul style="list-style-type: none"> Rating: D NR; Obligation: Customer Service Standards: clause 16(2) and WSL 6: clause 3.1.1; and Details: <ul style="list-style-type: none"> Paxon examined Aquasol's "Customer Service Charter" which states in section 4.1 entitled: 	<ul style="list-style-type: none"> Aquasol should compile a procedure document for undercharged amounts which complies with the stipulations of clause 16 of the Customer Service Standards and include it appropriately in its "Customer Service Charter." 	<ul style="list-style-type: none"> Zero.

Current Audit: Non-Compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
No.	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
Legislative Obligation			
Details for Control and/or Compliance Rating			
107 (6/2018) (continued)	<p><i>"Tariff and Charges"</i></p> <p><i>"If, by error, a resident is undercharged, it will be required to pay the shortfall."</i></p> <p>Paxon could not find any reference to the stipulated limitation of the recovery period for undercharged amounts; and</p> <ul style="list-style-type: none"> o Paxon could not find any other information to confirm Aquasol has systems and controls in place to manage compliance with clause 16 of the Customer Service Standards. 		
112 (7/2018)	<ul style="list-style-type: none"> • Rating: D 1; • Obligation: Customer Service Standards: clause 17(2) and WSL 6: clause 3.1.1; and • Details: <ul style="list-style-type: none"> o Paxon examined Aquasol's <i>"Customer Service Charter"</i>, specifically section 4.1 entitled: <i>"Tariff and Charges"</i> but could find no reference to the "15 business days" stipulated in clause 17(2) of the Customer Service Standards. 	<ul style="list-style-type: none"> • Aquasol should update its <i>"Customer Service Charter"</i> to explicitly refer to the "15 business days" reaction period stipulated in clause 17(2) of the Customer Service Standards. 	<ul style="list-style-type: none"> • Zero.

Current Audit: Non-Compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
No.	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation		
	Details for Control and/or Compliance Rating		
113 (8/2018)	<ul style="list-style-type: none"> • Rating: D NR; • Obligation: Customer Service Standards: clause 18(1) and WSL 6: clause 3.1.1; and • Details: <ul style="list-style-type: none"> ○ Paxon examined Aquasol's "Customer Service Charter" and found it contains no specific reference to the review of bills. Paxon notes the "Customer Service Charter" does include section 3.3 entitled: "Resident's Enquiries". However, Paxon believes this section is to generally written to be regarded as ensuring compliance with clause 18 of the Customer Service Standards; and ○ Paxon could not find any other information to confirm Aquasol has systems and controls in place to manage compliance with clause 18 of the Customer Service Standards. 	<ul style="list-style-type: none"> • Aquasol should compile a procedure document for the review of bills which complies with the stipulations of section 18 of the Customer Service Standards and include it appropriately in its "Customer Service Charter". 	<ul style="list-style-type: none"> • Zero.
120 (9/2018)	<ul style="list-style-type: none"> • Rating: D 2; • Obligation: Customer Service Standards: clause 21(2) and WSL 6: clause 3.1.1; and • Details: 	<ul style="list-style-type: none"> • Aquasol should ensure documentation presented to customers are accurate and not contradictory. 	<ul style="list-style-type: none"> • Zero.

Current Audit: Non-Compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
No.	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation		
	Details for Control and/or Compliance Rating		
120 (9/2018) (continued)	<ul style="list-style-type: none"> o Paxon confirmed by interview of Aquasol's Environmental Co-ordinator that, during the Audit Period, Aquasol did not levy fees or charges for the different bill payment methods offered to customers; o Paxon examined a sample of "Water Account – Tax Invoices" issued during the Audit Period and found it did not refer to the levy of fees or charges for the different bill payment methods offered to customers; and o However, Paxon also examined Aquasol's document entitled: "Builders – Single Residence Application and Service Connection Form" which states: "Credit Card Payment (A 0.6% transaction fee will apply to this payment). 		
137 (10/2018)	<ul style="list-style-type: none"> • Rating: D NR; • Obligation: Customer Service Standards: clause 31 and WSL 6: clause 3.1.1; and • Details: <ul style="list-style-type: none"> o Paxon examined both Aquasol's financial hardship policy and its "Customer Services Charter" but could not find any specific 	<ul style="list-style-type: none"> • Aquasol should update its financial hardship policy to refer appropriately to clause 31 of the Customer Service Standards. 	<ul style="list-style-type: none"> • Zero.

Current Audit: Non-Compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
No.	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation		
	Details for Control and/or Compliance Rating		
137 (10/2018) (continued)	reference which records using Aquasol's best endeavours to inform the customer in person of its intention to do so if the amount owing is not paid.		
138 (11/2018)	<ul style="list-style-type: none"> • Rating: D NR; • Obligation: Customer Service Standards: clause 32 and WSL 6: clause 3.1.1; and • Details: <ul style="list-style-type: none"> ○ Paxon examined both Aquasol's financial hardship policy and its "Customer Services Charter" but could not find any specific references to not reducing the rate of flow of a supply of drinking water to a customer in the following cases – <ul style="list-style-type: none"> • The amount owing being less than \$200; • A complaint made by the customer in relation to the water service charges is not resolved; • After 3 p.m. on a Friday, Saturday, Sunday, public holiday or day before a public holiday; 	<ul style="list-style-type: none"> • Aquasol should update its financial hardship policy to refer appropriately to clause 32 of the Customer Service Standards. 	<ul style="list-style-type: none"> • Zero.

Current Audit: Non-Compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
No.	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation		
	Details for Control and/or Compliance Rating		
138 (11/2018) (continued)	<ul style="list-style-type: none"> The occupier is a tenant and the owner are liable to pay the amount owing; and The customer requires water to operate a life support machine or has been assessed and determined by the licensee as requiring water for a special need. 		
142 (12/2018)	<ul style="list-style-type: none"> Rating: D NR; Obligation: Customer Service Standards: clause 34(4) and WSL 6: clause 3.1.1; and Details: <ul style="list-style-type: none"> Paxon examined both Aquasol's financial hardship policy and its "Customer Service Charter" but could find no reference to restoring a water supply to land if the restoration event occurs: <ul style="list-style-type: none"> Before 3 p.m. on a business day, by the next business day; and At any other time, within the next 2 business days, unless the licensee and customer expressly agree otherwise. 	<ul style="list-style-type: none"> Aquasol should update its financial hardship policy to refer appropriately to clause 34(4) of the Customer Service Standards. 	<ul style="list-style-type: none"> Zero.

Current Audit: Non-Compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
No.	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation		
	Details for Control and/or Compliance Rating		
146 (13/2018)	<ul style="list-style-type: none"> • Rating: D 2; • Obligation: Customer Service Standards: clause 35(2) and WSL 6: clause 3.1.1; and • Details: <ul style="list-style-type: none"> ○ Paxon confirmed by interview of Aquasol's Environmental Co-ordinator that, Aquasol did not develop its complaints procedure using as minimum standards the relevant provisions of AS ISO 10002-2006 and the ERA's guidelines (if any). 	<ul style="list-style-type: none"> • Aquasol should review its complaints procedure to ensure it meets the relevant provisions of AS ISO 10002-2006 and the ERA document entitled: <i>"Customer Complaints Guidelines: distinguishing customer queries from complaints."</i> 	<ul style="list-style-type: none"> • Zero.
153 (14/2018)	<ul style="list-style-type: none"> • Rating: D 3; • Obligation: Customer Service Standards: clause 37(1) and WSL 6: clause 3.1.1; and • Details: <ul style="list-style-type: none"> ○ Paxon confirmed by interview of Aquasol's Environmental Co-ordinator that the website section which referred to Lancelin South was removed in March 2018. Thus, Paxon could not determine whether the information specified in clause 37(1) was publicly available. However, Paxon found several instances of non-compliance with the 	<ul style="list-style-type: none"> • Aquasol should make all the prescribed information stipulated in clauses 37(1) of the Customer Service Standards publicly available. 	<ul style="list-style-type: none"> • Zero.

Current Audit: Non-Compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
No.	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation		
	Details for Control and/or Compliance Rating		
153 (14/2018) (continued)	<p>stipulations of clause 37(1) in the documents examined - as detailed below. Thus, it can reasonably be assumed not all clause 37(1) stipulated information was publicly available;</p> <ul style="list-style-type: none"> o Paxon examined a sample of "Water Account – Tax Invoices" issued during the Audit Period which discloses the licensee's bill payment method options but no detail as to the fees and charges (if any) associated with each bill payment method offered (see Paxon's findings for compliance obligation 120 above and specifically recommendation 11/2018); o Paxon could not find any reference in the Aquasol documents examined to the exemptions, discounts, rebates and concessions that are available to customers; o Paxon examined Aquasol's "Customer Service Charter" which addresses access in section 2.4 entitled: "Access". However, this section does not refer to the power of a person authorised by a licensee under section 129 to enter a place without consent, notice or warrant to read a meter connected to the licensee's water service works; 		

Current Audit: Non-Compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
No.	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
Legislative Obligation			
Details for Control and/or Compliance Rating			
153 (14/2018) (continued)	<ul style="list-style-type: none"> ○ Paxon examined Aquasol's financial hardship policy which states in section 6 entitled: <i>"Reducing and restoring your water flow"</i>: <i>"We will not reduce your water flow while we are assessing whether you are in financial hardship. We will also not reduce your water flow if you are in financial hardship and you are complying with your payment plan."</i>; ○ This differs from the stipulations of clause 37(1)(h) of the Customer Service Standards which provides for exercising the power of cut-off or reduction in the rate of flow of a supply of water if service charges remain unpaid for 30 days after they become due even if a payment plan was offered or is being complied with; and ○ Paxon examined Aquasol's <i>"Customer Service Charter"</i>, specifically section 3.1 <i>"Residents & Aquasol Responsibilities"</i> but there was no reference to sustainable use of water. 		
154 (15/2018)	<ul style="list-style-type: none"> • Rating: D 3; • Obligation: Customer Service Standards: clause 37(2) and WSL 6: clause 3.1.1; and 	<ul style="list-style-type: none"> • Aquasol should make all the prescribed information stipulated in clauses 37(1) of the Customer Service Standards publicly available. 	<ul style="list-style-type: none"> • Zero.

Current Audit: Non-Compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
No.	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation		
	Details for Control and/or Compliance Rating		
154 (15/2018) (continued)	<ul style="list-style-type: none"> • Details: <ul style="list-style-type: none"> ○ Paxon confirmed by interview of Aquasol's Environmental Co-ordinator that the website section which referred to Lancelin South was removed in March 2018. Thus, Paxon could not determine whether the information specified in clause 37(2) was publicly available. However, Paxon found several instances of non-compliance with the stipulations of clause 37(2) in the documents examined - as detailed below. Thus, it can reasonably be assumed not all clause 37(2) stipulated information was publicly available; ○ See the findings for compliance obligation 103 above in respect of estimates. A recommendation (1/2018) was raised in this regard; ○ See the findings for compliance obligation 105 above in respect of meter readings and bills for periods other than the usual billing cycle. A recommendation (1/2018) was raised in this regard; ○ See the findings for compliance obligation 105 above in respect of disputed estimates. A 		

Current Audit: Non-Compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
No.	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
Legislative Obligation			
Details for Control and/or Compliance Rating			
154 (15/2018) (continued)	<p>recommendation (1/2018) was raised in this regard;</p> <ul style="list-style-type: none"> o See the findings for compliance obligation 113 above in respect of review of bills. A recommendation (11/2018) was raised in this regard; and o See the findings for compliance obligations 145 to 149 above in respect of complaints information available on the Shire's website. Recommendations 17/2018 to 19/2018 were raised in this regard. 		
165 (16/2018)	<ul style="list-style-type: none"> • Rating: D 2; • Obligation: Act: section 12 and WSL 6: clause 3.8.1; and • Details: <ul style="list-style-type: none"> o Paxon confirmed by interview of Aquasol's Environmental Co-ordinator that, during the Audit Period, Aquasol did not provide specified information to the ERA in the manner and form specified by the ERA. 	<ul style="list-style-type: none"> • Aquasol should ensure all information submitted to the ERA in response to a request are provided in the manner and form the manner and form specified by the ERA. 	<ul style="list-style-type: none"> • Zero.

Current Audit: Non-Compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
No.	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation		
	Details for Control and/or Compliance Rating		
167 (17/2018)	<ul style="list-style-type: none"> • Rating: A 2; • Obligation: Act: section 12 and WSL 6: clause 3.8.3; and • Details: <ul style="list-style-type: none"> ○ The Reviewer has stated: <p><i>“ERA annual reports for the review period indicated that supply pressure and flow standards have been met. Reviewer notes that annual data reports to ERA did not record the length of sewer serving the development – despite the fact that reticulation sewers had been constructed and were conveying sewage flows to the waste removal pit at the then low point of the system. Consequently, the length of sewer per connection was not calculated”</i></p> <p>(see section 5.3 entitled: “Review Observations and Recommendations” - Table 15); and</p> ○ Paxon examined Aquasol’s Performance Report for 2014-2015. The e-mail sent to the ERA to which this Performance Report was attached was dated 6 August 2015. Thus, this Performance Report was provided late to the ERA. Paxon confirmed it was recorded in the 2015-2016 Compliance Report as a breach. 	<ul style="list-style-type: none"> • Aquasol should ensure its annual performance reports to the ERA: <ul style="list-style-type: none"> ○ Include all reportable information; and ○ Are submitted before the set deadline therefor. 	<ul style="list-style-type: none"> • Zero.

Current Audit: Non-Compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
No.	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
Legislative Obligation			
Details for Control and/or Compliance Rating			
184 (18/2018)	<ul style="list-style-type: none"> • Rating: A NR; • Obligation: Act: section 12 and WSL 6: clause 6.1.1; and • Details: <ul style="list-style-type: none"> ○ Paxon confirmed by interview of Aquasol's Environmental Co-ordinator that up to the last day of the Audit Period, no Memorandum of Understanding ("MOU") was entered with the Department of Health; ○ Paxon examined an e-mail message received from a Senior Policy Officer at the Department of Health, dated 4 May 2015, which states: <ul style="list-style-type: none"> • "...our preference remains to defer the proposed MOU, by mutual agreement, until such time as an MOU can be finalised that is based on ADWG 2011"; and • "Hopefully that will be later in calendar year 2015." ○ Paxon was informed by e-mail received from Aquasol's Environmental Co-ordinator that no further communication was received from 	<ul style="list-style-type: none"> • Aquasol should enter a MOU with the Department of Health without delay. 	<ul style="list-style-type: none"> • Zero.

Current Audit: Non-Compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
No.	Control and Compliance Rating	Auditor's Recommendation	Management Action Taken by End of Audit Period
	Legislative Obligation		
	Details for Control and/or Compliance Rating		
184 (18/2018) (continued)		the Department of Health regarding the MOU after the e-mail dated 4 May 2015.	

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

Asset Management System	Asset Management Process and Policy Definition Adequacy Rating				Asset Management Performance Rating			
	Adequately Defined	Requires Some Improvement	Requires Significant Improvement	Inadequate	Performing Effectively	Opportunity for Improvement	Corrective Action Required	Serious Action Required
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	✓				✓			

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"> 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			
Component	Adequately Defined	Requires Some Improvement	Requires Significant Improvement	Inadequate	Performing Effectively	Opportunity for Improvement	Corrective Action Required	Serious Action Required
	A	B	C	D	1	2	3	4
<ul style="list-style-type: none"> 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	Asset Management Process and Policy Definition Adequacy Rating				Asset Management Performance Rating			
Component	Adequately Defined	Requires Some Improvement	Requires Significant Improvement	Inadequate	Performing Effectively	Opportunity for Improvement	Corrective Action Required	Serious Action Required
	A	B	C	D	1	2	3	4
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 Component	Systems, Processes and Controls in Place at Aquasol for Asset Management Including Recommendations	Asset Management Process and Policy Definition Adequacy Rating	Asset Management Performance Rating
<p>Asset Planning</p>	<ul style="list-style-type: none"> • The asset management plan (“AMP”) is presented as two separate documents – one for potable and non-potable water supply and a second for sewerage services; • The plans clearly set out the anticipated three stages of the overall development – being Stage 1 - 250 lots, Stage 2 - 1,000 lots and Stage 3 – 4,000 lots. The water services facilities and technologies - which will be implemented as the population and demand increase are well documented; • The responsibility, obligations, and financial relationship between the major stakeholders i.e. the developer, water services licensee and residents are clearly set out. The levels of service defined in the AMPs are monitored and reported to ERA, Department of Health (“DOH”) and Department of Water (“DOW”) as appropriate; • An asset replacement schedule, corresponding cash flows and funding arrangements between the developer and the licensee are clearly set out. A positive cash flow analysis and asset replacement strategy for the first twenty-five years of the development are provided. The analysis includes operating and maintenance cost estimates, together with fees appropriate for the services provision. The cash flow analysis does not include replacement and operating costs for water and sewer reticulation - and should be updated; • The AMPs include risk analyses and control strategies for water and sewerage facilities – but require broadening to include water and sewerage reticulation - see Recommendation No 5; and • Also, the AMPs do not include contingency plans for addressing emergencies - see Recommendation No. 6. 	<p>B</p>	<p>1</p>
<p>Asset Creation and Acquisition</p>	<ul style="list-style-type: none"> • No new assets were installed during the review period; • Aquasol has identified the acquisition and construction of new assets in its planning and replacement strategy. These are well set out in the AMPs including sections dealing with operations, maintenance, capital and operating expenditure and financing; and • Reviewer considers the overall approach is sound in concept, engineering and commercial terms. 	<p>A</p>	<p>1</p>

Asset Management System Component	Systems, Processes and Controls in Place at Aquasol for Asset Management Including Recommendations	Asset Management Process and Policy Definition Adequacy Rating	Asset Management Performance Rating
<p>Asset Disposal</p>	<ul style="list-style-type: none"> • The assets are relatively new, and none have been disposed of; • Section 4.7 of the AMPs state that assets are removed from service at the end of life, if underutilized, are malfunctioning or surplus to requirements; • Disposal options considered include re-location to another project, retain as a spare – possibly following refurbishment, sale if considered of value, or disposal to landfill; and • The options and overall cost implications are considered before a disposal method is selected. 	<p>A</p>	<p>1</p>
<p>Environmental Analysis</p>	<ul style="list-style-type: none"> • In preparation of the AMPs and in subsequent operation of the assets, Aquasol has considered strengths and weaknesses of the water services its planning, risk assessment and operation practises; • Aquasol failed to comply with administrative aspects of its ERA licence during the initial years of operation. These related to late payment of annual fee, failure to advise customers of the need to fit backflow devices on their potable water connection. These non-compliances have been corrected; • ERA annual reports for the review period indicated that supply pressure and flow standards have been met. Reviewer notes that annual data reports to ERA did not record the length of sewer serving the development – despite the fact that reticulation sewers had been constructed and were conveying sewage flows to the waste removal pit at the then low point of the system. Consequently, the length of sewer per connection was not calculated; • Quarterly reports to the DOH indicated many instances where chlorine levels within the potable water reticulation system were lower than required – primarily due to long retention periods in the system caused by low demand. Aquasol increased the chlorine dosage at the WTP in order to boost levels in the reticulation system. DOH was not unduly concerned as E.Coli bacteria were not present in any of the samples and chlorine was present. Reviewer was advised by DOH that preparation and signing of a Memorandum of Understanding (MOU) has been delayed by DOH rather than Aquasol; and • Annual reports to the DOW indicated that groundwater was being harvested in accordance with Aquasol’s licence. <p>Recommendation 1/2018:</p> <ul style="list-style-type: none"> • That Aquasol notes its previous Water Services Licence non-compliances and ensures no further non-compliances occur. 	<p>A</p>	<p>2</p>

Asset Management System Component	Systems, Processes and Controls in Place at Aquasol for Asset Management Including Recommendations	Asset Management Process and Policy Definition Adequacy Rating	Asset Management Performance Rating
Asset Operations	<ul style="list-style-type: none"> The development currently consists of 50 lots, of which thirteen have occupied dwellings. A water treatment plant (“WTP”) supplied from an on-site bore, services separate reticulation systems supplying potable and non-potable water to the developed lots. The WTP has the capacity to serve the first one thousand lots of the development; Sewage flows from the current lots are removed by a reticulation system that discharges to a pit at the system low point - from which it is pumped out to waste tankers and conveyed to a Water Corporation Treatment facility. Once fifty dwellings are served, a pumping station and rising main will be constructed to convey sewage to a new Waste Water Treatment Plant, which will be constructed on land owned by the developer; The WTP is operated automatically and serviced monthly by an Aquasol technician who checks all equipment, operations and chemical supplies, makes process alterations if required, and inspects the overall condition of the site and its WTP elements. The technician also samples both the potable and non-potable water at the WTP and subdivision reticulation in addition to reading and recording water meters at dwelling lots. The level of sewage stored in the pump out pit is also checked to establish if pump out is required; Written procedures for operation and maintenance are kept at the WTP. These include detailed instructions for chemical and bacterial water sampling, sample point disinfection, reticulation flushing and preparation of water samples for transport and testing; Reviewer inspected procedure instructions, technician’s notes and records of sampling, meter readings and completed marked up confirmation of scheduled operation and maintenance undertaken; Asset Registers are mainly schedules of quantities prepared for tendering of project assets and possibly accompanied the initial licence application. The registers should be re-written or suitably amended to include where applicable: construction year, economic life, replacement year, material, dimensions, location, condition and date of assessment; and Training for staff is undertaken “on the job” rather than formally. Specific printed procedures are provided for job risk assessment, safety and specialist tasks including disinfection, water sampling etc. <p>Recommendation 2/2018:</p> <ul style="list-style-type: none"> That asset registers be re-written or suitably amended to include where applicable: construction year, economic life, replacement year, material, dimensions, location, condition and date of assessment; and 	B	2

Asset Management System Component	Systems, Processes and Controls in Place at Aquasol 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"> That appropriate training procedures be prepared and implemented and a record of the relevant type of training, re-training, dates etc. be kept for all administrative, operational and maintenance staff associated with the project. 		
Asset Maintenance	<ul style="list-style-type: none"> Maintenance items and their timing are described in the AMPs and set out in the abovementioned schedule of operation and maintenance items; Maintenance is undertaken as for operations set out in Item 5 above; Aquasol carries a very large range of spare parts and equipment items at its Perth office/workshop; Reviewer noted that although a procedure for flushing water reticulation within the sub-division is detailed there is no provision for flushing in the schedules. The mains should be flushed at least annually to avoid occurrence of stagnant water and resultant quality reduction; and Similarly, there is a risk that initial low flow in sewers may result in stranding of solids and sludge deposition in the reticulation system – this can cause blockages in pump out systems where flows may be backed up for several weeks before pumping out. Reviewer noted that pump outs exceeded 50 Kl in some instances. Maintenance items should include inspection of the sewers for condition, sludge and solids deposition – particularly during the period when pump out disposal of sewage is practised. Annual inspection of reticulation sewers as above, plus greasing of manhole covers should be included in the maintenance schedules. <p>Recommendation 3/2018:</p> <ul style="list-style-type: none"> That the maintenance sections of the AMPs include provision for flushing potable water and sewer reticulation to remove stale potable water and clear stranded sewage deposits respectively; and That maintenance schedules include provision for annual inspection and recording of the condition of water and sewer reticulation including operation of water distribution valves and greasing of sewer manhole covers. 	B	2
Asset Management Information System	<ul style="list-style-type: none"> Aquasol’s asset management system is based on the standard series of spreadsheets implemented by most WA water services licensees; The financial software package “Reckon” is used for tracking financial income and expenditure; There is apparently no employee responsible for the operation and maintenance of Aquasol’s computer system. Staff advised Reviewer that the server is backed up daily and a separate copy stored on the 	B	4

Asset Management System Component	Systems, Processes and Controls in Place at Aquasol for Asset Management Including Recommendations	Asset Management Process and Policy Definition Adequacy Rating	Asset Management Performance Rating
Asset Management Information System (continued)	<p>computer hard disk. There is no provision for verifying the integrity of backups;</p> <ul style="list-style-type: none"> • Locking of the office outside business hours prevents un-authorised access to the computer system. Access to the system is by password and is limited to specific staff members to some areas; • Reviewer considers that back-up security is inadequate as both the back-up and its copy are stored on the same hardware in the same building. A hardware failure or building fire could result in the loss of all data. Provision should be made for back-up copies to be stored externally – either on a disk removed from the site overnight - by electronic transfer to an external computer - or to cloud storage; and • Apart from financial matters, the system has no provision for generating management reports. Operating data is accessed directly from spread sheets for preparation of reports to ERA, DOH and DOW. This approach is considered appropriate. <p>Recommendation 4/2018:</p> <ul style="list-style-type: none"> • Aquasol should: <ul style="list-style-type: none"> ○ Appoint a competent staff member to oversee and manage the computer system and its operation; ○ Initiate a procedure or the installation of software to allow the verification of system back-ups; and ○ Arrange for back-up copies to be stored externally – either on a disk removed from the site overnight - by electronic transfer to an external computer - or to cloud storage. 		
Risk Management	<ul style="list-style-type: none"> • The AMPs address the analysis of risk. Each contains a description of the risk assessment procedure e.g. identification, probability, consequence and a table of overall risk levels; • From the above procedures, each AMP identifies a series of risks associated with operational, individual or environmental failures (for elements of the exiting WTP, sewerage pump-out system and the future WWTP) and the measures in place to mitigate the risks; • The levels of risk are tabulated, varying from low to medium for the WTP, ranging from low to medium to high for the future WWTP; and low for the sewage pump out system. The risk analysis for the future WWTP will need to be reviewed when final design is commenced; • Although the risk analysis is adequate it should be extended to include the following risks: <ul style="list-style-type: none"> ○ WTP – storage tank failure, security and vandalism, bush fire, earthquake; ○ Water reticulation – blockage, pipe burst, flooding; and 	B	2

Asset Management System Component	Systems, Processes and Controls in Place at Aquasol for Asset Management Including Recommendations	Asset Management Process and Policy Definition Adequacy Rating	Asset Management Performance Rating
<p>Risk Management (continued)</p>	<ul style="list-style-type: none"> ○ Sewerage reticulation – blockage, flooding, earthquake. <p>Recommendation 5/2018:</p> <ul style="list-style-type: none"> • That the risk registers should be broadened to include the following risks: <ul style="list-style-type: none"> ○ WTP – storage tank failure, security and vandalism, bush fire, earthquake; ○ Water reticulation – blockage, pipe burst, flooding; and ○ Sewerage reticulation – blockage, flooding, earthquake. <p>A copy of the AMS including the risk registers should be kept at the WTP.</p>		
<p>Contingency Planning</p>	<ul style="list-style-type: none"> • Neither of the AMPs address contingency planning, despite the provision of contingency plans and their testing being specifically recommended in the 2015 review by Quantum Assurance. Quantum’s recommendation is adopted as a recommendation for this review. <p>Recommendation 6/2018:</p> <ul style="list-style-type: none"> • Based on the risk assessment in the AMP, Aquasol should document the emergency procedures to cover the risks identified in the risk assessment as being higher risks as well as sewerage overflows from the gravity reticulation system. The contingency plans should include: <ul style="list-style-type: none"> ○ Detailed procedures; ○ Key contact details – name, number and location; ○ Communication protocols; ○ Specifications, locations and availability of emergency equipment; and ○ Authorities that need to be contacted and when. • Once developed, the contingency plans should be reviewed and tested at least on an annual basis or whenever major changes are required to the plans to ensure they are operable and that appropriate persons are aware of their responsibilities in the case of an emergency. 	<p>D</p>	<p>4</p>
<p>Financial Planning</p>	<ul style="list-style-type: none"> • The financial plans for both water supply and sewerage services are well documented. The plans embrace estimates of income, operational and maintenance expenditure and cash flow estimates - based on an asset’s “whole of life” assessment over a period of twenty-five years to 2037; • The source of funds is based on payment by the developer for construction of the services, together with a bank guarantee to cover operation and maintenance costs. Aquasol has provided a line of credit 	<p>B</p>	<p>2</p>

Asset Management System Component	Systems, Processes and Controls in Place at Aquasol for Asset Management Including Recommendations	Asset Management Process and Policy Definition Adequacy Rating	Asset Management Performance Rating
Financial Planning (continued)	<p>from its bankers;</p> <ul style="list-style-type: none"> The financial plans are considered competent and well documented. However, they are based on estimates prepared essentially for the water services licence application and should be updated to reflect income and costs established on implementation of the services; Asset replacement costs are based on an on-going escalation rate of 2.5% and a low rate of dwelling development. The low development rate assumes the construction of forty-eight dwellings by 2018, whereas in mid-June 2018, Reviewer counted only thirteen completed dwellings - a significant reduction from the assumed number. The sensitivity of the financial plan to the discrepancy between the assumed and actual dwelling construction should be investigated and any necessary amendments implemented; and The financial plans should be updated to include operational and maintenance costs associated with the potable and non-potable water and sewerage reticulation systems. <p>Recommendation 7/2018:</p> <ul style="list-style-type: none"> That the financial plans be updated to replace estimated costs with actual costs where known; That the financial plans be updated to include costs associated with maintenance and replacement of water and sewerage reticulation; and That the sensitivity of the financial plan to the discrepancy between the assumed and actual dwelling construction be investigated and any necessary amendments implemented. 		
Capital Expenditure Planning	<ul style="list-style-type: none"> The AMPs for potable and non-potable water and sewerage services contain capital expenditure plans based on the replacement of assets which reach their economic life over the 25-year period - from 2012 to 2037; Asset replacement costs are based on an on-going escalation rate of 2.5% and a low rate of dwelling development; As stated for the financial plan (Item 10 above) the sensitivity of the Capital Expenditure Plan to the lower than expected rate of dwelling construction should be examined and any corrections implemented; and As for the financial plans the capital expenditure plan should be reviewed to include known rather than estimated costs. 	<p>B</p>	<p>2</p>

Asset Management System Component	Systems, Processes and Controls in Place at Aquasol for Asset Management Including Recommendations	Asset Management Process and Policy Definition Adequacy Rating	Asset Management Performance Rating
Capital Expenditure Planning (continued)	<p>Recommendation 8/2018:</p> <ul style="list-style-type: none"> • That the capital expenditure plan be updated to replace estimated costs with actual costs where known; • That the capital expenditure plans include water and sewer reticulation costs; and • That the sensitivity of capital expenditure plans to the discrepancy between the assumed and actual dwelling construction be investigated and any necessary amendments implemented. 		
Review of Asset Management System	<ul style="list-style-type: none"> • Four versions of both AMPs have been issued annually since 2013 - the most recent (version 4) is dated January 2017. The document history sheet of version 4 indicates the date of earlier issues. However, there is no record of amendments contained in each version. The reader is therefore unable to establish the adequacy of previous reviews, or the extent of changes made to estimates or other issues. <p>Recommendation 9/2018:</p> <ul style="list-style-type: none"> • That future versions of the AMPs include a history of amendments made - and amendment dates, since the previous review. 	B	1

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		

- There is no content in Part A.

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		Management Action Taken by End of Review Period
	Asset Management System Component	Reviewer's Recommendation	
	Criteria/Details of Asset Management System Deficiency		
1/2018	<ul style="list-style-type: none"> • Rating: A 2; • Component: Environmental Analysis; and • Details: <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"> • That Aquasol notes its previous Water Services Licence non-compliances and ensures no further non-compliances occur. 	• Zero.
2/2018	<ul style="list-style-type: none"> • Rating: B 2; • 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. 	<ul style="list-style-type: none"> • That asset registers be re-written or suitably amended to include where applicable: construction year, economic life, replacement year, material, dimensions, location, condition and date of assessment; and • That appropriate training procedures be prepared and implemented and a record of the relevant type of training, re-training, dates etc. be kept for all administrative, operational and maintenance staff associated with the project. 	• Zero.
3/2018	<ul style="list-style-type: none"> • Rating: B 2; • Component: Asset Maintenance; and • Details: <ul style="list-style-type: none"> ○ See the section for Asset Maintenance as included in Table 15 entitled: "Review Observations and Recommendations" in section 5.3 of this Report. 	<ul style="list-style-type: none"> • That the maintenance sections of the AMPs include provision for flushing potable water and sewer reticulation to remove stale potable water and clear stranded sewage deposits respectively; and • That maintenance schedules include provision for annual inspection and recording of the condition of water and sewer reticulation including operation of water distribution valves and greasing of sewer manhole covers. 	• Zero.
4/2018	<ul style="list-style-type: none"> • Rating: B 4; • 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 	<ul style="list-style-type: none"> • Aquasol should: <ul style="list-style-type: none"> ○ Appoint a competent staff member to oversee and manage the computer system and its operation; ○ Initiate a procedure or the installation of software to allow the verification of system back-ups; and 	• Zero.

Current Review: Deficiencies and Recommendations			
B. Unresolved at End of Current Review Period			
Ref. (no./year)	Asset Management System Effectiveness Rating		Management Action Taken by End of Review Period
	Asset Management System Component	Reviewer's Recommendation	
	Criteria/Details of Asset Management System Deficiency		
4/2018 (continued)	<p><i>Recommendations</i>" in section 5.3 of this Report.</p>		<ul style="list-style-type: none"> ○ Arrange for back-up copies to be stored externally – either on a disk removed from the site overnight - by electronic transfer to an external computer - or to cloud storage.
5/2018	<ul style="list-style-type: none"> • Rating: B 2; • Component: Risk Management; and • Details: <ul style="list-style-type: none"> ○ See the section for Risk Management as included in Table 15 entitled: <i>"Review Observations and Recommendations"</i> in section 5.3 of this Report. 	<ul style="list-style-type: none"> • That the risk registers should be broadened to include the following risks: <ul style="list-style-type: none"> ○ WTP – storage tank failure, security and vandalism, bush fire, earthquake; ○ Water reticulation – blockage, pipe burst, flooding; and ○ Sewerage reticulation – blockage, flooding, earthquake. A copy of the AMS including the risk registers should be kept at the WTP. 	<ul style="list-style-type: none"> • Zero.
6/2018	<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: <i>"Review Observations and Recommendations"</i> in section 5.3 of this Report. 	<p>Recommendation 6/2018:</p> <ul style="list-style-type: none"> • Based on the risk assessment in the AMP, Aquasol should document the emergency procedures to cover the risks identified in the risk assessment as being higher risks as well as sewerage overflows from the gravity reticulation system. The contingency plans should include: <ul style="list-style-type: none"> ○ Detailed procedures; ○ Key contact details – name, number and location; ○ Communication protocols; ○ Specifications, locations and availability of emergency equipment; and ○ Authorities that need to be contacted and when. • Once developed, the contingency plans should be reviewed and tested at least on an annual basis or whenever major changes are required to the plans to ensure they are operable and that 	<ul style="list-style-type: none"> • Zero.

Current Review: Deficiencies and Recommendations			
B. Unresolved at End of Current Review Period			
Ref. (no./year)	Asset Management System Effectiveness Rating		Management Action Taken by End of Review Period
	Asset Management System Component	Reviewer's Recommendation	
	Criteria/Details of Asset Management System Deficiency		
6/2018 (continued)			
7/2018	<ul style="list-style-type: none"> • Rating: B 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. 	<ul style="list-style-type: none"> • That the financial plans be updated to replace estimated costs with actual costs where known; • That the financial plans be updated to include costs associated with maintenance and replacement of water and sewerage reticulation; and • That the sensitivity of the financial plan to the discrepancy between the assumed and actual dwelling construction be investigated and any necessary amendments implemented. 	<ul style="list-style-type: none"> • Zero.
8/2018	<ul style="list-style-type: none"> • Rating: B 2; • Component: Capital Expenditure Planning; and • Details: <ul style="list-style-type: none"> ○ See the section for Capital Expenditure Planning as included in Table 15 entitled: "Review Observations and Recommendations" in section 5.3 of this Report. 	<ul style="list-style-type: none"> • That the capital expenditure plan be updated to replace estimated costs with actual costs where known; • That the capital expenditure plans include water and sewer reticulation costs; and • That the sensitivity of capital expenditure plans to the discrepancy between the assumed and actual dwelling construction be investigated and any necessary amendments implemented. 	<ul style="list-style-type: none"> • Zero.
9/2018	<ul style="list-style-type: none"> • Rating: B 1; • Component: Review of Asset Management System; and • Details: <ul style="list-style-type: none"> ○ See the section for Review of Asset Management System as included in Table 15 entitled: "Review Observations and Recommendations" in section 5.3 of this Report. 	<ul style="list-style-type: none"> • That future versions of the AMPs include a history of amendments made - and amendment dates, since the previous review. 	<ul style="list-style-type: none"> • Zero.

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

6 Audit Opinion

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



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