



Busselton Water Corporation

Operational Audit and Asset Management System Review
Water Licence WL3

Final Report

Economic Regulation Authority
June 2019

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Limitations of this Report

This report was prepared for distribution to the Economic Regulation Authority and the Busselton Water Corporation for the purpose of fulfilling Busselton Water Corporation's operational audit and asset management system effectiveness review obligations under its Water Services Operating Licence. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the Economic Regulation Authority and Busselton Water Corporation or for any purpose other than that for which it was prepared.

Because of the inherent limitations of any internal control environment, it is possible that fraud, error or non-compliance may occur and not be detected. An audit is not designed to detect all instances of non-compliance with the procedures and controls over the licence obligations of the Water Services Operating Licence, since we do not examine all evidence and every transaction. The audit and review conclusions expressed in this report have been formed on this basis.

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1. Executive Summary

1.1 Background

Busselton Water Corporation ('Busselton Water') has a Water Services Operating Licence, issued by the Economic Regulation Authority ('ERA') under the *Water Services Act 2012* (Act), to provide potable water supply services in the operating area of South Western Australia as specified in the licence.

Busselton Water is required to comply with the terms and conditions of their license. There were two versions of the Water Operating License WL3 in force over the audit period:

- Version 7 (15 August 2014 to 31 June 2016); and
- Version 8 (1 July 2016 onwards with changes per the Water Licence Review 2016).

The town of Busselton is located some 230 Km south of Perth, in the south west coastal region of Western Australia. The town's water supply, which serves a population of approximately 26,000, is sourced from the Leederville and Yarragadee aquifers via eight bores located at four of its six operating plants located in and around the town.

The source water is treated by aeration and filtration and disinfected by chlorination (at Plants 1, 2 and 3) before being pumped to five steel storage tanks with a total capacity of 21,000 Kl, located at Plants 1, 2, 3 and 4.

The stored water is pumped to the supply area via more than 300 km of distribution and reticulation pipes.

Not less than once in every period of 24 months or such other period notified by the ERA, the ERA requires an operational audit of compliance with the licence conditions and an effectiveness review of the asset management system to comply with the licensing requirements of the ERA.

The audit and review approach is based on the compliance obligations set out in the Licence, applicable legislation, regulatory guidelines (Water Compliance Reporting Manual 2018 and previous versions 2014, 2016 and 2017) and the 2014 Audit and Review Guidelines: Water Licences. The report complies with the recently issued 2019 Audit and Review Guidelines: Water Licences.

This audit and review covers the period from 1 April 2016 to 31 March 2019. The previous audit and review was from 1 April 2013 to 31 March 2016.

1.2 Operational Audit

This audit has been conducted to assess the licensee's level of compliance with the conditions of its licence.

Through the execution of the Audit Plan and assessment and testing of the control environment, the information system, control procedures and compliance attitude, the audit team members have gained reasonable assurance that Busselton Water has complied with its Water Licence performance and quality standards and obligations during the audit period from 1 April 2016 to 31 March 2019 with 1 non-compliance with a moderate effect on customers and 12 non-compliances with a minor effect on customers.

Out of 219 applicable compliance obligations, the audit found:

- 134 obligations were rated compliant, comprising 132 with adequate controls and 2 with generally adequate controls – improvement needed;
- 1 was rated non-compliant – moderate effect on customers with generally adequate controls – improvement needed;
- 12 obligations were rated non-compliant – with minor effect on customers and with generally adequate controls – improvement needed.
- 72 were not rated for compliance as no relevant activity took place during the audit period.

The audit confirmed that Busselton Water has fully complied with its information reporting obligations for the period 1 April 2016 to 31 March 2019.

The control environment is considered to be well-designed and effective with relatively few exceptions.

There were six recommendations, including one recommendation for the non-compliance with a moderate effect on customers relating to:

- Updating the complaints procedure to list the procedures for closing complaints and recording evidence of closure.

The remaining recommendations related to additional information on water supply invoices, providing annual fee increase information on the website and including further details in several procedures.

1.3 Asset Management System Effectiveness Review

This review has been conducted to assess the effectiveness of the Licensee's asset management system.

Through the execution of the Review Plan and assessment and testing of the control environment, the information system, control procedures and compliance attitude, the audit team members have gained reasonable assurance that Busselton Water:

- a) has implemented the five recommendations from the previous review.
- b) has established an adequate control environment for ongoing compliance in respect of the asset management system. This review identified some opportunities for improvement to the acquisition, operations and maintenance of the assets as part of the continuous improvement of the asset management system and controls. These have been provided direct to Busselton Water as per the 2019 Audit and Review Guidelines. They are not required to be included in this report.

For the review period from 1 April 2016 to 31 March 2019, the potable water services under Water Services Licence WL3 are considered to be run with a professional and effective approach. There have been continuous improvements in the asset management system, including the planning, operations and maintenance of the facilities.

Overall, the water supply system is assessed as being well established, well maintained and in good working order.

We confirm that the ERA's 2019 Audit and Review Guidelines: Water Licenses have been complied with in the conduct of this audit/review and the preparation of the report, and that the audit findings reflect our professional opinion.

Quantum Management Consulting & Assurance



Geoff White
Director

2 July 2019

2. Operational Audit

2.1 Introduction

Busselton Water Corporation ('Busselton Water') has a Water Services Operating Licence, issued by the Economic Regulation Authority ('ERA') under the *Water Services Act 2012* (Act), to provide potable water supply services in the operating area of South Western Australia as specified in the licence.

The ERA engaged Quantum Management Consulting and Assurance ('Quantum') to undertake an operational audit and asset management system effectiveness review of Busselton Water's potable water supply services to comply with the licensing requirements of the ERA.

Busselton Water is required to comply with the terms and conditions of their license. There were two versions of the Water Operating License WL3 in force over the audit period:

- Version 7 (15 August 2014 to 31 June 2016); and
- Version 8 (1 July 2016 onwards with changes per the Water Licence Review 2016).

The audit and review approach is based on the compliance obligations set out in the Licence, applicable legislation, regulatory guidelines (Water Compliance Reporting Manual 2018 and previous versions 2014, 2016 and 2017) and the 2014 Audit and Review Guidelines: Water Licences. This report complies with the recently issued 2019 Audit and Review Guidelines: Water Licences 2019.

2.2 Objectives and Scope

The objective of the audit was to assess the effectiveness of measures taken by the licensee to meet the conditions referred to in the licence including the legislative obligations in the licence.

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

The scope of the audit included the adequacy and effectiveness of performance against the requirements of the licence by considering:

- **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 the output from systems and procedures throughout the audit period (that is, proper records exist to provide assurance that procedures are being consistently followed and controls are being maintained);
- **integrity of reporting** – the completeness and accuracy of the compliance and performance reports provided to the ERA; and
- **compliance** with any individual licence conditions – the requirements imposed on the specific licensee by the ERA or specific issues that are advised by the ERA.

The highest priority areas (priority 1, 2 or 3) based on inherent risk and previous findings were:

- **Provision of water services in accordance with the licence** – high inherent risk and Type 1 reporting obligation (obligation 1).
- **Asset Management System** – high inherent risk (obligation 6).
- **Cut off water supply** – high inherent risk and Type 1 reporting obligation (obligation 21).

- **Compliance with the service and performance standards** - high inherent risk (obligation 190).

The audit aimed to identify any areas where improvement is required and to recommend corrective action as necessary. The action taken on the previous audit recommendations was also reviewed.

This audit covers the period from 1 April 2016 to 31 March 2019. The previous audit was from 1 April 2013 to 31 March 2016.

2.3 Audit Compliance and Controls Rating Scale

The adequacy of controls and compliance with the legislative obligations was assessed using the following ratings.

Adequacy of Controls Rating		Compliance Rating	
Rating	Description	Rating	Description
A	Adequate controls – no improvement needed	1	Compliant
B	Generally adequate controls – improvement needed	2	Non-compliant – minor impact on customers or third parties
C	Inadequate controls – significant improvement required	3	Non-compliant – moderate impact on customers or third parties
D	No controls evident	4	Non-compliant – major impact on customers or third parties
NP	Not performed – controls not assessed in the audit.	NR	Not rated – no activity in current period

2.4 Status of Previous Audit Recommendations

The previous audit covered the period 1 April 2016 to 31 March 2019 and was reported in July 2016. The status of non-compliance recommendations is shown below. (Discretionary recommendations are not included but have been implemented).

Table of Previous Non-Compliances and Audit Recommendations				
Reference (no./year)	Non-compliance / Controls improvement (Rating / Licence obligation reference number and licence obligation / Details of non-compliance or inadequacy of controls)	Auditor's Recommendation and Action Taken	Date Resolved	Further action required Details of any further action required
A. Resolved before end of previous audit				
	Nil			
B. Resolved during current audit period				
04/2016	<p>A2</p> <p>Obligation 100</p> <p><i>Water Services Code of Conduct (Customer Service Standards) 2013 (Code of Conduct): clause 12(1) and Licence – Version 7: clause 5.3</i></p> <p>Paxon has examined a sample of Water Supply Tax Invoices issued after 18 November 2013 and is satisfied it contains the prescribed information except for a statement that the website contains information about estimates, meter reading and testing, complaints and review.</p>	<p>The Water Supply Tax Invoices should be amended to include a statement that the website contains information about estimates, meter reading and testing, complaints and review.</p> <p>The invoices have been amended as confirmed in this audit.</p>	July 2016	No further action required.
05/2016	<p>A2</p> <p>Obligation 102</p> <p><i>Code of Conduct: clause 12(3) and Licence – Version 7: clause 5.3</i></p> <p>Paxon has examined a sample of Water Supply Tax Invoices issued after 18 November 2013. These invoices do not disclose the information stipulated in Clause 12(3).</p>	<p>The Water Supply Tax Invoices should be amended to include the information stipulated in Clause 12(3).</p> <p>The invoice was amended to include the information required except for a</p>	June 2018	No further action required.

Table of Previous Non-Compliances and Audit Recommendations				
Reference (no./year)	Non-compliance / Controls improvement (Rating / Licence obligation reference number and licence obligation / Details of non-compliance or inadequacy of controls)	Auditor's Recommendation and Action Taken	Date Resolved	Further action required Details of any further action required
		statement that the bill can be reviewed in accordance with the licensee's procedures. This statement was included on bills from June 2018.		
06/2016	<p>B2 Obligation 107 <i>Code of Conduct: clause 16(2) and Licence – Version 7: clause 5.3</i></p> <p>Paxon has noted that the Procedure Manual includes a specific procedure entitled: "Bill Review". This document stipulates:</p> <p>"On conclusion of the bill review and if it is found that the customer's bill has been under charged, Busselton Water will back charge the undercharged amount up to a period of 12 months from the date of the bill review being completed.";</p> <p>This period calculated with reference to "the bill review being completed" is not the same as the period calculated with reference "the day on which the licensee informed the customer of the undercharging" as stated in Clause 16(2) of the <i>Water Services Code of Conduct (Customer Service Standards) 2013 (Code of Conduct)</i>; and</p> <p>Paxon has noted that the document entitled: "Bill Review Information Sheet", as disclosed on BW's website, contains basically the same wording as disclosed above in the "Bill Review" procedure in respect of the review period.</p>	<p>The "Bill Review" procedure and the "Bill Review Information Sheet" should be appropriately changed to reflect the stipulations of Regulation 16(2) of the Code of Conduct in respect of the review period.</p> <p>The invoices have been amended as confirmed in this audit.</p>	July 2016	No further action required.
07/2016	<p>B2 Obligation 109</p>	The "Bill Review" procedure and the "Bill Review Information Sheet" should be appropriately changed to	July 2016	No further action required.

Table of Previous Non-Compliances and Audit Recommendations				
Reference (no./year)	Non-compliance / Controls improvement (Rating / Licence obligation reference number and licence obligation / Details of non-compliance or inadequacy of controls)	Auditor's Recommendation and Action Taken	Date Resolved	Further action required Details of any further action required
	<p><i>Code of Conduct: clause 16(4) and Licence – Version 7: clause 5.3</i></p> <p>Paxon has noted that the Procedure Manual includes a specific procedure entitled: “Bill Review”. This document stipulates:</p> <p>“A special bill (interest free with 12 month payment terms) will (be) issued.”;</p> <p>No reference is made in the “Bill Review” procedure to the obligations in respect of not charging late payment fees; and Paxon has noted that a document entitled: “Bill Review Information Sheet” contains basically the same wording as disclosed above in the “Bill Review” procedure in respect of not charging late payment fees.</p>	<p>reflect the stipulations of Regulation 16(4) of the Code of Conduct in respect of not charging late payment fees.</p> <p>The Bill Review Procedure and Information sheet have been amended as confirmed in this audit.</p>		
08/2016	<p>B2</p> <p>Obligation 110</p> <p><i>Code of Conduct: clause 16(5) and Licence – Version 7: clause 5.3</i></p> <p>Paxon has noted that the Procedure Manual includes a specific procedure entitled: “Bill Review”. This document stipulates:</p> <ul style="list-style-type: none"> • “A special bill (interest free with 12 month payment terms) will (be) issued.” <p>No reference is made in the “Bill Review” procedure to the fact that the payment term should be the shorter of the following periods starting on the day on which the bill mentioned in sub clause (3)(a) or (b) is issued, as is applicable in the case —</p> <ul style="list-style-type: none"> • A period for the same amount of time in which the undercharging occurred; or 	<p>The “Bill Review” procedure and the “Bill Review Information Sheet” should be appropriately changed to reflect the stipulations of Regulation 16(5) of the Code of Conduct in respect of the duration of the repayment period.</p> <p>The Bill Review Procedure and Information sheet have been amended as confirmed in this audit.</p>	July 2016	No further action required.

Table of Previous Non-Compliances and Audit Recommendations				
Reference (no./year)	Non-compliance / Controls improvement (Rating / Licence obligation reference number and licence obligation / Details of non-compliance or inadequacy of controls)	Auditor's Recommendation and Action Taken	Date Resolved	Further action required Details of any further action required
	<ul style="list-style-type: none"> A period of 12 months. <p>Paxon has noted that a document entitled: "Bill Review Information Sheet" contains basically the same wording as disclosed above in the "Bill Review" procedure in respect of the duration of the repayment period.</p>			
09/2016	<p>B2 Obligation 112 <i>Code of Conduct: clause 17(2) and Licence – Version 7: clause 5.</i></p> <p>Paxon has noted that the Procedure Manual includes a specific procedure entitled: "Bill Review". This document stipulates: "Busselton Water will within a period of 15 business days starting on the day it became aware of the overcharge amount:</p> <ul style="list-style-type: none"> Credit the customer's account and immediately afterwards notify the customer; <u>or</u> Inform the customer of the overcharging and recommend options for how the amount overcharged may be refunded to the customer or credited to the customer's account." <p>No reference is made as to complying with the customer's instruction within 15 business days; and Paxon has noted that a document entitled: "Bill Review Information Sheet" contains basically the same wording as disclosed above in the "Bill Review" procedure in respect of the overcharge correction process.</p>	<p>The "Bill Review" procedure and the "Bill Review Information Sheet" should be appropriately changed to reflect the stipulations of Regulation 17(2) of the Code of Conduct in respect of the provision of a refund or credit within 15 business days from receiving the customer's instructions.</p> <p>The Bill Review Procedure and Information sheet have been amended as confirmed in this audit.</p>	July 2016	No further action required.
10/2016	<p>A2 Obligation 116 <i>Code of Conduct: clause 18(4) and Licence – Version 7: clause 5.3</i></p>	The "Bill Review Information Sheet" should include the option of making an	July 2016	No further action required.

Table of Previous Non-Compliances and Audit Recommendations				
Reference (no./year)	Non-compliance / Controls improvement (Rating / Licence obligation reference number and licence obligation / Details of non-compliance or inadequacy of controls)	Auditor's Recommendation and Action Taken	Date Resolved	Further action required Details of any further action required
	<p>The "Bill Review Information Sheet" states: "If the customer is unsatisfied with the outcome of the review the customer may, but does not have to utilise the Busselton Water Complaints Procedure and/or apply to the Water Service Ombudsman."; and</p> <p>However, the "Bill Review Information Sheet" does not cover the option of making an appeal from, or applying for a review of, the decision that gave rise to the complaint, if an appeal or review is available under regulations mentioned in section 222(2)(k).</p>	<p>appeal from, or applying for a review of, the decision that gave rise to the complaint, if an appeal or review is available under regulations mentioned in section 222(2)(k).</p> <p>The Bill Information sheet has been amended as confirmed in this audit.</p>		
13/2016	<p>B2</p> <p>Obligation 142</p> <p><i>Code of Conduct: clause 34(4) and Licence – Version 7: clause 5.3</i></p> <p>Paxon has noted that the Procedure Manual includes a specific procedure entitled: "Installation and Removal of Restriction Devices" which in section 2 states:</p> <ul style="list-style-type: none"> • "Where payment is made or registration of an approved payment arrangement is made before 3.00pm on a business day, full water supply will be restored within 2 business days"; and • Where payment or registration of approved payment arrangement after 3.00pm on a business day, full water supply will be restored within 3 business days." <p>These restoration response periods differ from those specified in Regulation 34(4) of the Code of Conduct. The Licensee has stated that in all instances it did restore water supply within 2 business days during the audit period. In cases, where the restoration event occurred before 3 p.m. on a business day, restoration should have taken place by the next business day.</p>	<p>The "Installation and Removal of Restriction Devices" procedure should be appropriately changed to agree with the restoration response periods specified in Regulation 34(4) of the Code of Conduct. Actual restoration of a water supply to land, should also comply with response periods specified in Regulation 34(4) of the Code of Conduct.</p> <p>The "Installation and Removal of Restriction Devices" procedure has been amended as confirmed in this audit.</p>	October 2016	No further action required.

Table of Previous Non-Compliances and Audit Recommendations				
Reference (no./year)	Non-compliance / Controls improvement (Rating / Licence obligation reference number and licence obligation / Details of non-compliance or inadequacy of controls)	Auditor's Recommendation and Action Taken	Date Resolved	Further action required Details of any further action required
14/2016	<p>A2 Obligation 148 <i>Code of Conduct: clause 35(4) and Licence – Version 7: clause 5.3</i></p> <p>The document entitled: “Customer Complaints Resolution Information Sheet”, which is available on BW’s website does provide contact details for the Water Ombudsman,</p> <p>However, it is written from the perspective of being a further procedure, after dealing with BW in respect of the complaint, and not as an alternative solution for a customer.</p> <p>In addition, the document does not refer to the costs and benefits to the customer if using the complaint resolution procedure instead of the procedures under the Act.</p>	<p>The Customer Complaints Resolution Information Sheet should:</p> <ul style="list-style-type: none"> • 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 instead of the procedures under the Act. <p>The Customer Complaints Resolution Information Sheet has been amended as confirmed in this audit.</p>	October 2016	No further action required.
16/2016	<p>A2 Obligation 153 <i>Code of Conduct: clause 37(1) and WSOL – Version 7: clause 5.3</i></p> <p>No references could be found in BW’s public documents to the stipulations of:</p> <ul style="list-style-type: none"> • Clause 37(1)(e); • Clause 37(1)(h); and • Clause 37(1)(i). 	<p>BW should include appropriate references to Clauses 37(1) (e), (h) and (i) in its public documents.</p> <p>The Our Customer Commitments document has been amended.</p>	July 2016	No further action required.

Table of Previous Non-Compliances and Audit Recommendations				
Reference (no./year)	Non-compliance / Controls improvement (Rating / Licence obligation reference number and licence obligation / Details of non-compliance or inadequacy of controls)	Auditor's Recommendation and Action Taken	Date Resolved	Further action required Details of any further action required
17/2016	<p>A2 Obligation 164 <i>Act: clause 12 and Licence - Version 7: clause 15.1(d)</i></p> <p>The Licensee has stated that it did not report to the ERA within 10 business days of providing or undertaking water service works that were general works during the audit period.</p>	<p>The Licensee should inform the ERA within 10 business days of providing or undertaking water service works that are major works or general works.</p> <p>The Licensee has subsequently informed the ERA of the 2 instances on 2 June 2016.</p>	July 2016	No further action required.
18/2016	<p>B2 Obligation 166 <i>Act: clause 12 and Licence - Version 7: clause 16.2:</i></p> <p>Paxon has noted that the Action Sheet for 2015 indicates that BW did comply with this compliance obligation.</p> <p>Paxon has noted that the Compliance Report for the period 1 July 2014 to 30 June 2015 was dated 30 September 2015. As a result this Compliance Report was submitted late.</p>	<p>The Licensee should ensure that Action Sheets disclose instances of non-compliance.</p> <p>The Compliance Report covering the year ending 30 June 2016 discloses this contravention of clause 16.1 of the Licence.</p>	July 2016	No further action required.
2011 Operational Audit	<p>Rating not disclosed Obligation 12 <i>Clause 5.1 of Licence Versions 5 and 7</i></p> <p>A document entitled: "Production and Supply - Standard Operating Procedures" (SOP Manual) was issued on 27 November 2012. Paxon has noted that the Technical Officer, Asset and Risk Management is specifically tasked in procedure number 4.1.20 to keep up to date with the latest legislation passed by the Australian Government. However,</p>	<p>The SOP manual should at least make reference to:</p> <ul style="list-style-type: none"> • Recording of amendments to or new legislation affecting BW; • Keeping staff informed of any changes; and • Incorporating those changes into the SOP Manual. <p>The SOP Manual has been updated.</p>	July 2016	No further action required.

Table of Previous Non-Compliances and Audit Recommendations				
Reference (no./year)	Non-compliance / Controls improvement (Rating / Licence obligation reference number and licence obligation / Details of non-compliance or inadequacy of controls)	Auditor's Recommendation and Action Taken	Date Resolved	Further action required Details of any further action required
	this procedure is silent about the implementation of any new legislation.			
C. Unresolved at end of current audit period				
15/2016	<p>A2</p> <p>Obligation 153</p> <p><i>Code of Conduct: clause 37(1) and Licence – Version 7: clause 5.3.</i></p> <p>Paxon has noted that the document entitled: "Our Customer Commitments", which is also available on BW's website, includes a reference to the restriction of supply. However, no reference is made to the fact that reductions in water flow may be made after 30 days after water service charges became due.</p>	<p>The document "Our Customer Commitments" should make reference to the fact that reductions in water flow may be made after 30 days after water service charges became due.</p> <p>The audit reviewed the current Our Customer Commitments document on the website and noted this information is not stated.</p>	-	<p><i>Further action required.</i></p> <p><u>Recommendation 06/2019</u></p> <p><i>The document "Our Customer Commitments" on the website and in hardcopy should make reference to the fact that reductions in water flow may be made if a water service charge remains unpaid for 30 days after it becomes due.</i></p>

2.5 Summary of Audit Ratings of Controls and Compliance

The current audit assessment of the ratings for the adequacy of controls and compliance with the legislative obligations is shown below in the summary table and detailed obligations table.

Summary of Audit Ratings of Control and Compliance

Controls rating	Compliance Rating						Total		
	Ratings	1	2	3	4	NR			
	A	132						60	192
	B	2	12	1					15
	C								-
	D								-
	NP							12	12
Total	134	12	1	-		72	219		

Detailed Audit Ratings of Control and Compliance by Obligation

No. ¹	Brief Description	Legislative Reference	Audit Priority applied (rated 1 = High to 5 = Low)	Adequacy of Controls Rating ² (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed)					Compliance Rating (1=Compliant, 2=Non-compliant (minor impact), 3=Non-compliant – moderate impact, 4=Non-compliant - major impact, NR=Not rated)				
				A	B	C	D	NP	1	2	3	4	NR
Water Services Act 2012													
1	Nature of services	Sec. 21(1)(a)	2	✓						✓			
2	Terms of service	Sec. 21(1)(b)	4	✓						✓			
3	Provision of services	Sec. 21(1) (c)	4	✓						✓			
4	Operating area	Sec. 22	4					✓					✓
5	Outsourcing of services	Sec. 23	4	✓						✓			
6	Asset management system	Sec. 24(1)(a) & 24(2)	2	✓						✓			
7	Changes to asset management system	Sec. 24(1)(b)	4	✓						✓			
8	Asset management system review	Sec. 24(1)(c)	4	✓						✓			
9	Operational audit	Sec. 25	4	✓						✓			
10	Code of Practice	Sec. 26(3)	4					N/A					N/A
11	Code of Conduct	Sec. 27	4		✓						✓		
12	Compliance generally	Sec. 29	4		✓						✓		
13	Termination of service	Sec. 36	4	✓									✓
14	Supplier of last resort	Sec. 24(1)(b)	4					N/A					N/A
15	Ombudsman scheme	Sec. 66	4	✓						✓			
16	Interruption of water supplies	Sec. 77(3)	4	✓						✓			
17	Notification of building works	Sec. 82(4) & (5)	4					✓					✓

¹ The number refers to the Obligation reference in the Water Compliance Reporting Manual 2018.

² Refer Controls and Compliance Rating Scales in Section 2.3.

No. ¹	Brief Description	Legislative Reference	Audit Priority applied (rated 1 = High to 5 = Low)	Adequacy of Controls Rating ² (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed)					Compliance Rating (1=Compliant, 2=Non-compliant (minor impact), 3=Non-compliant – moderate impact, 4=Non-compliant - major impact, NR=Not rated)						
				A	B	C	D	NP	1	2	3	4	NR		
18	Ensuring water service works are done	Sec. 84(2)	4	✓											✓
19	Review of decisions	Sec. 87(2)	4	✓											✓
20	Construction near water service works	Sec. 90(7)	4	✓											✓
21	Termination of water supply	Sec. 95(3)	2	✓						✓					
22	Fire hydrants	Sec. 96(1)	4	✓						✓					
23	Fire hydrant requests	Sec. 96(5)	4	✓						✓					
28	Compliance notice issued by licensee rebuilding works	Sec. 119(2)	4	✓											✓
29	Review of decisions	Sec. 122(2)	4	✓											✓
30	Apportionment of fees between properties	Sec. 125(2)	4	✓						✓					
31	Lodging memorial to secure fees owing	Sec. 128(4)	4	✓											✓
32	Notice to property owner - entry	Sec. 129(5)	4	✓						✓					
33	Notice to property owner – removal of fence	Sec. 139(3)	4	✓											✓
34	Notice to roads authority	Sec. 141(1)	4	✓						✓					
35-39	Proposal for major works	Sec. 142, 143(2) &(3), 144(3), 45(2),	4	✓											✓
40-41	Proposal for general works – Minister notices	Sec. 147(3) & (4)	4	✓											✓
42-45	Proposal for general works	Sec. 151(1) - (3), 153(3),	4	✓						✓					
46-48	Interest in land	Sec. 166(5) - (6), 170	4	✓											✓
49-51	Notice of entry to property and authority to enter	Sec. 173 (4) 174 (1) & (3),	4	✓						✓					
52-57	Notice of entry to property and authority to enter	Sec. 175(2) & (5), 176(1), (3) & (4) 181	4	✓											✓
58-61	Warrant to enter property	Sec. 186, 187(1) - (3), 190(4) - (5), 210(5), 218(2) -(3).	4	✓											✓
62	Compliance Officer	Sec. 210(5)	4	✓											✓
63	Minimum disruption	Sec. 218(2)	4	✓											✓
64	Physical damage	Sec. 218(3)	4	✓											✓
Water Services Regulations 2013															
65	Meter testing – multi-unit	Reg. 23(2),	4	✓											✓
66	Meter testing - compliance	Reg. 24(4)	4	✓											✓
67	Meter access - compliance	Reg. 26(3)	4	✓						✓					

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				A	B	C	D	NP	1	2	3	4	NR		
68	Meter testing – tolerance	Reg. 26(5)	4	✓											✓
69	Lot development	Reg. 29(2)	4	✓											✓
70 - 72	Backflow prevention devices	Reg. 42(2), 43(3), 43(6).	4	✓											✓
73	Drainage plans	Reg. 53(3)	4	✓											✓
74 - 75	Work affecting roads	Reg. 60(2), 63	4	✓						✓					
76 - 77	Water service charges – land records <i>(only to 13 Dec. 2016)</i>	Reg. 65(1), 65(2)	4	✓						✓					
78 - 79	Water service charges <i>(only to 13 Dec. 2016)</i>	Reg. 65(4), 67 to 74 (2)	4	✓						✓					
80 - 87	Water service charges <i>(only to 13 Dec. 2016)</i>	Reg. 68(5) to 74(2)	4	✓											✓
88	Water service charges - liability <i>(only to 13 Dec. 2016)</i>	Reg. 75(1)	4	✓						✓					
88A	Water Efficiency Plan	Reg. 80H	4	✓						✓					
89	Compliance notice issued by licensee to include consequences and rights	Reg. 85	4	✓											✓
90-91	Applicable only to “water corporations”		4	✓											✓
Water Services Code of Conduct (Customer Service Standards) 2018															
92	Information for customers	Cl. 7	4	✓						✓					
93	Timeliness of connections	Cl. 8	4	✓						✓					
94	Annual service charges	Cl. 9	4	✓						✓					
95-96	Usage bills at least 6 monthly	Cl.10(2) - (5)	4	✓						✓					
97	Estimated Bill of Usage - Regulation	Cl. 10(4)	4					N/A							N/A
98 – 98A	Estimated Bill of Usage	Cl. 10(5), 11(6)	4	✓						✓					
99	Address for billing	Cl. 11	4	✓						✓					
100	Billing information	Cl. 12(1)	4	✓						✓					
100A	Billing information – more than one service	Cl. 13(3)	4	✓											✓
101	Billing information - usage	Cl. 12(2)	4		✓						✓				
101A	Billing information - estimate	Cl. 13(5)	4		✓						✓				
102	Billing information - further information	Cl. 12(3)	4		✓						✓				
102A	Billing information – prescribed information	Cl. 13(6)	4		✓						✓				
103-104	Basic of billing estimate	Cl. 14(1) & (2)	4	✓						✓					
104A	Tariff information	Cl. 15(3)	4	✓						✓					

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				A	B	C	D	NP	1	2	3	4	NR	
105	Request for meter reading	Cl. 16(1)	4	✓						✓				
106	Higher than normal charge	Cl. 17(2)&(3)	4	✓						✓				
107-110	Under and over charges	Cl. 18(2) - (5),	4	✓										✓
111-111A	Over charges - refunds	Cl. 17(1) & 19(2)	4	✓						✓				
112	Over charges - refunds	Cl. 17(2)	4	✓						✓				
112A-C	Over charges - refunds	Cl. 19(3)-(5)	4	✓										✓
113	Review of bill upon request	Cl. 20(1)	4	✓						✓				
114	Review of bill procedure – written procedure	Cl. 20(2)	4	✓						✓				
115	Review of bill procedure – information	Cl. 20(3) & (6)	4	✓						✓				
116	Review of bill procedure – ombudsman	Cl. 20(4)	4	✓						✓				
117	Review of bill procedure – timeframe	Cl. 20(5)	4	✓						✓				
117A	Notification of change in water service charge	Cl. 21	4		✓						✓			
118	At least 14 days for payment	Cl 23	4	✓						✓				
119	Payment methods - options	Cl. 24(1)	4	✓						✓				
120	Payment methods - fees	Cl. 24(2)	4	✓						✓				
121	Payment methods- direct debit authority	Cl. 25(1)	4	✓						✓				
122	Payment in advance	Cl. 26(1)	4	✓						✓				
123	Redirection of bills	Cl. 27	4	✓						✓				
124	Payment plan	Cl. 25	4	✓						✓				
124A-C	Payment plan	Cl. 28(2)-(4)	4	✓						✓				
125, 126, 126A, 126B, 127	Financial hardship policy	Cl. 29(1) - (5)	4	✓						✓				
128	Financial hardship policy - publicly available	Cl. 29(6)	4	✓						✓				
129-129A	Financial hardship policy – review	Cl. 26(6), 29(7)	4	✓						✓				
129B	Financial hardship policy – review if directed	Cl. 29(8)	4	✓						✓				
129C	Financial hardship – payment variations	Cl. 29(9)	4	✓						✓				
130, 130A, 130B, 131, 131A, 131B, 131C	Financial hardship – payment variations	Cl. 27(2), 30(2) - (3), 27(3), 30(4)(a)-(c)	4	✓						✓				

No. ¹	Brief Description	Legislative Reference	Audit Priority applied (rated 1 = High to 5 = Low)	Adequacy of Controls Rating ² (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed)					Compliance Rating (1=Compliant, 2=Non-compliant (minor impact), 3=Non-compliant – moderate impact, 4=Non-compliant - major impact, NR=Not rated)					
				A	B	C	D	NP	1	2	3	4	NR	
132	Payment plan – in writing	Cl. 28(1)	4	✓						✓				
133	Written information	Cl. 31 (4) & (5)	4	✓						✓				
133A	No interest in some circumstances	Cl. 32	4		✓						✓			
134 – 134A	Debt recovery	Cl. 33(1)(a) – (e)	4	✓						✓				
135-136	Restoration of drinking water supply	Cl. 40(1) & (2)	4	✓						✓				
137, 137A-C	Reducing flow rates	Cl. 31, 36(1)-(3)	4	✓						✓				
138	No reduction of flow in certain cases	Cl. 37(1)(a) – (e), (h)	4	✓						✓				
138A	No reduction of flow in certain cases	Cl. 37(1)(f) – (g)	4		✓					✓				
138B	No reduction of flow during the specified times	Cl. 38	4	✓						✓				
139	Reducing flow rates	Cl. 39	4	✓						✓				
142	Timeframe to restore service	Cl. 41(4)	4	✓						✓				
144	Timeframe to restore service	Cl. 41(6)	4	✓						✓				
144A-B	Notice of planned service interruptions	Cl. 43(1)-(2)	4	✓						✓				
144C-D	Policy for dealing with leaks and blockages	Cl. 44(1) - (2)	4	✓						✓				
144E	24 hour information line	Cl. 45	4	✓						✓				
145-146	Complaints procedure - written	Cl. 46(1) - (2)	4	✓						✓				
147-148, 148A	Complaints procedure - details	Cl. 35(3), (4), 46(4)	4	✓						✓				
149	Complaints procedure publicly available	Cl. 46(5)	4		✓					✓				
149A	Resolution of complaints	Cl. 47	4		✓							✓		
150, 151	No charge for information	Cl. 48(1), 36(1)	4	✓						✓				
152	Access to customer information	Cl. 48(2)	4	✓						✓				
153-154	All Code of Conduct information to be publicly available in hardcopy and website	Cl. 49(1) – (2)	4		✓						✓			
154A	Link to WA website	Cl. 49(3)	4	✓						✓				
154B-D	Preserved supply register	Cl. 51(1) & (3), 52, 53	4	✓						✓				
Licence Conditions – Specific Clauses														
155	Fees to regulator	Cl. 3.2.1	5	✓						✓				
156	Compliance with legislation	Cl. 3.1.1	4		✓						✓			

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				A	B	C	D	NP	1	2	3	4	NR	
157	Compliance with Code of Practice	Cl. 5.2	4					N/A						N/A
158	Compliance with Code of Conduct	Cl. 5.3	4		✓					✓				
159	Direction from ERA	Cl. 3.1.2	4					✓						✓
160	Compliance with Accounting Standards	Cl. 3.6.1	4	✓						✓				
161	Compliance with performance standards	Cl. 4.2.1	2	✓						✓				
162	Operational audit	Cl. 4.3.4	4	✓						✓				
163	External administration	Cl. 3.7.1(a)-(c)	4	✓										✓
164	Advise ERA of major or general works	Cl. 15.1(d)	4	✓										✓
165	Provision of information to the ERA	Cl. 3.8.1	4	✓						✓				
166	Compliance reporting to ERA	Cl. 3.8.2	4	✓						✓				
167	Performance reporting to ERA	Cl. 3.8.3	4	✓						✓				
168	Publishing information	Cl. 2.8.1 & 2.8.2	4					✓						✓
169	Notices in writing	Cl. 2.7.1	4	✓						✓				
170	Notify ERA of asset management system (AMS)	Cl. 20.1 (applies to 30/6/2016)	4	✓						✓				
171	Notify ERA of material change to AMS	Cl. 4.1.2	4	✓						✓				
172	AMS review	Cl. 4.1.6	4	✓						✓				
173	Ombudsman scheme	Cl. 5.5.1	4	✓						✓				
174	Customer contract – standard terms	Cl. 22.1	4					N/A						N/A
175-180	Customer contract approval and amendment	Cl. 5.1.1 to 5.1.5, 5.3.1 & 5.3.2, 5.3.4	4					✓						✓
181	Obligations of supplier of last resort	Cl. 25.1	4					N/A						N/A
182	No services outside operating area	Cl. 3.4.1(b)	4					✓						✓
183	Financial hardship policy guidelines	Cl. 5.4.3	4	✓						✓				
184	MOU with Department of Health	Cl. 6.1.1	4	✓						✓				
185	MOU – legal and audits	Cl. 6.1.2	4	✓						✓				
186	MOU – compliance	Cl. 6.1.3	4	✓						✓				
187	MOU – publishing	Cl. 6.1.4	4	✓						✓				
188	MOU – publish audit report	Cl. 6.1.5	4					✓						✓

No. ¹	Brief Description	Legislative Reference	Audit Priority applied (rated 1 = High to 5 = Low)	Adequacy of Controls Rating ² (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed)					Compliance Rating (1=Compliant, 2=Non-compliant (minor impact), 3=Non-compliant – moderate impact, 4=Non-compliant - major impact, NR=Not rated)					
				A	B	C	D	NP	1	2	3	4	NR	
189	MOU – publish other reports	Cl. 6.1.6	4	✓						✓				
190	Service and performance standards (if applicable)	Schedule 2	2	✓						✓				

2.6 Detailed Audit Observations

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
Water Services Act 2012							
1.	Nature of services	Section 21(1)(a)	The licensee must provide a water service authorised by the licence to persons entitled to the service under the Act, except to the extent otherwise provided for by the Act.	2	This obligation is documented in the Action Sheet – Water Compliance Reporting. The auditor confirmed with the GM Operations that water services are provided to persons in the operating area under the licence. The provision of water services in this licence has been assessed in this audit and the results confirmed compliance with the licence.	A	1
2.		Section 21(1)(b)	The licensee must offer to provide a water service on reasonable terms, unless provision of the service is not financially viable or is otherwise not practicable, to persons within the operating area who are not entitled to the service under the Act.	4	This obligation is documented in the Action Sheet – Water Compliance Reporting. The Licensee advised there is an agreement with the Water Corporation to provide bulk water services for supply to Dunsborough.	A	1
3.		Section 21(1)(c)	The licensee must provide, operate and maintain the water service works specified by the ERA in the licence.	4	This obligation is documented in the Action Sheet – Water Compliance Reporting. Confirmed through this audit and review.	A	1

³ Number refers to the Obligation reference in the Water Compliance Reporting Manual 2018

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

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

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
4.	Operating area	Section 22	The licensee must notify the ERA as soon as practicable before commencing to provide the water service outside of the operating area of the licensee.	4	This obligation is documented in the Action Sheet – Water Compliance Reporting. The auditor confirmed with the GM Operations that BW did not provide a water service outside of the operating areas set out in Plan Number: OWR-OA-085/2(E) and therefore no notification to the ERA was required.	NP	NR
5.	Outsourcing of services	Section 23	All water service works used by the licensee in the provision of a water service must be held by the licensee, or must be covered by an agreement whereby the licensee can operate the works so as to comply with its obligations, or must fit in to other prescribed categories under the Act.	4	The audit confirmed that the water service assets are held and managed by BW. Also, confirmed by review of the financial statements in the Annual Reports for 2015/16, 2016/17 and 2017/18.	A	1
6.	Asset management system	Sections 24(1)(a) & 24(2)	The licensee must have an asset management system that provides for the operation and maintenance of the water service works.	2	This obligation is documented in the Action Sheet – Water Compliance Reporting. This audit and review confirmed BW has an asset management system (AMS).	A	1
7.	Changes to asset management system	Section 24(1)(b)	The licensee must give details of the asset management system and any changes to it to the ERA.	4	The requirement to notify the ERA of any material change to the AMS within 10 days of the change is included in the Action Sheet – Water Compliance Reporting which has a detailed list of all compliance obligations under the Licence. The audit confirmed by interview and field observations that there was one advice of a material change in the asset management system advised on 22 August 2018.	A	1
8.	Asset management system review	Section 24(1)(c)	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	This review is being undertaken as required by the ERA. A report on the previous review was provided to the ERA in July 2016. The ERA extended the review period to 36 months.	A	1

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
9.	Operational audit	Section 25	A licensee must, not less than once every 24 months, or such longer period as determined by the ERA, provide the ERA with an operational audit conducted by an independent expert acceptable to the ERA.	4	This audit is being undertaken as required by the ERA. A report on the previous audit was provided to the ERA in July 2016. The ERA extended the audit period to 36 months.	A	1
10.	Code of Practice	Section 26(3)	The licensee must comply with each code of practice made by the Minister to the extent to which it applies to the licensee.	4	No Codes of Practice have been issued by the Minister.	N/A	N/A
11.	Code of Conduct	Section 27	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	The audit reviewed compliance with the <i>Water Services Code of Conduct (Customer Service Standards) 2018 and previous versions</i> as per obligations listed in this audit report, and concluded that the licensee complies with the Code of Conduct with the exception of 1 non-compliance with a moderate effect on customers and 11 non-compliances with a minor effect on customers.	B	2
12.	Compliance	Section 29	The licensee must comply with the duties imposed on it by the Act in relation to its licence and must carry out its operations in respect of the licence in accordance with the Act.	4	<p>The auditor reviewed compliance with the <i>Water Services Act 2012, Water Services Regulations 2013</i> and the <i>Water Services Code of Conduct (Customer Service Standards) 2018</i> (and previous versions) as per obligations listed in this audit report and concluded that the licensee complies with the obligations with the exception of 1 non-compliance with a moderate effect on customers and 11 non-compliances with a minor effect on customers.</p> <p>The Compliance Reports provided to the ERA for 2016/17 and 2017/18 reported no non-compliances. The Compliance Report for 2015/16 noted minor non-compliances noted in the previous audit and not resolved until October 2016.</p>	B	2

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
13.	Termination of service	Section 36	If the licensee ceases to provide a water service in an area, the licensee must ensure that the water service works are left in a safe condition, and must not remove any part of the works except with the approval of the Minister.	4	This obligation is documented in the Action Sheet – Water Compliance Reporting. The audit confirmed with BW that they had not ceased to provide a water service in the operating area.	A	NR
14.	Supplier of last resort	Section 60	If the licensee is the supplier of last resort for a designated area, the licensee must perform the functions of the supplier of last resort and must comply with the relevant duties and carry out the relevant operations prescribed.	4	This obligation is documented in the Action Sheet – Water Compliance Reporting. The audit confirmed with BW that the licensee is not a supplier of last resort.	N/A	N/A
15.	Ombudsman scheme	Section 66	Licensees who are required to be a member of the water services ombudsman scheme agree to be bound by, and compliant with, any decision or direction of the water services ombudsman under the scheme.	4	Confirmed with the Energy and Water Ombudsman (WA) Annual Reports that BW is a member of the Energy and Water Ombudsman scheme. Also, confirmed payment of the Annual Levy to the EWO.	A	1
16.	Interruption of water supplies	Section 77(3)	The licensee must take reasonable steps to minimise the extent or duration of any interruption of water services it is responsible for.	4	This obligation is documented in the Action Sheet – Water Compliance Reporting and supported by operational procedures including an after-hours call out service and on call staff at all times with the ability to rectify any interruption. Interruptions to supply are recorded in the Interrupted Supply register. The average number of unplanned interruptions over the audit period was 35 per month or 3 per 1,000 properties which is relatively low. The audit concluded that “reasonable steps” are being taken to minimise the extent and duration of any interruption of water services. Incident reports are logged and followed up or investigated where necessary.	A	1

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
17.	Notification of building works	Sections 82(4) & (5)	If a person must give the licensee notice of any building work to be carried out on land in the operating area of a license, the licensee must return a copy of the plans and specifications contained in the notice with any written directions about the proposed building work that the licensee considers necessary to ensure the safety and efficacy of the provision of water services provided, or to be provided. The licensee must do this within 7 days of receiving the fee for dealing with the notification.	4	The Licensee advised that no such instances occurred during the period as all water mains within the specified operating area are situated on the 'Council's verge'. As a result, such building work will not impact on BW's assets. Consequently, BW does not request notice in respect of building works.	NP	NR
18.	Additional Water Services - Ensuring water service works are done	Section 84(2)	If the licensee has given a notice under section 83(3)(a) of the Act, and the licensee is satisfied that the person given the notice is not going to comply with the notice within a reasonable time, the licensee must give the person 21 days' notice of its intention to commence the works.	4	This obligation is documented in the Action Sheet – Water Compliance Reporting and there is an internal works procedure if any water service works are required. The audit confirmed with BW that no notices were given in the audit period for any additional water service works.	A	NR
19.	Review of decisions (Additional Water Services - Ensuring water service works are done)	Section 87(2)	If a person makes an application with the State Administrative Tribunal (SAT) 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.	4	This obligation is documented in the Action Sheet – Water Compliance Reporting. The Technical Officer – Asset & Risk Management advised that no applications were made with SAT for a review of a decision in respect of the licensee providing additional water services during the period.	A	NR
20.	Construction near water service works	Section 90(7)	If the licensee gives a compliance notice to a person who is undertaking construction or carrying out similar works in the vicinity of water service works, the licensee must, to the extent practicable, consult with the owner of the land on which the obstruction is located or the activity is taking place if the person to be given the notice is not the owner of the land.	4	This obligation is documented in the Action Sheet – Water Compliance Reporting. The Technical Officer – Asset & Risk Management advised that no compliance notices were issued during the audit period.	A	NR

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
21.	Termination of water supply	Section 95(3)	The licensee cannot cut off the supply of water to an occupied dwelling unless the occupier agrees to that.	2	This obligation is documented in the Action Sheet – Water Compliance Reporting and the Customer Commitments Charter. The Technical Officer – Asset & Risk Management confirmed that no disconnections occurred for the purposes of debt recovery during the audit period. Disconnections for purposes of redevelopment were made during the period and that in such instances the occupier's agreement was obtained. The audit sighted the list of disconnections and restrictions and a sample of letters.	A	1
22.	Fire hydrants	Section 96(1)	If the licensee provides water supply reticulation works, or enters into an agreement for the provision of water supply reticulation works, the licensee must install fire hydrants attached to those works in accordance with the requirements of the Department of Fire and Emergency Services (DFES), or the relevant local government as to the location and type of hydrant.	4	The Licensee has a Memorandum of Understanding (MOU) with DFES dated 1 July 2015 for the licensee to install and manage fire hydrants within the operating area of the Licence. In the MOU, DFES is responsible for inspections of all hydrants (1181 in total) at least once every 18 months and the licensee is required to comply with any requests from DFES for the installation, removal, maintenance and repair of the fire hydrants. The licensee has only received 9 work orders since 2015/16 which indicates a lack of inspection. There have been meetings with DFES and correspondence where the lack of inspections has been raised by the licensee with DFES but no action has occurred. All work orders have been actioned so this obligation is compliant.	A	1
23.		Section 96(5)	The licensee must comply with requests made under sections 96(3) and 96(4) of the Act to the extent practicable and within a reasonable time. (i.e. requests by DFES or local government to install, remove, repair or maintain a fire hydrant).	4	As per Obligation 22.	A	1

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
28.	Compliance notice issued by Licensee	Section 119(2)	The licensee must include the information specified in a compliance notice given in relation to the matters set out in section 119(1).	4	This obligation is documented in the Action Sheet – Water Compliance Reporting. The audit confirmed with BW that no compliance notices have been issued during the audit period.	A	NR
29.	Review of decisions relating to giving compliance notices	Section 122(2)	If a person makes an application to the State Administrative Tribunal under section 122(1), the licensee cannot take, or continue to take, action against the person except in the circumstances specified.	4	This obligation is documented in the Action Sheet – Water Compliance Reporting. The audit confirmed with BW that as no compliance notices have been issued during the audit period, there have been no applications to the State Administrative Tribunal.	A	NR
30.	Apportionment of fees between properties	Section 125(2)	If the licensee provides a water supply, sewerage or drainage service to 2 or more dwellings on land by a single property connection, the licensee may apportion fees. The licensee cannot apportion fees to the extent inconsistent with any agreement related to such a provision of services, or section 66 of the <i>Strata Titles Act 1985</i> .	4	This obligation is documented in the Action Sheet – Water Compliance Reporting. The audit confirmed with the Water Tariff and ICT Administrator that fees are not generally apportioned for a single property connection. There was one instance advised where fees were apportioned equally by agreement.	A	1
31.	Lodging memorial to secure fees owing	Section 128(4)	If the licensee has previously lodged a memorial with the Registrar, the licensee must lodge a withdrawal of memorial with Registrar along with the prescribed fee (if any) if the charge or contribution has been paid.	4	This obligation is documented in the Action Sheet – Water Compliance Reporting. The audit confirmed with BW that no memorials have been lodged with the Registrar during the audit period.	A	NR
32.	Notice to property owner	Section 129(5)	If a routine inspection or maintenance is likely to cause disruption to the occupants of a place at least 48 hours' notice of a proposed entry must be given to the occupier of the place unless the occupier agrees otherwise.	4	This obligation is documented in the Action Sheet – Water Compliance Reporting. This obligation is also stated in the "Our Customer Commitments" Charter on the website. The audit confirmed by review of letters advising of planned interruptions that at least 48 hours' notice has being given.	A	1

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
33.		Section 139(3)	If the licensee removes or erects a fence or gate when exercising a works power conferred by the Act, the licensee must take all reasonable steps to notify the owner before doing so.	4	This obligation is documented in the Action Sheet – Water Compliance Reporting. The Licensee advised that no fences or gates were removed or erected during the period and thus no notification of the owner was required.	A	NR
34.	Notice to roads authority	Section 141(1)	In certain instances, if a person authorised by the licensee carries out road work that involves breaking the surface of the road or that would cause major obstruction to road traffic, the licensee must give at least 48 hours' notice to the public authority managing the road.	4	This obligation is documented in the Action Sheet – Water Compliance Reporting. The audit confirmed with BW that there is a procedure for the Busselton Shire Council to be notified at least 48 hours prior to any works that will impact roads or traffic. The audit sighted a sample of notices to the Busselton Shire Council giving 48 hours' notice of works affecting roads.	A	1
35.	Proposals for major works (includes water treatment plant over 10ML, WWTP with capacity over 2ML per day, dams, irrigation schemes, etc.)	Sections 142	The licensee must comply with sections 143 and 144 of the Act in relation to the proposed major works, and has given any notice required under section 148. (i.e. the licensee is to prepare plans, publish and give notice of major works and consider any objections.)	4	This obligation is documented in the Action Sheet – Water Compliance Reporting and the Preliminaries to Construction Manual (Jan.2017). This procedure includes obtaining regulatory approvals and giving notice to the community and stakeholders. The audit confirmed by interview with the General Manager Operations and by observation that no "major works" as defined in Section 133 of the <i>Water Services Act 2012</i> (e.g. Water storage, bores or treatment plants with a capacity greater than 10ML per day) were undertaken in the audit period.	A	NR
36.		Sections 143 (2)	Before the licensee submits a proposal for the provision of major works to the Minister, the licensee must prepare, publish and make available plans and details of those major works as specified.	4	As per Obligation 35.	A	NR

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37.		Sections 143(3)	The licensee must, within 5 days of publishing the plans and details on the licensee's website, give notice setting out the matters prescribed in section 143(4) to the persons and agencies specified.	4	As per Obligation 35.	A	NR
38.		Sections 144(3)	The licensee must have regard to an objection or submission lodged within the relevant period.	4	As per Obligation 35.	A	NR
39.		Section 145(2)	If the licensee makes alterations to the plans or details referred to in section 143(2), the licensee must give written notice of the alterations to any person who is likely to be adversely affected by those alterations.	4	As per Obligation 35.	A	NR
40.		Section 147(3)	The licensee must comply with a direction given by a Minister in respect of a proposal to provide water service works that are major works under section 143(3).	4	As per Obligation 35.	A	NR
41.		Section 147(4)	If the Minister gives a direction that further notices in relation to the proposed major works be given under section 143(3), the licensee must resubmit the proposal.	4	As per Obligation 35.	A	NR
42.	Proposals for general works (includes new water treatment plants up to 10 ML per day, WWTP with capacity up to 2ML per day,	Section 151(1)	A licensee proposing to provide water service works that are general works must prepare plans and details of the proposed works and publish and make them available for inspection.	4	This obligation is documented in the Action Sheet – Water Compliance Reporting and the Preliminaries to Construction Manual (Jan.2017). The procedure includes preparing plans and details of proposed works and publishing and making the plans available for inspection. The audit sighted a sample of projects and confirmed that plans had been prepared and details had been published and made available for inspection.	A	1

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43.	reticulation mains and trunk lines, pumping stations, etc.)	Section 151(2)	The licensee must give a notice setting out the matters referred to in section 151(3) to the persons and agencies specified.	4	As per Obligation 42.	A	1
44.		Section 152(3)	The licensee must have regard to an objection or submission lodged by the date specified in the notice given under section 151(2).	4	As per Obligation 42.	A	1
45.		Section 153(3)	If the licensee makes alteration to those plans or details referred to in section 151, the licensee must give written notice of the alterations to any person who is likely to be adversely affected by those alterations.	4	As per Obligation 42.	A	1
46.	Interest in land	Section 166(5)	On being advised by the Minister that an interest in land is appropriate to the licensee's needs, the licensee is required to acquire the interest.	4	This obligation is documented in the Action Sheet – Water Compliance Reporting. The Technical Officer – Asset and Risk Management advised that no advice was received from the Minister in respect of an interest in land during the audit period.	A	NR
47.		Section 166(6)	Any costs incurred in taking an interest in land are to be paid by the licensee.	4	As per Obligation 46.	A	NR
48.		Section 170	The licensee must not sell an interest in land if the purchaser would hold a parcel of land that did not comply with the minimum lot size and zoning requirements under the <i>Planning and Development Act 2005</i> , unless the Minister permits the licensee to do so.	4	As per Obligation 46.	A	NR
49.	Notice of entry to property and authority to enter	Section 173(4)	In relation to entry to a place for the purposes of doing works, in the circumstances specified the licensee is required to give 48 hours' notice of proposed entry to a place to the occupier	4	This obligation is documented in the Action Sheet – Water Compliance Reporting. This obligation is also stated in the "Our Customer Commitments" Charter on the website. The audit confirmed by review of letters advising of planned interruptions that at least 48 hours' notice	A	1

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
			or owner, as applicable, unless the occupier or owner agrees otherwise.		has been given. The Water Tariff and ICT Administrator advised that entry to properties is limited to accessing the meter on the property.		
50.	Notice of entry to property and authority to enter (Cont'd)	Section 174(1)	Notice of a proposed entry by the licensee must be in writing and must set out the purpose of the entry, including (if applicable) any work proposed to be carried out.	4	This obligation is documented in the Action Sheet – Water Compliance Reporting. This obligation is also stated in the “Our Customer Commitments” Charter on the website. The audit confirmed by review of letters advising of planned entry to properties that the purpose of entry and any works proposed are stated in the letters.	A	1
51.		Section 174(3)	Even if in a particular instance the licensee may enter a place under the Act without having to give notice of proposed entry, the licensee must when practicable, and when it will not compromise the reason for entry, give notice of entry to the occupier.	4	This obligation is documented in the Action Sheet – Water Compliance Reporting. The Water Tariff and ICT Administrator confirmed that in all instances, notice of proposed entry was given	A	1
52.		Section 175(2)	If an occupier is present when the licensee proposes to enter a dwelling, the licensee must perform the prescribed actions before entering the premises.	4	This obligation is documented in the Action Sheet – Water Compliance Reporting. The Water Tariff and ICT Administrator confirmed that there were no instances where entry to a dwelling was required.	A	NR
53.		Section 175(5)	If the licensee enters a dwelling that is unoccupied, the licensee must leave a notice or a copy of the warrant (as applicable) in a prominent position in the dwelling before leaving the dwelling.	4	This obligation is documented in the Action Sheet – Water Compliance Reporting. The Water Tariff and ICT Administrator confirmed that there were no instances where entry to a dwelling was required	A	NR
54.		Section 176(1)	If the licensee has entered a place with or without consent, the licensee must leave the premises as soon as practicable after being notified that the owner or occupier has refused or withdrawn their consent.	4	This obligation is documented in the Action Sheet – Water Compliance Reporting. The Water Tariff and ICT Administrator confirmed that there were no instances of entering a property without consent in the audit period.	A	NR

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
55.		Section 176(3)	The licensee must produce their certificate of authority if asked to do so, and must not perform, or continue to perform, a function under the Act until they are not able to do so.	4	This obligation is documented in the Action Sheet – Water Compliance Reporting. The Water Tariff and ICT Administrator confirmed that no inspectors or compliance officers were employed during the period and as such no certificates of authority were produced.	A	NR
56.		Section 176(4)	If the licensee enters or proposes to enter a place, and the owner or occupier requests the licensee produce evidence of authority for that entry, then the licensee must leave the place if they are unable to do so unless the owner or occupier agrees otherwise.	4	This obligation is documented in the Action Sheet – Water Compliance Reporting. The Water Tariff and ICT Administrator confirmed that all operational staff display their identification on their uniform. There were no instances where the staff member was required to leave the property due to lack of evidence of authority.	A	NR
57.		Section 181	The licensee, or a person assisting the licensee, must, as far as is practicable comply with any reasonable request from the owner or occupier intended to limit interference with the lawful activities of the owner or occupier.	4	This obligation is documented in the Action Sheet – Water Compliance Reporting. The Water Tariff and ICT Administrator confirmed that there were no requests from the owner or occupier to leave the property.	A	NR
58.	Warrant to enter property	Section 186	If the licensee applies for a warrant, the application must contain the prescribed information.	4	This obligation is documented in the Action Sheet – Water Compliance Reporting. The Water Tariff and ICT Administrator advised that no warrants were applied for in the audit period.	A	NR
59.		Section 187(1) – (3)	If the licensee applies for a warrant to enter, the application must be made in accordance with the procedures specified depending on the location of the applicant and the justice.	4	As per Obligation 58.	A	NR

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
60.		Section 190(4)	Unless required to give a copy of the warrant, the licensee executing the warrant must produce the warrant for inspection by the occupier of the place concerned on entry (if practicable), and if requested to do so.	4	As per Obligation 58.	A	NR
61.		Section 190(5)	On completing the execution of a warrant, the licensee must record the prescribed information on that warrant.	4	As per Obligation 58.	A	NR
62.	Compliance Officer	Section 210(5)	If the licensee designates a person as an inspector or compliance officer, the licensee must give that person a certificate of authority that includes certain prescribed information.	4	This obligation is documented in the Action Sheet – Water Compliance Reporting. The auditor confirmed with the Water Tariff & ICT Administrator that no person is currently designated as an inspector or compliance officer.	A	NR
63.	Minimum disruption	Section 218(2)	In the exercise or purported exercise of a power under the Act, the licensee must ensure that, to the extent practicable, the free use of any place is not obstructed, and that as little damage, harm or inconvenience is caused as possible.	4	As per Obligation 62.	A	NR
64.	Physical damage	Section 218(3)	If the licensee does any physical damage in the exercise of a works power or a power of entry, the licensee must ensure that the damage is made good, and pay compensation to the extent that it is not practicable to make good the damage.	4	As per Obligation 62.	A	NR

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
Water Services Regulations 2013							
65.	Meter testing and compliance	Regulation 23(2)	If the licensee provides a water supply service in respect of a multi-unit development, the licensee, on the owner's request, is to assess whether a meter is satisfactory for measuring the quantity or flow of water through a pipe supplying water to the unit.	4	This obligation is documented in the Action Sheet – Water Compliance Reporting and the PR14.PR07 Testing of Water Meters procedure. The audit confirmed with the Water Tariff & ICT Administrator that no such requests were received from owners or occupiers during the audit period.	A	NR
66.		Regulation 24(4)	If the licensee gives a compliance notice to a person in respect of access to meters, the notice must specify the specified information.	4	This obligation is documented in the Action Sheet – Water Compliance Reporting. The audit confirmed with the Water Tariff & ICT Administrator that no compliance notices have been issued during the audit period.	A	NR
67.		Regulation 26(3)	If the owner or occupier requests the licensee to test a meter, subject to the payment of the charge (if any) for testing that type of meter, the licensee must test the meter in accordance with the approved procedure.	4	This obligation is documented in the Action Sheet – Water Compliance Reporting and the PR14.PR07 Testing of Water Meters procedure. This is also stated in the Our Customer Commitments Charter on the website. The Meter Testing form is available on the website. The audit reviewed a sample of Meter Testing forms and confirmed the testing was in accordance with the procedure.	A	1
68.		Regulation 26(5)	If a meter test finds that the meter is outside the prescribed tolerance applicable, the licensee must take the specified actions, bear the costs of testing and refund or credit any charges paid under regulation 26(3).	4	This obligation is documented in the Action Sheet – Water Compliance Reporting) and the PR14.PR07 Testing of Water Meters procedure. The Water Tariff & ICT Administrator Technical Officer – Asset & Risk Management advised that no meters tested were outside the prescribed tolerance.	A	NR

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
69.	Lot development	Regulation 29(2)	If the developer of a lot makes a request to the licensee to defer payment of an infrastructure contribution, the licensee must, subject to regulations 29(3) and 29(4), allow the payment to be deferred.	4	This obligation is documented in the Action Sheet – Water Compliance Reporting) and the P13.PR03 Deferred Headworks Payment procedure. The Planning/Safety Officer advised that no requests were made to BW to defer payment of infrastructure contributions during the period.	A	NR
70.	Backflow prevention devices	Regulation 42(2)	The written order requiring the owner or occupier of land to install a backflow prevention device must set out the date which the device must be installed and tested (which must be at least 7 days after the order is given).	4	This obligation is documented in the Action Sheet – Water Compliance Reporting) and the P13.PR09. Backflow Prevention Device procedure. The audit confirmed with the Water Tariff and ICT Administrator that no written orders for backflow prevention devices have been issued in the audit period.	A	NR
71.		Regulation 43(3)	The compliance notice requiring the owner or occupier of land to have their backflow prevention device tested or maintained in accordance with the standard by a specified date (which must be at least 7 days after the notice is given).	4	This obligation is documented in the Action Sheet – Water Compliance Reporting and the P13.PR09. Backflow Prevention Device procedure. The audit confirmed with the Technical Officer – Asset & Risk Management that no compliance notices have been issued during the audit period. BW conducts any testing on behalf of the customer.	A	NR
72.		Regulation 43(6)	The compliance notice requiring the owner or occupier of land to have their backflow prevention device made good as specified in the notice must include the work that is required to be done, the manner in which the work is to be done and the date by which the work is to be done (which must be at least 7 days after the notice is given).	4	As per Obligation 71.	A	NR
73		Regulation 53(3)	The licensee must provide a person with a plan of the existing drainage plumbing for a building on request and on receipt of payment from the person.	4	This obligation is documented in the Action Sheet – Water Compliance Reporting. The audit confirmed with the Technical Officer – Asset & Risk Management that no requests were received in the audit period.	A	NR

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
74.	Works affecting roads	Regulation 60(2)	If the licensee proposes to exercise a works power in a road and considers that it is necessary to alter the position of infrastructure, the licensee must notify the person who is responsible for the infrastructure and may request that the person make the alterations within the time specified in the notice.	4	This obligation is documented in the Action Sheet – Water Compliance Reporting) and the P13 set of Land Development procedure. The audit confirmed with the Operations Engineer that the City of Busselton was notified by email of any work affecting roads.	A	1
75.		Regulation 63	If the licensee opens or breaks up the surface of a road, the licensee must complete the relevant work and reinstate and make good the road, and must take all reasonable measures to prevent that part of the road from being hazardous.	4	This obligation is documented in the Action Sheet – Water Compliance Reporting and the P13 set of Land Development procedure. The audit confirmed with the Planning/Safety Officer that road surface reinstatement was inspected and signed off as satisfactory by City of Busselton inspector.	A	1
76	Water service charges (76 to 88 only apply to 13 December 2016)	Regulation 65(1)	The licensee must maintain records for all land in respect of which water service charges apply.	4	Property records for billing purposes are maintained on the AquaRate system. The audit confirmed with the Water Tariff and ICT Administrator that the records are being maintained and sighted a sample of residential and non-residential records to confirm this.	A	1
77		Regulation 65(2)	The records for all land in respect of which water service charges apply must contain prescribed information.	4	The audit confirmed that the records are being maintained and sighted a sample of residential and non-residential records to confirm they contain the prescribed information.	A	1
78		Regulation 65(4)	The licensee must make the records for all land in respect of which water service charges apply available for inspection by any person without charge, and give a copy of particular records to a person with a material interest in them, on payment of the prescribed charge.	4	This requirement is documented in the Our Customer Commitments Charter. The audit confirmed with the Water Tariff & ICT Administrator that the licensee provides for the inspection by any person of the basis of the water charges including the property details including copies at no charge.	A	1

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
79		Regulation 67	Except as otherwise provided under the Act, the records maintained by the licensee for a period in relation to land are the basis upon which the licensee must determine the water service charges applicable for the period.	4	The audit confirmed with the Water Tariff & ICT Administrator that the licensee complied with this clause during the audit period. All residential customers were charged the same service charge whilst business customers were charged for services with reference to size of meter. Also confirmed by sample testing of invoices.	A	1
80		Regulation 68(5)	The licensee must consider an objection to the records maintained by a licensee under regulation 65 as soon as practicable.	4	This obligation is documented in the Action Sheet – Water Compliance Reporting. The audit confirmed with the Water Tariff & ICT Administrator that no objection to the records maintained by the licensee under Regulation 68 was lodged during the period.	A	NR
81		Regulation 68(6)	The licensee must give the person by whom the objection was made written notice of the licensee's decision on the objection together with a brief statement of the licensee's reasons for the decision.	4	As per Obligation 80.	A	NR
82		Regulation 68(7)	If the licensee disallows an objection, wholly or in part, to entries in the records maintained by a licensee under regulation 65, the licensee must advise the person who objected of any consequent amendment of the records.	4	As per Obligation 80.	A	NR
83		Regulation 68(8)	If the licensee allows an objection, wholly or in part, to entries in the records maintained by a licensee under regulation 65, the licensee must advise the person of the time within which and the manner in which a review of the decision may be sought.	4	As per Obligation 80.	A	NR
84		Regulation 69(3)	Upon receipt of a notice from a person dissatisfied with a decision of the licensee on an objection, the licensee must promptly refer the relevant records to the State Administrative Tribunal for a review.	4	As per Obligation 80	A	NR

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
85		Regulation 70(2)	Upon receipt of a notice from a person dissatisfied with a decision of the licensee to refuse to extend the time for giving an objection to the licensee or a notice under regulation 69(2), the licensee must promptly refer the decision to the State Administrative Tribunal for a review.	4	As per Obligation 80	A	NR
86		Regulation 74(1)	The licensee must make any amendment of the records necessary as a consequence of an allowance, wholly or in part, of an objection under the Act or the <i>Valuation of Land Act 1978</i> or as a consequence of a review by the State Administrative Tribunal.	4	As per Obligation 80	A	NR
87		Regulation 74(2)	The licensee must, if necessary as a consequence of the amendment to the records under regulation 74(1) re-determine and if necessary provide a rebate or refund.	4	As per Obligation 80	A	NR
88		Regulation 75(1)	If a person is liable, under an agreement with the owner of land, for payment of the water service charges in respect of certain land, the person is entitled to receive from the licensee all information necessary for the person to assess his or her liability under the agreement.	4	The audit confirmed by review of a sample of annual and quarterly invoices for water charges that the invoices include adequate information for the lessee to assess his/her liability as per the lease terms.	A	1
88A	Water Efficiency Plan	Regulation 80H	The licensee must, within 60 days after receiving a water efficiency management plan from an owner or occupier of a non-residential lot, approve the plan, request further information, or request a revised plan by written notice.	4	The Water Tariff and ICT Administrator monitors annual consumption of non-residential customers and assists customers in preparing a Water Efficiency Management Plan where their annual water consumption is likely to exceed the threshold of 20. Their Environmental Scientist guides property managers/owners through the process. Any plans are approved within the 60 day period. The audit sighted an example during the audit period and confirmed compliance.	A	1

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89.	Compliance notice issued by licensee	Regulation 85	Compliance notices issued by the licensee must include a brief description of the possible consequences under the Act of not complying with the notice, and the rights of review under the Act in relation to the notice and who may apply for review.	4	This obligation is documented in the Action Sheet – Water Compliance Reporting. The audit confirmed with the Water Tariff & ICT Administrator that no compliance notices have been issued during the audit period.	A	NR
90		Regulation 86(6)	If the licensee appoints an employee as an authorised or approved officer for the purposes of the <i>Criminal Procedure Act 2004</i> Part 2, the licensee must issue the officer a certificate, badge or identity card identifying the officer as a person authorised to issue infringement notices.	4	This obligation is documented in the Action Sheet – Water Compliance Reporting. The audit confirmed with the Water Tariff & ICT Administrator that no compliance officers have been appointed.	A	NR
91		Regulation 86(9)	The licensee must maintain a list of persons appointed to be authorised officers or approved officers for the purposes of the <i>Criminal Procedure Act 2004</i> Part 2, and must, on request, give a copy of the list to the CEO or to the chief executive officer of the Public Services principally assisting in the administration of the <i>Criminal Procedure Act 2004</i> .	4	This obligation is documented in the Action Sheet – Water Compliance Reporting. The audit confirmed with the Water Tariff & ICT Administrator that the licensee did not appoint an employee as an authorised or approved officer for the purposes of the <i>Criminal Procedure Act 2004</i> Part 2 during the period.	A	NR
Water Services Code of Conduct (Customer Service Standards) 2018							
92.	Information for customers	Clause 8(1)-(3)	The licensee must have written information for customers about the prescribed matters regarding connections and the information must be available on the licensee's website and a hardcopy provided to a customer upon request at no charge.	4	The Licensee's charter "Our Customer Commitments" provides information about customers' entitlements. The "Request a New Meter" section of the website includes conditions for connection details and information regarding fees payable including the Tariffs, Fees and Charges for 2017-18 document. Other links to fees on the website referred to the 2018-19 Tariffs, Fees and Charges.	A	1

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					Through discussion with Customer Services Officers, the audit confirmed that printed connection information from the website along with hard copy application forms is provided upon request to customers at no charge. The charter and website information covers the requirements in the <i>Water Services Code of Conduct (Customer Service Standards) 2018</i> . The website is updated internally as required and a full review is performed annually by external consultants.		
93.	Timeliness of connections	Clause 9(2) and (4)	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	The Licensee uses the New Services Report – 10 Business Days to monitor new connections completion time. This report does not take public holidays into account when calculating days taken to complete the connection. There were 833 new connections in the audit period with average connection time of 7.88 calendar days. The audit reviewed the report and verified more than 90% of connections were completed before the end of 10 business days, starting on the day on which the customer paid the relevant fees and complied with the relevant requirements.	A	1
94.	Annual service charges	Clause 10(2)	If the licensee charges a fixed charge, the licensee must issue a bill for a fixed charge to each customer at least once in every 12 month period.	4	The procedure P12.PR03 Standard Supply Charge states that bills are issued every 4 months. The audit sighted a sample of invoices and performed detailed testing on a sample of 30 invoices to customers and confirmed that invoices for non-quantity charges are issued on a tri-cyclic basis. Water Services charges are split over three	A	1

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
95.	Usage bills at least 4 monthly	Clause 11(2)	If the licensee charges a quantity charge, the licensee must issue a bill for a quantity charge to each customer at least once in every 4 month period.	4	The procedure P12.PR03 Standard Supply Charge states that the supply charge is billed every 4 months. The audit sighted a sample of invoices for water charges and performed detailed testing on a sample of 30 invoices to customers and confirmed that the invoices for water usage are issued every 4 months based on meter readings.	A	1
96.		Clause 11(3)	A bill for usage must be based on a meter reading to ascertain the quantity supplied or discharged.	4	As per detailed testing for obligation 95, the audit confirmed water consumption is based on meter readings.	A	1
97		Clause 11(4)	If an accurate meter reading is not possible, a bill for usage must be based on an estimate (in accordance with the prescribed regulations) of the quantity of water supplied or waste water discharged.	4	No applicable regulation is in place.	N/A	N/A
98.		Clause 11(5)	If an accurate meter reading is not possible and there are no applicable regulations, a bill for usage must be based on a reasonable estimate of supply or discharge using one of the prescribed methods.	4	As stated in PR12.PR08 Bill Estimates procedure, where an accurate meter reading is not possible (e.g. the meter has stopped, is damaged, illegible or access to the meter is restricted so that a physical dial reading is unable to be recorded) BW will estimate consumption for billing purposes. The usage will be estimated based on the daily average quantity of water used in a similar previous period. If the previous year's usage is not a true reflection of the customers watering pattern, the estimate will be calculated from either an earlier similar billing period or based on the average customer consumption for the same property classification. The Customer Service Officer advised estimates are rare. There were 33 invoices issued with an estimated bill of usage in the February 2019 billing cycle. This equates to approximately 0.25%. The auditor reviewed an invoice based on estimated usage and confirmed it was reasonable.	A	1

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
98A	If a meter reading is not possible, a bill must be issued at least every 12 months	Clause 11(6)	Despite clauses 11(4) and (5), a bill for usage based on a meter reading must be issued at least once in every 12 month period.	4	The audit confirmed this requirement is included in the PR12.PR08 Bill Estimates procedure. Through discussion with Customer Services Officers and review of invoices and Aquatact system information, the audit confirmed the issuing of invoices based on estimates is rare due to BW's utilisation of Smart Meters and issues such as damage to the radio frequency unit are rectified prior to the next billing cycle.	A	1
99.	Address for billing	Clause 12	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	This obligation is documented in the Action Sheet – Water Compliance Reporting. As per detailed testing of a sample of 30 invoices, the audit confirmed compliance with this requirement over the audit period.	A	1
100	Billing information	Clause 13(1)	Each bill must contain the prescribed information.	4	This obligation is documented in the Action Sheet – Water Compliance Reporting. As per detailed testing of a sample of 30 invoices, the audit confirmed compliance with this requirement over the audit period.	A	1
100A		Clause 13(3)	A bill issued for 2 or more water services must specify the charge payable for each water service.	4	This obligation is documented in the Action Sheet – Water Compliance Reporting. The audit reviewed a dual service invoice and confirmed the bill specifies the charge payable for each water service.	A	NR

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
101		Clause 13(4)	Each bill for usage for a metered water service must contain the specified information.	4	<p>This obligation is documented in the Action Sheet – Water Compliance Reporting. The audit confirmed by detailed testing of a sample of 30 invoices across the audit period that the specified information on usage is included in each bill with the exception of 13(4)(c) the number of days to which the bill applies. Busselton Water bills only state the number of days in relation to water service charges and therefore bills for consumption only do not state the number of days at all. The number of days for water consumption for the majority of bills will always be one day less than the number of days for water services charges as water services charges are billed on arrears. Where interim readings are performed the number of days for water service charges can differ greatly from the number of days for consumption.</p> <p><u>Recommendation 01/2019</u> <i>The water supply invoice should be amended to include the number of days of water consumption for which the bill applies.</i></p>	B	2
101A		Clause 13(5)	If a bill for usage for a metered water service was based on an estimate, the bill must inform the customer that the licensee will tell the customer the prescribed information on request.	4	<p>This obligation is documented in the Action Sheet – Water Compliance Reporting. The audit reviewed an invoice based on estimated usage and found Busselton Water's bills based on estimated usage state the reason for the estimate but do not inform the customer that Busselton Water will tell the customer on request the basis for the estimate.</p> <p><u>Recommendation 02/2019</u> <i>Where consumption is charged based on estimated usage the water supply invoice should be amended to include a statement that, the basis of the estimate will be provided upon request.</i></p>	B	2

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
102		Clause 12(3) 18 Nov. 2015 to Sep. 2017	Each bill must inform the customer of the specified information and where further details can be obtained.	4	This obligation is documented in the Action Sheet – Water Compliance Reporting. The audit confirmed by detailed testing of a sample of 30 invoices across the audit period that the specified information is included on each bill with the exception of a statement that the bill can be reviewed. Clause 12 (3)(e) of the <i>2013 Water Services Code of Conduct (Customer Service Standards)</i> states each bill must inform the customer that the bill can be reviewed in accordance with the licensee's review procedure. A Bill Review statement was added to bills from the June 2018 billing cycle.	B	2
102A		Clause 13(6)	Each bill must contain the prescribed information.	4	This obligation is documented in the Action Sheet – Water Compliance Reporting. The auditor confirmed by detailed testing of a sample of 30 invoices across the audit period that the specified information is included on each bill except for information relating to review of the bill. The prescribed information relating to bill review was introduced from June 2018.	B	2
103	Basis of billing estimate	Clause 14(1)	If a bill is based on an estimate, the licensee must tell the customer on request the basis of the estimate and the reason for the estimate.	4	From review of PR12.PR08 Bill Estimates procedure and the website, the audit confirmed the requirements of this obligation are met. BW confirmed they advise customers the basis of the estimates and reasons, if requested.	A	1
104.		Clause 14(2)	If a bill is based on an estimate, the licensee must make any adjustments to the next bill to take into account the extent to which the estimate was not reasonable having regard to a subsequent and accurate meter reading.	4	As per Obligation 103.	A	1

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
104A		Clause 15(3)	Each bill for usage to which clause 15 applies must, in addition to the requirements of clause 13, contain the prescribed information.	4	The procedure for bills to which clause 15 applies (volumetric billing) is stated in the Stepped Billing factsheet on the website. The audit confirmed by detailed testing of a sample of 30 invoices across the audit period that the required tariff information is included on each bill where applicable.	A	1
105.	Request for meter reading	Clause 16(1)	The licensee must provide to the customer on request a meter reading and a bill (or revised bill if applicable) for outstanding charges outside of the usual bill cycle, or in case the customer disputes an estimate.	4	The audit confirmed by detailed testing of a sample of 30 invoices across the audit period, review of internal procedures and website information that the requirements of this obligation are being met.	A	1
106.	Higher than normal usage	Clause 17(2) and (3)	The licensee must have a written policy, standard or set of guidelines (available on the licensee's website and a hardcopy provided to a customer upon request at no charge) 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 from the customer's system.	4	The audit confirmed by review of P12.PR031 Leak Allowance procedure and website information that the requirements of this obligation are being met.	A	1
107.	Under and over charges	Clause 18(2)	The licensee cannot recover an undercharged amount from a customer unless it is for water services provided in the 12 month period ending on the day on which the licensee informed the customer of the undercharging.	4	The policy for recovery of any under-charges is stated in P12.PR018 Bill Review procedure and complies with this obligation. No instances of undercharging occurred in the audit period.	A	NR
108.		Clause 18(3)	An undercharged amount must be the subject of, and explained in, a special bill or a separate item in the next bill.	4	As per Obligation 107.	A	NR
109.		Clause 18(4)	The licensee must not charge interest or late payment fees on an undercharged amount.	4	As per Obligation 107. The policy states that no interest will be charged.	A	NR

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
110.		Clause 18(5)	The licensee must allow a customer to pay an undercharged amount by way of a repayment plan that has effect for the duration of shorter of the prescribed periods starting on the day that the bill in clause 18(3) is issued.	4	As per Obligation 107. The policy states the duration of the repayment period, as per the Code.	A	NR
111.		Clause 17(1) Apr. 2014 to Sep. 2017	If the licensee overcharges a customer, the licensee must credit the customer's account and must immediately afterwards notify the customer, or inform the customer of the overcharging and recommended options for refunding or crediting the overcharged amount.	4	The audit reviewed the policy for refunding of any over-charges stated in P12.PR018 Bill Review procedure and the documentation for one overcharge that was identified during the audit period and confirmed compliance with this obligation.	A	1
111A		Clause 19(2)	The licensee must, within 15 business days of becoming aware of an overcharge, credit the overcharged amount to the customer's account or send the customer a notice informing the customer of the overcharging and recommending options for how the overcharged amount may be refunded or credited to the customer's account.	4	As per Obligation 111.	A	1
112.		Clause 17(2) Apr. 2014 to Sep. 2017	The licensee must, in accordance with the customer's instructions, refund or credit the customer's account within 15 business days from starting on the day the licensee receives the instructions.	4	As per Obligation 111 and documentation for the one instance of overcharging, the refund was issued within one day of receiving instructions.	A	1

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
112A	Overcharging Notices	Clause 19(3)	If the licensee sends the customer an overcharging notice and receives instructions from the customer about the refunding or crediting of the overcharged amount, the licensee must refund the overcharged amount, or credit the overcharged amount to the customer's account within 15 business days of the licensee receiving the instructions.	4	The audit reviewed the policy for refunding of any over-charges stated in P12.PR018 Bill Review of procedure and confirmed compliance with this obligation. The Water Tariff & ICT Administrator confirmed that no overcharges occurred in the audit period.	A	NR
112B		Clause 19(4)	If instructions from the customer about the refunding or crediting of the overcharged amount have not been received by the licensee at the end of the period of 10 business days starting on the day an overcharging notice is sent, the licensee must credit the overcharged amount to the customer's account before the end of the period of the next 15 business days.	4	The audit reviewed the policy for refunding of any over-charges stated in P12.PR018 Bill Review of procedure and confirmed compliance with this obligation. The Water Tariff & ICT Administrator confirmed that no overcharges occurred in the audit period.	A	NR
112C		Clause 19(5)	The licensee must notify the customer immediately after crediting the overcharged amount to the customer's account under subclause (2)(a), (3) or (4).	4	The audit reviewed the policy for refunding of any over-charges stated in P12.PR018 Bill Review of procedure and confirmed compliance with this obligation. The Water Tariff & ICT Administrator confirmed that no overcharges occurred in the audit period.	A	NR
113.	Review of bill	Clause 20(1)	The licensee must review a bill on the customer's request.	4	The audit reviewed the policy for reviewing a bill as stated in P12.PR018 Bill Review procedure and website information and confirmed compliance with this obligation. The audit confirmed by detailed testing of a sample of 30 invoices across the audit period and discussion with the Customer Service Officers that bills were reviewed upon the customer's request.	A	1

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
114.		Clause 20(2)	The licensee must have a written procedure for the review a bill on the customer's request.	4	The audit reviewed the policy for reviewing a bill as stated in P12.PR018 Bill Review procedure and website information and confirmed compliance with this obligation.	A	1
115.		Clause 20(3) & (6)	The review procedure in clause 20(2) must include the specified information and be available on the licensee's website and a hardcopy provided to a customer upon request at no charge.	4	The audit reviewed the policy for reviewing a bill as stated in P12.PR018 Bill Review procedure and website information and confirmed compliance with this obligation. The audit confirmed with the Customer Service Officers that a hardcopy of the information is provided to a customer upon request.	A	1
116.		Clause 20(4)	The review procedure must state that the customer may, but does not have to, use the licensee's complaints procedure mentioned in clause 46 before or instead of applying to the water services ombudsman or, if available, making an appeal from, or applying for a review or, the decision under regulations mentioned in section 222(2)(k) of the Act.	4	The audit reviewed the policy for reviewing a bill as stated in P12.PR018 Bill Review procedure and website information and confirmed compliance with this obligation.	A	1
117.		Clause 20(5)	The licensee must inform the customer of the outcome of a review of the customer's bill as soon as practicable or otherwise less than 15 business days from the day the customer's request for review was received.	4	The audit reviewed the policy for reviewing a bill as stated in P12.PR018 Bill Review procedure and website information and confirmed compliance with this obligation.	A	1
117A	Notification of change in water service charge	Clause 21	The licensee must notify each of its customers of any change to the amount or rate of a water service charge in accordance with the requirements in clause 21(2).	4	Required from 1 July 2018. The obligation to notify the customer of a change in the rate of the water service charge was not met for the annual fee increases applicable from 1 July 2018. The auditor discussed the obligation with the Water Tariffs and ICT Administrator who advised BW has not previously notified customers of the fee increases as the new rates for their tariff band are stated on their bill. The timing of the gazetting of fees does not allow notification by letter to customers prior to 1 July.	B	2

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
					<u>Recommendation 03/2019</u> <i>Busselton Water should include a news item for the annual fee increases on their website and information about the annual fee increases in the newsletter accompanying the first bill subsequent to the finalisation of fee increases.</i>		
118.	At least 14 days for payment	Clause 23	The time set by the licensee for the payment of a bill must be after 14 days from when the bill is issued.	4	This obligation is documented in the Action Sheet – Water Compliance Reporting. The audit sighted a sample of invoices for water charges to customers and confirmed that the invoices are due for payment 28 days from issue.	A	1
119.	Payment methods	Clause 24(1)	The licensee must allow a customer to pay a bill using any of the prescribed methods selected by the customer.	4	This obligation is documented in the Action Sheet – Water Compliance Reporting. The audit sighted a sample of invoices for water charges to customers and confirmed that the invoices/utility statements include the prescribed methods.	A	1
120.		Clause 24(2)	The licensee must, when offering bill payment method options, inform the customer of the fees and charges (if any) associated with each bill payment method offered.	4	This obligation is documented in the Action Sheet – Water Compliance Reporting. The audit confirmed by detailed testing of a sample of 30 invoices across the audit period that bills state the transaction fee that will apply to payments made by credit card.	A	1
121.		Clause 25(1)	Before receiving a bill payment by direct debit the licensee must obtain the express consent of the customer or an adult person nominated by the customer to give consent.	4	This obligation is documented in the Action Sheet – Water Compliance Reporting. The audit sighted the ‘Direct Debit Request Authorisation’ form and confirmed that customer and account holder authorisation of direct debits is required.	A	1

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
122.	Payment in advance	Clause 26(1)	The licensee must accept payment in advance from a customer on a customer's request.	4	Through discussion with Customer Service Officers and review of P12.PR016. Refund of Credit Balances- Water Supply Debtors procedure, the audit confirmed payments in advance are accepted.	A	1
123.	Redirection of bills	Clause 27	The licensee must on request and at no charge redirect a customer's bills because of the customer's absence or illness.	4	Through discussion with Customer Service Officers and review of the procedures manual, the audit confirmed BW will advise customers of their right to have their water bill redirected to another person free of charge if they are absent or ill.	A	1
124.	Payment plan	Clause 25 Apr. 2014 to Sep. 2017	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	Through discussion with Customer Service Officers and review of P12.PR015. Payment Arrangements - Water Supply Invoices procedure, additional time to pay is available to customers upon request. Customer Service Officers can approve payment plans where the outstanding amount is cleared prior to the next billing cycle. The GM, Business Operations approval is required for payment plans that extend beyond the next billing cycle.	A	1
124A		Clause 28(2)	The licensee must advise a customer who has been assessed as experiencing payment difficulties that they have a right to pay the bill under a payment plan or other arrangement under which the customer is given more time to pay the bill or arrears, and the licensee must offer to enter into an appropriate plan or arrangement with the customer.	4	Through discussion with Customer Service Officers and review of P12.PR015. Payment Arrangements - Water Supply Invoices procedure, the audit confirmed this obligation has been met.	A	1
124B		Clause 28(3)	When formulating a payment plan or other arrangement for a customer that the licensee has assessed as experiencing payment difficulties, the licensee must take the customer's capacity to pay the bill into account. In the case of a bill for usage, the licensee must also take into account how much water has been supplied or	4	Through discussion with Customer Service Officers and review of P12.PR015. Payment Arrangements - Water Supply Invoices procedure, the audit confirmed this obligation has been met.	A	1

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
			wastewater has been discharged in previous billing periods.				
124C		Clause 28(4)	The licensee must consider and decide whether or not the payment plan or other arrangement for a customer who has been assessed as experiencing payment difficulties should be interest-free, or fee-free, or both.	4	Through discussion with Customer Service Officers and review of P12.PR015. Payment Arrangements - Water Supply Invoices procedure, the audit confirmed this obligation has been met.	A	1
125.	Financial hardship policy	Clauses 29(1) & (2)	The licensee must have a written policy in relation to financial hardship that is approved by the ERA.	4	The audit confirmed that the Busselton Water – Financial Hardship – December 2013 policy was approved by the ERA in May 2014. The amended policy was approved by the ERA in December 2018.	A	1
126.		Clause 26(3) Jul. 2016 to Apr. 2018	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	This is a one-off obligation as noted in the Action Sheet – Water Compliance Reporting. BW's Water Services Operating Licence commenced on 1 October 1996. The audit confirmed that the Busselton Water – Financial Hardship – December 2013 policy was approved by the ERA in May 2014.	A	1
126A		Clause 29(3) From May 2018	Unless the ERA approves otherwise, the licensee's financial hardship policy must comply with the ERA's guidelines (if any) in relation to financial hardship policies.	4	As per Obligation 125. The requirement to submit any changes to the ERA for approval is stated in the Action Sheet – Water Compliance Reporting	A	1
126B		Clause 29(3) From May 2018	Unless the ERA approves otherwise, amendments to the licensee's financial hardship policy must be approved by the ERA and comply with the ERA's guidelines (if any) in relation to financial hardship policies.	4	The requirement to submit any changes to the ERA for approval is stated in the Action Sheet – Water Compliance Reporting. The amended policy was approved by the ERA in December 2018.	A	1
127.		Clause 29(5)	The licensee's financial hardship policy must be in effect within 6 months of the day of the grant of the license.	4	BW's Water Services Operating Licence commenced on 1 October 1996. As such, it	A	1

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
					was in place before the commencement of the Act. Consequently the policy was in place within 6 months of the date of the licence being granted.		
128.		Clause 29(6)	The licensee's financial hardship policy must be publicly available.	4	This obligation is documented in the Action Sheet – Water Compliance Reporting. The audit confirmed the financial hardship policy is available on the website.	A	1
129.		Clause 26(6) Apr. 2014 to Sep. 2017	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	This obligation is documented in the Action Sheet – Water Compliance Reporting. The Water Tariff and ICT Administrator advised the Western Australia Council of Social Services (WACOSS) was consulted when the policy was reviewed in 2018.	A	1
129A		Clause 29(7)	The licensee must review its financial hardship policy at least once in every 5 year period .	4	This obligation is documented in the Action Sheet – Water Compliance Reporting. Through discussion with the GM Business Services, review of P12.PR012. Financial Hardship procedure, website information and correspondence from the ERA, the audit confirmed BW's amended policy was approved in December 2018.	A	1
129B		Clause 29(8)	The licensee must review its financial hardship policy if directed to do so by the ERA.	4	This obligation is documented in the Action Sheet – Water Compliance Reporting. From review of correspondence with the ERA, the audit confirmed BW's amended financial hardship policy was approved in December 2018.	A	1
129C		Clause 29(9)	The licensee must consult with relevant consumer organisations when formulating or reviewing its financial hardship policy.	4	As per Obligation 129. The Water Tariff and ICT Administrator advised WACOSS was consulted.	A	1
130.	Customers experiencing	Clause 27(2)	The licensee must allow a customer experiencing financial hardship to pay a bill	4	Through discussion with Customer Service Officers, review of P12.PR012. Financial Hardship	A	1

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence <i>(including any recommendations)</i>	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
	financial hardship	Apr. 2014 to Sep. 2017	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.		procedure, website information and review of a sample of payment plan arrangements, the audit confirmed this obligation is being met.		
130A		Clause 30(2)	The licensee must advise a customer who has been assessed as experiencing financial hardship that they have a right to pay the bill under an interest-free and fee-free payment plan or other arrangement under which the customer is given more time to pay the bill or arrears, and the licensee must offer to enter into an appropriate plan or arrangement with the customer.	4	As per Obligation 130.	A	1
130B		Clause 30(3)	When formulating a payment plan or other arrangement for a customer that the licensee has assessed as experiencing financial hardship, the licensee must take the customer's capacity to pay the bill into account. In the case of a bill for usage, the licensee must also take into account how much water has been supplied or wastewater has been discharged in previous billing periods.	4	As per Obligation 130.	A	1
131.		Clause 27(3) Jul. 2016 – Apr. 2018	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	As per Obligation 130.	A	1
131A		Clause 30(4)(a)	The licensee must consider reducing the amount owing by the customer.	4	As per Obligation 130.	A	1
131B		Clause 30(4)(b)	The licensee must review, upon request, how a customer is paying a bill under clause 30(2) and (3) and revise the	4	As per Obligation 130.	A	1

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
			payment plan or arrangement if the review indicates the customer is unable to meet the obligations.				
131C		Clause 30(4)(c)	The licensee must provide the specified written information to a customer.	4	As per Obligation 130.	A	1
132.	Notification to owner of proposed payment plan	Clause 28(1) Jul. 2016 – Apr. 2018	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	As per Obligation 130.	A	1
133.	Written information on assistance to customers	Clause 31(4) & (5)	The licensee must have written information regarding the payment schemes and other assistance that is available to customers. The information must be available on the licensee's website and a hardcopy provided to a customer upon request at no charge.	4	The audit confirmed the Financial Hardship Policy is available on the website. Bills issued specifically refer to 'payment difficulties' and request customers experiencing payment difficulties to contact Busselton Water.	A	1
133A	No interest in some circumstances	Clause 32	The licensee must not charge interest or fees for late payment of a bill by a customer in the specified circumstances.	4	The audit confirmed the Financial Hardship Policy states interest is not charged to customers experiencing financial hardship. Clause 32 1 (b) and (c) requires interest and fees not to be charged if a complaint directly related to the non-payment of the bill is not resolved; or if a complaint made by the customer to the water services ombudsman that directly relates to the non-payment of the bill is not determined or is upheld by the water services ombudsman. The Licensee advised interest is still charged on bills where there is an unresolved complaint directly related to the Bill however interest may be considered to be waived pending the ombudsman investigation findings.	B	2

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					<p>However, the procedure does not state that interest is not charged to customers experiencing financial hardship.</p> <p><u>Recommendation 04/2019</u> <i>Busselton Water should amend processes and update P12.PR04. Charging of Penalties and P12.PR021. Complaints Management procedures to ensure that interest is not charged to customers experiencing financial hardship or for unresolved complaints directly related to the bill.</i></p>		
134.	Debt recovery	Clause 33(1)(a)-(c)	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	<p>Through discussion with the Water Tariff and ICT Administrator and review of procedures, the audit confirmed this obligation is being met. P12.PR020. Installation & Removal of Restriction Devices outlines when a restrictor will not be installed and the Financial Hardship Policy states:</p> <ul style="list-style-type: none"> • 2.4.2 Busselton Water may also make the decision not to commence or continue proceedings to recover debt: • 2.4.2.1 While an assessment of financial hardship is being made • 2.4.2.2 If the customer is complying with a payment plan or another payment arrangement. 	A	1
134A		Clause 33(1)(d)-(e)	The licensee must not commence or continue proceedings to recover a debt from a customer if a complaint made by the customer to the licensee or water services ombudsman, which directly relates to the water service charge to which the debt relates, is not resolved by the licensee (or is not determined or is upheld by the ombudsman).	4	As per Obligation 134.	A	1

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
135	Restoration of drinking water supply	Clause 40(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.	4	The audit confirmed this requirement is stated in the PR020 'Installation and Removal of Restriction Devices' procedure and BW confirmed this obligation is being met.	A	1
136		Clause 40(2)	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.	4	The audit confirmed this requirement is stated in the PR020 'Installation and Removal of Restriction Devices' procedure and BW confirmed this obligation is being met.	A	1
137	Reducing the rate of flow of water	Clause 31 Jul. 2016 – Apr. 2018	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.	4	The audit confirmed this requirement is stated in the PR020 'Installation and Removal of Restriction Devices' procedure and BW confirmed this obligation is being met.	A	1
137A		Clause 36(1)	The licensee must not start a water supply restriction unless the licensee has given the customer a reminder notice (that includes the information specified in clause 35), the water service charge has still not been paid in full, and the licensee has given the customer a restriction notice.	4	The audit confirmed this requirement is stated in the PR020 'Installation and Removal of Restriction Devices' procedure and BW confirmed this obligation is being met.	A	1
137B		Clause 36(2)	The licensee must not give a customer a restriction notice less than 7 days before the day on which the water supply restriction is proposed to start.	4	The audit confirmed this requirement is stated in the PR020 'Installation and Removal of Restriction Devices' procedure and BW confirmed this obligation is being met. Also confirmed by review of a sample of reminder notices.	A	1
137C		Clause 36(3)	The restriction notice must include the specified information.	4	As per Obligation 137B.	A	1

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
138	No reduction of flow of water in certain cases and times	Clause 37(1)(a)- (e) & (h)	The licensee must not start a water supply restriction if the specified circumstances apply.	4	The audit confirmed this requirement is stated in the PR020 'Installation and Removal of Restriction Devices' procedure and BW confirmed this obligation is being met.	A	1
138A		Clause 37(1)(f)- (g)	The licensee must not start a water supply restriction if the specified circumstances apply.	4	The audit confirmed this requirement is stated in the PR020 'Installation and Removal of Restriction Devices' procedure, with the exception of excluding installation of a restriction device where the customer has applied for a concession or other financial assistance to which the customer may be entitled and a decision on the application has not yet been made as required by Clause 37 (1)(g). BW confirmed that no supply restrictions were put in place in the above circumstances.	B	1
138B		Clause 38	The licensee must not start a water supply restriction on or during the specified times.	4	The audit confirmed this requirement is stated in the PR020 'Installation and Removal of Restriction Devices' procedure and BW confirmed this obligation is being met.	A	1
139.	Reducing flow rate	Clause 39	The licensee must not, under section 95(1)(b) or (2) of the Act, reduce the rate of flow of water to a customer to below 2.3 litres each minute.	4	The audit confirmed this requirement is stated in the PR020 'Installation and Removal of Restriction Devices' procedure and BW confirmed this obligation is being met.	A	1
142.	Timeframe to restore service	Clause 41(4)	The licensee (other than the Water Corporation) must restore a water supply to land within the specified timeframe, unless the licensee and customer expressly agree otherwise.	4	The audit confirmed this requirement is stated in the PR020 'Installation and Removal of Restriction Devices' procedure and BW confirmed this obligation is being met.	A	1
144.		Clause 41(6)	The licensee (other than the Water Corporation) must ensure that there is a 90% compliance rate with 41(4) in any 12 month period ending on 30 June. i.e. Restore a water supply —	4	The audit reviewed the Debt Recovery Restriction List and details of Restriction Restorations and confirmed this obligation is being met with 98% compliance in the audit period.	A	1

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
			<p>a) if the restoration event occurs before 3 pm on a business day, by the next business day; and</p> <p>b) if the restoration event occurs at any other time, within the next 2 business days.</p>				
144A	Notice of planned service interruptions	Clause 43(1)	The licensee must give notice of any planned service interruption to each customer that will be affected by the service interruption.	4	Through discussion with the Water Tariff and ICT Administrator and review of 'Our Customer Commitments', the audit confirmed this obligation is being met.	A	1
144B		Clause 43(2)	The notice of any planned service interruption must be given within the prescribed timeframes.	4	As per Obligation 144A.	A	1
144C	Policy for dealing with leaks and blockages	Clause 44(1)	The licensee must have policies, practices and procedures for dealing with and minimising the impact of a burst, leak or blockage in its water supply works or sewerage works.	4	The Operations Work Instructions Manual includes detailed procedures for dealing with and minimising the impact of a burst, leak or blockage in the water supply.	A	1
144D		Clause 44(2)	The policies, practices and procedures under clause 44(1) must deal with the prescribed matters.	4	<p>The Operations Work Instructions Manual includes detailed procedures that include the prescribed matters, including attendance and action to be take.</p> <p>Individual incident reports are produced following an operational incident (or failure). A number of these were sighted (e.g. Incident 205 report – trunk mains break Feb 2019) which provide a record of the incident, the impact, the cause, provide a discussion about the incident response and what could be done better, and produce a list of actions assigned to individuals with due by date.</p>	A	1
144E	24 hour information line	Clause 45	The licensee must provide a 24 hour information line by means of which, at the cost of a local telephone call (excluding mobile telephones), a customer can notify	4	The audit reviewed of a sample of 30 invoices and also by discussion with the Water Tariff and ICT Administrator and review of the website, confirmed this obligation is being met.	A	1

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
			the licensee of emergencies and faults, and get information about the reason for, and the expected duration of, any unplanned service interruption.				
145.	Complaints procedure	Clause 46(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	The audit reviewed P12.PR021 Complaints Handling Management procedure and website information and confirmed this obligation is being met.	A	1
146.		Clause 46(2)	The licensee's complaints procedure must be developed using as minimum standards the relevant provisions of the AS/NZ 10002-2014 and the ERA's guidelines (if any).	4	The Licensee has confirmed the procedure was developed in accordance with AS ISO 10002-2006 and the ERA's Customer Complaints Guidelines dated December 2016. Confirmed in this audit.	A	1
147.		Clause 46(3)	The licensee's complaints procedure must provide for the matters specified in relation to lodgement of complaints, responding to complaints, dispute resolution arrangements and resolving complaints.	4	The audit reviewed P12.PR021 Complaints Handling Management procedure and website information and confirmed this obligation is being met.	A	1
148.		Clause 35(4) Jul. 2016 – Apr. 2018	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.	4	The audit reviewed P12.PR021 Complaints Handling Management procedure and website information and confirmed this obligation is being met.	A	1
148A		Clause 46(4)	The licensee's complaints procedure must list the procedures available to the customer under the Act as to 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, if an appeal or review is	4	The audit reviewed P12.PR021 Complaints Handling Management procedure and website information and confirmed this obligation is being met.	A	1

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
			available under regulations mentioned in section 222(2)(k).				
149.		Clause 46(5)	The licensee's complaints procedure must be available on the licensee's website and a hardcopy provided to a customer upon request at no charge.	4	Through review of website information and discussion with the Water Tariffs Officer, the audit found this obligation is being met as at the time of audit the complaints procedure was available on the website complaints page but the hyperlink was not active for the Busselton Water Complaints Procedure in the Appeals and Complaints information listed on the 'review your bill' page. Also, the Customer Complaints section has no reference or link to the complaints procedure.	B	1
149A	Resolution of complaints	Clause 47	When the licensee considers that a customer's complaint has been resolved the licensee must advise the customer accordingly, inform the customer that the customer has a right to apply to the water services ombudsman for a review of the complaint, and provide a Freecall telephone number for the water services ombudsman.	4	<p>The audit reviewed P12.PR021 Complaints Handling Management procedure and a sample of complaints and found there is insufficient evidence that advice is provided to the complainant that the complaint is considered resolved and the right to apply to the Ombudsman for review.</p> <p><u>Recommendation 05/2019</u></p> <ol style="list-style-type: none"> 1) <i>The P12.PR021 Complaints Management procedure should be amended to list the procedures for closing a complaint including</i> <ol style="list-style-type: none"> a) <i>Advising the complainant that the complaint is considered resolved;</i> b) <i>Advising the complainant they have the right to apply to the Energy and Water Ombudsman for a review of the complaint, and</i> c) <i>Providing the freecall telephone number for the Energy and Water Ombudsman.</i> 2) <i>Staff should be reminded to record all communication with the customer relevant to the complaint and to update the Complaints</i> 	B	3

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
					<i>Register with sufficient details to identify all documentation, e.g. TRIM references or Aquatact notes.</i>		
150	No charge for information	Clause 48(1)	The licensee must provide a customer with the specified services on request and at no charge.	4	The audit confirmed the 'Our Customer Commitments' document provides the required information to customers. The Licensee confirmed the specified services were provided without charge during the audit period.	A	1
151		Clause 36(1) Jul. 2016 – Apr. 2018	The licensee must provide a customer with the specified services on request and at no charge.	4	As per Obligation 150	A	1
152.	Access to customer information	Clause 48(2)	The licensee must make available to each customer, at no charge, the customer's personal account information including information about bills previously issued to the customer and about the quantity of water supplied to, or wastewater discharged by, the customer in previous billing periods.	4	The audit confirmed the 'Our Customer Commitments' document provides the required information to customers. The audit confirmed with the Customer Service Officers that the required information has been made available to customers upon request during the audit period.	A	1
153.	All Code of Conduct information to be publicly available in hardcopy and website	Clause 49(1)	The licensee must make the prescribed information available on the licensee's website and a hardcopy provided to a customer upon request at no charge.	4	The auditor reviewed the website information and confirmed the prescribed information is available with the exception of Clause 49(1)(g) that states: <ul style="list-style-type: none"> the licensee may cut off, or reduce the rate of flow of, a supply of water if a water service charge remains unpaid for 30 days after it becomes due. The audit confirmed with Customer Service Officers that hard copies of the information are provided upon request at no charge. <u>Recommendation 06/2019</u> <i>The document "Our Customer Commitments" on the website and in hardcopy should make reference to the fact that reductions in water flow may be</i>	B	2

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
					<i>made if a water service charge remains unpaid for 30 days after it becomes due.</i>		
154		Clause 49(2)	The licensee must ensure that the specified information about bills may be obtained from its website.	4	As per Obligation 153	B	2
154A		Clause 49(3)	The licensee must ensure that its website contains a link to the current version of this code appearing on the website that is maintained by or on behalf of the Western Australian Government and that provides public access to electronic versions of Western Australian legislation.	4	The audit reviewed the website and confirmed this obligation is being met.	A	1
154B	Preserved supply register	Clause 51(1) & (3)	The licensee must maintain an up to date preserved supply register for the purposes of Part 9 of the Code. The register must record the prescribed information.	4	The audit sighted the Emergency Notification Register and held discussions with the Water Tariffs and ICT Administrator. The audit concluded this obligation is being met.	A	1
154C		Clause 52	The licensee must not, under section 95(1)(b) of the Act, reduce the rate of flow of a supply of water to a supply address recorded on the preserved supply register.	4	As per Obligation 154B.	A	1
154D		Clause 53	Despite clause 43(3), in the case of a service interruption that will affect a supply address recorded on the preserved supply register, the notice required by clause 43(1) must be sent by post or delivered to that supply address.	4	As per Obligation 154B.	A	1
Licence Conditions – Specific Clauses							

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
155.	Fees to regulator	Clause 3.2.1	The licensee must pay the applicable fees and charges in accordance with the applicable regulations.	5	This obligation is documented in the Action Sheet – Water Compliance Reporting. The audit confirmed the annual fees to the ERA have been paid.	A	1
156.	Compliance generally	Clause 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.	4	The audit reviewed compliance with the <i>Water Services Act 2012</i> , <i>Water Services Regulations 2013</i> and the <i>Water Services Code of Conduct (Customer Service Standards) 2018</i> and previous versions as per obligations listed in this audit report and concluded that BW complies with the obligations apart from with the exception of 1 non-compliance with a moderate effect on customers and 11 non-compliances with a minor effect on customers.	B	2
157.	Compliance with Code of Practice	Clause 5.2 Apr.-Jun. 2016	The licensee must comply with any code of practice made by the Minister to the extent it applies to the licensee.	4	No Codes of Practice have been issued by the Minister.	N/A	N/A
158.	Compliance with Code of Conduct	Clause 5.3 Apr.-Jun. 2016	The licensee must comply with any code of conduct made by the ERA to the extent it applies to the licensee and is not inconsistent with the terms and conditions of the licence.	4	The auditor reviewed compliance with the Code of Conduct as per obligations listed in this audit report, and concluded that the licensee complies with the Code of Conduct with the exception of 1 non-compliance with a moderate effect on customers and 11 non-compliances with a minor effect on customers.	B	2
159.	Direction from ERA	Clause 3.1.2	The licensee must comply with a direction from the ERA in relation to a breach of applicable legislation.	4	This obligation is documented in the Action Sheet – Water Compliance Reporting. The auditor confirmed by reference to the ERA's website that no Rectification Notice has been issued to BW by the ERA.	NP	NR

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
160.	Compliance with Accounting Standards	Clause 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	This obligation is documented in the Action Sheet – Water Compliance Reporting. The audit reviewed BW's Financial Reports for the years ended 30 June 2016, 30 June 2017 and 30 June 2018 and confirmed they are prepared in accordance with the accounting standards.	A	1
161.	Compliance with Performance Standards	Clause 4.2.1	The licensee must comply with any individual performance standards prescribed by the ERA.	4	This obligation is documented in the Action Sheet – Water Compliance Reporting. Individual performance standards regarding the potable water supply are set out in Schedule 3 of the Licence WL3 Version 7 dated 15 August 2014 and Version 8 dated 1 July. The performance standards relate to the pressure and flow standards for potable water. Any pressure and flow outside of the standard is to be advised to new customers, and existing customers annually. Review of the performance report datasheets for the audit period confirmed that the connected properties have been supplied at a pressure and flow that meets the standards set out in the licence.	A	1
162.	Operational audit	Clause 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	This obligation is documented in the Action Sheet – Water Compliance Reporting. This audit/review is designed in accordance with the Audit Guidelines. BW has fully co-operated.	A	1
163.	External administration	Clause 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.	4	This obligation is documented in the Action Sheet – Water Compliance Reporting. The audit confirmed by interview and review of BW's Financial Reports for the audit period that there is no external administration.	A	NR

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
164.	Advise ERA of major or general works	Clause 15.1(d) Apr.-Jun. 2016)	The licensee must report to the Authority within 10 business days of providing or undertaking water service works that are major works or general works.	4	This obligation is documented in the Action Sheet – Water Compliance Reporting. The audit confirmed with BW that there were no major or general works to be reported for the period April to June 2016.	A	NR
165.	Provision of information to Authority	Clause 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.	4	This obligation is documented in the Action Sheet – Water Compliance Reporting. In accordance with the Water Compliance Reporting Manual 2018 and previous versions, BW is required to submit to the ERA: <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 audit reviewed BW's correspondence with the ERA and the Compliance and Performance Reports for 2015/16, 2016/17 and 2017/18 confirmed the reports had been submitted by the due dates.	A	1
166.	Compliance reporting to ERA	Clause 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.	4	This obligation is documented in the Action Sheet – Water Compliance Reporting. As per Obligation 165, the audit reviewed the licensee's correspondence with the ERA and licensee's Compliance and Performance Reports for 2015/16, 2016/17 and 2017/18 and confirmed the required information had been provided. The audit confirmed that BW maintained a Licence and Compliance Register for the audit period, being the Action Sheet – Water Compliance Reporting Manual.	A	1

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
167.	Performance reporting to ERA	Clause 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.	4	This obligation is documented in the Action Sheet – Water Compliance Reporting and the work instruction 4.3.3 NWI Stats Report. The audit reviewed BW's correspondence with the ERA and the Performance Reports for 2015/16, 2016/17 and 2017/18, and confirmed BW provided the ERA with the data required for performance reporting purposes in the time and format required.	A	1
168.	Publishing information	Clause 2.8.1 and 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	The audit reviewed BW's correspondence with the ERA in the audit period and confirmed that in the audit period, BW was not directed by the ERA to publish any information.	NP	NR
169.	Notices in writing	Clause 2.7.1	Unless otherwise specified, all notices must be in writing.	4	This obligation is documented in the Action Sheet – Water Compliance Reporting. The audit reviewed BW's correspondence with the ERA in the audit period and confirmed compliance. All correspondence observed was in hardcopy letter or email.	A	1
170.	Notify Authority of asset management system (AMS)	Clause 20.1 Apr.-Jun. 2016	The licensee must provide for, and notify the Authority of, an asset management system within the specified time unless otherwise notified by the Authority.	4	The ERA has been notified of and has approved the asset management system as part of the licence approval.	A	1
171.	Notify Authority of material change to AMS	Clause 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.	4	This obligation is documented in the Action Sheet – Water Compliance Reporting. The audit confirmed with the Technical Officer – Asset & Risk Management and during this asset management review that there has been one material change to the asset management system relating to the implementation of 'Confirm Connect' and 'Confirm Workzone' asset management systems. This change was reported to the ERA on 22 August 2018.	A	1
172.	Asset Management	Clause 4.1.6	The licensee must cooperate with the independent expert and comply with the	4	This review is being undertaken in accordance with the Audit and Review Guidelines. The Licensee has fully cooperated with the review.	A	1

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
	System Review		ERA's standard guidelines dealing with the asset management system review.				
173.	Ombudsman scheme	Clause 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	The audit confirmed by interview with the Water Tariff and ICT Administrator and review of the correspondence between the licensee and the Energy and Water Ombudsman (WA) Limited, that BW is a member of the Water Services Ombudsman Scheme.	A	1
174	Water supply	Clause 20.2 Apr.-Jun. 2016	Subject to the Act and the terms of a customer contract that apply to the water service, the licensee must supply water services in accordance with the terms and conditions set out in Schedule 4 (if any).	4	There are no specific terms and conditions in Schedule 4 (Version 7) or Schedule 3 (Version 8) of the licence so this clause was not applicable in the audit period.	N/A	N/A
175.	Customer contract	Clause 5.1.1	If directed by the ERA, the licensee must submit a draft customer contract for approval.	4	The Water Tariff and ICT Administrator confirmed there has been no directive from the ERA.	NP	NR
176.		Clause 5.1.2	The licensee must comply with any <i>Customer Contract Guidelines</i> that apply to the licensee.	4	As per Obligation 174.	NP	NR
177.		Clause 5.1.3	The licensee may only amend the customer contract with the ERA's approval.	4	As per Obligation 174.	NP	NR
178.		Clause 5.1.5	The licensee must comply with any direction by the ERA to amend the customer contract.	4	As per Obligation 174.	NP	NR
179.		Clauses 5.3.1 and 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	The Water Tariff and ICT Administrator confirmed BW did not enter into agreements with customers to provide water services during the period.	NP	NR

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
180.		Clause 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	As per Obligation 179.	NP	NR
181	Obligations of supplier of last resort	Clause 5.6.1	If the licensee is appointed as the supplier of last resort for a designated area, the licensee must perform the functions of a supplier of last resort, comply with the duties imposed by the Act and carry out its operations under or for the purpose of the last resort plan in accordance with the Act.	4	The audit confirmed with the Water Tariff and ICT Administrator that BW was not appointed as a supplier of last resort.	N/A	N/A
182.	No services outside operating area	Clause 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	The audit confirmed with the Water Tariff and ICT Administrator, review of Asset Management System documentation and observation that BW does not provide a water service outside of the operating area set out in Plan Number: OWR-OA-0825/2 (E).	NP	NR
183.	Financial Hardship Policy guidelines	Clause 5.4.3	The licensee must comply with the ERA's Financial Hardship Policy Guidelines as they apply to the licensee.	4	The audit confirmed with the Water Tariff and ICT Administrator and by review of a sample of overdue billings that BW complied with the ERA's Financial Hardship Policy Guidelines during the period. BWs Financial Hardship Policy was approved by the ERA on 16 May 2014.	A	1

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
184	MOU with the Department of Health	Clause 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 otherwise agreed with Department of Health.	4	This obligation is documented in the Action Sheet – Water Compliance Reporting and the P15.PR05 Document Management for the MoU between the DoH and BW procedure. The audit sighted the Memorandum of Understanding for Drinking Water with the Department of Health (MOU). The current MoU between the Department of Health commenced on 3 October 2011 and has been extended to 30 November 2019.	A	1
185		Clause 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.	4	The procedure is documented as per obligation 184. The MOU is a legal document signed by both parties.	A	1
186		Clause 6.1.3	The licensee must comply with the terms of the Memorandum of Understanding.	4	The procedure is documented as per obligation 184. From this audit and review of reports to the Department of Health, the audit concluded that BW is complying with the MOU. Annual drinking water quality incident tests are performed with the Department of Health. The tests did not identify any significant non-compliances.	A	1
187		Clause 6.1.4	The licensee must publish the Memorandum of Understanding and any amendments to the Memorandum of Understanding within one month of signing or making the amendment.	4	The procedure is documented as per obligation 184. The audit confirmed the MOU is published on BW's website.	A	1
188		Clause 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.	4	The procedure is documented as per obligation 184. There has not been any audit by the Department of Health during this licence audit period.	NP	NR

No ³	Operating Area	Legislative Reference	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence <i>(including any recommendations)</i>	Adequacy of Controls Rating ⁴	Compliance Rating ⁵
189		Clause 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.	4	The procedure is documented as per obligation 184. The auditor confirmed that the quarterly and annual drinking water quality reports have been published on BW's website for the audit period from 1 April 2016 to 31 March 2019.	A	1
190.	Service and performance standards	Schedule 2	The licensee must comply with the service and performance standards as set out in Schedule 2.	2	This obligation is documented in the Action Sheet – Water Compliance Reporting Review of the performance report datasheets for the audit period confirmed that the connected properties have been supplied at a pressure and flow that meets the standards set out in the licence.	A	1

2.7 Audit Recommendations

Table of Current Audit Non- Compliances and Recommendations

A. Resolved during current audit period			
Recommendation (no./year)	Non-Compliance/Controls Improvement (Rating/Licence obligation ref. and obligation/Non-compliance or inadequacy of control)	Date Resolved (& management action taken)	Auditor's Comments
	N/A		

B. Unresolved at end of current audit period			
Recommendation (no./year)	Non-Compliance/Controls Improvement (Rating/Licence obligation ref. and obligation/Non-compliance or inadequacy of control)	Auditor's Recommendation	Action taken by the licensee by end of audit period
01/2019	<p>B2</p> <p>Obligation 101</p> <p><i>Water Services Code of Conduct (Customer Service Standards) 2018 - Clause 13(4)</i></p> <p>Bill for Usage</p> <p>Each bill for usage for a metered water service must contain the specified information.</p> <p>The audit confirmed by detailed testing of a sample of 30 invoices across the audit period that the specified information on usage is included in each bill with the exception of 13(4)(e) the number of days to which the bill applies.</p> <p>Busselton Water bills only state the number of days in relation to water service charges and therefore bills for 'consumption only' do not state the number of days at all. The number of days for water consumption</p>	The water supply invoice should be amended to include the number of days of water consumption for which the bill applies.	Nil

B. Unresolved at end of current audit period			
Recommendation (no./year)	Non-Compliance/Controls Improvement (Rating/Licence obligation ref. and obligation/Non-compliance or inadequacy of control)	Auditor's Recommendation	Action taken by the licensee by end of audit period
	for the majority of bills will always be one day less than the number of days for water services charges as water services charges are billed on arrears. Where interim readings are performed, the number of days for water service charges can differ greatly from the number of days for consumption.		
02/2019	<p>B2 Obligation 101A <i>Water Services Code of Conduct (Customer Service Standards) 2018 - Clause 13(5)</i></p> <p>Bill for Usage based on Estimate If a bill for usage for a metered water service was based on an estimate, the bill must inform the customer that the licensee will tell the customer the prescribed information on request. The audit reviewed an invoice based on estimated usage and found Busselton Water's bills based on estimated usage state the reason for the estimate but do not inform the customer that Busselton Water will tell the customer on request the basis for the estimate.</p>	Where consumption is charged based on estimated usage, the water supply invoice should be amended to include a statement that, the basis of the estimate will be provided upon request.	Nil
03/2019	<p>B2 Obligation 117A <i>Water Services Code of Conduct (Customer Service Standards) 2018 - Clause 21</i></p> <p>Notification of Change in Water Service Charge From 1 July 2018, the licensee must notify each of its customers of any change to the amount or rate of a water service charge in accordance with the requirements in clause 21(2). This obligation was not met for the annual fee increases applicable from 1 July 2018. The auditor discussed the obligation with the Water Tariffs and ICT Administrator who advised BW had not previously notified customers of the fee increases as the new rates for their tariff band are stated on their bill. The timing of the gazetting of fees does not allow notification by letter to customers prior to 1 July.</p>	Busselton Water should include a news item for the annual fee increases on their website and information about the annual fee increases in the newsletter accompanying the first bill subsequent to the finalisation of fee increases.	Nil

B. Unresolved at end of current audit period			
Recommendation (no./year)	Non-Compliance/Controls Improvement (Rating/Licence obligation ref. and obligation/Non-compliance or inadequacy of control)	Auditor's Recommendation	Action taken by the licensee by end of audit period
04/2019	<p>B2 Obligation 133A <i>Water Services Code of Conduct (Customer Service Standards) 2018 - Clause 32</i></p> <p>No Interest in some Circumstances The licensee must not charge interest or fees for late payment of a bill by a customer in the specified circumstances.</p> <p>The audit confirmed the Financial Hardship Policy states interest is not charged to customers experiencing financial hardship. Clause 32 1(b) and (c) requires interest and fees not to be charged if a complaint directly related to the non-payment of the bill is not resolved; or if a complaint made by the customer to the water services ombudsman that directly relates to the non-payment of the bill is not determined or is upheld by the water services ombudsman.</p> <p>The Licensee advised interest is still charged on bills where there is an unresolved complaint directly related to the Bill however interest may be considered to be waived pending the ombudsman investigation findings. However, the procedure does not state that interest is not charged to customers experiencing financial hardship.</p>	Busselton Water should amend processes and update P12.PR04. Charging of Penalties and P12.PR021. Complaints Management procedures to ensure that interest is not charged to customers experiencing financial hardship or for unresolved complaints directly related to the bill.	Nil
05/2019	<p>B3 Obligation 149A <i>Water Services Code of Conduct (Customer Service Standards) 2018 - Clause 47</i></p> <p>Resolution of Complaints When the licensee considers that a customer's complaint has been resolved the licensee must advise the customer accordingly, inform the customer that the customer has a right to apply to the water services ombudsman for a review of the complaint, and provide a Freecall telephone number for the water services ombudsman.</p>	<p>1) The P12.PR021 Complaints Management procedure should be amended to list the procedures for closing a complaint including</p> <ul style="list-style-type: none"> a) Advising the complainant that the complaint is considered resolved; b) Advising the complainant they have the right to apply to the Energy and Water Ombudsman for a review of the complaint, and 	Nil

B. Unresolved at end of current audit period			
Recommendation (no./year)	Non-Compliance/Controls Improvement (Rating/Licence obligation ref. and obligation/Non-compliance or inadequacy of control)	Auditor's Recommendation	Action taken by the licensee by end of audit period
	The audit reviewed P12.PR021 Complaints Handling Management procedure and a sample of complaints and found there is insufficient evidence that advice is provided to the complainant that the complaint is considered resolved and the right to apply to the Ombudsman for review.	<p>c) Providing the freecall telephone number for the Energy and Water Ombudsman.</p> <p>2) Staff should be reminded to record all communication with the customer relevant to the complaint and to update the Complaints Register with sufficient details to identify all documentation, e.g. TRIM references or Aquatact notes.</p>	
06/2019	<p>B2</p> <p>Obligations 153 and 154</p> <p><i>Water Services Code of Conduct (Customer Service Standards) 2018 - Clause 49(1) and (2).</i></p> <p>All Code of Conduct information to be publicly available in hardcopy and website</p> <p>The licensee must make the prescribed information available on the licensee's website and a hardcopy provided to a customer upon request at no charge.</p> <p>The licensee must ensure that the specified information about bills may be obtained from its website.</p> <p>The auditor reviewed the website information and confirmed the prescribed information is available with the exception of Clause 49(1)(g) that states:</p> <ul style="list-style-type: none"> the licensee may cut off, or reduce the rate of flow of, a supply of water if a water service charge remains unpaid for 30 days after it becomes due. 	The document "Our Customer Commitments" on the website and in hardcopy should make reference to the fact that reductions in water flow may be made if a water service charge remains unpaid for 30 days after it becomes due.	Nil

2.8 Conclusion

This audit has been conducted to assess the licensee's level of compliance with the conditions of its licence.

Through the execution of the Audit Plan and assessment and testing of the control environment, the information system, control procedures and compliance attitude, the audit team members have gained reasonable assurance that Busselton Water has complied with its Water Licence performance and quality standards and obligations during the audit period from 1 April 2016 to 31 March 2019 with 1 non-compliance with a moderate effect on customers and 12 non-compliances with a minor effect on customers.

Out of 219 applicable compliance obligations, the audit found:

- 134 obligations were rated compliant, comprising 132 with adequate controls and 2 with generally adequate controls – improvement needed;
- 1 was rated non-compliant – moderate effect on customers with generally adequate controls – improvement needed;
- 12 obligations were rated non-compliant – with minor effect on customers and with generally adequate controls – improvement needed.
- 72 were not rated for compliance as no relevant activity took place during the audit period.

The audit confirmed that Busselton Water has fully complied with its information reporting obligations for the period 1 April 2016 to 31 March 2019.

The control environment is considered to be well-designed and effective with relatively few exceptions.

There were six recommendations, including one recommendation for the non-compliance with a moderate effect on customers relating to:

- Updating the complaints procedure to list the procedures for closing complaints and recording evidence of closure.

The remaining recommendations related to additional information on water supply invoices, providing annual fee increase information on the website and including further details in several procedures.

3. Asset Management System Effectiveness Review

3.1 Description of Infrastructure

Busselton Water Corporation ('Busselton Water') has a Water Services Operating Licence, issued by the Economic Regulation Authority ('ERA') under the *Water Services Act 2012* (Act), to provide potable water supply services in the operating area of South Western Australia as specified in the licence.

The town of Busselton is located some 230 Km south of Perth, in the south west coastal region of Western Australia. The town's water supply, which serves a population of approximately 26,000, is sourced from the Leederville and Yarragadee aquifers via eight bores located at four of its six operating plants located in and around the town.

The source water is treated by aeration and filtration and disinfected by chlorination (at Plants 1, 2 and 3) before being pumped to five steel storage tanks with a total capacity of 21,000 Kl, located at Plants 1, 2, 3 and 4.

The stored water is pumped to the supply area via more than 300 km of distribution and reticulation pipes.

Not less than once in every period of 24 months or such other period notified by the ERA, the ERA requires an operational audit of compliance with the licence conditions and an effectiveness review of the asset management system to comply with the licensing requirements of the ERA.

The audit and review approach is based on the compliance obligations set out in the Licence, applicable legislation, regulatory guidelines (Water Compliance Reporting Manual 2018 and previous versions 2014, 2016 and 2017) and the 2014 Audit and Review Guidelines: Water Licences. The report complies with the recently issued 2019 Audit and Review Guidelines: Water Licences 2019.

3.2 Objectives and Scope

The objective of the review was to assess the adequacy and effectiveness of the asset management system in place for the undertaking, maintenance and monitoring of the licensee's assets.

The scope of the review included an assessment of the adequacy and effectiveness of the asset management system by evaluating the key processes of:

- Asset planning
- Asset creation/acquisition
- Asset disposal
- Environmental analysis
- Asset operations
- Asset maintenance
- Asset management information system
- Risk management
- Contingency planning
- Financial planning
- Capital expenditure planning
- Review of the asset management system.

The highest priority asset components based on inherent risk were:

- **Asset Planning** - high inherent risk.
- **Environmental Analysis** – high inherent risk.
- **Risk Management** – high inherent risk.
- **Contingency Planning** - high inherent risk.

This review covers the period from 1 April 2016 to 31 March 2019. The previous review was from 1 April 2013 to 31 March 2016.

3.3 Asset Management Process and Performance Rating Scales

The adequacy of process policy and definition and the performance of the key processes were assessed using the scales described in the tables below. The overall effectiveness rating for each asset management process is based on a combination of the process and policy adequacy rating and the performance rating.

Asset Management Process and Policy Definition - Adequacy ratings

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

Asset Management Performance ratings

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

3.4 Status of Previous Review Recommendations

The previous review covered the period from 1 April 2016 to 31 March 2019 and was reported in July 2016.

Reference (no./year)	Process and Policy Deficiency (Rating, Asset management process, Details)	Auditor's Recommendation and Action Taken	Date Resolved	Further action required Details of any further action required
A. Resolved before end of previous review				
	Nil			
B. Resolved during current review period				
01/2016	<p>B1 Asset Planning</p> <p>Supply pressures and flow rates stipulated in its Licence, are set out in BW's Customer Charter. Although stated in Section 6.5 – "<i>Operational Planning</i>" in its 2016 Asset Management Strategy, the information is not sufficiently prominent and (as for water quality), should also be addressed in its Policy and Procedure manuals.</p>	<p>It is recommended that BW include details of its Licence <i>maximum</i> and minimum pressure and minimum flow rates in its Policy and Procedures manuals.</p> <p>The review confirmed the procedure P15.PR06 Formal Pressure and Flow Reporting includes the licence requirements.</p>	November 2016	No further action required.
02/2016	<p>A2 Asset Management Information System</p> <ul style="list-style-type: none"> Servers "B", "C", and "D" are all located in the treatment plant No.2 communications room. The close proximity of servers "B", "C" and "D" introduces a significant risk that all could be lost in the event of a fire, flood or similar event. Reviewer understands that BW is considering the competing options of re-locating the final server "D" to an area external to the plant, or to storing the final backup to a cloud system. Reviewer considers action to mitigate this risk is both pressing and essential. 	<ul style="list-style-type: none"> That BW urgently investigate and implement options of housing computers "B", "C" and "D" separately - including relocating the final backup server "D" away from the No.2 Plant site or to store the final back-up on a cloud system; and That BW ensures that the "<i>Data Check</i>" facility in "<i>Confirm</i>" be implemented weekly. 	December 2016	The existing data backup arrangement is considered adequate but further investigation of a cloud-based backup system is continuing.

Reference (no./year)	Process and Policy Deficiency (Rating, Asset management process, Details)	Auditor's Recommendation and Action Taken	Date Resolved	Further action required Details of any further action required
	<ul style="list-style-type: none"> Although not previously implemented, the "Data Check" facility in "Confirm" was operated during the review and indicated no errors. Business Services Manager advised this facility will be implemented weekly in future. 	<p>There are now two primary sites for the computers at the main office and the No.2 Plant site. The option to store the final backup on a cloud-based system is still being investigated. Each site can operate as a disaster recovery backup site.</p> <p>The review confirmed the weekly "Data Check" on the Confirm system has been implemented.</p>		
03/2016	<p>B1 Risk Management:</p> <p>The consequence of Risk No.71 - Reticulation Failure is noted only as "loss of supply" and the initial risk as "high". Reviewer considers the consequence could also extend to flooding of residences, flooding and undermining of roads, intersections, power poles and street furniture. The controls stated relate only to restoration of supply, which is inadequate for the flooding situation.</p>	<p>That BW assesses the risk associated with a major distribution or reticulation pipe burst which in addition to loss of supply, could cause flooding of residences, flooding and undermining of roads, intersections, power poles and street furniture.</p> <p>The review confirmed the risk assessment has been completed and included in the BW Risk Register (risk no. 6). An Emergency Response Plan has been completed.</p>	December 2016	No further action required.

Reference (no./year)	Process and Policy Deficiency (Rating, Asset management process, Details)	Auditor's Recommendation and Action Taken	Date Resolved	Further action required Details of any further action required
04/2016	<p>B2 Contingency Planning:</p> <ul style="list-style-type: none"> The plans do not address a situation where a major distribution or reticulation pipe burst can cause flooding of residences, flooding and undermining of roads, intersections, power poles and street furniture. Reviewer considers this emergency should be included in the emergency plans; and The emergency response plans are considered (with the exception of a pipe burst) very good. However it is considered they could in many cases be simplified by avoiding repetition. Also, there may be benefit in allocating response activity and protocol response to different team members in each emergency area. Also, a wider spread of in-house tests is necessary in order to ensure a better staff knowledge of the procedures. 	<p>It is recommended that:</p> <ul style="list-style-type: none"> An emergency response plan be prepared for a situation where a major distribution or reticulation pipe burst causes flooding of residences, flooding and undermining of roads, intersections, power poles and street furniture; Consideration is given to simplifying the plans by amalgamation (e.g. the Treatment Plant sites) and avoidance of repetition. Also to allocating response activity and protocol response to different team members in each emergency area; and Initiate a wider regular spread of in-house tests in order to ensure a better relevant staff knowledge of the procedures. <p>The review confirmed that:</p> <ul style="list-style-type: none"> An Emergency Response Plan (ERP) for a major reticulation pipe burst has been completed. The ERPs for Plants 1,2 and 3 and Administration have been updated to simplify them. All tests are being completed and recorded in TRIM F5 folder. 	December 2016	No further action required.

Reference (no./year)	Process and Policy Deficiency (Rating, Asset management process, Details)	Auditor's Recommendation and Action Taken	Date Resolved	Further action required Details of any further action required
05/200516	<p>B2</p> <p>Review of Asset Management System</p> <ul style="list-style-type: none"> The individual procedures contained within supporting manuals often number in excess of twenty. At present, reviews and revision of these are noted within the procedure index, but the overall document is not noted as reviewed and frequently is not dated; and Overall the review intervals and documentation are appropriate as the major documents are reviewed as planned. However, the reviewer was confused by an inconsistency in the naming of documents and in some cases, which documents superseded, or were superseded by others. The term "Strategy" appears to have been used to describe differing document types eg, Asset Management Strategy Plans and Water Operating Strategy. The former are produced at three yearly intervals and the latter annually. The differing document titles make it difficult for the reader to confidently determine the relevance or, which document precedes or succeeds another. 	<ul style="list-style-type: none"> All major asset management documents display the month and year of the latest revision on the front cover and that uniform titles be adopted for sequential documents; Superseded documents are to be identified as such and stored in a separate file from those which are current; An index of asset management files must be prepared and updated as documents are added or removed; and To help recognise many documents containing a large number of individual sub-documents of unchanged long standing, it is suggested that BW considers re-issuing the main document annually with the month and date and a list of sub-documents and revisions on the front cover. <p>The review confirmed the Asset Management Strategy and documents have been revised as recommended.</p>	December 2016	No further action required.
C. Unresolved before end of current review				
	Nil			

3.5 Summary of Asset Management System Effectiveness Ratings

The audit assessment of the asset management system process and policy definitions and their effectiveness, based on the ratings scale in Section 3.3, is shown in the table below.

Section 3.6 provides further details of the current rating results for each process in the asset management system.

Asset Management System Effectiveness Ratings

ASSET MANAGEMENT SYSTEM COMPONENT & EFFECTIVENESS CRITERIA	Process and Policy rating				Performance rating				
	Adequately defined	Requires some improvement	Requires significant improvement	Inadequate	Performing effectively	Opportunity for improvement	Corrective action required	Serious action required	Not Rated
	A	B	C	D	1	2	3	4	NR
1. Asset planning	A				1				
1.1 Asset management plan covers key requirements.	A				1				
1.2 Planning process and objectives reflect the needs of all stakeholders and is integrated with business planning.	A				1				
1.3 Service levels are defined.	A				1				
1.4 Non-asset options (e.g. demand management) are considered.	A				1				
1.5 Lifecycle costs of owning and operating assets are assessed.	A				1				
1.6 Funding options are evaluated.	A				1				
1.7 Costs are justified and cost drivers identified.	A				1				
1.8 Likelihood and consequences of asset failure are predicted.	A				1				
1.9 Plans are regularly reviewed and updated.	A				1				
2. Asset creation/ acquisition	A					2			
2.1 Full project evaluations are undertaken for new assets, including comparative assessment of non-asset solutions.	A					2			
2.2 Evaluations include all life-cycle costs.	A					2			
2.3 Projects reflect sound engineering and business decisions.	A					2			
2.4 Commissioning tests are documented and completed.	A					2			

ASSET MANAGEMENT SYSTEM COMPONENT & EFFECTIVENESS CRITERIA	Process and Policy rating				Performance rating				
	Adequately defined	Requires some improvement	Requires significant improvement	Inadequate	Performing effectively	Opportunity for improvement	Corrective action required	Serious action required	Not Rated
	A	B	C	D	1	2	3	4	NR
2.5 Ongoing legal/environmental/safety obligations of the asset owner are assigned and understood.	A					2			
3. Asset disposal	A				1				
3.1 Under-utilised and under-performing assets are identified as part of a regular systematic review process.	A				1				
3.2 The reasons for under-utilisation or poor performance are critically examined and corrective action or disposal undertaken.	A				1				
3.3 Disposal alternatives are evaluated.	A				1				
3.4 There is a replacement strategy for assets.	A				1				
4. Environmental analysis	A				1				
4.1 Opportunities and threats in the system environment are assessed.	A				1				
4.2 Performance standards (availability of service, capacity, continuity, emergency response, etc) are measured and achieved.	A				1				
4.3 Compliance with statutory and regulatory requirements.	A				1				
4.4 Achievement of customer service levels.	A				1				
5. Asset operations	A					2			
5.1 Operational policies and procedures are documented and linked to service levels required.	A					2			
5.2 Risk management is applied to prioritise operations tasks.	A					2			
5.3 Assets are documented in an Asset Register including asset type, location, material, plans of components, and an assessment of assets' physical/structural condition and accounting data.	A				1				
5.4 Operational costs are measured and monitored.	A					2			
5.5 Staff resources are adequate and staff receive training commensurate with their responsibilities.	A					2			

ASSET MANAGEMENT SYSTEM COMPONENT & EFFECTIVENESS CRITERIA	Process and Policy rating				Performance rating				
	Adequately defined	Requires some improvement	Requires significant improvement	Inadequate	Performing effectively	Opportunity for improvement	Corrective action required	Serious action required	Not Rated
	A	B	C	D	1	2	3	4	NR
6. Asset maintenance	A					2			
6.1 Maintenance policies and procedures are documented and linked to service levels required.	A					2			
6.2 Regular inspections are undertaken of asset performance and condition.	A				1				
6.3 Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule.	A					2			
6.4 Failures are analysed and operational/maintenance plans adjusted where necessary.	A					2			
6.5 Risk management is applied to prioritise maintenance tasks.	A					2			
6.6 Maintenance costs are measured and monitored.	A					2			
7. Asset Management Information System (MIS)	A					2			
7.1 Adequate system documentation for users and IT operators.	A				1				
7.2 Input controls include appropriate verification and validation of data entered into the system.	A				1				
7.3 Logical security access controls appear adequate, such as passwords.	A				1				
7.4 Physical security access controls appear adequate.	A				1				
7.5 Data backup procedures appear adequate and backups are tested.	A				1				
7.6 Key computations related to licensee performance reporting are materially accurate.	A				1				
7.7 Management reports appear adequate for the licensee to monitor licence obligations.	A				1				

ASSET MANAGEMENT SYSTEM COMPONENT & EFFECTIVENESS CRITERIA	Process and Policy rating				Performance rating				
	Adequately defined	Requires some improvement	Requires significant improvement	Inadequate	Performing effectively	Opportunity for improvement	Corrective action required	Serious action required	Not Rated
	A	B	C	D	1	2	3	4	NR
7.8 Adequate measures to protect asset management data from unauthorised access or theft by persons outside the organisation.	A					2			
8. Risk management	A				1				
8.1 Risk management policies and procedures exist and are being applied to minimise internal and external risks associated with the asset management system.	A				1				
8.2 Risks are documented in a risk register and treatment plans are actioned and monitored.	A				1				
8.3 The probability and consequences of asset failure are regularly assessed.	A				1				
9. Contingency planning	A				1				
9.1 Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks.	A				1				
10. Financial planning	A				1				
10.1 The financial plan states the financial objectives and strategies and actions to achieve the objectives.	A				1				
10.2 The financial plan identifies the source of funds for capital expenditure and recurrent costs.	A				1				
10.3 The financial plan provides projections of operating statements (profit and loss) and statement of financial position (balance sheets).	A				1				
10.4 The financial plan provides firm predictions on income for the next five years and reasonable indicative predictions beyond this period.	A				1				
10.5 The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services.	A				1				

ASSET MANAGEMENT SYSTEM COMPONENT & EFFECTIVENESS CRITERIA	Process and Policy rating				Performance rating				
	Adequately defined	Requires some improvement	Requires significant improvement	Inadequate	Performing effectively	Opportunity for improvement	Corrective action required	Serious action required	Not Rated
	A	B	C	D	1	2	3	4	NR
10.6 The financial plan states the financial objectives and strategies and actions to achieve the objectives.	A				1				
11. Capital expenditure planning	A				1				
11.1 There is a capital expenditure plan that covers issues to be addressed, actions proposed, responsibilities and dates.	A				1				
11.2 The plan provides reasons for capital expenditure and timing of expenditure.	A				1				
11.3 The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan.	A				1				
11.4 There is an adequate process to ensure that the capital expenditure plan is regularly updated and actioned.	A				1				
12. Review of asset management system	A				1				
12.1 A review process is in place to ensure that the asset management plan and the asset management system described therein are kept current.	A				1				
12.2 Independent reviews (e.g. internal audit) are performed of the asset management system.	A				1				

3.6 Detailed Review Observations

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
1	ASSET PLANNING	Process Rating ⁶	A	Performance Rating ⁷	1
1.1	Asset management plan covers key requirements.	<p>BW has a comprehensive asset management plan that includes a Strategic Asset Plan (for 5 years), 30-year Financial Model, 30-year Infrastructure Plan and 50-year Water Demand Projection that were reviewed and updated in 2017/18. This also provides input into the BW Strategic Development Plan 2017-18 to 2021-22.</p> <p>There is also an Asset Management Strategy updated annually that includes the strategic context of the plan, regulatory requirements, desired service levels, financial budget and funding, operations and maintenance and the asset management lifecycle components.</p> <p>The documentation demonstrates broad consideration of the obligations of BW and there is evidence of regular review and update of the documentation.</p>			
1.2	Planning process and objectives reflect the needs of all stakeholders and is integrated with business planning.	<p>The business planning process in developing the above plans has included input from stakeholders and is integrated with BW's planning and budgeting processes.</p> <p>The planning process is also aligned with the WA Government Treasury planning cycle.</p>			
1.3	Service levels are defined.	<p>The service levels for the water supply are defined in the Asset Management Strategy updated annually. The service levels have been categorised as regulatory performance, sustainability, water quality, planning, customer service, community service and human resources. Monthly operational reports are provided on key performance indicators. Performance in respect of the licence is also measured in the annual performance reports provided to the ERA.</p>			
1.4	Non-asset options (e.g. demand management) are considered.	<p>The asset management planning is supported by Procedures P16.PR03. Plan Infrastructure System Upgrades (where studies are undertaken and options and scenarios are evaluated), P16.PR05 Business Cases Procedure for Projects or Asset Acquisition and PR16.PR06. Develop Asset Investment Plan (where project Business Cases are written and section 5 Options Analysis requires the discussion of options including do nothing). The 'business case' document that justifies any project, includes the comparative assessment of non-asset solutions (such as operational solutions or alternatives such as leasing or rental options) as well as all life-cycle cost estimates (if known).</p>			

⁶ Process ratings: A=adequately defined, B=requires some improvement, C=requires significant improvement, D=inadequate.

⁷ Performance ratings: 1=performing effectively, 2=opportunity for improvement, 3=corrective action required, 4=serious action required

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)
1.5	Lifecycle costs of owning and operating assets are assessed.	<p>To enable the inclusion in the budgets and works program, a Minor Capital Works Form or a Major Capital Business Case form is to be completed and submitted to the General Manager Operations. These forms comprise the 'business case' document that justifies the project and includes the comparative assessment of non-asset solutions (such as operational solutions or alternatives such as leasing or rental options) as well as all life-cycle cost estimates (if known). The project should reflect sound engineering and business decisions as justification, therefore any consultant reports or recommendations supporting it should be attached. Cost estimates associated with the business case proposal can be calculated with the assistance of form Activity Cost Estimates.</p> <p>The evaluation for the Plant 1 Filter Replacement Project presented in the Business Case demonstrated inclusion of Net Present Cost evaluation of options, with the detail provided in an earlier consultancy project (D17/9248 by jClem).</p> <p>Regular Infrastructure Plan reviews (commissioned by BW for delivery by engineering consultants) of the BW water source and supply scheme are key studies that underpin the evaluation of BWs major capital investments and present value cost of alternative options are first considered in these studies.</p> <p>BW has set maintenance strategies and their respective actions that need to be carried out by staff to minimise the whole of life costs. These are defined in the Asset Management Strategy.</p>
1.6	Funding options are evaluated.	<p>The asset investment program over a 5 year period is based on the business needs as identified in the BW Strategic Asset Plan. In assessing the need for and priority of funding, BW assesses the risk profile and the latest timing for key projects. The financial requirements or Business Case submissions are collated and entered into the 10 year forecast capital and operating budgets and are submitted to the General Manager Operations or the Senior Executive Group for approval. The approved annual submissions are then prepared for Treasury and Ministerial budget approval. An annual budget is then approved by the Minister for Water. From this an annual works program is prepared.</p> <p>The asset management planning is supported by Procedures P16.PR03. Plan Infrastructure System Upgrades (where studies are undertaken and options and scenarios are evaluated), P16.PR05 Business Cases Procedure for Projects or Asset Acquisition and PR16.PR06. Develop Asset Investment Plan (where project Business Cases are written and section 5 Options Analysis requires the discussion of options including do nothing).</p>
1.7	Costs are justified and cost drivers identified.	<p>The operating and maintenance costs and capital expenditure for water supply are justified in the budgeting processes of BW. The cost drivers are identified through the business planning process that prioritises projects as detailed in the Asset Management Strategy. The drivers include demand management, maintenance costs, safety risks, etc.</p>
1.8	Likelihood and consequences of asset failure are predicted.	<p>Any associated risks identified are noted and assessed prior to submitting project proposals/business cases, in accordance with Busselton Water's Risk Management process and if necessary escalated to senior management. These include the likelihood and consequences of asset failure if capital expenditure projects do not proceed on a timely basis.</p>

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
1.9	Plans are regularly reviewed and updated.	The Asset Management Plans referred to in item 1.1 have been reviewed and updated annually. The capital expenditure funding required and the 5 year projection are reviewed annually as part of developing the capital expenditure programme each year.			
2	ASSET CREATION/ ACQUISITION	Process Rating	A	Performance Rating	2
		<i>Note: As this component is rated A2, recommendations for improvement are not included in this report and have been provided directly to BW for their consideration.</i>			
2.1	Full project evaluations are undertaken for new assets, including comparative assessment of non-asset solutions.	<p>This component is well addressed in Procedures P16.PR03. Plan Infrastructure System Upgrades (where studies are undertaken and options and scenarios are evaluated), P16.PR05 Business Cases Procedure for Projects or Asset Acquisition and PR16.PR06. Develop Asset Investment Plan (where project Business Cases are written and section 5 Options Analysis requires the discussion of options including do nothing).</p> <p>A selection of Major Capital Business Cases were reviewed. The Plant 1 Filter Replacement Business Case (approx. cost \$1.8m) April 2018 (D18/3207) provided a summary of evaluations undertaken in the earlier Infrastructure Planning including do nothing, decommissioning of the facility and replacement of the filters (the recommended option). This site was inspected as part of the review and a few minor modifications required to the works following project completion were discussed. The AC Pipe Replacement Business Case August 2016 (390m of 150mm AC pipe in Bussell Highway) discussed the do-nothing option and the prioritisation of this main replacement amongst a wider main replacement program.</p> <p>The main replacement business case would have been strengthened with information on the number of failures that have occurred and typical repair costs to support the project justification statements in the business case (that the project would reduce water loss events, reduce future maintenance costs and provide a more reliable water supply to customers).</p> <p>The evaluations were performed in accordance with BW Procedures with Business Cases prepared and demonstrating comparative assessment of options.</p>			
2.2	Evaluations include all life-cycle costs.	<p>The evaluation for the Plant 1 Filter Replacement Project presented in the Business Case demonstrated inclusion of Net Present Cost evaluation of options, with the detail provided in an earlier consultancy project (D17/9248 by jClem).</p> <p>Regular Infrastructure Plan reviews (commissioned by BW for delivery by engineering consultants) of the BW water source and supply scheme are key studies that underpin the evaluation of BWs major capital investments and present value cost of alternative options are first considered in these studies.</p>			
2.3	Projects reflect sound engineering and business decisions.	Major capital projects are subject to preparation, scoping and development of individual business cases. These identify the BW Corporate Objectives related to the project and Business Case approval is required by the Senior Executive Group. Prior to Business Case preparation projects have been identified through documented Infrastructure Planning and/or Asset Replacement and Disposal processes.			

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
		Capital Project Delivery processes are also documented (PR16.PR08.) including individual Project Management Plans and defined stages of definition and further approval before proceeding to detailed design and construction.			
2.4	Commissioning tests are documented and completed.	<p>There is reference to the task of Commissioning in PR16.PR08. Commissioning is part of the activities to be undertaken during the construction phase of the Manage Capital Delivery process).</p> <p>There was evidence of Commissioning being considered with two projects that have recently been completed (the Plant 1 Filter Replacement Project and a project to deliver a new Booster Pump Station for development of the Airport). Both of these sites were inspected as part of the review. The design documentation for both these projects included sections dedicated to items of equipment and tests that should be completed as part of commissioning. Tender documentation placed the onus on the Contractors for undertaking Commissioning tasks, with BW witnessing and receiving commissioning documentation. Information was able to be located from the contractors who undertook these projects to confirm Commissioning tests however this information was not readily available.</p>			
2.5	Ongoing legal/environmental/safety obligations of the asset owner are assigned and understood.	Documentation about BW responsibilities and procedures for managing legal, environmental, water quality and safety as part of its ongoing operations are covered mainly in the BW Procedures Manual and Operations Work Instruction Manual and also in documents such as the Safety in Design Manual and 2017 Post Operating Audit & Asset Management Plan Review – Implementation Plan. BWs Asset Management Strategy document also lists in section 5 the Acts, Regulations and Codes of Practice that relate to BW operation. The documentation demonstrates broad consideration of the obligations of BW and there is evidence of regular review and update of the documentation.			
3	ASSET DISPOSAL	Process Rating	A	Performance Rating	1
3.1	Under-utilised and under-performing assets are identified as part of a regular systematic review process.	<p>Procedure P16.PR015 – Asset Replacement and Disposal outlines BW’s approach to the review of asset performance, the decision process to decommission an asset and evaluation of alternatives to replacement. Annual Asset Condition Assessment processes are also relevant (as described in P16.PR02. – Scan Business Environment and Drivers).</p> <p>BW Asset Register system (Confirm) was viewed and it was demonstrated that regular reviews of asset condition are carried out, including review of any failures/incidents that have occurred. External expertise is engaged to undertake specialist inspection services (such as Corrosion, borehole inspection, electrical inspections and SCADA systems) with in house resources undertaking regular inspection of assets such as bridge crossings. Inspections are programmed (and budgeted for) to ensure they are updated at regular intervals.</p> <p>A list of assets disposed of during the audit period was provided indicating the disposal of 69 assets – most of which were minor plant and equipment.</p>			
3.2	The reasons for under-utilisation or poor performance are critically examined and corrective action or disposal undertaken.	Monitoring and Condition assessment programs were demonstrated to result in forward programs of operational and capital expenditure to address poor performance and timely response to failure risk in relation to asset criticality. A program of operational works including items such as bore probe replacements, valve maintenance and replacements and replacement of Uninterruptible power supply (UPS) units was reviewed – taking inputs from sources including condition assessments, plant optimisation studies and consultancy reviews.			

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
3.3	Disposal alternatives are evaluated.	<p>Procedure P16.PR015 – Asset Replacement and Disposal outlines BW decision process to decommission an asset and evaluate alternatives to replacement. The procedure describes the disposal of significant assets by sale or tender. However, the procedure does not explicitly require the evaluation of options for disposal.</p> <p>A capital project business case was reviewed for the disposal of de-commissioned filter tanks at Plant 3. Options of removal (destruction) versus salvage of scrap steel value were evaluated with the cost to recover the steel for salvage assessed as a greater cost than the removal option.</p> <p>Procedure P18.PR05. (Disposal of Goods) provides guidance on disposal of goods to ensure disposal is ethical and to maximise the value outcome for government. Options such as trade-in, auction, competitive tendering, recycling, community re-use, destruction and donation (where goods have little or no economic value) are discussed. These options are applicable to minor items disposal (such as a camera or whipper snipper which were typical of the 69 items disposed over during the audit period).</p>			
3.4	There is a replacement strategy for assets.	<p>Procedure P16.PR015 – Asset Replacement and Disposal sets out BW requirements to plan for the replacement of assets when they reach the point in their life cycle where they are no longer economically viable to remain in service, are no longer reliable or have become technologically obsolete. BW’s assets are forecast to expire through the Asset Management System and replacement is budgeted in the 10 year Capital Works Plan. The Business Case process is used to document and approve decisions to replace individual assets. The 10 year Capital Works Plan was reviewed to verify the forward programming of asset replacements. Assets programmed for replacement include distribution pipework, pumps, control valves, meters, compressors and a tank.</p> <p>Business cases for the replacement of filters at plant 1 and a distribution main were reviewed.</p>			
4	ENVIRONMENTAL ANALYSIS	Process Rating	A	Performance Rating	1
4.1	Opportunities and threats in the system environment are assessed.	<p>BW annually employs consultant hydrologists & network planners to analyse projected growth rates of the City to predict future demands growth strategies. All developments are modelled to predict the effect on the system and to identify improvements. Similarly, the threat of saltwater intrusion into the supply aquifers is continually monitored and operational practices are in place to mitigate against the possibility of reduction in drinking water quality and general salt contamination of the aquifer;</p> <p>The legal environment under which BW operates is set out in its Asset Management Strategy including the Water Licence and the Memorandum of Understanding with the Department of Health and the licence from the Department of Water to take water from the Yarragadee and Leederville aquifers and the provision of reports regarding monitoring of extraction, water quality and aquifer protection.</p> <p>The monitoring and reporting associated with the above licences/ agreements are detailed in written procedures and are undertaken and reported on, in accordance with these procedures and relevant agreements;</p> <p>During the review period BW complied with all standards of its Water Services Licence, Department of Water Licence; and those of its Memorandum of Understanding with the Department of Health.</p>			

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
4.2	Performance standards (availability of service, capacity, continuity, emergency response, etc.) are measured and achieved.	<p>The potable water quality is tested weekly and quarterly reports are provided to the Department of Health. The performance standards are being met.</p> <p>The Annual Performance Reports to the ERA for 2015/16, 2016/17 and 2017/18 were sighted. Performance standards have been met.</p>			
4.3	Compliance with statutory and regulatory requirements.	<p>The Action Sheet – Water Compliance Reporting Manual lists the statutory and regulatory licences and other compliance requirements including reporting to the regulatory authorities. The Water Tariff and ICT Administrator monitors compliance. This also includes a register of any non-compliances as part of the Action Sheet.</p> <p>Any breaches or non-compliance issues are logged in the Action Sheet. There were no non-compliance issues logged in the audit period apart from the non-compliances reported in the 2016 audit that were resolved by October 2016 with one exception:</p> <ul style="list-style-type: none"> • The document “Our Customer Commitments” on the website and in hardcopy should make reference to the fact that reductions in water flow may be made if a water service charge remains unpaid for 30 days after it becomes due (<i>Refer recommendation 10/2019</i>). <p>There were also some minor non-compliances noted in this audit. .</p>			
4.4	Achievement of customer service levels.	<p>The Complaints Register showed that there were approximately 40 complaints per year about the water services during the audit period. All complaints were responded to. This represents about 0.3% of customers.</p> <p>It is considered that on this basis and from review of the operation of the system, that customer service levels are being achieved.</p>			
5	ASSET OPERATIONS	Process Rating	A	Performance Rating	2
		<p><i>Note: As this component is rated A2, recommendations for improvement are not included in this report and have been provided directly to BW for their consideration.</i></p>			
5.1	Operational policies and procedures are documented and linked to service levels required.	<p>BW has established a range of excellent documents to support its operations. This includes Procedure P16.PR022 - Utilise (Operate) Assets, the Operations Work Instruction Manual, the Monthly Performance Report and Summer 2018/19 Peak Day Performance Estimate and Contingency Plan.</p> <p>The Monthly Performance Report is an excellent collection of reporting information and has been the basis for some observations made in this section.</p> <p>The Procedure lists at a high level the activities required to plan the annual operations including budgeting and monthly performance review.</p> <p>The Operations Work Instruction Manual provides one place where detailed instructions for carrying out many operational functions are stored.</p>			

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		The 2018/19 Peak Day Performance Estimate and Contingency Plan was produced for the specific purpose of assessing how supply to customers would be provided should the project to replace filters at treatment plant 1 suffer delay or experience performance issues – being an excellent example of operational contingency planning.
5.2	Risk management is applied to prioritise operations tasks.	The Monthly Operations Report includes a section on Risk Management which discusses any new incidents, minimum and maximum pressure supplied to customers, continuity of supply and actions to address past incidents. This gives some sense of how risk is considered in operations, however in conversation with operations staff water quality was rightly also acknowledged as a priority (achieving treated water quality, maintaining chlorine residuals through the network and undertaking scouring and sampling programs to verify the residuals) – even though water quality performance is reported separately from the risk management section in the monthly report. There was acknowledgement by those scheduling work task that field supervisors prioritise day to day works by risk.
5.3	Assets are documented in an Asset Register including asset type, location, material, plans of components, and an assessment of assets' physical/structural condition and accounting data.	<p>Assets are documented in the Confirm system maintained by BW. The asset register includes:</p> <ul style="list-style-type: none"> ▪ Asset Type ▪ Asset location ▪ Asset identifier ▪ Asset age ▪ Asset condition information ▪ Records of failures/incidents/repairs ▪ Ability to interrogate the cost of works attributed to an asset via past works orders. <p>Through the asset identifier the location of the asset can also be viewed through a GIS system.</p> <p>The Asset Register is well developed, well populated with information and processes are in place to continue the update of information giving a high degree of confidence in the information.</p>
5.4	Operational costs are measured and monitored.	<p>Procedure P16.PR011-Utilise (Operate) Assets describes the process for measuring and monitoring operational costs. This is done through the Synergy Finance system, with alignment between Synergy and Confirm occurring in the creation of cost centres to enable tracking of costs to assets (as required by P18.PR04. Chart of Accounts/Costing Procedures). The reviewer observed how costs expended on individual assets could be accessed through Confirm.</p> <p>Operational costs are monitored compared to budget at a high level, however this is a finance function and no information is included in the monthly operations report. At present operations budgets are essentially developed by the Finance team.</p>
5.5	Staff resources are adequate and staff receive training commensurate with their responsibilities.	Resourcing for the water treatment and distribution field teams was discussed in relation to information in the Monthly Operations Report. Information in section 8.1.3 of the monthly report indicates the Water Treatment team is completing assigned work orders and the chart indicates most of this teams' work consists of planned activities. Information in section 8.2.1 of the monthly report indicates the Distribution team is not completing all of the work orders issued for the month, and the chart indicates a much larger component of their work is unplanned and

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
		<p>afterhours callout work. The monthly report does not provide information that tracks what happens with work orders not completed in the month – so there is no assurance that uncompleted work is able to be caught up with. From the information presented and discussed with operations staff, it appears that resourcing for the Water Treatment Team is adequate, however it appears that resourcing for the Distribution Team may not be adequate.</p> <p>A training profile for the Water Treatment and Distribution Teams was discussed with the HR Manager. A significant component on the training profile is the completion of Water Industry Worker Certificate 2 and 3 for the Water Treatment Team members, and Certificate 2 for the Distribution Team members. The Water Treatment Team members (Supervisor and 4 staff) are well progressed with their training (mostly completed), however the Distribution Team members (Supervisor and 4 staff) have only one member who has completed the Cert 2. The newer staff in this team and the time taken away from work (generally involving travel to Bunbury or Perth for the training) are reasons the training is less complete. A New Worker Safety Induction checklist and follow up processes were also discussed with the Safety Officer. Work Procedures and Work Instructions are available on the work IPads provided to field staff – the device used daily for the issue of online work orders. The training and induction processes appear adequate, however training for the Distribution team members should be progressed.</p>			
6	ASSET MAINTENANCE	Process Rating	A	Performance Rating	2
		<p><i>Note: As this component is rated A2, recommendations for improvement are not included in this report and have been provided directly to BW for their consideration.</i></p>			
6.1	Maintenance policies and procedures are documented and linked to service levels required.	<p>Procedure P16.PR010. Maintain Assets documents maintenance responsibilities, maintenance strategy, maintenance work orders and relative work order priority (ranging from urgent maintenance, unplanned maintenance, operations activities, planned urgent maintenance and planned non-urgent maintenance). Work order priority is described by the response time required for its completion. The priority is included when a work order is assigned and in practice this enables maintenance to be assigned a priority that may be driven by required service levels.</p>			
6.2	Regular inspections are undertaken of asset performance and condition.	<p>Regular inspections are programmed and carried out for critical assets such as tanks, pumps, valves, bridge crossings, bores, chlorinators. Work orders are issued to initiate inspections by field staff (mostly the Water Treatment Team for treatment plant inspections) arranged by office staff (e.g. bridge crossings) or commissioned external expertise (such as borehole CCTV and steel tank corrosion). Funding for external expertise is budgeted within the 10 year funding program and inspections required for the current year managed by the Technical Officer - Asset Management. Opportunities are also taken to make condition observations as part of regular maintenance and repair tasks. All these observations are recorded in Confirm. The Monthly Operations Report also presents performance information for regular review (e.g. water quality performance, distribution pressure monitoring, incident review, treatment plant production, energy consumption and critical control point performance).</p>			

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)
		<p>A SCADA system which is monitored from Treatment Plant 2 (and able to be accessed remotely via laptop by other key operations staff) also provides performance monitoring.</p> <p>As part of the Asset Management Review, 3 BW sites were inspected – Treatment Plant #2 (the main treatment plant which is also houses the BW depot, store and where the SCADA system is monitored), Treatment Plant #1 (where a project to replace the filters has recently been completed) and the site for planned Treatment Plant #8 adjacent to the airport where a new booster pump station has recently been constructed.</p> <p>During the inspection the Water Treatment Supervisor verified the use of Confirm as the repository of all condition assessment information, verified the process to generate work orders which ensure no works can be undertaken without a work order which ensures all works can be tracked and costed, discussed condition assessment work for the steel tank at treatment plant #2, highlighted the location of the treatment plant critical control points, demonstrated the SCADA monitoring work station/screens and discussed the initiatives to manage power consumption through use of solar generation at the treatment plants.</p> <p>All sites inspected appear to be well maintained and staff were active in monitoring performance and condition.</p>
6.3	Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule.	<p>Planned/preventative maintenance is initiated by scheduling of activities through Confirm and issuing work orders. A demonstration of how this is done was provided. Unplanned/corrective maintenance works also occur in response to inspections and require the issue of work orders. Emergency maintenance is carried out in response to operational incidents (ranging from a communications failure which may not immediately impact service levels, to a burst water main which will immediately impact service levels for some customers).</p> <p>The Operations Work Instruction Manual includes various instructions for undertaking tasks ranging from Incidents (such as long term power failure and failed water quality samples), Preventative activities (such as checking operation of a chlorinator and undertaking disinfection after maintenance) and using Confirm (e.g. entering a Cyclic Works and creating a condition assessment task).</p> <p>The Monthly Operations Performance Report section 8 records planned maintenance (scheduled and completed), unplanned maintenance completed and after hours (callout) maintenance. As discussed under resourcing, the performance report would be improved by inclusion of tracking of work orders not closed out in a month, to either ensure these are subsequently closed out or fed back and addressed.</p> <p>Apart from assurance that all work orders are closed out – the approach to maintenance is well covered by the documentation and processes in place.</p>
6.4	Failures are analysed and operational/maintenance plans adjusted where necessary.	<p>Individual incident reports are produced following an operational incident (or failure). A number of these were sighted (e.g. Incident 205 report – trunk mains break Feb 2019) which provide a record of the incident, the impact, the cause, provide a discussion about the incident response and what could be done better, and produce a list of actions assigned to individuals with due by date.</p> <p>The Monthly Operations Report Section 7.3 registers Operational Incidents and tracks the actions taken to address the incidents. A chart at the end of section 7.3 indicates over the past 13 months the number of incidents still open</p>

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
		<p>and the number closed during the month. The chart at present (March 2019) indicates an increasing trend in the number of incidents still open. This may not be a valid reflection as some of the actions may take considerable time to complete – once incidents actions are defined and progressing it may be possible to close the incident investigation.</p> <p>The approach demonstrates incidents are analysed and learnings taken and applied to like assets.</p>			
6.5	Risk management is applied to prioritise maintenance tasks.	<p>Risk management appears to be considered in prioritising maintenance tasks given the development of the work order priority code described in P16.PR010. Maintain Assets. However there is an opportunity to expand the information in the procedure to be more explicit about the linking of risk.</p>			
6.6	Maintenance costs are measured and monitored.	<p>Procedure P16.PR014 – Capture Roles and Thresholds for Assets within the Asset Management System – outlines the procedures to be followed to ensure work order/cost information is provided to be entered into Confirm to build up a record of maintenance carried out against assets and the associated cost. The process for assembling the information and recording it against the relevant asset in Confirm was demonstrated.</p> <p>There was evidence of maintenance costs being assessed as past costs were used to budget for future maintenance activities. A report titled “Annual minor operational projects and maintenance” was also provided which provides a monthly report on the budget, actual and forecast cost of a number of planned maintenance projects.</p> <p>Reporting of maintenance costs is not currently a component of the Monthly Operations Report. It is suggested that inclusion of maintenance cost information with the maintenance reporting in the Monthly Operations Report will provide more useful management information. With the effort being expended to build a record of asset maintenance costs within Confirm there appears to be an opportunity to measure the cost of typical maintenance tasks. Work orders currently include a code indicating maintenance type in terms of priority (urgent to planned non-urgent) which appears to be some existing information that could be reported along with the existing reporting of maintenance activities in the Monthly Operations Report. It is recognised there are some manual processes involved in loading cost information into Confirm which may impact the ability to provide this information in time for the monthly report.</p>			
7	ASSET MANAGEMENT INFORMATION SYSTEM	Process Rating	A	Performance Rating	2
		<p><i>Note: As this component is rated A2, recommendations for improvement are not included in this report and have been provided directly to BW for their consideration.</i></p>			
7.1	Adequate system documentation for users and IT operators.	<p>The main software on which the Asset Management system is based includes the Asset Management package “Confirm” which services BW’s operations, maintenance and its asset and asset condition register.</p> <p>The financial/payroll package is “Synergy” (which also contains BW’s risk analysis software) plus various supporting packages for accounts. Microsoft’s Excel spread sheets are used for recording and accumulating results of monitoring microbiological, chemical and pressure testing;</p> <p>BW has a well-developed, comprehensive, asset management system. A series of written documents set out its business and management policies, performance criteria, reporting requirements and procedures for all aspects</p>			

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)
		<p>of the business. The system provides monitoring and data management for its operations and maintenance activities, quality and performance requirements, asset condition and reporting requirements;</p> <p>The system's operation, ongoing review, development, upkeep and integration with BW's core business are overseen by the Technical Officer - Asset and Risk Management. Operating manuals are held for the various software packages. BW has also prepared simplified manuals for more complicated packages. Operators also receive relevant training in software generally required for, or specific to their tasks. The system documentation is considered adequate for users and system operators.</p>
7.2	Input controls include appropriate verification and validation of data entered into the system.	The core systems include various edit checks to validate data entered into the system. The Operations team's data entries are regularly checked against raw data, by the Technical Officer - Asset and Risk Management. Entries to the "Confirm" packages are similarly checked, by the Business Services Administrator. The "Data Check" facility in Confirm is now run weekly to check for any errors in Confirm. Input controls are considered adequate.
7.3	Logical security access controls appear adequate, such as passwords.	The reviewer confirmed with the Water Tariff and ICT Administrator that access to all systems is by password with password rules on complexity, minimum length and expiry set up. Access rights are provided to staff based on approved roles and responsibilities. The logical security access controls appear adequate. The IT access rules are documented in the P8.PR01 Information Technology procedure. This procedure provides acceptable use standards when using Busselton Water's computing and communication facilities.
7.4	Physical security access controls appear adequate.	Computers and servers are kept in permanently locked secure locations accessible only by keypad. The computer and servers are located at the main office and a water treatment plant office which have perimeter security including monitored alarms and surveillance cameras.
7.5	Data backup procedures appear adequate and backups are tested.	The system is backed up at least daily and a copy stored offsite as part of the standard IT data backup procedure. The backups are regularly tested by recovery of data files.
7.6	Key computations related to licensee performance reporting are materially accurate.	From review of source data for the performance reporting, the calculations are considered to be accurate.
7.7	Management reports appear adequate for the licensee to monitor licence obligations.	From the review and the audit, the Synergy and Confirm systems provide comprehensive reports for BW to monitor compliance with the licence obligations.
7.8	Adequate measures to protect asset management data from unauthorised access or theft by persons outside the organisation.	<p>BW engaged an external consultant in 2017 to complete a Cybersecurity review covering unauthorised access to the systems including the asset management data. The recommendations from that review have been implemented where practical. A Digital Strategy is being progressively developed and implemented in 2019.</p> <p>Whilst there appear to be adequate physical and logical security controls in place over unauthorised access to or theft of data, the review noted that there is no overall documented Information Security Framework. The existing documentation is limited to the P8.PR01 Information Technology procedure and a data backup procedure.</p>

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
8	RISK MANAGEMENT	Process Rating	A	Performance Rating	1
8.1	Risk management policies and procedures exist and are being applied to minimise internal and external risks associated with the asset management system.	<p>BW's risk management procedures describe the risk management policy, framework and process for identifying, analysing and evaluating risks. The framework and process is aligned with the <i>AS/NZS ISO 31000:2009 Risk Management - Principles and Guidelines</i>, the WA government risk management guidelines provided by RiskCover and is tailored to BW's needs. The Technical Officer – Asset and Risk Management maintains a comprehensive Risk Register with risk treatment action plans. The risk assessments are updated annually. The risk treatment action plans have assigned responsibilities and due dates that are reviewed and updated every 3 months.</p> <p>BW also have comprehensive Occupational Health and Safety management systems.</p> <p>The Monthly Operations Report includes a section on Risk Management which discusses any new incidents, minimum and maximum pressure supplied to customers, continuity of supply and actions to address past incidents. There was acknowledgement by those scheduling work tasks that field supervisors prioritise day to day works by risk.</p>			
8.2	Risks are documented in a risk register and treatment plans are actioned and monitored.	<p>The Technical Officer – Asset and Risk Management maintains a comprehensive Risk Register with risk treatment action plans. The risk assessments are updated annually. The risk treatment action plans have assigned responsibilities and due dates that are reviewed and updated every 3 months.</p>			
8.3	The probability and consequences of asset failure are regularly assessed.	<p>The probability and consequences of asset failure are included in the risk assessments in the Risk Register. The Risk Register is reviewed and updated at least annually.</p>			
9	CONTINGENCY PLANNING	Process Rating	A	Performance Rating	1
9.1	Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks.	<p>BW has a series of contingency plans for a wide range of emergency incidents. These form part of an overall Business Continuity Management framework that includes:</p> <ul style="list-style-type: none"> • Business Continuity Management Plan • Water Quality and Water Availability Incident Plans • Emergency Communication Plan • Emergency Response Plans for Administration and Plant 1, Plant 2 and Plant 3 • Network Disaster Recovery Plan • Records Management Disaster Recovery Plan. <p>The Plans have evidence of review over the previous year or two years.</p> <p>The Emergency Response Plans are tested annually with a mock scenario involving the Department of Fire and Emergency Services. The review sighted the mock event in November 2018 and noted a list of continuous improvements have been identified that are being tracked and progressively resolved.</p>			

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
		Process Rating	A	Performance Rating	1
10	FINANCIAL PLANNING				
10.1	The financial plan states the financial objectives and strategies and actions to achieve the objectives.	<p>The Strategic Development Plan (SDP) 2017-18 to 2021-22 states the financial objectives and strategies and actions to achieve the objectives. The Plan includes capital expenditure, and operating income and expenditure annually for the 5 years. The Asset Investment Program for the first four years has been approved by Government.</p> <p>BW has a comprehensive asset management plan that includes a Strategic Asset Plan (for 5 years), 30-year Financial Model, 30-year Infrastructure Plan and 50-year Water Demand Projection that were reviewed and updated in 2017/18. This also provides input into the Strategic Development Plan 2017-18 to 2021-22.</p> <p>The BW Board approves the budget. The Minister also approves the budget through the Government budget process. BW is also required to provide the Minister with a Statement of Corporate Intent (SCI) (1 year) which is tabled in Parliament and the Strategic Development Plan. BW's Board approves both before submission to the Minister. The SCI and SDP are also sent to the Department of Treasury as part of the Budget process and require concurrence of the Treasurer.</p>			
10.2	The financial plan identifies the source of funds for capital expenditure and recurrent costs.	The Plan identifies the funding for the next 5 years but beyond that is subject to further government or internal funding being available. The funding needs and priorities are re-assessed annually.			
10.3	The financial plan provides projections of operating statements (profit and loss) and statement of financial position (balance sheets).	The Plan includes projections of operating costs. BW prepares annual budgets, and produces monthly and annual financial statements of actual to budget income and expenses. Also, a Statement of Financial Position is produced.			
10.4	The financial plan provides firm predictions on income for the next five years and reasonable indicative predictions beyond this period.	The financial plan states financial predictions for the next 5 years although not fully funded.			
10.5	The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services.	The financial plan provides adequate funding for the operating expenses and the capital expenditure requirements for the next two years but beyond that is subject to further funding approval from Government.			
10.6	Significant variances in actual/budget income and expenses are identified and corrective action taken where necessary.	Variances in actual to budget income and expenses are analysed and reported in the monthly financial statements.			

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
11	CAPITAL EXPENDITURE PLANNING	Process Rating	A	Performance Rating	1
11.1	There is a capital expenditure plan that covers issues to be addressed, actions proposed, responsibilities and dates.	<p>BW has a documented and well-structured procedure for identifying and evaluating capital expenditure projects.</p> <p>BW has a comprehensive asset management plan that includes a Strategic Asset Plan (for 5 years), 30-year Financial Model, 30-year Infrastructure Plan and 50-year Water Demand Projection that were reviewed and updated in 2017/18. This also provides input into the BW Strategic Development Plan 2017-18 to 2021-22.</p> <p>In addition, each year BW engages consultant hydrologists & network planners to analyse projected growth rates of the City to predict future demands and growth strategies. All developments are modelled to predict the effect on the system and to identify improvements. Consultants are engaged on ongoing assessments and reporting on pump and bore condition, asset performance, corrosion and the consequent need for assets to be reconditioned, or replaced.</p> <p>New projects are identified from five year Production Management Plans or from assets approaching their end of life, are in poor condition, underperforming or frequently breaking down. These are identified from records in Confirm and budgeted for replacement or refurbishment.</p> <p>Proposed capital works are examined in accordance with written procedures including the completion of standard pro-forma documents. Assessment of proposed capital works involves examination of their need, available options including management solutions, “do nothing”, cost and risk. Proposals are assigned an overall risk value based on a standard procedure and pro-forma assessment sheet. The Senior Executive Group decides which proposed projects are included or excluded from the budget under consideration.</p>			
11.2	The plan provides reasons for capital expenditure and timing of expenditure.	The rationale and priorities for capital expenditure, including estimated timing over 10 years, are stated in the above Plans.			
11.3	The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan.	Regular Infrastructure Plan reviews (commissioned by BW for delivery by engineering consultants) of the BW water source and supply scheme are key studies that underpin the evaluation of BWs major capital investments and present value cost of alternative options are first considered in these studies. The capital expenditure plans is consistent with the asset life and condition identified from these reviews and in the Asset Management Plan.			
11.4	There is an adequate process to ensure that the capital expenditure plan is regularly updated and actioned.	BW has a regular process to review and update their annual capital expenditure plan and to monitor actual against planned expenditure. This process is documented in the Finance procedures.			
12	REVIEW OF ASSET MANAGEMENT SYSTEM	Process Rating	A	Performance Rating	1
12.1	A review process is in place to ensure that the asset management plan and	<p>The main asset management documents being the Asset Management Strategy Plan and Water Operations Plan are reviewed at three and one year’s intervals respectively. The risk register is reviewed twice yearly.</p> <p>Contingency plans are reviewed annually. Capital expenditure plans are prepared annually for budget purposes.</p>			

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)
	the asset management system described therein are kept current.	<p>Individual Policies and Procedures are reviewed annually. The asset register is updated in Confirm as assets are replaced, upgraded or disposed of.</p> <p>Review of various documents during this review confirmed that an adequate review process is in place to ensure the asset management system documents remain current.</p>
12.2	Independent reviews (e.g. internal audit) are performed of the asset management system.	An independent review is performed every 36 months as required by the licence.

3.7 Review Recommendations

Table of Current Review Asset System Deficiencies and Recommendations			
A. Resolved during current review period			
Ref.	Process and Policy Deficiency (Rating, Reference number, Asset management process & effectiveness criteria, Details)	Date Resolved (& management action taken)	Auditor's Comments
	Nil		
B. Unresolved during current review period			
Ref.	Process and Policy Deficiency (Rating, Reference number, Asset management process & effectiveness criteria, Details)	Date Resolved (& management action taken)	Auditor's Comments
	Nil		

3.8 Conclusion

This review has been conducted to assess the effectiveness of the Licensee's asset management system.

Through the execution of the Review Plan and assessment and testing of the control environment, the information system, control procedures and compliance attitude, the audit team members have gained reasonable assurance that Busselton Water:

- a) has implemented the five recommendations from the previous review.
- b) has established an adequate control environment for ongoing compliance in respect of the asset management system. This review identified some opportunities for improvement to the acquisition, operations and maintenance of the assets as part of the continuous improvement of the asset management system and controls. These have been provided direct to Busselton Water as per the 2019 Audit and Review Guidelines. They are not required to be included in this report.

For the review period from 1 April 2016 to 31 March 2019, the potable water services under Water Services Licence WL3 are considered to be run with a professional and effective approach. There have been continuous improvements in the asset management system, including the planning, operations and maintenance of the facilities.

Overall, the water supply system is assessed as being well established, well maintained and in good working order.

Appendix A - Methodology

A1. Audit and Review Approach

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

Audit and Review Planning

- Conduct an initial meeting with the ERA to confirm the audit/review approach and timing for the audit and review (if required).
- Contact the licensee to gain an understanding of the business, relevant management plans and systems that may affect the risk assessment for planning purposes.
- Prepare a risk assessment including any specific factors or changes relevant to the licensee (in tabular form against each licence condition and asset management system component).
- Submit a draft **Audit and Review Plan**, including the risk assessment and proposed approach, to the ERA for review and approval.
- Send a **Pre-Visit Checklist** of information and documentation to the licensee to enable staff to prepare for the visit (and where possible, send us information prior to the site visit).

Fieldwork

- Undertake a visit to the licensee and conduct various meetings with stakeholders, including corporate services and works/facilities management personnel, to determine the effectiveness of systems and procedures in place and to compare actual performance against the licence standards. **The on-site visit will include our Senior Engineer.**
- Obtain copies of the latest asset management plans, performance reporting statistics and relevant correspondence between the licensee and the ERA for the audit period.
- Review the status of actions taken on the recommendations in the previous Post Audit and Review Implementation Plan – February 2017.
- The audit steps for the **Operational Audit** will include:
 - **analysis of documented procedures** to assess whether they are consistent with regulatory requirements or arrangements under the licence;
 - **review of systems and procedures** to assess whether they reflect compliance obligations and performance standards, including assessing and testing the following:
 - **control environment** – management's philosophy and operating style, organisational structure, assignment of authority and responsibilities, the use of internal audit, the use of information technology and the skills and experience of the key staff members;
 - **information system** – the appropriateness of the information systems to record the information needed to comply with the licence, accuracy of data, security of data and documentation describing the information system;
 - **control procedures** – the presence of systems and procedures to monitor compliance with the licence or the effectiveness of the asset management system and to detect and correct non-compliance or under-performance;

- **compliance attitude** - the action taken by the licensee in response to the previous audit/review recommendations, and an assessment of management's attitude towards compliance; and
 - **outcome compliance** – the actual performance against standards prescribed in the licence throughout the audit period.
- Update the risk assessment with any new information obtained in the course of the audit testing and, in instances of significant non-compliance, assess the licensee's plan to ensure compliance and recommend any further improvements to achieve compliance.
 - The activities in the **Asset Management System Review** will include:
 - analyse the documented procedures and processes for the planning, construction, operation and maintenance of assets to assess whether they are consistent with regulatory requirements under the licence;
 - interview key personnel to assess whether they understand and comply with the documented processes and procedures;
 - physically inspect the key assets and infrastructure including Plants 1,2,3 and 4. The source water is treated by aeration and filtration and disinfected by chlorination (at Plants 1, 2 and 3) before being pumped to five steel storage tanks with a total capacity of 21,00 Kl, located at Plants 1, 2, 3 and 4; and
 - assess the effectiveness of the processes and system in place.

Audit and Review Reporting

- Prior to the conclusion of the visit, the lead auditor will discuss any observations and recommendations with the licensee's management to confirm our understanding of the issues and to discuss the action to be taken.
- Provide a draft report to the ERA for review no later than two weeks before the final report is due and make any revisions necessary.
- Provide the updated draft report to the ERA for review and feedback prior to finalising the report.
- Issue the final report to the ERA.
- The ERA will arrange responses to the proposed actions in the Post Audit Implementation Plan.

The audit report will comply with the format prescribed in section 5 of the 2019 Audit and Review Guidelines: Water Licences.

A2. Key Documents and Information Sources

Regulatory Documents and Reports

- Water Services Act 2012
- Water Services Code of Conduct (Customer Service Standards) 2018
- Water Services Regulations 2013
- 2014 and 2019 Audit and Review Guidelines: Water Licences
- Water Compliance Reporting Manual – April 2014
- Water Compliance Reporting Manual – May 2018
- Busselton Water Corporation – Water Services Operating Licence WL3 – version 7 (15 August 2014 to 31 June 2016), and WL3 version 8 (1 July 2016 onwards with changes per the Water Licence Review 2016).
- Map of Licence Operating Area OWR-OA-085/2

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- 2016 Audit and Review Report – WL3 – Busselton Water
 - Post Audit and Review Implementation Plan – July 2016 and February 2017
 - Compliance reports to the ERA for 2015/16, 2016/17 and 2017/18
 - Performance reports to the ERA for 2015/16, 2016/17 and 2017/18
 - Performance reporting datasheets for 2015/16, 2016/17 and 2017/18
 - Busselton Water – Annual Report for 2015/16, 2016/17 and 2017/18
 - Memorandum of Understanding between the Department of Health and Busselton Water for Drinking Water
 - Department of Water –Groundwater Extraction Licence Nos. WL 11050 and 11051
 - Energy & Water Ombudsman: membership
 - Relevant correspondence between BW and the ERA, Department of Water and Department of Health (as applicable)

Scheme Information and Procedures

- Busselton Water - Procedure Manual (as approved by the Senior Executive Group)
- Busselton Water – Production and Supply – Standard Operating Procedures
- Busselton Water – Our Customer Commitments
- Website information
- Stepped Billing Factsheet
- Customer Complaints Procedure
- Customer Complaints Reporting Register and complaint records
- Customer Service Complaint Report
- Standard Customer Contract
- Financial Hardship Policy and Procedure
- Sample of customer invoices, reminder notices and disconnection notices

Asset Management System

- Strategic Development Plan 2017/18 to 2021/22
- Busselton Water - Asset Management Strategy
- Production and Supply – Standard Operating Procedures
- Supporting information sheets and documents
- 30 Year Development Plan
- Annual Groundwater Monitoring Reports for June 2016, 2017 and 2018
- Asset Register and Maintenance Schedule in “Confirm” software;
- Risk Assessment procedures and matrix.
- Risk Register
- Ten Year Operational Works Program 2017/18 to 2021/22
- Capital and Operational Budgets 2018/19
- Monthly Operations Reports
- Bore and Pump Maintenance Schedule - 2015/16 to 2017/18
- Business Continuity Management Plan, Emergency Response Plans and supporting plans
- Incident & Response Reports
- Quarterly & Annual Water Quality Reports 2016 to 2018
- Water Supply Pressure Reports

A3. Licensee's Representatives

The main contacts were:

- Chris Elliott – Chief Executive Officer
- Chris Vigus – General Manager Operations
- Monica Birkner – General Manager Business Services
- Christine Pidgeon – Manager Finance
- Jason Rice – Water Tariff and ICT Administrator
- Keith Mungham – Technical Officer – Asset and Risk Management
- Murray Johnsen – Operations Engineer

A4. Audit and Review Team and Hours

NAME AND POSITION	BUDGET HOURS
Geoff White - Director	20
Susan Smith – Manager	40
Geoff Hughes – Principal Planning Engineer (WISE)	40
Total	100

END OF REPORT