



Lancelin South Pty Ltd

Water Services Licence

Operational Audit and Asset
Management System
Review

Report
16 August 2019

PAXON GROUP

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1 Executive Summary

1.1 Operational Audit

Audit Objective

The operational audit (Audit) was carried out to assess Lancelin South Pty Ltd.'s level of compliance with the conditions of its licence.

The Audit covered the period from 10 March 2017 to 31 March 2019 (Audit Period).

Licence, Business and Major Changes

Lancelin South Pty Ltd (LSPL) provides water services under the provisions of a Water Services Licence issued by the Economic Regulation Authority (ERA).

LSPL was granted a Water Services Licence (WSL) by the ERA. The WSL commenced on 10 March 2017 and authorises LSPL to provide potable water supply services, non-potable water supply services and sewerage services.

The legislation that governs the licensing of water service providers is the Water Services Act 2012 (Act). The Act, except for some sections, commenced on 18 November 2013.

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

LSPL's Response to Previous Audit Report Recommendations

This Audit is the first audit review after LSPL was awarded a WSL by the ERA. Thus, there are no previous Audit findings which required a progress report

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

LSPL entered into an "Essential Services Agreement" with Aquasol Pty Ltd (Aquasol) on 23 October 2012 in respect of the provision of water services at Lancelin South. The ERA awarded Aquasol a Water Services (Operating) Licence which commenced on 5 February 2013 for the "Lancelin South Development Operating Area". Paxon carried out an operational audit of Aquasol's Water Services (Operating) Licence for the period from 1 February 2015 to 31 January 2018. LSPL's Water Services Licence for the "Lancelin South Development" commenced on 10 March 2017. Paxon, for purposes of the LSPL Audit, considered the "Controls Ratings" and "Compliance Ratings" allocated per individual obligation for the Aquasol audit.

The "Essential Services Agreement" entered between LSPL and Aquasol terminated on 30 September 2017. LSPL entered into a "Services Contract" with Hydramet Pty Ltd (Hydramet) in September 2017. Based on an e-mail sighted by Paxon, the agreement was countersigned by LSPL on 19/09/2017. The "Services Contract" in "Section A – Instrument of Agreement" states: "This contract is dated 2017". Paxon was informed by the Technical Director – Water of GHD that Hydramet commenced to provide operational and maintenance services to LSPL as from 1 October 2017 and has

continued to provide services to date. Paxon sighted several Hydramet reports regarding operational visits performed of LSPL's assets over the Audit Period.

In terms of section 24(1)(b) of the Act, the licensee must give details of the asset management system and any changes to it to the ERA. Paxon has been informed by the ERA that LSPL did not inform the ERA of either the:

- 30 September 2017 termination of the *"Essential Services Agreement"* entered between LSPL and Aquasol; nor
- October 2017 commencement of the *"Services Contract"* entered between LSPL and Hydramet.

Paxon assessed LSPL to have had inadequate controls during the Audit Period to help ensure compliance with its WSL obligations (see the *"Auditor's Opinion on Control Environment"* below) and made several recommendations (see Table 11 entitled: *"Current Audit: Inadequate Controls, Non-Compliances and Recommendations"*).

The Audit identified several instances of inadequate controls (as referred to above) and non-compliances with the conditions of LSPL's WSL.

Two separate assessments are provided in respect of the individual obligations disclosing Paxon's findings for both controls and compliance:

- A summarised assessment of both controls and compliance per individual obligation is disclosed in Table 9 entitled: *"Audit: Obligation Ratings Summary"* as included in section 4.2 of this Report; and
- A detailed assessment of both controls and compliance per individual obligation, including recommendations for findings of inadequate controls or non-compliance, is disclosed in Table 10 entitled: *"Audit Observations and Recommendations"* as included in section 4.3 of this Report.

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

Auditor's Opinion on Control Environment

LSPL was assessed to have had inadequate controls during the Audit Period to help ensure compliance with its WSL obligations. Paxon found 109 obligations for which no controls were evident. These 109 obligations are recorded in Table 11 entitled: *"Current Audit: Inadequate Controls, Non-Compliances and Recommendations"*.

Licence Compliance

LSPL failed to comply with more than half of the WSL obligations applicable to its activities during the Audit Period (35 out of 65). These 35 obligations are recorded in Table 11 entitled: *"Current Audit: Inadequate Controls, Non-Compliances and Recommendations"*.

Table 1 below provides a summary of the Audit ratings for both controls and compliance across all obligations:

		Compliance Rating						
		1	2	3	4	NR	NA	Total
Controls Rating	A	21	1		2	24		48
	B		3	1		1		5
	C			1		1		2
	D	9	3	4	18	75		109
	NP	3			2	21		26
	NA						1	1
	Total	33	7	6	22	122	1	191

Table 1: Summary of Audit Ratings

1.2 Asset Management System Effectiveness Review

Review Objective:

The Water Services Act 2012 requires that LSPL provides for and maintains an asset management system. The system should set out the processes to be taken by LSPL to ensure the proper planning, operation, financing, maintenance, repair and renewal of its assets and for monitoring of its water services.

The Act requires that LSPL provides the ERA with a report by an independent expert on the effectiveness of the system.

This asset management system effectiveness review (Review) will provide the ERA with an independent opinion on whether LSPL has in place the appropriate systems for the planning, construction, operation and maintenance of its water services assets.

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

The Review covered the period from 10 March 2017 to 31 March 2019.

Summary of Conclusions:

This review concludes LSPL has delivered water services at the Lancelin South development in compliance with the quality and delivery criteria of its Water Services Licence and associated Health and Groundwater extraction licences. The company has engaged a water treatment contractor and a specialist water-engineering consultant to undertake specific operations and advise on the technical aspects of its services.

Notwithstanding the high standard of service delivery, Lancelin South has not prepared a satisfactory Asset Management Plan document - in accordance with the twelve Asset Management processes outlined in Table 23 of the ERA's *"2019 Audit and Review Guidelines – Water Licences – March 2019"*. Consequently, it has been unable to demonstrate its intention regarding, or compliance with several of these processes.

Of the twelve assessment and ratings of policy and process documentation undertaken by this review, four processes were assessed at level B (Requires Some Improvement), seven processes were assessed at level C (Requires Substantial Improvement) and one process was assessed at level D (Inadequate).

Of the twelve performance ratings undertaken, seven were assessed at level 2 (Improvement Required), four were assessed at level 3 (Corrective Action Required) and one at level 4 (Serious Action Required).

Reviewer considers that prompt completion of the Asset Management Plan - including compliance with the recommendations of this Review, will negate the negative aspects of the review.

LSPL's Response to Previous Review Report Recommendations

This Review is the first review after LSPL was awarded a WSL by the ERA. Thus, there are no previous Review findings which required a progress report.

Licence Compliance

Tables 9 and 10 of the ERA's: "2019 Audit and Review Guidelines - Water Licences – March 2019" provided the basis for the "Process and policy rating" and "Performance rating" allocated during the Review.

The Reviewer's assessment of LSPL's Asset Management System is summarised in Table 2 below:

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

Table 2: Summary of Review Ratings

2 Scope of Work

2.1 Objectives

2.1.1 Operational Audit

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

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

2.1.2 Asset Management System Review

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

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

This Review Report identifies areas where improvement is required and recommends corrective action (see Table 16 entitled: “Current Review: Asset Management System Deficiencies and Recommendations” as in section 5.4 of this Report).

2.2 Scope

2.2.1 Operational Audit

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

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

by the ERA.

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

2.2.2 Asset Management System Review

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

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

- Asset planning;
- Asset creation and acquisition;
- Asset disposal;
- Environmental analysis;
- Asset operations;
- Asset maintenance;
- Asset management information system;
- Risk management;
- Contingency planning;
- Financial planning;
- Capital expenditure planning; and
- Asset management system.

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

2.3 Audit/Review Methodology

2.3.1 Audit Plan

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

2.3.2 Fieldwork

The Audit fieldwork consisted of the following steps:

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

- Assessed compliance with License conditions over the Audit Period as well as at the time of the Audit;
- Researched the issues, weaknesses and potential improvements noted from our discussions and review of the existing processes; and
- Developed appropriate recommendations for improvement for discussion with management.

The Review fieldwork consisted of the following steps:

- In company with the Technical Director – Water, GHD Pty Ltd, inspected the water services facilities, including bore installations, pipelines and distribution appurtenances. Discussed general operation practises and strategies, process implications, production and quality monitoring;
- The adequacy or otherwise of the outputs of the system - including documentation of performance standards and statutory requirements, system opportunities and threats, preparation of operations manuals, maintenance schedules and action records, registers of the location, condition, age etc. of assets;
- The extent to which the risks associated with the system environment and/or unexpected system failures have been assessed, quantified, documented as contingency plans and reduced by specific practices - such as stocking selected spare parts or, equipment items subject to extended delivery or repair periods;
- The existence and effectiveness of systems implemented for the assessment, planning, financing and construction of new, replacement and major maintenance works and disposal of redundant assets; and
- Whether or not the system has been subjected to regular internal review; with systems in place to ensure plans are regularly updated to current status, provide for prior identification of new or replacement assets, their implementation; and initiatives to improve the overall effectiveness of the asset management system.

2.3.3 Audit/Review Reporting

The Audit/Review reporting consisted of the following steps:

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

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

2.4 Time Interval Covered in Audit/Review

The Audit and review both covered the period from 10 March 2017 to 31 March 2019.

2.5 Audit/Review Dates

The Audit/Review fieldwork was conducted during May and June 2019.

2.6 Licensee's Representatives

Persons who participated in the Audit are as follows:

Person	Position
Blair Shackleton	GHD: Technical Director – Water Technology
Jenna Knox	LSPL: Services Manager

Table 3: Persons Who Participated in the Audit

Persons who participated in the Review are as follows:

Person	Position
Blair Shackleton	GHD: Technical Director – Water Technology
Jenna Knox	LSPL: Services Manager
Anthony Raykos	LSPL: Director
Retta Kretschmer	Bookkeeper

Table 4: Persons Who Participated in the Review

2.7 Key Documents and Other Information Sources

2.7.1 Operational Audit

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

- Water Services Act 2012;
- Water Services Code of Conduct (Customer Service Standards) 2018;
- Water Services Regulations 2013;
- Water Services Licence – Lancelin South Pty Ltd - WL47, Version 1, 10 March 2017;
- 2019 Audit and Review Guidelines - Water Licences – March 2019;
- Water Compliance Reporting Manual – Water Services Act 2012 – May 2018;
- Water Compliance Reporting Manual – Water Services Act 2012 – October 2017;
- Compliance report (2017/2018);
- Water Services Act 2012 - Water, Sewerage and Irrigation Licence Performance Reporting Handbook – April 2018;
- Water, sewerage and irrigation licence performance reporting datasheets (2017/2018);
- LSPL – Non-compliance register;
- LSPL – Lancelin South Water & Wastewater Services – Asset Management Plan – April 2019;
- LSPL - Internal Audit Checklist;

- LSPL – AMS Internal Audit Procedure;
- LSPL - Document Register;
- LSPL complaints procedure;
- LSPL – Complaints Register;
- LSPL – Customer Service Charter;
- LSPL - Financial Hardship Policy;
- Lancelin South Finance Policy and Procedure Manual;
- LSPL – Leak Allowance Procedure;
- LSPL – Billing Enquiries Procedure;
- LSPL agreements;
- Drawings; and
- Correspondence with the ERA (during the Audit Period).

2.7.2 Asset Management System Effectiveness Review

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

- Water Services Licence – Lancelin South Pty Ltd - WL47, Version 1, 10 March 2017;
- 2019 Audit and Review Guidelines - Water Licences – March 2019;
- Lancelin South, Asset Management Plan for Potable and Non-Potable Water – Revision 1, dated April 2019, together with sixteen supporting procedure and data documents;
- Compliance report (2017/2018);
- Water, sewerage and irrigation licence performance reporting datasheets (2017/2018);
- Hydramet /Lancelin South correspondence (4 No.);
- Hydramet fortnightly Water Treatment Plant Operation and Maintenance reports (16 No.);
- Water Analysis Data Sheets and subsequent quarterly reports to DOH for the period April 2018 to March 2019;
- Department of Water & Environmental Regulation –Licence dated 5th February 2019, to take 470,000 Kl of groundwater annually (until 4th December 2019) for the Lancelin South development;
- Lancelin South - Report of groundwater harvested for the Lancelin South development;
- LSPL – Customer Service Charter;
- GHD Performance specification for a new Water Treatment Plant module; and
- GHD report on options for a new Wastewater Treatment Plant at Lancelin South.

2.8 Audit/Review Team Members and Hours Utilised

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

Team Member	Hours
Cameron Palassis – Executive Director	8
Anton Prinsloo – Senior Consultant	37
Barry Robbins - Barry Robbins Engineering and Project Management	37
TOTAL	82

Table 5: Audit/Review Team Members and Hours Utilised

3 Licensee’s Response to Previous Recommendations

3.1 Previous Audit: Inadequate Controls, Non-Compliances and Recommendations

Previous Audit: Inadequate Controls, Non-Compliances and Recommendations				
A. Resolved During Current Audit Period				
Recommendation Reference (no./year)	Licence Obligation Reference Number	Auditor’s Recommendation	Date Resolved	Further Action Required (Yes/No/Not Applicable)
	Controls and Compliance Rating			Details of Further Action Required (Including the Current Recommendation Reference, if Applicable)
	Legislative Obligation			
	Details of Inadequate Controls and/or Non-Compliance			

This Audit is the first audit after LSPL was awarded a Water Services Licence by the ERA. Thus, there are no previous Audit findings.

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

Previous Audit: Inadequate Controls, Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

Recommendation Reference (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	Further Action Required (Yes/No/Not Applicable)
	Controls and Compliance Rating		Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		

This Audit is the first audit after LSPL was awarded a Water Services Licence by the ERA. Thus, there are no previous Audit findings.

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

3.2 Previous Review: Deficiencies and Recommendations

Previous Review: Deficiencies and Recommendations						
A. Resolved During Current Review Period						
Recommendation Reference (no./year)	Rating		Reviewer's Recommendation	Date Resolved	Further Action Required (Yes/No/Not Applicable)	
	Asset Effectiveness	Management Criterion			Process and	Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
	Details of Deficiency					
This Review is the first review after LSPL was awarded a Water Services Licence by the ERA. Thus, there are no previous Review findings.						

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

Previous Review: Deficiencies and Recommendations									
B. Unresolved at End of Current Review Period									
Recommendation Reference (no./year)	Rating				Reviewer's Recommendation	Further Action Required (Yes/No/Not Applicable)			
	Asset Effectiveness	Management Criterion	Process	and		Details of (Including Reference, if Applicable)	Further Current	Action Required	Recommended
	Details of Deficiency								
This Review is the first review after LSPL was awarded a Water Services Licence by the ERA. Thus, there are no previous Review findings.									

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

4 Operational Audit: Comprehensive Report

4.1 Audit: Controls and Compliance Rating Scales

The controls and compliance ratings allocated to each obligation are set out in the following table - taken from the ERA's document entitled: *"2019 Audit and Review Guidelines - Water Licences – March 2019"* (ERA's Guidelines).

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

Audit : Controls and Compliance Rating Scales					
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 effect on customers or third parties	
C	Inadequate controls – significant improvement required		3	Non-compliant – moderate effect on customers or third parties	
D	No controls evident		4	Non-compliant – major effect on customers or third parties	
NP	Not performed – a controls rating was not required		NR	Not rated - no activity took place during the Audit Period	
NA	Obligation identified as not applicable during the Audit Period		NA	Obligation identified as not applicable during the Audit Period	

Table 8: Audit: Controls and Compliance Rating Scales

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

- Controls rating: "NA"; and
- Compliance rating: "NA".

4.2 Audit: Obligation Ratings Summary

No. ¹	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Rating: (1 = High to 5 = Low)	Controls Rating						Compliance Rating					
	Water Services Act 2012	Water Services Licence – Version 6			(Refer to the 6-point rating scale in Table 8 for details)						(Refer to the 6-point rating scale in Table 8 for details)					
	Section Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
2	21(1)(b)	3.3.1(b)	Provide services and do works	1				✓							✓	
3	21(1)(c)	3.1.1 & 3.5		1		✓						✓				
4	22	3.4.1	Provide water services outside operating areas	1					✓					✓		
5	23	3.5	Manage of water service works	3				✓			✓					
6	24(1)(a) & 24(2)	4.1.1	Asset management system	1		✓						✓				
7	24(1)(b)	4.1.2 & 4.1.1		3				✓						✓		
8	24(1)(c)	4.1.3		3	✓						✓					
9	25	4.3.1	Provide an operational audit	3	✓						✓					
11	27	3.1.1	Comply with code of conduct made by ERA	3				✓					✓			
12	29	3.1.1	Comply with the Act	3				✓							✓	
13	36	3.1.1	Perform duties on ceasing to provide a water service	1					✓						✓	
1	The “No.” refers to the compliance obligation reference number, as per the ERA’s document entitled: “Water Compliance Reporting Manual – Water Services Act 2012 – May 2018”.															

No. ¹	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Rating: (1 = High to 5 = Low)	Controls Rating						Compliance Rating					
	Water Services Act 2012	Water Services Licence – Version 6			(Refer to the 6-point rating scale in Table 8 for details)						(Refer to the 6-point rating scale in Table 8 for details)					
	Section Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
14	60	5.6.1	Perform functions of supplier of last resort	1					✓						✓	
15	66	5.5.1	Comply with Water Services Ombudsman Scheme	3				✓			✓					
16	77(3)	3.1.1	Minimise water services interruption	1	✓										✓	
17	82(4) & (5)	3.1.1	Respond to notification of building works	3				✓							✓	
18	84(2)	3.1.1	Give notice of intention to commence works	3				✓							✓	
19	87(2)	3.1.1	Defer works on application to State Administrative Tribunal	3					✓						✓	
20	90(7)	3.1.1	Consult with landowner	3				✓							✓	
21	95(3)	3.1.1	Refrain from cutting off water supply to occupied dwelling	1	✓										✓	
22	96(1)	3.1.1	Install fire hydrants	1					✓		✓					
23	96(5)	3.1.1	Comply with FESA of local government request	3					✓						✓	
24	98(3)	3.1.1	Connect a wastewater inlet	1					✓						✓	
25	106(2)	3.1.1	Include specified information in a compliance notice	3				✓							✓	
28	119(2)	3.1.1	Include specified information in compliance notice	3				✓							✓	
29	122(2)	3.1.1	Refrain from acting on application to State Administrative Tribunal	3					✓						✓	

No. ¹	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Rating: (1 = High to 5 = Low)	Controls Rating						Compliance Rating					
	Water Services Act 2012	Water Services Licence – Version 6			(Refer to the 6-point rating scale in Table 8 for details)						(Refer to the 6-point rating scale in Table 8 for details)					
	Section Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
30	125(2)	3.1.1	Apportion fees discretion	3				✓							✓	
31	128(4)	3.1.1	Lodge withdrawal of memorial with Registrar	3				✓							✓	
32	129(5)	3.1.1	Notify occupants of a place of proposed entry	3				✓							✓	
33	139(3)	3.1.1	Notify before exercising a works power	3				✓							✓	
34	141(1)	3.1.1	Notify public authority managing a road	3				✓							✓	
35	142	3.1.1	Comply with Act in case of proposed major works	3				✓							✓	
36	143 (2)	3.1.1	Publicise major works	3				✓							✓	
37	143 (3)	3.1.1	Notify specified persons and agencies of proposed major works	3				✓							✓	
38	144(3)	3.1.1	Have regard to objections and submissions	3				✓							✓	
39	145(2)	3.1.1	Give written notice of alterations to plans or details	3				✓							✓	
40	147(3)	3.1.1	Comply with Minister’s direction as to major works	3				✓							✓	
41	147(4)	3.1.1	Resubmit major works proposal	3				✓							✓	
42	151(1)	3.1.1	Publicise proposed general works	3				✓			✓					
43	151(2)	3.1.1	Notify specified persons and agencies of general works	3				✓						✓		

No. ¹	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Rating: (1 = High to 5 = Low)	Controls Rating						Compliance Rating					
	Water Services Act 2012	Water Services Licence – Version 6			(Refer to the 6-point rating scale in Table 8 for details)						(Refer to the 6-point rating scale in Table 8 for details)					
	Section Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
44	152(3)	3.1.1	Have regard to objections and submissions	3				✓							✓	
45	153(3)	3.1.1	Give written notice of alterations to plans or details	3				✓							✓	
46	166(5)	3.1.1	Acquire an interest in land	3					✓						✓	
47	166(6)	3.1.1	Pay costs for acquiring land	3					✓						✓	
48	170	3.1.1	Refrain from selling an interest in land	3					✓						✓	
49	173(4)	3.1.1	Notify owner or occupier of a place of proposed entry	3				✓							✓	
50	174(1)	3.1.1	Give written notice of proposed entry	3				✓							✓	
51	174(3)	3.1.1	Give notice of entry to occupier when practicable	3				✓							✓	
52	175(2)	3.1.1	Perform prescribed actions prior to entry of premises	3				✓							✓	
53	175(5)	3.1.1	Leave notice or warrant copy in prominent position in dwelling	3				✓							✓	
54	176(1)	3.1.1	Leave premises at request of owner or occupier	3				✓							✓	
55	176(3)	3.1.1	Produce a certificate of authority	3	✓										✓	
56	176(4)	3.1.1	Leave a place if no evidence of authority to enter can be presented on request	3	✓										✓	
57	181	3.1.1	Comply with reasonable request from owner or occupier	3				✓							✓	

No. ¹	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Rating: (1 = High to 5 = Low)	Controls Rating						Compliance Rating					
	Water Services Act 2012	Water Services Licence – Version 6			(Refer to the 6-point rating scale in Table 8 for details)						(Refer to the 6-point rating scale in Table 8 for details)					
	Section Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
58	186	3.1.1	Include prescribed information in a warrant application	3					✓						✓	
59	187(1) – (3)	3.1.1	Make entry warrant application as per specified procedures	3					✓						✓	
60	190(4)	3.1.1	Produce warrant for inspection by occupier of a place	3					✓						✓	
61	190(5)	3.1.1	Record prescribed information on warrant	3					✓						✓	
62	210(5)	3.1.1	Give certificate of authority to designated inspector or compliance officer	3				✓							✓	
63	218(2)	3.1.1	Maintain free use of a place and limit damage, harm or inconvenience	3				✓							✓	
64	218(3)	3.1.1	Make good damage or pay compensation	3	✓										✓	

Table 9: Audit: Obligation Ratings Summary

[Obligations as per the ERA's: “Water Compliance Reporting Manual – Water Services Act 2012 – May 2018” (Numbers 2 to 64)]

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Rating: (1 = High to 5 = Low)	Controls Rating						Compliance Rating					
	Water Services Regulations 2013	Water Services Licence – Version 6			(Refer to the 6-point rating scale in Table 8 for details)						(Refer to the 6-point rating scale in Table 8 for details)					
	Regulation Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
65	23(2)	3.1.1	Assess meter for measuring water flow or quantity	3	✓										✓	
66	24(4)	3.1.1	Include specified information in compliance notice for meter access	3				✓							✓	
67	26(3)	3.1.1	Test meter as per approved procedure	3		✓									✓	
68	26(5)	3.1.1	Take actions on finding meter is outside prescribed tolerance	3	✓										✓	
69	29(1)	3.1.1	Defer payment of infrastructure contribution on request	3				✓							✓	
70	42(2)	3.1.1	Stipulate date for backflow prevention device installation and testing	3				✓							✓	
71	43(3)	3.1.1	Stipulate date for backflow prevention device testing or maintenance	3				✓							✓	
72	43(6)	3.1.1	Stipulate actions for making good backflow prevention device	3				✓							✓	
74	60(2)	3.1.1	Give notice of altering position of infrastructure in roads	3				✓							✓	
75	63	3.1.1	Reinstate or make good road surface opened or broken up	3				✓							✓	
89	85	3.1.1	Include stipulated information in compliance notices	3				✓							✓	

Table 9: Audit: Obligation Ratings Summary

[Obligations as per the ERA's: "Water Compliance Reporting Manual – Water Services Act 2012 – May 2018" (Numbers 65 to 89)]

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Rating: (1 = High to 5 = Low)	Controls Rating (Refer to the 6-point rating scale in Table 8 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 8 for details)					
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1														
	Clause Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
92	8(1)-(3)	3.1.1	Have written information available for customers	3	✓									✓		
93	9(2) and (4)	3.1.1	Complete 90% of connections within 10 business days	3	✓							✓				
94	10(2)	3.1.1	Issue bills for fixed charges at least annually	3	✓						✓					
95	11(2)	3.1.1	Issue bills for quantity charges every 4 months	3	✓						✓					
96	11(3)	3.1.1	Base bill for usage on a meter reading	3	✓						✓					
97	11(4)	3.1.1	Base bill for usage on an estimate (as per prescribed regulations)	3				✓							✓	
98	11(5)	3.1.1	Base bill for usage on a reasonable estimate (no applicable regulations)	3				✓							✓	
98A	11(6)	3.1.1	Issue usage bill based on a meter reading at least annually	3	✓						✓					
99	12	3.1.1	Send bill to stipulated address	3	✓						✓					
100	13(1)	3.1.1	Include prescribed information in each bill	3		✓							✓			
100A	13(3)	3.1.1	Specify charges payable for different water services included on the same bill	3	✓						✓					

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Rating: (1 = High to 5 = Low)	Controls Rating (Refer to the 6-point rating scale in Table 8 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 8 for details)					
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1														
	Clause Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
101	13(4)	3.1.1	Include prescribed information in each usage bill for a metered service	3		✓						✓				
101 A	13(5)	3.1.1	Include reference to prescribed information on a usage bill (usage based on an estimate)	3				✓							✓	
102 A	12(3)	3.1.1	Include prescribed information in each bill	3				✓					✓			
103	14(1)	3.1.1	Tell customer on request of basis and reason for estimate	3				✓							✓	
104	14(2)	3.1.1	Make changes to next bill if previous estimate was unreasonable	3	✓										✓	
104A	15(3)	3.1.1	Include prescribed information in each usage bill	3						✓						✓
105	16(1)	3.1.1	Provide customers on request with a meter reading and bill	3				✓							✓	
106	17(2) and (3)	3.1.1	Have written rules for granting a discount	3				✓						✓		
107	18(2)	3.1.1	Limit recovery period for undercharged amounts	3				✓							✓	
108	18(3)	3.1.1	Explain undercharged amounts in bills	3	✓										✓	
109	18(4)	3.1.1	Do not charge interest or late payment fees on an undercharged amount	3	✓										✓	

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Rating: (1 = High to 5 = Low)	Controls Rating (Refer to the 6-point rating scale in Table 8 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 8 for details)					
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1														
	Clause Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
110	18(5)	3.1.1	Allow customer to pay undercharged amount by way of a repayment plan	3	✓										✓	
111 A	19(2)	3.1.1	Credit customer account with overcharged amount or inform accordingly	3	✓										✓	
112 A	19(3)	3.1.1	Refund or credit customer's account with overcharged amount within 15 business days	3				✓							✓	
112 B	19(4)	3.1.1	Credit customer's account within 15 business days if no instructions were received	3				✓							✓	
112 C	19(5)	3.1.1	Notify customer immediately after crediting overcharged amount to customer's account	3				✓							✓	
113	20(1)	3.1.1	Review a bill on a customer's request	3	✓										✓	
114	20(2)	3.1.1	Have a written bill review procedure	3	✓						✓					
115	20(3) and (6)	3.1.1	Include specified information in bill review procedure	3	✓									✓		
116	20(4)	3.1.1	Refer to alternative review procedure in bill review procedure	3				✓				✓				
117	20(5)	3.1.1	Inform customer of bill review outcome	3	✓										✓	

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Rating: (1 = High to 5 = Low)	Controls Rating						Compliance Rating					
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1			(Refer to the 6-point rating scale in Table 8 for details)						(Refer to the 6-point rating scale in Table 8 for details)					
	Clause Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
117 A	21	3.1.1	Notify customers of change in water service charge rate or amount	3	✓										✓	
118	23	3.1.1	Set bill due date after 14 days from issue date	3	✓						✓					
119	24(1)	3.1.1	Allow customers to pay bill using any prescribed method selected	3			✓						✓			
120	24(2)	3.1.1	Inform customers of bill payment methods' fees and charges	3				✓							✓	
121	25(1)	3.1.1	Obtain express consent for direct debit bill payment	3				✓						✓		
122	26(1)	3.1.1	Accept advance payment from a customer	3				✓							✓	
123	27	3.1.1	Redirect a customer's bill on request	3				✓							✓	
124A	28(2)	3.1.1	Inform customer of bill payment plan right	3				✓							✓	
124B	28(3)	3.1.1	Consider the customer's capacity to pay a bill	3				✓							✓	
124 C	28(4)	3.1.1	Consider if payment plan should be interest-free or fee-free or both	3				✓							✓	
125	29(1) and (2)	3.1.1 and 5.4.1	Have a written financial hardship policy as approved by ERA	3					✓		✓					

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Rating: (1 = High to 5 = Low)	Controls Rating (Refer to the 6-point rating scale in Table 8 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 8 for details)					
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1														
	Clause Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
126 A	29(3)	3.1.1	Ensure financial hardship policy complies with ERA Guidelines	3	✓						✓					
126 B	29(4)	3.1.1	Ensure financial hardship policy amendments are ERA approved	3	✓						✓					
127	29(5)	3.1.1	Ensure financial hardship policy is in effect 6 months after licence issue	3	✓						✓					
128	29(6)	3.1.1 and 5.4.1	Make financial hardship policy available as specified	3	✓						✓					
129A	29(7)	3.1.1 and 5.4.1	Review financial hardship policy every 5 years	3	✓						✓					
129B	29(8)	3.1.1 and 5.4.1	Review financial hardship policy on ERA direction	3				✓							✓	
129C	29(9)	3.1.1 and 5.4.1	Consult with relevant customer organisations	3				✓						✓		
130 A	30(2)	3.1.1	Advise customer of right to pay bill under a interest-free and fee-free payment plan	3	✓										✓	
130B	30(3)	3.1.1	Consider the customer's capacity to pay a bill	3	✓										✓	
131A	30(4)(a)	3.1.1	Consider reducing the amount the customer owes.	3	✓										✓	
131B	30(4)(b)	3.1.1	Review how a customer is paying a bill	3	✓										✓	

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Rating: (1 = High to 5 = Low)	Controls Rating (Refer to the 6-point rating scale in Table 8 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 8 for details)					
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1														
	Clause Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
131C	30(4)(c)	3.1.1	Provide specified written information to a customer	3			✓								✓	
133	31(4) and (5)	3.1.1	Have written information on payment schemes available for customers	3	✓						✓					
133A	32	3.1.1	Refrain from charging interest or fees for late bill payments	3				✓							✓	
134	33(1)(a) – (c)	3.1.1	Refrain from recovering a customer debt	3	✓										✓	
134 A	33(1)(d) – (e)	3.1.1	Refrain from recovering a customer debt in case of bill complaint	3				✓							✓	
135	40(1)	3.1.1	Restore water supply if amount owing is paid	3	✓										✓	
136	40(2)	3.1.1	Restore water supply in specified circumstances	3				✓							✓	
137 A	36(1)	3.1.1	Refrain from water supply restriction in specified circumstances	3				✓							✓	
137 B	36(2)	3.1.1	Refrain from restriction notice less than 7 days before commencement date	3				✓							✓	
137C	36(3)	3.1.1	Include specified information in restriction notice	3				✓							✓	

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Rating: (1 = High to 5 = Low)	Controls Rating (Refer to the 6-point rating scale in Table 8 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 8 for details)					
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1														
	Clause Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
138	37(1)(a) – (e) and (h)	3.1.1	Refrain from starting a water supply restriction in specified circumstances	3				✓							✓	
138A	37(1)(f) – (g)	3.1.1	Refrain from starting a water supply restriction in specified circumstances	3				✓							✓	
138 B	38	3.1.1	Refrain from starting a water supply restriction during specified times	3				✓							✓	
139	39	3.1.1	Refrain from reducing water flow to below 2.3 litre per minute	3				✓							✓	
142	41(4)	3.1.1	Restore water supply to land within specified timeframe	3				✓							✓	
144	41(6)	3.1.1	Ensure a 90% compliance rate with clause 41(4)	3				✓							✓	
144 A	43(1)	3.1.1	Give notice of planned service interruption to all affected customers	3	✓										✓	
144 B	43(2)	3.1.1	Give notice of planned service interruption within specified timeframes	3	✓										✓	
144 C	44(1)	3.1.1	Maintain policies, practices and procedures for stipulated circumstances	3				✓						✓		
144 D	44(2)	3.1.1	Include prescribed matters in policies, practices and procedures	3				✓						✓		

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Rating: (1 = High to 5 = Low)	Controls Rating (Refer to the 6-point rating scale in Table 8 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 8 for details)					
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1														
	Clause Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
144E	45	3.1.1	Provide a 24-hour information line for specified customer contact	3				✓						✓		
145	46(1)	3.1.1	Have a written complaints procedure	3	✓						✓					
146	46(2)	3.1.1	Develop complaints procedure using as a minimum standards AS/NZS 10002-2014	3				✓						✓		
147	46(3)	3.1.1	Include specified matters in complaints procedure	3	✓						✓					
148 A	46(4)	3.1.1	List procedures available under the Act in the complaint's procedure	3	✓						✓					
149	46(5)	3.1.1	Make complaints procedure available to customers	3	✓						✓					
149 A	47	3.1.1	Provide customer with specified information on resolving complaint	3	✓										✓	
150	48(1)	3.1.1	Provide customer with specified services	3				✓					✓			
152	48(2)	3.1.1	Make personal account information available to customer	3				✓					✓			
153	49(1)	3.1.1	Make prescribed information available as specified	3				✓						✓		
154	49(2)	3.1.1	Ensure specified information about bills can be obtained from website	3				✓						✓		

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Rating: (1 = High to 5 = Low)	Controls Rating (Refer to the 6-point rating scale in Table 8 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 8 for details)					
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1														
	Clause Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
154A	49(3)	3.1.1	Ensure website contains a link to a current version of this code	3				✓						✓		
154B	51(1) and (3)	3.1.1	Maintain an up to date preserved supply register	3				✓						✓		
154C	52	3.1.1	Refrain from reducing the rate of flow of water supply to a preserved supply register address	1				✓						✓		
154D	53	3.1.1	Sent notice required by clause 43(1) by post or deliver to preserved supply register address	3				✓						✓		

Table 9: Audit: Obligation Ratings Summary

[Obligations as per the ERA's: "Water Compliance Reporting Manual – Water Services Act 2012 – May 2018" (Numbers 92 to 154D)]

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Rating: (1 = High to 5 = Low)	Controls Rating (Refer to the 6-point rating scale in Table 8 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 8 for details)					
	Water Services Act 2012	Water Services Licence – Version 6														
	Section Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
155	12	3.2.1	Pay fees and charges	3				✓			✓					
156	12	3.1.1	Comply with applicable legislation	3				✓						✓		
159	12	3.1.2	Comply with ERA direction	3					✓							✓
160	12	3.6.1	Maintain accounting records	3				✓						✓		
161	12	4.2.1	Comply with individual performance standards	1				✓			✓					
162	12	4.3.4	Comply with operational audit responsibilities	3				✓			✓					
163	12	3.7.1(a), (b), (c)	Report specific situations to the ERA	1				✓								✓
165	12	3.8.1	Provide specified information to the ERA	1				✓								✓
166	12	3.8.2	Comply with ERA prescribed information reporting requirements	1				✓				✓				
167	12	3.8.3	Provide performance reporting data to the ERA	1				✓				✓				
168	12	2.8.1 and 2.8.2	Publish information as specified by the ERA	3				✓								✓
169	12	2.7.1	Give all notices in writing	3					✓		✓					
171	12	4.1.2	Notify ERA of material asset management system changes	2				✓						✓		
172	12	4.1.6	Comply with asset management system review responsibilities	4				✓			✓					

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Rating: (1 = High to 5 = Low)	Controls Rating						Compliance Rating					
	Water Services Act 2012	Water Services Licence – Version 6			(Refer to the 6-point rating scale in Table 8 for details)						(Refer to the 6-point rating scale in Table 8 for details)					
	Section Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
173	12	5.5.1	Supply water only if a member of the water services ombudsman scheme	3				✓			✓					
175	12	5.1.1	Submit a draft customer contract for approval	3				✓							✓	
176	12	5.1.2	Comply with Customer Contract Guidelines	3				✓							✓	
177	12	5.1.3	Amend customer contract only with ERA's approval	3				✓							✓	
178	12	5.1.5	Comply with ERA direction to amend customer contract	3				✓							✓	
179	12	5.3.1 and 5.3.2	Obtain ERA approval to vary customer agreement	3				✓							✓	
180	12	5.3.4	Publish annual report containing specified information	3				✓							✓	
181	12	5.6.1	Comply with Act if supplier of last resort	3					✓						✓	
182	12	3.4.1(b)	Apply for licence amendment if providing water services outside operating area	3					✓					✓		
183	12	5.4.3	Comply with ERA's Financial Hardship Policy Guidelines	3	✓						✓					
184	12	6.1.1	Enter a MOU with the Department of Health	3					✓						✓	
185	12	6.1.2	Ensure MOU comply with specified requirements	3					✓						✓	
186	12	6.1.3	Comply with MOU terms	3					✓						✓	

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Rating: (1 = High to 5 = Low)	Controls Rating						Compliance Rating					
	Water Services Act 2012	Water Services Licence – Version 6			(Refer to the 6-point rating scale in Table 8 for details)						(Refer to the 6-point rating scale in Table 8 for details)					
	Section Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
187	12	6.1.4	Publish MOU in a form agreed with the Department of Health	3					✓							✓
188	12	6.1.5	Publish audit report on compliance with MOU obligations on website	3					✓							✓
189	12	6.1.6	Publish reports required by the Department of Health or set out in MOU on website	3					✓							✓
190	12	Schedule 2	Comply with service and performance standards	1				✓			✓					

Table 9: Audit: Obligation Ratings Summary

[Obligations as per the ERA's: "Water Compliance Reporting Manual – Water Services Act 2012 – May 2018" (Numbers 155 to 190)]

4.3 Audit Observations and Recommendations

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Licence – Version 6				Controls	Compliance
2	21(1)(b)	3.3.1(b)	If requested to provide a water service authorised by the licence to a person not covered by section 21(1)(a) but within the operating area of the licence, the licensee must offer to provide the service on reasonable terms, unless provision of the service is not financially viable or is otherwise not practicable.	1	<ul style="list-style-type: none"> Paxon confirmed by interview of the Technical Director – Water of GHD (GHD Technical Consultant) that he has no knowledge of any instances, during the Audit Period, of any persons within the operating area who were not entitled to the water service under the Act requesting such a service; Paxon found Lancelin South Pty Ltd (LSPL) does maintain the following process documents: <ul style="list-style-type: none"> “Asset Management System Internal Audit Procedure” (AMS Procedure); “Internal Audit Checklist”; and “Lancelin South Water & Wastewater Services – Asset Management Plan – April 2019” which is marked as a draft document (AMP). Paxon found the AMS Procedure records the following objective: <p>“The internal audit is to assess the effectiveness of the Asset Management System (AMS) to:</p> <ul style="list-style-type: none"> Ensure compliance with licence conditions; 	D	NR

² The “No.” refers to the compliance obligation reference number, as per the ERA’s document entitled: “Water Compliance Reporting Manual – Water Services Act 2012 – May 2018”.

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Licence – Version 6				Controls	Compliance
2 (cont.)					<ul style="list-style-type: none"> Effectively manage assets; and Ensure a high level of service is provided to our customers." <p>However, Paxon found the AMS Procedure is a generic document which does not record any specific compliance obligations. The document references the following documents:</p> <ul style="list-style-type: none"> "Economic Regulation Authority, Water Services Operating Licence, WL42"; "Economic Regulation Authority, Audit and Review Guidelines: Water Licences"; and "Lancelin South Asset Management System Document Register". <p>Paxon notes the ERA awarded LSPL Licence number 47;</p> <ul style="list-style-type: none"> Paxon examined LSPL's "Document Register" but could not find any specific document which appears to address LSPL's obligations in terms of the Act; Paxon found the LSPL "Internal Audit Checklist" is nothing more than an empty template; and Paxon found the AMP in section 1.1 entitled: "Background" refers to the "Water Services Licensing Act 1995". However, Paxon could not 		

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Licence – Version 6				Controls	Compliance
2 (cont.)					<p>find any specific references to LSPL's obligations in terms of the Act.</p> <p>Recommendation 1/2019:</p> <ul style="list-style-type: none"> LSPL should: <ul style="list-style-type: none"> Update its AMS Procedure to refer to WL47 and not WL 42; and Update its AMP to refer to the Water Services Act 2012 and not the "Water Services Licensing Act 1995". <p>Recommendation 2/2019:</p> <ul style="list-style-type: none"> LSPL should consider implementing a compliance register which records all its obligations in terms of the: <ul style="list-style-type: none"> Water Services Act 2012; Water Services Regulations 2013; Water Services Code of Conduct (Customer Service Standards) 2018; and Water Services Licence - LSPL - WL47, Version 1, 10 March 2017. This register should identify, per individual compliance obligation, appropriate policy and procedure documents and responsible employees. The ERA's document entitled: "Water Compliance Reporting Manual - Water Services Act 2012 – May 2018" may help LSPL to develop its 		

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Licence – Version 6				Controls	Compliance
2 (cont.)					own compliance register.		
3	21(1)(c)	3.1.1 and 3.5	The licensee must provide, operate and maintain the water service works specified by the ERA in the licence.	1	<ul style="list-style-type: none"> The provision, operation and maintenance of water service works during the Audit Period are covered in comprehensive detail in the Review section of this report. The reviewer rated LSPL's asset management system across 12 asset management system processes, as referred to in the Review section of this report. The Reviewer has stated: <ul style="list-style-type: none"> "This review concludes that Lancelin South has delivered water services at the Lancelin South development in compliance with the quality and delivery criteria of its Water Services Licence and associated Health and Groundwater extraction licences."; and "Notwithstanding the high standard of service delivery, Lancelin South has not prepared a satisfactory Asset Management Plan document - in accordance with the twelve Asset Management processes outlined in Table 23 of ERA's "2019 Audit and Review Guidelines – Water Licences". Consequently, it has been unable to demonstrate its intention regarding, or compliance with several of these processes." 	B	2

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Licence – Version 6				Controls	Compliance
3 (cont.)					A summary of the Reviewer's findings is included in Table 2 above.		
4	22	3.4.1	The licensee must notify the ERA as soon as practicable before commencing to provide the water service outside of the operating area of the license.	1	<ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that, during the Audit Period, LSPL did not have the infrastructure in place to provide the water service outside of the operating area of the license; Paxon requested LSPL to provide us with a map disclosing its water services operating area during the Audit Period (being OWR-OA-311). GHD provided Paxon with map OWR-OA-304 which refers to the Licensee being "Aquasol". Thus, Paxon could not independently confirm whether LSPL, during the Audit Period, provided water services outside of the operating area of the license; and Paxon regards application of section 22 of the Act to LSPL's operations will be a rare event. Thus, specific systems, processes and controls are only expected to be put in place when the stipulations of this clause are applicable. <p>Recommendation 3/2019:</p> <ul style="list-style-type: none"> LSPL should keep a copy of plan OWR-OA-311 to help ensure its actual water services operating area agrees with the defined operating area. 	NP	4

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Licence – Version 6				Controls	Compliance
5	23	3.5	All water service works used by the licensee in the provision of a water service must be held by the licensee or must be covered by a works holding arrangement.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that, during the Audit Period, LSPL leased the water service works used to provide water services from Matthauss Limited Partnership; <i>Wastewater Services – Asset Management Plan – April 2019</i> which is marked as a draft document (AMP). This Plan states in section 4.1.7 entitled: “Asset Value”: “The assets are owned by Matthauss and leased to Lancelin South.”; Paxon examined a lease agreement entered between Matthauss Limited Partnership and Aquasol Pty Ltd for the lease of infrastructure. This lease agreement does provide for assignment and subletting. However, Paxon was not provided with any documentation to proof the transfer of Aquasol Pty Ltd’s right to the infrastructure to LSPL; and Paxon examined “Lancelin South Water & Paxon found no references to compliance with section 23 of the Act within the LSPL documents examined. A recommendation for implementation of a compliance register (2/2019) was made in this regard (see compliance obligation number 2 above). 	D	1

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Licence – Version 6				Controls	Compliance
6	24(1)(a) & 24(2)	4.1.1	The licensee must have an asset management system that provides for the operation and maintenance of the water service works.	1	<ul style="list-style-type: none"> See the findings for compliance obligation number 3 above. 	B	2
7	24(1)(b)	4.1.1 and 4.1.2	The licensee must give details of the asset management system and any changes to it to the ERA.	3	<ul style="list-style-type: none"> Paxon found LSPL did not inform the ERA appropriately of changes made to service providers during the Audit Period (see the Executive Summary section of this Report); and Paxon found no references to compliance with section 24(1)(b) of the Act within the LSPL documents examined. A recommendation for implementation of a compliance register (2/2019) was made in this regard (see compliance obligation number 2 above). 	D	4
8	24(1)(c)	4.1.3	A licensee must provide the ERA with a report by an independent expert as to the effectiveness of its asset management system every 24 months, or such longer period as determined by the ERA.	3	<ul style="list-style-type: none"> LSPL's Water Services Licence commenced on 10 March 2017; Paxon was appointed by the ERA to conduct an operational audit and asset management system review of LSPL for the period 10 March 2017 to 31 March 2019; and Paxon found LSPL's AMS Procedure states: <i>"The Operational Performance Audit and Asset Management System Review required by the ERA in accordance with the requirements of the Water Services Operating Licence shall be conducted every two years or as directed by the ERA."</i> 	A	1

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Licence – Version 6				Controls	Compliance
9	25	4.3.1	A licensee must, not less than once every 24 months, or such longer period as determined by the ERA, provide the ERA with an operational audit conducted by an independent expert appointed by the ERA.	3	<ul style="list-style-type: none"> LSPL's Water Services Licence commenced on 10 March 2017; Paxon was appointed by the ERA to conduct an operational audit and asset management system review of LSPL for the period 10 March 2017 to 31 March 2019; and Paxon found LSPL's AMS Procedure states: <i>"The Operational Performance Audit and Asset Management System Review required by the ERA in accordance with the requirements of the Water Services Operating Licence shall be conducted every two years or as directed by the ERA."</i> 	A	1
11	27	3.1.1	The licensee must comply with the code of conduct that may be made by the ERA to the extent to which it applies to the licensee and is not inconsistent with the licence.	3	<ul style="list-style-type: none"> Compliance with the "Water Services Code of Conduct (Customer Service Standards) 2018" (Code of Conduct) is specifically addressed in this Report - see reference numbers 92 to 154D below in which both controls and compliance are rated. 	D	3
12	29	3.1.1	The licensee must comply with the duties imposed on it by the Act in relation to its licence and must carry out its operations in respect of the licence in accordance with the Act.	3	<ul style="list-style-type: none"> Compliance with the Act is specifically addressed in this Report - see reference numbers 2 to 64 and 155 to 190 below in which both controls and compliance are rated. 	D	NR
13	36	3.1.1	If the licensee ceases to provide a water service in an area, the licensee must ensure that the water service works are left in a safe condition and must	1	<ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that he has no knowledge of any instances, during the Audit Period, where 	NP	NR

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Licence – Version 6				Controls	Compliance
13 (cont.)			not remove any part of the works except with the approval of the Minister.		LSPL ceased to provide a water service in an area; and • Paxon regards application of section 36 of the Act to LSPL's operations will be a rare event. Thus, specific systems, processes and controls are only expected to be put in place when the stipulations of this clause are applicable.		
14	60	5.6.1	If the licensee is the supplier of last resort for a designated area, the licensee must perform the functions of the supplier of last resort and must comply with the relevant duties and carry out the relevant operations prescribed.	1	<ul style="list-style-type: none"> • Paxon confirmed by interview of the GHD Technical Consultant that he has no knowledge of any instances, during the Audit Period, when LSPL was the supplier of last resort for a designated area; and • Paxon regards application of section 60 of the Act to LSPL's operations will be a rare event. Thus, specific systems, processes and controls are only expected to be put in place when the stipulations of this clause are applicable. 	NP	NR
15	66	5.5.1	Licensees who are required to be a member of the water services ombudsman scheme agree to be bound by, and compliant with, any decision of direction of the water services ombudsman under the scheme.	3	<ul style="list-style-type: none"> • Paxon confirmed by interview of the GHD Technical Consultant that: <ul style="list-style-type: none"> ◦ LSPL is a member of the water services ombudsman scheme; and ◦ He has no knowledge of any decisions or directions made by the water service ombudsman during the Audit Period. 	D	1

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Licence – Version 6				Controls	Compliance
15 (cont.)					<ul style="list-style-type: none"> Paxon found no references to compliance with section 66 of the Act within the LSPL documents examined. A recommendation for implementation of a compliance register (2/2019) was made in this regard (see compliance obligation number 2 above). 		
16	77(3)	3.1.1	The licensee must take reasonable steps to minimise the extent or duration of any interruption of water services it is responsible for.	1	<ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that he has no knowledge of any instances, during the Audit Period, of interruption of water services LSPL was responsible for; Paxon examined LSPL's "Complaints Register" and found it does not include any entries in respect of the interruption of water services; and Paxon examined LSPL's "Customer Service Charter" which includes a section entitled: "Interruption to Water Supply". Paxon found this section states: <ul style="list-style-type: none"> " We will ...arrange an alternative temporary supply of drinking water upon request if water is interrupted for more than 6 hours". 	A	NR
17	s 82(4) & (5)	3.1.1	If a person must give the licensee notice of any building work to be carried out on land in the operating area of a license, the licensee must return a copy of the plans and specifications contained in the notice with any written directions about the	3	<ul style="list-style-type: none"> LSPL's Services Manager confirmed that, during the Audit Period, no person gave LSPL notice of any building work to be carried out on land in the operating area of a license; and 	D	NR

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Licence – Version 6				Controls	Compliance
17 (cont.)			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.		<ul style="list-style-type: none"> Paxon examined LSPL's "New Customer Policy" as included in its "Finance Policy and Procedure Manual". Paxon found this document contains no reference to compliance with sections 82(4) and 82(5) of the Act. A recommendation for implementation of a compliance register (2/2019) was made in this regard (see compliance obligation number 2 above). 		
18	84(2)	3.1.1	If the licensee has given a notice under section 83(3)(a) of the Act, and the licensee is satisfied that the person given the notice is not going to comply with the notice within a reasonable time, the licensee must give the person 21 days' notice of its intention to commence the works.	3	<ul style="list-style-type: none"> LSPL's Services Manager confirmed that, during the Audit Period, LSPL was not obligated to give a person 21 days' notice of its intention to commence works; and Paxon found no references to compliance with section 84(2) of the Act within the LSPL documents examined. A recommendation for implementation of a compliance register (2/2019) was made in this regard (see compliance obligation number 2 above). 	D	NR
19	87(2)	3.1.1	If a person makes an application with the State Administrative Tribunal for a review of a decision in respect of the licensee providing additional water services when a person has not responded to the licensee's notice, the licensee cannot provide the works until the application has been finally dealt with, except in limited circumstances.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that he has no knowledge of any instances, during the Audit Period, of persons who made applications with the State Administrative Tribunal for a review of a decision; and Paxon regards application of section 87(2) of the Act to LSPL's operations will be a rare event. 	NP	NR

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Licence – Version 6				Controls	Compliance
19 (cont.)					Thus, specific systems, processes and controls are only expected to be put in place when the stipulations of this clause are applicable.		
20	90(7)	3.1.1	If the licensee gives a compliance notice to a person who is undertaking construction or carrying out similar works in the vicinity of water service works, the licensee must, to the extent practicable, consult with the owner of the land on which the obstruction is located or the activity is taking place if the person to be given the notice is not the owner of the land.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that he has no knowledge of any compliance notices given during the Audit Period; and Paxon found no references to compliance with section 90(7) of the Act within the LSPL documents examined. A recommendation for implementation of a compliance register (2/2019) was made in this regard (see compliance obligation number 2 above). 	D	NR
21	95(3)	3.1.1	The licensee cannot cut off the supply of water to an occupied dwelling unless the occupier agrees to that.	1	<ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that he has no knowledge of any instances, during the Audit Period, which required LSPL to cut off the supply of water to an occupied dwelling; and Paxon examined LSPL's "Financial Hardship Policy" which states in section 6: "We will not cut off the water supply to an occupied residence without your agreement." 	A	NR
22	96(1)	3.1.1	If the licensee provides water supply reticulation works, or enters into an agreement for the provision of water supply reticulation works, the licensee	1	<ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that, during the Audit Period, LSPL did install fire hydrants; 	NP	1

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Licence – Version 6				Controls	Compliance
	Section Number	Clause Number					
22 (cont.)			must install fire hydrants attached to those works in accordance with the requirements of FESA, or the relevant local government as to the location and type of hydrant.		<ul style="list-style-type: none"> Paxon examined drawing number 2173-01-700 which contains the following notes: <ul style="list-style-type: none"> <i>“The construction of the works shall comply with the Water Corporation’s Water Supply Reticulation Manual”; and</i> <i>“This plan was prepared and construction completed on-site with water hydrants located in accordance with the Water Corporation design standard DS63 for Water Reticulation, which outlines spacing and locations for hydrants, installed on DN100 or larger pipes.”</i> <p>This note was signed by a civil engineer.</p> <p>Paxon is satisfied compliance with the Water Corporation’s specifications as to the location and type of hydrant is adequate; and</p> <ul style="list-style-type: none"> Paxon regards application of section 96(1) of the Act to LSPL’s operations will be a rare event. Thus, specific systems, processes and controls are only expected to be put in place when the stipulations of this clause are applicable. 		
23	96(5)	3.1.1	The licensee must comply with requests made by FESA or a local government under sections 96(3) and 96(4) of the Act to the extent practicable and within a reasonable time.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that he has no knowledge of any FESA or local government request, during the Audit Period, made of LSPL under sections 96(3) and 96(4) of the Act; and 	NP	NR

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Licence – Version 6				Controls	Compliance
23 (cont.)					<ul style="list-style-type: none"> Paxon regards application of section 96(5) of the Act to LSPL's operations will be a rare event. Thus, specific systems, processes and controls are only expected to be put in place when the stipulations of this clause are applicable. 		
24	98(3)	3.1.1	If required to by the Minister, the licensee must connect a wastewater inlet on land to the sewerage works of the licensee.	1	<ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that he has no knowledge of any Ministerial request, during the Audit Period, to connect a wastewater inlet on land to LSPL's sewerage works; and Paxon regards application of section 98(3) of the Act to LSPL's operations will be a rare event. Thus, specific systems, processes and controls are only expected to be put in place when the stipulations of this clause are applicable. 	NP	NR
25	106(2)	3.1.1	The licensee must include the information specified in a compliance notice given in relation to failure to maintain fittings, fixtures and pipes.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that he has no knowledge of any compliance notices given, during the Audit Period; and Paxon found no references to compliance with section 106(2) of the Act within the LSPL documents examined. A recommendation for implementation of a compliance register (2/2019) was made in this regard (see compliance obligation number 2 above). 	D	NR

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Licence – Version 6				Controls	Compliance
	Section Number	Clause Number					
28	119(2)	3.1.1	The licensee must include the information specified in a compliance notice given in relation to the matters set out in section 119(1).	3	<ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that he has no knowledge of any compliance notices given during the Audit Period; and Paxon found no references to compliance with section 119(2) of the Act within the LSPL documents examined. A recommendation for implementation of a compliance register (2/2019) was made in this regard (see compliance obligation number 2 above). 	D	NR
29	122(2)	3.1.1	If a person makes an application to the State Administrative Tribunal under section 122(1), the licensee cannot take, or continue to take, action against the person except in the circumstances specified.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that he has no knowledge of any applications made to the State Administrative Tribunal during the Audit Period; and Paxon regards application of section 122(2) of the Act to LSPL's operations will be a rare event. Thus, specific systems, processes and controls are only expected to be put in place when the stipulations of this clause are applicable. 	NP	NR
30	125(2)	3.1.1	If the licensee provides a water supply, sewerage or drainage service to 2 or more dwellings on land by a single property connection, the licensee may apportion fees. The licensee cannot apportion fees to the extent inconsistent with any agreement	3	<ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that he has no knowledge of any instances, during the Audit Period, which required LSPL to apportion fees; and 	D	NR

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Licence – Version 6				Controls	Compliance
30 (cont.)			related to such a provision of services, or section 66 of the <i>Strata Titles Act 1985</i> .		<ul style="list-style-type: none"> Paxon found no references to compliance with section 125(2) of the Act within the LSPL documents examined. A recommendation for implementation of a compliance register (2/2019) was made in this regard (see compliance obligation number 2 above). 		
31	128(4)	3.1.1	If the licensee has previously lodged a memorial with the Registrar, the licensee must lodge a withdrawal of memorial with Registrar along with the prescribed fee (if any) if the charge or contribution has been paid.	3	<ul style="list-style-type: none"> LSPL's Services Manager confirmed that, during the Audit Period, LSPL was not obligated to lodge a withdrawal of memorial with the Registrar; and Paxon found no references to compliance with section 128(4) of the Act within the LSPL documents examined. A recommendation for implementation of a compliance register (2/2019) was made in this regard (see compliance obligation number 2 above). 	D	NR
32	129(5)	3.1.1	If a routine inspection or maintenance is likely to cause disruption to the occupants of a place at least 48 hours' notice of a proposed entry must be given to the occupier of the place unless the occupier agrees otherwise.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that he has no knowledge of entry to a place, during the Audit Period, for the purposes of doing works; and Paxon examined LSPL's "<i>Customer Service Charter</i>" which states under the heading: "<i>Entry to Your Property</i>": 	D	NR

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Licence – Version 6				Controls	Compliance
32 (cont.)					<p><i>“We will provide at least 48 hours’ notice in advance of planned work that may require entry to your property (except meter reading and maintenance)”.</i></p> <p>Recommendation 4/2019:</p> <ul style="list-style-type: none"> LSPL should correct its “Customer Service Charter” to include an appropriate reference to the obligation to give 48 hours’ notice of proposed entry to the occupants of a place if entry to a place for the purposes of doing works is likely to cause disruption to the occupants of a place. 		
33	139(3)	3.1.1	If the licensee removes or erects a fence or gate when exercising a works power conferred by the Act, the licensee must take all reasonable steps to notify the owner before doing so.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that he has no knowledge of the removal or erection of a fence or gate by LSPL during the Audit period; and Paxon found no references to compliance with section 139(3) of the Act within the LSPL documents examined. A recommendation for implementation of a compliance register (2/2019) was made in this regard (see compliance obligation number 2 above). 	D	NR
34	141(1)	3.1.1	In certain instances, if a person authorised by the licensee carries out road work that involves breaking the surface of the road or that would cause major obstruction to road traffic, the licensee must	3	<ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that: <ul style="list-style-type: none"> during the Audit Period, LSPL did not open or broke up the surface of a road; and 	D	NR

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Licence – Version 6				Controls	Compliance
34 (cont.)			give at least 48 hours' notice to the public authority managing the road.		<ul style="list-style-type: none"> he has no knowledge of road work, during the Audit Period, that caused major obstruction to road traffic. Paxon found no references to compliance with section 141(1) of the Act within the LSPL documents examined. A recommendation for implementation of a compliance register (2/2019) was made in this regard (see compliance obligation number 2 above). 		
35	142	3.1.1	The licensee must comply with sections 143 and 144 of the Act in relation to the proposed major works and has given any notice required under section 148.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that no major works have taken place since award of the Licence (10 March 2017); and Paxon found no references to compliance with sections 142, 143(2), 143(3), 144(3), 145(2), 147(3) and 147(4) of the Act within the LSPL documents examined. A recommendation for implementation of a compliance register (2/2019) was made in this regard (see compliance obligation number 2 above). 	D	NR
36	143 (2)	3.1.1	Before the licensee submits a proposal for the provision of major works to the Minister, the licensee must prepare, publish and make available plans and details of those major works as specified.	3	<ul style="list-style-type: none"> See the findings for compliance obligation number 35 above. 	D	NR

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Licence – Version 6				Controls	Compliance
37	143 (3)	3.1.1	The licensee must, within 5 days of publishing the plans and details on the licensee's website, give notice setting out the matters prescribed in section 143(4) to the persons and agencies specified.	3	• See the findings for compliance obligation number 35 above.	D	NR
38	144(3)	3.1.1	The licensee must have regard to an objection or submission lodged within the relevant period.	3	See the findings for compliance obligation number 35 above.	D	NR
39	145(2)	3.1.1	If the licensee makes alterations to the plans or details referred to in section 143(2), the licensee must give written notice of the alterations to any person who is likely to be adversely affected by those alterations.	3	• See the findings for compliance obligation number 35 above.	D	NR
40	147(3)	3.1.1	The licensee must comply with a direction given by a Minister in respect of a proposal to provide water service works that are major works under section 143(3).	3	• See the findings for compliance obligation number 35 above.	D	NR
41	147(4)	3.1.1	If the Minister gives a direction that further notices in relation to the proposed major works be given under section 143(3), the licensee must resubmit the proposal.	3	• See the findings for compliance obligation number 35 above.	D	NR
42	151(1)	3.1.1	A licensee proposing to provide water service works that are general works must prepare plans and details of the proposed works and publish and make them available for inspection.	3	• Paxon confirmed by interview of the GHD Technical Consultant that, during the Audit Period, a temporary wastewater treatment plant was constructed (Project);	D	1

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Licence – Version 6				Controls	Compliance
42 (cont.)					<ul style="list-style-type: none"> Paxon examined documents which include plans and details for the Project. Paxon also examined a letter written by the Shire of Gingin, dated 1 May 2018, which referred to the approval of a development application for this project. The Shire of Gingin's "Conditions of Approval" refers to the "approved plans and specifications". Paxon is satisfied this implies the plans and details for this Project were published and made available for inspection; and Paxon found no references to compliance with sections 151(1), 151(2), 152(3) and 153(3) of the Act within the LSPL documents examined. A recommendation for implementation of a compliance register (2/2019) was made in this regard (see compliance obligation number 2 above). 		
43	151(2)	3.1.1	The licensee must give a notice of general works setting out the matters referred to in section 151(3) to the persons and agencies specified.	3	<ul style="list-style-type: none"> Paxon examined a letter written by the Shire of Gingin, dated 1 May 2018, which referred to the approval of a development application for this project. Paxon also examined documents which include plans and details for the Project which was shared with the Shire of Gingin; Paxon does not regard this shared information as notice in terms of the stipulations of section 151(2) of the Act. Furthermore, Paxon was not 	D	4

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Licence – Version 6				Controls	Compliance
43 (cont.)					<p>provided with any proof notice was given to any other parties as provided for in section 151(2) of the Act; and</p> <ul style="list-style-type: none"> See the findings for compliance obligation 42 above in respect of the controls rating allocated for compliance obligation 43. 		
44	152(3)	3.1.1	The licensee must have regard to an objection or submission lodged by the date specified in the notice given under section 151(2).	3	<ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that he has no knowledge of any objections lodged, during the Audit Period, against construction of the temporary wastewater treatment plant; and See the findings for compliance obligation 42 above in respect of the controls rating allocated for compliance obligation 44. 	D	NR
45	153(3)	3.1.1	If the licensee makes alteration to those plans or details referred to in section 151, the licensee must give written notice of the alterations to any person who is likely to be adversely affected by those alterations.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that he has no knowledge of any alterations made, during the Audit Period, to the plans or details for construction of the temporary wastewater treatment plant; and See the findings for compliance obligation 42 above in respect of the controls rating allocated for compliance obligation 45. 	D	NR
46	166(5)	3.1.1	On being advised by the Minister that an interest in land is appropriate to the licensee's needs, the licensee is required to acquire the interest.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that he has no knowledge of any advice received from the Minister, during 	NP	NR

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Licence – Version 6				Controls	Compliance
46 (cont.)					the Audit Period, which required LSPL to acquire an interest in land; and • Paxon regards application of sections 166(5) and 166(6) of the Act to LSPL's operations will be a rare event. Thus, specific systems, processes and controls are only expected to be put in place when the stipulations of these clauses are applicable.		
47	166(6)	3.1.1	Any costs incurred in taking an interest in land are to be paid by the licensee.	3	• See the findings for compliance obligation number 46 above.	NP	NR
48	170	3.1.1	The licensee must not sell an interest in land if the purchaser would hold a parcel of land that did not comply with the minimum lot size and zoning requirements under the <i>Planning and Development Act 2005</i> , unless the Minister permits the licensee to do so.	3	• Paxon confirmed by interview of the GHD Technical Consultant that he has no knowledge of any sales of land, during the Audit Period, other than residential lots; and • Paxon regards application of section 170 of the Act to LSPL's operations will be a rare event. Thus, specific systems, processes and controls are only expected to be put in place when the stipulations of this clause are applicable.	NP	NR
49	173(4)	3.1.1	In relation to entry to a place for the purposes of doing works, in the circumstances specified the licensee is required to give 48 hours' notice of proposed entry to a place to the occupier or owner, as applicable, unless the occupier or owner agrees otherwise.	3	• Paxon confirmed by interview of the GHD Technical Consultant that he has no knowledge of entry to a place, during the Audit Period, for the purposes of doing works; and	D	NR

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Licence – Version 6				Controls	Compliance
49 (cont.)					<ul style="list-style-type: none"> Paxon examined LSPL's "Customer Service Charter" which states under the heading: "Entry to Your Property": "We will <ul style="list-style-type: none"> provide at least 48 hours' notice in advance of planned work that may require entry to your property (except meter reading and maintenance) in an emergency event, inform you of work being undertaken or leave an information card if you are not present". <p>Recommendation 5/2019:</p> <ul style="list-style-type: none"> LSPL should correct its "Customer Service Charter" to include an appropriate reference to the obligation to give 48 hours' notice of proposed entry to the owner of a place if entry to a place for the purposes of doing works is likely to adversely affect the place. 		
50	174(1)	3.1.1	Notice of a proposed entry by the licensee must be in writing and must set out the purpose of the entry, including (if applicable) any work proposed to be carried out.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that he has no knowledge of entry to a place, during the Audit Period, for the purposes of doing works; and Paxon found LSPL has no systems and controls in place to manage compliance with sections 174(1), 174(3), 175(2), 175(5), 176(1) and 181 of the Act. A recommendation for implementation of a 	D	NR

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Licence – Version 6				Controls	Compliance
50 (cont.)					compliance register (2/2019) was made in this regard (see compliance obligation number 2 above).		
51	174(3)	3.1.1	Even if in a particular instance the licensee may enter a place under the Act without having to give notice of proposed entry, the licensee must when practicable, and when it will not compromise the reason for entry, give notice of entry to the occupier.	3	See the findings for compliance obligation number 50 above.	D	NR
52	175(2)	3.1.1	If an occupier is present when the licensee proposes to enter a dwelling, the licensee must perform the prescribed actions before entering the premises.	3	• See the findings for compliance obligation number 50 above.	D	NR
53	175(5)	3.1.1	If the licensee enters a dwelling that is unoccupied, the licensee must leave a notice or a copy of the warrant (as applicable) in a prominent position in the dwelling before leaving the dwelling.	3	• See the findings for compliance obligation number 50 above.	D	NR
54	176(1)	3.1.1	If the licensee has entered a place with or without consent, the licensee must leave the premises as soon as practicable after being notified that the owner or occupier has refused or withdrawn their consent.	3	• See the findings for compliance obligation number 50 above.	D	NR
55	176(3)	3.1.1	The licensee must produce their certificate of authority if asked to do so, and must not perform, or continue to perform, a function under the Act if they are not able to do so.	3	• See the findings for compliance obligation number 50 above; and	A	NR

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Licence – Version 6				Controls	Compliance
55 (cont.)					<ul style="list-style-type: none"> Paxon examined the LSPL's "Customer Service Charter" which states under the heading: "Identification of Staff": "Our employees or contractors will carry appropriate identification that can be shown to you when entry to your property is required." 		
56	176(4)	3.1.1	If the licensee enters or proposes to enter a place, and the owner or occupier requests the licensee produce evidence of authority for that entry, then the licensee must leave the place if they are unable to do so unless the owner or occupier agrees otherwise.	3	<ul style="list-style-type: none"> See the findings for compliance obligation number 50 above; and Paxon examined the LSPL's "Customer Service Charter" which states under the heading: "Identification of Staff": "Our employees or contractors will carry appropriate identification that can be shown to you when entry to your property is required." 	A	NR
57	181	3.1.1	The licensee, or a person assisting the licensee, must, as far as is practicable comply with any reasonable request from the owner or occupier intended to limit interference with the lawful activities of the owner or occupier.	3	See the findings for compliance obligation number 50 above.	D	NR
58	186	3.1.1	If the licensee applies for a warrant, the application must contain the prescribed information.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that he has no knowledge of warrant applications made or warrants issued during the Audit Period; and Paxon regards application of sections 186, 187(1)-(3), 190(4) and 190(5) of the Act to LPL's 	NP	NR

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Licence – Version 6				Controls	Compliance
58 (cont.)					operations will be a rare event. Thus, specific systems, processes and controls are only expected to be put in place when the stipulations of these clauses are applicable.		
59	187(1) – (3)	3.1.1	If the licensee applies for a warrant to enter, the application must be made in accordance with the procedures specified depending on the location of the applicant and the justice.	3	<ul style="list-style-type: none"> See the findings for compliance obligation number 58 above. 	NP	NR
60	190(4)	3.1.1	Unless required to give a copy of the warrant, the licensee executing the warrant must produce the warrant for inspection by the occupier of the place concerned on entry (if practicable), and if requested to do so.	3	<ul style="list-style-type: none"> See the findings for compliance obligation number 58 above. 	NP	NR
61	190(5)	3.1.1	On completing the execution of a warrant, the licensee must record the prescribed information on that warrant.	3	<ul style="list-style-type: none"> See the findings for compliance obligation number 58 above. 	NP	NR
62	210(5)	3.1.1	If the licensee designates a person as an inspector or compliance officer, the licensee must give that person a certificate of authority that includes certain prescribed information.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that he has no knowledge of any person designated as an inspector or compliance officer during the Audit Period; and Paxon found LSPL has no systems and controls in place to manage compliance with section 210(5) of the Act. A recommendation for implementation of a compliance register (2/2019) 	D	NR

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Licence – Version 6				Controls	Compliance
62 (cont.)					was made in this regard (see compliance obligation number 2 above).		
63	218(2)	3.1.1	In the exercise or purported exercise of a power under the Act, the licensee must ensure that, to the extent practicable, the free use of any place is not obstructed, and that as little damage, harm or inconvenience is caused as is possible.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that he has no knowledge of entry to a place, during the Audit Period, for the purposes of doing works. Thus, LSPL did not obstruct the free use of any place, and did not cause damage, harm or inconvenience; and Paxon found LSPL has no systems and controls in place to manage compliance with section 218(2) of the Act. A recommendation for implementation of a compliance register (2/2019) was made in this regard (see compliance obligation number 2 above). 	D	NR
64	218(3)	3.1.1	If the licensee does any physical damage in the exercise of a works power or a power of entry, the licensee must ensure that the damage is made good and pay compensation to the extent that it is not practicable to make good the damage.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that he has no knowledge of any physical damage caused, during the Audit Period, in the exercise of a works power or a power of entry; and Paxon examined LSPL's "Customer Service Charter" which states under the heading: "Property Reinstatement": "We will <ul style="list-style-type: none"> Assist with reinstating or replacing property lost or damaged as a result of our actions or failure of our system 	A	NR

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Licence – Version 6				Controls	Compliance
64 (cont.)					<ul style="list-style-type: none"> Reinstate your property as close as possible to its original condition if damage occurs due to our activities." 		

Table 10: Audit Observations and Recommendations

[Obligations as per the ERA's: "Water Compliance Reporting Manual – Water Services Act 2012 – May 2018" (Numbers 2 to 64)]

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Regulations 2013	Water Services Licence – Version 6				Controls	Compliance
	Regulation Number	Clause Number					
65	23(2)	3.1.1	If the licensee provides a water supply service in respect of a multi-unit development, the licensee must, on the request of the owner or the strata company, assess whether a meter is satisfactory for measuring the quantity or flow of water passing through a pipe supplying water to the unit.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that, during the Audit Period, no multi-unit developments were constructed; and Paxon examined LSPL's "Water Service Charter" which states under the heading: "Meter Reading": "We will undertake special meter readings on request although a fee applies for this service ... The special meter reading will be undertaken within 10 days of receipt of your request and payment, or on an agreed date." 	A	NR
66	24(4)	3.1.1	If the licensee gives a compliance notice to a person in respect of access to meters, the notice must specify the specified information.	3	<ul style="list-style-type: none"> LSPL's Services Manager confirmed that, during the Audit Period, LSPL did not give a compliance notice to a person in respect of access to meters; and Paxon found LSPL has no systems and controls in place to manage compliance with regulation 24(4) of the 2013 Regulations. A recommendation for implementation of a compliance register (2/2019) was made in this regard (see compliance obligation number 2 above). 	D	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Regulations 2013	Water Services Licence – Version 6				Controls	Compliance
	Regulation Number	Clause Number					
67	26(3)	3.1.1	If the owner or occupier requests the licensee to test a meter, subject to the payment of the charge (if any) for testing that type of meter, the licensee must test the meter in accordance with the approved procedure.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of LSPL's Services Manager that, during the LSPL Management Period, no owner or occupier requested LSPL to test a meter; Paxon examined a LSPL's document entitled: "Billing Enquiries Procedure" which states under the heading: "Water meter testing – Infield test": <i>"In cases where water charges have been levied when the meter is suspected by the customer of being faulty, Lancelin South will test the meter, at the customer's request and at a time suitable to all parties. The customer is required to pay to Lancelin South, the charge for a meter test at the current rate applying."</i>; Paxon could not find any reference to performing the meter test in accordance with a procedure approved by the CEO for the purposes of regulation 26(3); and Paxon found LSPL has no comprehensive systems and controls in place to manage compliance with regulation 26(3) of the 2013 Regulations. A recommendation for implementation of a compliance register (2/2019) was made in this regard (see compliance obligation number 2 above). 	B	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Regulations 2013	Water Services Licence – Version 6				Controls	Compliance
	Regulation Number	Clause Number					
68	26(5)	3.1.1	If a meter test finds that the meter is outside the prescribed tolerance applicable, the licensee must take the specified actions, bear the costs of testing and refund or credit any charges paid under regulation 26(3).	3	<ul style="list-style-type: none"> Paxon confirmed by interview of LSPL's Services Manager that, during the LSPL Management Period, no owner or occupier requested LSPL to test a meter; Paxon examined a LSPL's document entitled: "Billing Enquiries Procedure" which states under the heading: "Water meter testing – Infield test": <i>"If the meter is found, on test, to be faulty (pursuant to Section 26, Water Services Regulations 2013) to the detriment of the customer, Lancelin South will:</i> <ul style="list-style-type: none"> <i>Refund to the customer the charge levied for testing the meter</i> <i>Write off the overcharged proportion of the customer's current water consumption account and issue an amended water account (up to 12 months retrospectively at the discretion of the CEO)</i> <i>Remove the faulty meter and replace it with a new meter</i> <i>The owner/occupier or a representative of the owner/occupier will be required to sign the meter test form as an acknowledgement of the test results at the time of testing."</i> 	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Regulations 2013	Water Services Licence – Version 6				Controls	Compliance
	Regulation Number	Clause Number					
69	29(1)	3.1.1	The licensee must, on the written request of a developer who is required to pay the licensee an infrastructure contribution in respect of a subdivided lot, defer the payment of the contribution unless regulations 29(3) or 29(4) applies.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that, during the Audit Period, no subdivisions took place; and Paxon found LSPL has no systems and controls in place to manage compliance with regulation 29(1) of the 2013 Regulations. A recommendation for implementation of a compliance register (2/2019) was made in this regard (see compliance obligation number 2 above). 	D	NR
70	42(2)	3.1.1	The written order requiring the owner or occupier of land to install a backflow prevention device must set out the date which the device must be installed and tested (which must be at least 7 days after the order is given).	3	<ul style="list-style-type: none"> LSPL's Services Manager confirmed that, during the Audit Period, LSPL did not give a written order requiring the owner or occupier of land to install a backflow prevention device; Paxon examined the LSPL website which states: <i>"Every connection to the drinking water supply must have a backflow prevention device appropriate for the land use and activities carried out at the property."</i> Paxon does not regard this as compliance with Regulation 42(2) of the 2013 Regulations; and Paxon found LSPL has no systems and controls in place to manage compliance with regulation 42(2) of the 2013 Regulations. A 	D	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Regulations 2013	Water Services Licence – Version 6				Controls	Compliance
	Regulation Number	Clause Number					
70 (cont.)					recommendation for implementation of a compliance register (2/2019) was made in this regard (see compliance obligation number 2 above).		
71	43(3)	3.1.1	The compliance notice requiring the owner or occupier of land to have their backflow prevention device tested or maintained in accordance with the standard by a specified date (which must be at least 7 days after the notice is given).	3	<ul style="list-style-type: none"> LSPL's Services Manager confirmed that, during the Audit Period, LSPL did not give a compliance notice requiring the owner or occupier of land to have their backflow prevention device tested or maintained Paxon examined the LSPL website which states: <i>"Property owners are responsible for testing high and medium risk rating devices at commissioning, and after any maintenance or at least annually."</i> Paxon does not regard this as compliance with Regulation 43(3) of the 2013 Regulations; and Paxon found LSPL has no systems and controls in place to manage compliance with regulation 43(3) of the 2013 Regulations. A recommendation for implementation of a compliance register (2/2019) was made in this regard (see compliance obligation number 2 above). 	D	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Regulations – 2013	Water Services Licence – Version 6				Controls	Compliance
	Regulation Number	Clause Number					
72	43(6)	3.1.1	The compliance notice requiring the owner or occupier of land to have their backflow prevention device made good as specified in the notice must include the work that is required to be done, the manner in which the work is to be done and the date by which the work is to be done (which must be at least 7 days after the notice is given).	3	<ul style="list-style-type: none"> LSPL's Services Manager confirmed that, during the Audit Period, LSPL did not give a compliance notice requiring the owner or occupier of land to have their backflow prevention device made good; and Paxon found LSPL has no systems and controls in place to manage compliance with regulation 43(6) of the 2013 Regulations. A recommendation for implementation of a compliance register (2/2019) was made in this regard (see compliance obligation number 2 above). 	D	NR
74	60(2)	3.1.1	If the licensee proposes to exercise a works power in a road and considers that it is necessary to alter the position of infrastructure, the licensee must notify the person who is responsible for the infrastructure and may request that the person make the alterations within the time specified in the notice.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that, during the Audit Period, no works powers were exercised in a road which would have necessitated altering the position of infrastructure; and Paxon found LSPL has no systems and controls in place to manage compliance with regulation 60(2) of the 2013 Regulations. A recommendation for implementation of a compliance register (2/2019) was made in this regard (see compliance obligation number 2 above). 	D	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Regulations 2013	Water Services Licence – Version 6				Controls	Compliance
	Regulation Number	Clause Number					
75	63	3.1.1	If the licensee opens or breaks up the surface of a road, the licensee must complete the relevant work and reinstate and make good the road and must take all reasonable measures to prevent that part of the road from being hazardous.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that, during the Audit Period, LSPL did not open or broke up the surface of a road; and Paxon found LSPL has no systems and controls in place to manage compliance with regulation 63 of the 2013 Regulations. A recommendation for implementation of a compliance register (2/2019) was made in this regard (see compliance obligation number 2 above). 	D	NR
89	85	3.1.1	Compliance notices issued by the licensee must include a brief description of the possible consequences under the Act of not complying with the notice, and the rights of review under the Act in relation to the notice and who may apply for review.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant he has no knowledge of any compliance notices given during the Audit Period; and Paxon found LSPL has no systems and controls in place to manage compliance with regulation 85 of the 2013 Regulations. A recommendation for implementation of a compliance register (2/2019) was made in this regard (see compliance obligation number 2 above). 	D	NR

Table 10: Audit Observations and Recommendations

[Obligations as per the ERA's: "Water Compliance Reporting Manual – Water Services Act 2012 – May 2018" (Numbers 65 to 89)]

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1				Controls	Compliance
	Clause Number	Clause Number					
92	8(1)-(3)	3.1.1	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.	3	<ul style="list-style-type: none"> Paxon examined LSPL's "Customer Service Charter" which states: <i>"Lancelin South Pty Ltd is a privately owned organisation responsible for the supply of water and wastewater services to the Lancelin South Development."</i>; Paxon found the LSPL's "Customer Service Charter" refers to the LSPL's functions for: <ul style="list-style-type: none"> Water quality; Water efficiency; Installation of services; Pressure and flow; Entry to properties; Interruption to water supply; Water leaks; Property reinstatement; Meter reading; Billing and payment; and Complaints. 	A	4

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1				Controls	Compliance
92 (cont.)					<ul style="list-style-type: none"> Paxon found LSPL's "Customer Service Charter" states under the heading: "Payment": <i>"If you do not contact us and payment is late, interest charges or restriction of service may be applied.";</i> Paxon examined LSPL's "Financial Hardship Policy" which states in section 6 entitled: "Restricting and Restoring Your Water Flow": <i>"If you do not pay your bill by the due date, we may cut off or reduce your supply of water.";</i> Paxon examined the LSPL's "Customer Service Charter" which addresses how to apply for a connection under the heading: "Installation of Services. Paxon found an application form entitled: "Resident Water Service Account Application" on the LSPL website pages for "Lancelin South Water"; Paxon examined the LSPL's "Customer Service Charter" which addresses things that a customer must do, and the things that must be complied with, before a connection is made under the heading: "Installation of Services". Paxon found further customer obligations 		

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1				Controls	Compliance
92 (cont.)					<p>under the heading: “Building Documents” on the LSPL website pages for “Lancelin South Water”;</p> <ul style="list-style-type: none"> Paxon found a document entitled: “Building Services Fixed Fees and Charges 2017” on the LSPL website pages for “Lancelin South Water”. Paxon notes this document states: <i>“The connection will not be made until all fees associated with this application have been paid.”</i> Paxon was presented with a “Building Services Fixed Fees and Charge” document which was reviewed on 07/03/2019; Paxon examined LSPL’s “Customer Service Charter” which states under the heading: “Installation of services”: <i>“Installation will be provided to each dwelling prior to occupancy, upon request and within 10 business days.”</i>; and Paxon was presented with an “Customer Service Charter” which was reviewed on 14/02/2019. Paxon found a “Customer Service Charter” dated “January 2017” on the LSPL website pages for “Lancelin South Water”. 		

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1				Controls	Compliance
92 (cont.)					Recommendation 6/2019: <ul style="list-style-type: none"> LSPL should ensure current information about connections, as stipulated in clause 8 of the Water Services Code of Conduct (Customer Service Standards) 2018 (Customer Service Standards) are publicly available. 		
93	9(2) and (4)	3.1.1	The licensee must ensure that, in any 12-month period, 90% of connections are completed before the end of 10 business days, starting on the day on which the customer has paid the relevant fees and complied with the relevant requirements.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of LSPL's Services Manager that, during the LSPL Management Period, only one customer connection was made. The Services Manager stated LSPL practice requires connections to be made within 3 days after customers paid the relevant fees and complied with the relevant requirements; Paxon requested but LSPL did not provide any records to confirm the customer was connected within the stated time interval; and Paxon examined LSPL's "Customer Service Charter" which states under the heading: "Installation of services": "Installation will be provided to each dwelling prior to occupancy, upon request and within 10 business days." 	A	2

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1				Controls	Compliance
93 (cont.)					Recommendation 7/2019: <ul style="list-style-type: none"> LSPL should keep proper records of connections made including dates on which: <ul style="list-style-type: none"> Customers complied with all conditions for connection; and Connections were completed. 		
94	10(2)	3.1.1	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.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of LSPL's Services Manager that, during the LSPL Management Period, bills for both consumption and fixed charges were sent out on a quarterly basis; Paxon examined a sample of LSPL tax invoices issued during the LSPL Management Period and confirmed it included quarterly: <ul style="list-style-type: none"> "Base Water Service Charge"; and "Residential Sewer Charge". Paxon found LSPL's "Customer Service Charter" states under the heading: "Billing and Payment – Tariffs and Charges": <i>"Lancelin South will read your water meters and issue you an account every 3 months. Your account will detail:</i> 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1				Controls	Compliance
94 (cont.)					<ul style="list-style-type: none"> • A fixed service charge and a variable charge for Drinking Water consumption; • A fixed service charge and a variable charge for Irrigation Water consumption; • A fixed service charge for Waste Water Disposal." 		
95	11(2)	3.1.1	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.	3	<ul style="list-style-type: none"> • Paxon confirmed by interview of LSPL's Services Manager that, during the LSPL Management Period, bills for both consumption and fixed charges were sent out on a quarterly basis; • Paxon examined a sample of LSPL tax invoices issued during the LSPL Management Period and confirmed it included quarterly charges levied for: <ul style="list-style-type: none"> ○ "Potable Water Usage Charge"; and ○ "Non-Potable Water Usage Charge". • Paxon found LSPL's "Customer Service Charter" states under the heading: "Billing and Payment – Tariffs and Charges": <i>"Lancelin South will read your water meters and issue you an account every 3 months. Your account will detail:</i> 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1				Controls	Compliance
95 (cont.)					<ul style="list-style-type: none"> • A fixed service charge and a variable charge for Drinking Water consumption; • A fixed service charge and a variable charge for Irrigation Water consumption; • A fixed service charge for Waste Water Disposal." 		
96	11(3)	3.1.1	A bill for usage must be based on a meter reading to ascertain the quantity supplied or discharged.	3	<ul style="list-style-type: none"> • Paxon confirmed by interview of LSPL's Services Manager that, during the LSPL Management Period, bills for usage were based on meter readings; • Paxon examined a sample of LSPL tax invoices issued during the LSPL Management Period and confirmed meter readings were recorded for: <ul style="list-style-type: none"> ○ "Potable Water Usage Charge"; and ○ "Non-Potable Water Usage Charge". • Paxon found LSPL's "Customer Service Charter" states under the heading: "Billing and Payment – Tariffs and Charges": <i>"Lancelin South will read your water meters and issue you an account every 3 months."</i> 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1				Controls	Compliance
97	11(4)	3.1.1	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 wastewater discharged.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of LSPL's Services Manager that, during the LSPL Management Period, no estimates of usage were made; and Paxon found LSPL has no systems and controls in place to manage compliance with clause 11(4) of the Customer Service Standards. A recommendation for implementation of a compliance register (2/2019) was made in this regard (see compliance obligation number 2 above). 	D	NR
98	11(5)	3.1.1	If an accurate meter reading is not possible and there are no applicable regulations, a bill for usage must be based on a reasonable estimate of supply or discharge using one of the prescribed methods.	3	<ul style="list-style-type: none"> See the findings for compliance obligation number 97 above. 	D	NR
98A	11(6)	3.1.1	Despite subclauses 11(4) and (5), a bill for usage based on a meter reading must be issued at least once in every 12-month period.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of LSPL's Services Manager that, during the LSPL Management Period, no estimates of usage were made. Thus, bills were based on meter readings; Paxon examined a sample of LSPL tax invoices issued during the LSPL Management Period 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1				Controls	Compliance
98A (cont.)					<p>and confirmed meter readings were recorded for:</p> <ul style="list-style-type: none"> ○ “Potable Water Usage Charge”; and ○ “Non-Potable Water Usage Charge”. <p>• Paxon found LSPL’s “Customer Service Charter” states under the heading: “Billing and Payment – Tariffs and Charges”:</p> <p><i>“Lancelin South will read your water meters and issue you an account every 3 months.”</i></p>		
99	12	3.1.1	The licensee must send a bill to the address of the place where the water service is provided or, if the customer nominates another address, to the nominated address.	3	<ul style="list-style-type: none"> • Paxon confirmed by interview of LSPL’s Services Manager that, during the LSPL Management Period, bills were sent to the water service delivery address or a nominated address; • Paxon examined a sample of LSPL tax invoices issued during the LSPL Management Period and confirmed bills were sent to the water service delivery address or a nominated address; and • Paxon examined a “Resident Water Service Account Application” form and found it provided for recording both a water service 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1				Controls	Compliance
99 (cont.)					delivery address and a “Billing Address”.		
100	13(1)	3.1.1	Each bill must contain the prescribed information.	3	<ul style="list-style-type: none"> Paxon examined a sample of LSPL tax invoices issued during the LSPL Management Period and found these invoices, with some exceptions, complied with the stipulations of clause 12(1) of the Customer Service Standards. The examined tax invoices did not disclose: <ul style="list-style-type: none"> The nature and amount of any applicable concession; and The amount of any interest or fees charged for late payment of amount outstanding from previous bills. <p>Recommendation 8/2019:</p> <ul style="list-style-type: none"> LSPL should amend its tax invoices to comply with all the stipulations of clause 13(1) of the Customer Service Standards. 	B	3
100A	13(3)	3.1.1	A bill issued for 2 or more water services must specify the charge payable for each water service.	3	<ul style="list-style-type: none"> Paxon examined a sample of LSPL tax invoices issued during the LSPL Management Period and found these invoices record charges for: <ul style="list-style-type: none"> “Potable Water Usage”; “Base Water Service”; 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1				Controls	Compliance
100A (cont.)					<ul style="list-style-type: none"> ○ “Residential Sewer”; and ○ “Non-Potable Water Usage”. 		
101	13(4)	3.1.1	Each bill for usage for a metered water service must contain the specified information.	3	<ul style="list-style-type: none"> • Paxon confirmed by interview of LSPL’s Services Manager that, during the LSPL Management Period, no estimates of usage were made. Thus, the stipulations of clause 13(4) of the Customer Service Standards which apply to estimates were not applicable; and • Paxon examined a sample of LSPL tax invoices issued during the LSPL Management Period and found these invoices, with some exceptions, complied with the stipulations of clause 13(4) of the Customer Service Standards. The examined tax invoices did not disclose the number of days to which the bill applies. <p>Recommendation 9/2019:</p> <ul style="list-style-type: none"> • LSPL should amend its tax invoices to comply with all the stipulations of clause 13(4) of the Customer Service Standards. 	B	2

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1				Controls	Compliance
101A	13(5)	3.1.1	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.	3	See the findings for compliance obligation number 97.	D	NR
102A	13(6)	3.1.1	Each bill must contain the prescribed information.	3	<ul style="list-style-type: none"> Paxon examined a sample of LSPL tax invoices issued during the LSPL Management Period and found these invoices, with some exceptions, complied with the stipulations of clause 13(6) of the Customer Service Standards. The examined tax invoices did not disclose: <ul style="list-style-type: none"> the telephone number of the 24-hour information line provided in accordance with clause 45; National Interpreter Symbol; A statement that the website contains information about estimates, meter reading and testing, complaints and review; and A statement that the bill can be reviewed in accordance with the licensee's review procedure mentioned in clause 20. 	D	3

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1				Controls	Compliance
102A (cont.)					Recommendation 10/2019: <ul style="list-style-type: none"> LSPL should amend its tax invoices to comply with all the stipulations of clause 13(6) of the Customer Service Standards. 		
103	14(1)	3.1.1	If a bill is based on an estimate, the licensee must tell the customer on request the basis of the estimate and the reason for the estimate.	3	See the findings for compliance obligation number 97 above.	D	NR
104	14(2)	3.1.1	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.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of LSPL's Services Manager that, during the LSPL Management Period, no estimates of usage were made; and Paxon examined LSPL's "Customer Service Charter" which states under the heading: "Billing and Payment - Payment": <i>"If you are overcharged, you will be refunded directly or given a credit against future charges, as agreed."</i> 	A	NR
104A	15(3)	3.1.1	Each bill for usage to which clause 15 applies must, in addition to the requirements of clause 13, contain the prescribed information.	3	Paxon examined a LSPL document entitled: "Residential Pricing & Charges" and found this document does not record charges which are divided into two or more volumetric ranges.	NA	NA

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1				Controls	Compliance
	Clause Number	Clause Number					
105	16(1)	Clause 3.1.1	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.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of LSPL's Services Manager that, during the LSPL Management Period, no customer requested a meter reading and a bill in the prescribed circumstances; Paxon examined LSPL's "Water Service Charter" which states under the heading: "Meter Reading": <i>"We will undertake special meter readings on request although a fee applies for this service ...The special meter reading will be undertaken within 10 days of receipt of your request and payment, or on an agreed date."</i>; Paxon regards this statement as being too general in nature and not specific enough to address the different billing period and faulty estimates provided for in clause 16(1) of the Customer Service Standards; and Paxon found LSPL has no systems and controls in place to manage compliance with clause 16(1) of the Customer Service Standards. A recommendation for implementation of a compliance register (2/2019) was made in this 	D	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1				Controls	Compliance
105A (cont.)					regard (see compliance obligation number 2 above).		
106	17(2) & (3)	3.1.1	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.	3	<ul style="list-style-type: none"> Paxon examined a LSPL document entitled: <i>"Leak Allowance Procedure"</i> and found this document states: <i>"Lancelin South ...may grant a leak allowance of up to 1,000 kilolitres, on either their potable or non-potable (irrigation) water supply, to a customer who has experienced an increase in water consumption caused by a hidden leak or burst."</i>; Paxon searched the LSPL website pages for <i>"Lancelin South Water"</i> but could not find this procedure document; and Paxon found LSPL has no systems and controls in place to manage compliance with clauses 17(2) and (3) of the Customer Service Standards. A recommendation for implementation of a compliance register (2/2019) was made in this regard (see compliance obligation number 2 above). 	D	4

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1				Controls	Compliance
106 (cont.)					Recommendation 11/2019: <ul style="list-style-type: none"> LSPL should disclose the LSPL document entitled: <i>“Leak Allowance Procedure”</i> on its website. 		
107	18(2)	Clause 3.1.1	The licensee cannot recover an undercharged amount from a customer unless it is for water services provided in the 12-month period ending on the day on which the licensee informed the customer of the undercharging.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of LSPL’s Services Manager that, during the LSPL Management Period, no undercharging of customers took place; Paxon examined LSPL’s <i>“Customer Service Charter”</i> which states under the heading: <i>“Billing and Payment – Payment”</i>: <i>“If you are accidentally undercharged, the shortfall will be included in your next account.”</i>; Paxon examined a LSPL document entitled: <i>“Billing Enquiries Procedure”</i> which states under the heading: <i>“Review of Outcome – Undercharged Bill”</i>: <i>“On conclusion of the bill review, if it is found that the customer’s bill has been under charged Lancelin South will back charge the undercharged amount up to a period of 12 months from the date of the bill</i> 	D	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1				Controls	Compliance
107 (cont.)					<p><i>review being completed. A special bill (interest free with 12 month payment terms) will be issued.”;</i></p> <ul style="list-style-type: none"> • Thus, the following findings were made: <ul style="list-style-type: none"> ○ LSPL’s “Customer Service Charter” differs from its “Billing Enquiries Procedure” regarding undercharged amounts; and ○ Technically, there is a difference between “12 month period ending on the day on which the licensee informed the customer of the undercharging” and “period of 12 months from the date of the bill review being completed.” • Paxon searched the LSPL website pages for “Lancelin South Water” but could not find the “Billing Enquiries Procedure”. <p>Recommendation 12/2019:</p> <ul style="list-style-type: none"> • LSPL’s should ensure its “Customer Service Charter” and “Billing Enquiries Procedure” agrees; • LSPL should correct its “Billing Enquiries Procedure” to refer to a “12 month period ending on the day on which the licensee informed the customer of the undercharging”; and 		

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1				Controls	Compliance
107 (cont.)					<ul style="list-style-type: none"> LSPL should disclose the LSPL document entitled: “Billing Enquiries Procedure” on its website. 		
108	18(3)	3.1.1	An undercharged amount must be the subject of, and explained in, a special bill or a separate item in the next bill.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of LSPL’s Services Manager that, during the LSPL Management Period, no undercharging of customers took place; and Paxon examined a LSPL document entitled: “Billing Enquiries Procedure” which states under the heading: “Review of Outcome – Undercharged Bill”: “On conclusion of the bill review, if it is found that the customer’s bill has been under charged ... A special bill (interest free with 12 month payment terms) will be issued.” 	A	NR
109	18(4)	Clause 3.1.1	The licensee must not charge interest or late payment fees on an undercharged amount.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of LSPL’s Services Manager that, during the LSPL Management Period, no undercharging of customers took place; and 	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1				Controls	Compliance
109 (cont.)					<ul style="list-style-type: none"> Paxon examined a LSPL document entitled: <i>“Billing Enquiries Procedure”</i> which states under the heading: <i>“Review of Outcome – Undercharged Bill”</i>: <i>“On conclusion of the bill review, if it is found that the customer’s bill has been under charged ... A special bill (interest free with 12 month payment terms) will be issued.”</i> 		
110	18(5)	Clause 3.1.1	The licensee must allow a customer to pay an undercharged amount by way of a repayment plan that has effect for the duration of the shorter of the prescribed periods starting on the day that the bill in clause 18(3) is issued.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of LSPL’s Services Manager that, during the LSPL Management Period, no undercharging of customers took place; and Paxon examined a LSPL document entitled: <i>“Billing Enquiries Procedure”</i> which states under the heading: <i>“Review of Outcome – Undercharged Bill”</i>: <i>“On conclusion of the bill review, if it is found that the customer’s bill has been under charged ... A special bill (interest free with 12 month payment terms) will be issued.”</i> 	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1				Controls	Compliance
111A	19(2)	3.1.1	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.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of LSPL's Services Manager that, during the LSPL Management Period, no customers were overcharged; Paxon examined LSPL's "Customer Service Charter" which states under the heading: "Billing and Payment – Payment": <i>"If you are overcharged, you will be refunded directly or given a credit against future charges, as agreed."</i>; and Paxon examined a LSPL document entitled: "Billing Enquiries Procedure" which states under the heading: "Review of Outcome – Overcharged Bill": <i>"Lancelin South will within a period of 15 business days starting on the day it became aware of the overcharge amount: Credit the customer's account and immediately notify the customer; or Inform the customer of the overcharging and recommend options for how the amount</i> 	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1				Controls	Compliance
111A (cont.)					overcharged may be refunded to the customer or credited to the customer's account."		
112A	19(3)	3.1.1	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.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of LSPL's Services Manager that, during the LSPL Management Period, no customers were overcharged; Paxon examined the LSPL document entitled: "Billing Enquiries Procedure" but could not find any appropriate references to compliance with the customers instructions within 15 business days of LSPL receiving the instructions; and Paxon found LSPL has no systems and controls in place to manage compliance with clause 19(3) of the Customer Service Standards. A recommendation for implementation of a compliance register (2/2019) was made in this regard (see compliance obligation number 2 above). 	D	NR
112B	19(4)	3.1.1	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	3	<ul style="list-style-type: none"> Paxon confirmed by interview of LSPL's Services Manager that, during the LSPL Management Period, no customers were overcharged; 	D	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1				Controls	Compliance
112B (cont.)			licensee must credit the overcharged amount to the customer's account before the end of the period of the next 15 business days.		<ul style="list-style-type: none"> Paxon examined the LSPL document entitled: <i>"Billing Enquiries Procedure"</i> but could not find any appropriate references to LSPL's obligations in case no customer instructions were received at the end of the period of 10 business days starting on the day an overcharging notice is sent; and Paxon found LSPL has no systems and controls in place to manage compliance with clause 19(4) of the Customer Service Standards. A recommendation for implementation of a compliance register (2/2019) was made in this regard (see compliance obligation number 2 above). 		
112C	19(5)	3.1.1	The licensee must notify the customer immediately after crediting the overcharged amount to the customer's account under subclause (2)(a), (3) or (4).	3	<ul style="list-style-type: none"> Paxon confirmed by interview of LSPL's Services Manager that, during the LSPL Management Period, no customers were overcharged; Paxon examined the LSPL document entitled: <i>"Billing Enquiries Procedure"</i> but could not find any appropriate reference to LSPL's obligation to notify the customer immediately after crediting the overcharged amount to the 	D	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1				Controls	Compliance
112C (cont.)					customer's account under subclause (3) or (4) of the Customer Service Standards; and <ul style="list-style-type: none"> Paxon found LSPL has no systems and controls in place to manage compliance with clause 19(5) of the Customer Service Standards. A recommendation for implementation of a compliance register (2/2019) was made in this regard (see compliance obligation number 2 above). 		
113	20(1)	3.1.1	The licensee must review a bill on the customer's request.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of LSPL's Services Manager that, during the LSPL Management Period, no customers requested bill reviews; and Paxon examined the LSPL document entitled: <i>"Billing Enquiries Procedure"</i> which states under the heading: <i>"Review Your Bill"</i>: <i>"If you think your bill is incorrect, you can ask Lancelin South to review it."</i> 	A	NR
114	20(2)	Clause 3.1.1	The license must have a written procedure for the review of a bill on the customer's request.	3	See the findings for compliance obligation number 113 above.	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1				Controls	Compliance
115	20(3) & (6)	Clause 3.1.1	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.	3	<ul style="list-style-type: none"> Paxon examined the LSPL document entitled: <i>"Billing Enquiries Procedure"</i> which addresses: <ul style="list-style-type: none"> Water meter testing; Undercharging and overcharging; and <i>"Appeals and Complaints"</i>. Paxon searched the LSPL website pages for <i>"Lancelin South Water"</i> but could not find the <i>"Billing Enquiries Procedure"</i>. A recommendation for website disclosure of this procedure (12/2019) was made in this regard (see compliance obligation number 107 above). 	A	4
116	20(4)	3.1.1	The review procedure must state that the customer may, but does not have to, use the licensee's complaints procedure mentioned in clause 46 before or instead of applying to the water services ombudsman or, if available, making an appeal from, or applying for a review of, the decision under regulations mentioned in section 222(2)(k) of the Act.	3	<ul style="list-style-type: none"> Paxon examined the LSPL document entitled: <i>"Billing Enquiries Procedure"</i> and specifically the section entitled: <i>"Appeals and Complaints"</i>. However, this section does not comprehensively cover the stipulations of clause 20(4) of the Customer Service Standards; and Paxon found LSPL has no systems and controls in place to manage compliance with clause 20(4) of the Customer Service Standards. A recommendation for implementation of a 	D	2

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1				Controls	Compliance
116 (cont.)					compliance register (2/2019) was made in this regard (see compliance obligation number 2 above).		
117	20(5)	3.1.1	The licensee must inform the customer of the outcome of a review of the customer's bill as soon as practicable or otherwise less than 15 business days from the day the customer's request for review was received.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of LSPL's Services Manager that, during the LSPL Management Period, no customers requested bill reviews; and Paxon examined the LSPL document entitled: <i>"Billing Enquiries Procedure"</i> which states under the heading: <i>"Review Completion"</i> <p><i>"Lancelin South will inform customers 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 request was received."</i></p> 	A	NR
117A	21	3.1.1	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).	3	<ul style="list-style-type: none"> Paxon confirmed by interview of LSPL's Services Manager that, during the LSPL Management Period, no changes took place to the amount or rate of a water service charge; and Paxon examined LSPL's <i>"Customer Service Charter"</i> which states: 	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1				Controls	Compliance
117A (cont.)					<i>"We will advise you of any change to tariffs at least 3 months prior to the change taking effect and will post the information on our website".</i>		
118	23	3.1.1	The time set by the licensee for the payment of a bill must be after 14 days from when the bill is issued.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of LSPL's Services Manager that, during the LSPL Management Period, customers were given 21 days after bills were issued for payment thereof; and Paxon examined a sample of LSPL tax invoices issued during the LSPL Management Period and confirmed customers were given 21 days after tax invoices were issued for payment thereof. 	A	1
119	24(1)	3.1.1	The licensee must allow a customer to pay a bill using any of the prescribed methods selected by the customer.	3	<ul style="list-style-type: none"> Paxon examined a sample of LSPL tax invoices issued during the LSPL Management Period and found customers were provided with the following payment options: <ul style="list-style-type: none"> Internet (direct deposit and BPay); Mail (cheque); and Telephone. 	C	3

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1				Controls	Compliance
119 (cont.)					Recommendation 13/2019: <ul style="list-style-type: none"> LSPL should allow customers to pay bills through Centrepay. 		
120	24(2)	3.1.1	The licensee must, when offering bill payment method options, inform the customer of the fees and charges (if any) associated with each bill payment method offered.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of LSPL's Services Manager that, during the LSPL Management Period, LSPL did not levy fees or charges for the different bill payment methods offered to customers; Paxon could not find any reference to fees or charges associated with different bill payment methods in either: <ul style="list-style-type: none"> A sample of LSPL tax invoices issued during the LSPL Management Period; The LSPL "Customer Service Charter"; and LSPL "Residential Pricing & Charges" document. Paxon found LSPL has no systems and controls in place to manage compliance with clause 24(2) of the Customer Service Standards. A recommendation for implementation of a compliance register (2/2019) was made in this 	D	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1				Controls	Compliance
120 (cont.)					regard (see compliance obligation number 2 above).		
121	25(1)	3.1.1	Before receiving a bill payment by direct debit, the licensee must obtain the express consent of the customer or of an adult person nominated by the customer to give consent.	3	<ul style="list-style-type: none"> • Paxon confirmed by interview of LSPL's Services Manager that, during the LSPL Management Period, one customer paid by direct debit; • Paxon requested but was not provided with proof LSPL obtained expressed consent for this payment method; and • Paxon could not find any reference to payment by direct debit in the LSPL's: <ul style="list-style-type: none"> ◦ "Customer Service Charter"; and ◦ "Residential Account & Water Service Connection Application". • Paxon found LSPL has no systems and controls in place to manage compliance with clause 25(1) of the Customer Service Standards. A recommendation for implementation of a compliance register (2/2019) was made in this regard (see compliance obligation number 2 above). 	D	4

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1				Controls	Compliance
122	26(1)	Clause 3.1.1	The licensee must accept payment in advance from a customer on a customer's request.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of LSPL's Services Manager that, during the LSPL Management Period, no customers paid in advance; and Paxon found LSPL has no systems and controls in place to manage compliance with clause 26(1) of the Customer Service Standards. A recommendation for implementation of a compliance register (2/2019) was made in this regard (see compliance obligation number 2 above). 	D	NR
123	27	3.1.1	The licensee must on request and at no charge redirect a customer's bills because of the customer's absence or illness.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of LSPL's Services Manager that, during the LSPL Management Period, no bills were redirected because of the customer's absence or illness; Paxon examined the LSPL's "Financial Hardship Policy" which states under the heading; "Useful Information": <i>"Redirection of water bill</i> <i>We will advise you of your right to have your water bill redirected to another person free of charge if you are absent or ill";</i> 	D	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1				Controls	Compliance
123 (cont.)					<ul style="list-style-type: none"> Paxon believes it was not the intention that this customer entitlement be limited to instances of financial hardship; and Paxon found LSPL has no systems and controls in place to manage compliance with clause 27 of the Customer Service Standards. A recommendation for implementation of a compliance register (2/2019) was made in this regard (see compliance obligation number 2 above). 		
124A	28(2)	3.1.1	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.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of LSPL's Services Manager that, during the LSPL Management Period, no customers were assessed as experiencing payment difficulties; Paxon examined LSPL's "Customer Service Charter" which states under the heading: "Billing and Payment – Payment": <i>"Please contact us... as soon as possible if you are not able to pay your bill in full by the due date.... You may also like to view our "Financial Hardship Policy" on our website."</i> Paxon believes there is a difference between customers having payment difficulties and 	D	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1				Controls	Compliance
124A (cont.)					<p>customers experiencing financial hardship. The LSPL's "Customer Service Charter" does not address customers having payment difficulties appropriately; and</p> <ul style="list-style-type: none"> Paxon found LSPL has no systems and controls in place to manage compliance with clauses 28(2) to (4) of the Customer Service Standards. A recommendation for implementation of a compliance register (2/2019) was made in this regard (see compliance obligation number 2 above). 		
124B	28(3)	3.1.1	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 wastewater has been discharged in previous billing periods.	3	<ul style="list-style-type: none"> See the findings for compliance obligation number 124A above. 	D	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1				Controls	Compliance
124C	28(4)	3.1.1	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.	3	See the findings for compliance obligation number 124A above.	D	NR
125	29(1) & (2)	3.1.1 and 5.4.1	The licensee must have a written policy in relation to financial hardship that is approved by the ERA.	3	<ul style="list-style-type: none"> • LSPL does have a “Financial Hardship Policy”; • Paxon confirmed by interview of LSPL’s Services Manager that the ERA approved its “Financial Hardship Policy”; • The “Amendment History” for this document records it was reviewed on 10/12/2018 after: ERA submission; and • This compliance obligation was a once-off requirement and does not require any systems, processes and controls on a perpetual basis. 	NP	1
126A	29(3)	3.1.1	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.	3	<ul style="list-style-type: none"> • Paxon notes the “Amendment History” for the “Financial Hardship Policy” states: “Document reviewed and updated against ERA Hardship policy guidelines June 2018”. 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1				Controls	Compliance
126B	29(4)	3.1.1	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.	3	<ul style="list-style-type: none"> Paxon notes the "Amendment History" for the "Financial Hardship Policy" states: <ul style="list-style-type: none"> 3/12/2018: "Document reviewed and updated against ERA Hardship policy guidelines June 2018"; and 10/12/2018: "Minor updates to Section 2.0 after ERA submission". 	A	1
127	29(5)	3.1.1	The licensee's financial hardship policy must be in effect within 6 months of the day of the grant of the license.	3	<ul style="list-style-type: none"> The LSPL's Water Services Licence commenced on 10 March 2017; and Paxon notes the "Amendment History" for the "Financial Hardship Policy" records it was issued for use on 28/06/2016 which precedes the licence commencement. Thus, it appears at the commencement of LSPL's Water Services Licence, it was using a Financial Hardship Policy probably taken over from Aquasol. 	A	1
128	29(6)	3.1.1 and 5.4.1	The licensee's financial hardship policy must be available on the licensee's website and a hardcopy provided to a customer upon request at no charge.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of LSPL's Services Manager that, during the LSPL Management Period, no customers requested a hardcopy of LSPL's "Financial Hardship Policy"; and 	A	1

No.	Obligation Under:		Summary Description of Obligation		Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1					Controls	Compliance
	Clause Number	Clause Number						
128 (cont.)						<ul style="list-style-type: none">Paxon found the LSPL website pages for “Lancelin South Water” contains a link to the LSPL’s “Financial Hardship Policy”.		
129A	29(7)	3.1.1 and 5.4.1		The licensee must review its financial hardship policy at least once in every 5-year period.	3	<ul style="list-style-type: none">Paxon notes the “Amendment History” for the “Financial Hardship Policy” states:<ul style="list-style-type: none">30/05/2017: “Annual Review”; and3/12/2018: “Document reviewed and updated against ERA Hardship policy guidelines June 2018”.Paxon examined the LSPL’s “Financial Hardship Policy” which states under the heading: “Approval and Review”: “We will review our policy at least every two years to ensure it remains up-to-date and relevant.”	A	1
129B	29(8)	3.1.1 and 5.4.1		The licensee must review its financial hardship policy if directed to do so by the ERA.	3	<ul style="list-style-type: none">Paxon confirmed by interview of LSPL’s Services Manager that, during the LSPL Management Period, the ERA did not direct it to review its “Financial Hardship Policy”; andPaxon found LSPL has no systems and controls in place to manage compliance with clause 29(8) of the Customer Service Standards. A recommendation for implementation of a	D	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1				Controls	Compliance
129B (cont.)					compliance register (2/2019) was made in this regard (see compliance obligation number 2 above).		
129C	29(9)	3.1.1 and 5.4.1	The licensee must consult with relevant consumer organisations when formulating or reviewing its financial hardship policy.	3	<ul style="list-style-type: none"> Paxon interviewed both the: <ul style="list-style-type: none"> LSPL's Services Manager; and GHD Technical Consultant. Neither of these parties could confirm whether LSPL complied with clause 29(9) of the Customer Service Standards during the Audit Period; and Paxon found LSPL has no systems and controls in place to manage compliance with clause 29(9) of the Customer Service Standards. A recommendation for implementation of a compliance register (2/2019) was made in this regard (see compliance obligation number 2 above). <p>Recommendation 14/2019:</p> <ul style="list-style-type: none"> LSPL should keep proper records to proof compliance with its obligations in terms of clause 3.1.1 of its Water Services Licence. 	D	4

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1				Controls	Compliance
	Clause Number	Clause Number					
130A	30(2)	3.1.1	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.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of LSPL's Services Manager that, during the LSPL Management Period, no customer was assessed as experiencing financial hardship; and Paxon examined LSPL's "Financial Hardship Policy" which states: <i>"If we determine that you are in financial hardship, we will offer you more time to pay or a payment plan. We will not charge you any fees or interest as part of your extension or payment plan. We will involve you and, if applicable, your financial councillor in setting a payment plan."</i> 	A	NR
130B	30(3)	3.1.1	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.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of LSPL's Services Manager that, during the LSPL Management Period, no customer was assessed as experiencing financial hardship; and Paxon examined LSPL's "Financial Hardship Policy" which states: 	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1				Controls	Compliance
130B (cont.)					<i>"When setting the condition of the plan, we will consider your capacity to pay and, if relevant, your consumption history."</i>		
131A	30(4)(a)	3.1.1	The licensee must consider reducing the amount owing by the customer.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of LSPL's Services Manager that, during the LSPL Management Period, no customer was assessed as experiencing financial hardship. Thus, no need existed for LSPL to consider reducing customer amounts owing; and Paxon examined LSPL's <i>"Financial Hardship Policy"</i> which states under the heading: <i>"Debt Reduction and Collection"</i>: <i>"If you are in financial hardship, we will consider reducing the amount you owe us."</i> 	A	NR
131B	30(4)(b)	3.1.1	The licensee must review, upon request, how a customer is paying a bill under clause 30(2) and (3) and revise the payment plan or arrangement if the review indicates the customer is unable to meet the obligations.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of LSPL's Services Manager that, during the LSPL Management Period, no customer was assessed as experiencing financial hardship. Thus, no revision of a payment plan or arrangement was required; and 	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1				Controls	Compliance
131B (cont.)					<ul style="list-style-type: none"> Paxon examined LSPL's "Financial Hardship Policy" which states under the heading: "Payment Plans" <i>"If you ask us, we will review your payment plan. If our review indicates that you are unable to meet your obligations under the plan, we will revise it."</i> 		
131C	30(4)(c)	3.1.1	The licensee must provide the specified written information to a customer.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of LSPL's Services Manager that, during the LSPL Management Period, no customer was assessed as experiencing financial hardship. Thus, LSPL was not obligated to provide the specified written information to a customer; Paxon examined LSPL's "Financial Hardship Policy" which states under the heading: "Useful Information" for: <ul style="list-style-type: none"> Redirection of water bills free of charge; Bill payment methods LSPL provides (which include "Centrepay"); Concessions and other financial relief and assistance; and Financial counselling. 	C	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1				Controls	Compliance
131C (cont.)					<ul style="list-style-type: none"> However, the “Financial Hardship Policy” included no reference to applying for any other financial assistance to which the customer may be entitled including from Government-funded grant schemes. <p>Recommendation 15/2019:</p> <ul style="list-style-type: none"> LSPL should update its “Financial Hardship Policy” to refer appropriately to clause 30(4)(c)(v) of the Customer Service Standards. 		
133	31(4) & (5)	3.1.1	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.	3	See the findings for compliance obligation number 128 above.	A	1
133A	32	3.1.1	The licensee must not charge interest or fees for late payment of a bill by a customer in the specified circumstances.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of LSPL’s Services Manager that, during the LSPL Management Period, the specified circumstance did not occur; Paxon examined LSPL’s “Financial Hardship Policy” which provides for not charging 	D	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1				Controls	Compliance
133A (cont.)					<p>interest or fees for late payment of a bill by a customer experiencing financial hardship; and</p> <ul style="list-style-type: none"> Paxon could not find any references to the stipulations of clauses 32(1)(b) or (c) of the Customer Service Standards in either the LSPL's: <ul style="list-style-type: none"> "Customer Service Charter"; or "Financial Hardship Policy". <p>Recommendation 16/2019:</p> <ul style="list-style-type: none"> LSPL should update its "Financial Hardship Policy" to refer appropriately to clauses 32(1)(b) and (c) of the Customer Service Standards. 		
134	33(1)(a)-(c)	3.1.1	The licensee must not commence or continue proceedings to recover a debt from a customer if the customer is complying with a payment plan or other arrangement, is being assessed for payment difficulties or is being assessed for financial hardship.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of LSPL's Services Manager that, during the LSPL Management Period, LSPL did not commence or continue debt recovery proceedings in the specified circumstances; and Paxon examined LSPL's "Financial Hardship Policy" which states under the heading: "Debt Reduction and Collection": "We will also not commence or continue proceedings to recover your debt: 	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1				Controls	Compliance
134 (cont.)					<ul style="list-style-type: none"> while we are assessing whether or not you are in financial hardship; or if you are complying with your payment plan or other arrangement you have with us.” 		
134A	33(1)(d)-(e)	3.1.1	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).	3	<ul style="list-style-type: none"> Paxon confirmed by interview of LSPL's Services Manager that, during the LSPL Management Period, LSPL did not commence or continue debt recovery proceedings in the specified circumstances; and Paxon found LSPL has no systems and controls in place to manage compliance with clauses 33(1)(d) and (e) of the Customer Service Standards. A recommendation for implementation of a compliance register (2/2019) was made in this regard (see compliance obligation number 2 above). 	D	NR
135	40(1)	3.1.1	If the licensee has cut off or reduced the rate of flow of 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.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of LSPL's Services Manager that, during the LSPL Management Period, LSPL did not cut off or reduced the rate of flow of water to land; and 	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1				Controls	Compliance
135 (cont.)					<ul style="list-style-type: none"> Paxon examined LSPL's "Financial Hardship Policy" which states under the heading: "Restricting and Restoring Your Water Flow: "If we have reduced your water flow we will restore it once you have either paid the amount you owe us, or entered into a payment plan with us for that amount." 		
136	40(2)	3.1.1	If the licensee has, under section 95(1)(a), (c), (d) or (e) of the Act, cut off or reduced the flow of 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.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of LSPL's Services Manager that, during the LSPL Management Period, LSPL did not cut off or reduce the rate of flow of water to land; and Paxon found LSPL has no systems and controls in place to manage compliance with clause 40(2) of the Customer Service Standards. A recommendation for implementation of a compliance register (2/2019) was made in this regard (see compliance obligation number 2 above). 	D	NR
137A	36(1)	3.1.1	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	3	<ul style="list-style-type: none"> Paxon confirmed by interview of LSPL's Services Manager that, during the LSPL Management Period, LSPL did not start a water supply restriction; and 	D	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1				Controls	Compliance
137A (cont.)			the licensee has given the customer a restriction notice.		<ul style="list-style-type: none"> Paxon could not find any references to LSPL's obligations in respect of giving notices as stipulated in clauses 36(1) to (3) of the Customer Service Standards in either LSPL's: <ul style="list-style-type: none"> o "Customer Service Charter"; or o "Financial Hardship Policy". <p>Recommendation 17/2019:</p> <ul style="list-style-type: none"> LSPL should update its "Customer Service Charter" to refer appropriately to its obligations in terms of clauses 36(1) to (3) of the Customer Service Standards. 		
137B	36(2)	3.1.1	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.	3	See the findings for compliance obligation number 137A above.	D	NR
137C	36(3)	3.1.1	The restriction notice must include the specified information.	3	See the findings for compliance obligation number 137A above.	D	NR
138	37(1)(a)-(e) & (h).	3.1.1	The licensee must not start a water supply restriction if the specified circumstances apply.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of LSPL's Services Manager that, during the LSPL Management Period, LSPL did not start a water supply restriction; and 	D	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1				Controls	Compliance
138 (cont.)					<ul style="list-style-type: none"> Paxon could not find any references to LSPL's obligations not to start a water supply restriction in terms of clauses 37(1)(a), (b), (e), (f), (g) and (h) and (h) of the Customer Service Standards in either LSPL's: <ul style="list-style-type: none"> “Customer Service Charter”; or “Financial Hardship Policy”. <p>Recommendation 18/2019:</p> <ul style="list-style-type: none"> LSPL should update its “Customer Service Charter” to refer appropriately to its obligations in terms of clauses 37(1)(a), (b), (e), (f), (g) and (h) of the Customer Service Standards. 		
138A	37(1)(f)-(g)	3.1.1	The licensee must not start a water supply restriction if the specified circumstances apply.	3	<ul style="list-style-type: none"> See the findings for compliance obligation number 138A above. 	D	NR
138B	38	3.1.1	The licensee must not start a water supply restriction on or during the specified times.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of LSPL's Services Manager that, during the LSPL Management Period, LSPL did not start a water supply restriction; and Paxon could not find any references to LSPL's obligation not to start a water supply restriction in terms of clause 38 of the Customer Service Standards in either LSPL's: 	D	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1				Controls	Compliance
138B (cont.)					<ul style="list-style-type: none"> o “Customer Service Charter”; or o “Financial Hardship Policy”. <p>Recommendation 19/2019:</p> <ul style="list-style-type: none"> • LSPL should update its “Customer Service Charter” to refer appropriately to its obligations in terms of clause 38 of the Customer Service Standards. 		
139	39	Clause 3.1.1	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.	3	<ul style="list-style-type: none"> • Paxon confirmed by interview of LSPL’s Services Manager that, during the LSPL Management Period, LSPL did not reduce the flow of water; and • Paxon could not find any reference to LSPL’s obligation not to reduce the rate of flow of water to a customer to below 2.3 litres each minute in its “Customer Service Charter”. <p>Recommendation 20/2019:</p> <ul style="list-style-type: none"> • LSPL should update its “Customer Service Charter” to refer appropriately to its obligation in terms of clause 39 of the Customer Service Standards. 	D	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1				Controls	Compliance
142	41(4)	Clause 3.1.1	The licensee (other than the Water Corporation) must restore a water supply to land within the specified timeframe, unless the licensee and customer expressly agree otherwise.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of LSPL's Services Manager that, during the LSPL Management Period, LSPL did not reduce the flow of water; and Paxon examined both LSPL's "Financial Hardship Policy" and its "Customer Service Charter" but could find no reference to restoring a water supply to land within the specified timeframe stipulated in clause 41(4) of the Customer Service Standards. <p>Recommendation 21/2019:</p> <ul style="list-style-type: none"> LSPL should update its "Customer Service Charter" to refer appropriately to its obligations in terms of clause 41(4) of the Customer Service Standards. 	D	NR
144	41(6)	Clause 3.1.1	The licensee (other than the Water Corporation) must ensure that there is a 90% compliance rate with clause 41(4) in any 12-month period ending on 30 June.	3	See the findings for compliance obligation number 142 above.	D	NR
144A	43(1)	3.1.1	The licensee must give notice of any planned service interruption to each customer that will be affected by the service interruption.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of LSPL's Services Manager that, during the LSPL 	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1				Controls	Compliance
144A (cont.)					<p>Management Period, no planned service interruptions took place; and</p> <ul style="list-style-type: none"> Paxon examined LSPL's "Customer Service Charter" which states under the heading: "Interruption to Water Supply – Planned": "We will provide at least 48 hours' notice if we need to interrupt your water supply for planned work". 		
144B	43(2)	3.1.1	The notice of any planned service interruption must be given within the prescribed timeframes.	3	See the findings for compliance obligation number 144 A above.	A	NR
144C	44(1)	3.1.1	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.	3	<ul style="list-style-type: none"> Paxon interviewed both the: <ul style="list-style-type: none"> LSPL's Services Manager; and GHD Technical Consultant. Neither of these parties could confirm whether LSPL complied with clause 44(1) of the Customer Service Standards during the Audit Period. A recommendation for keeping proper records (14/2019) was made in this regard (see compliance obligation 129C above); Paxon examined the LSPL policy document entitled: "Emergency Response Plan". Paxon found this document deals with "discharges (or 	D	4

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1				Controls	Compliance
144C (cont.)					<p><i>potential to discharge) of wastewater to the environment”;</i></p> <ul style="list-style-type: none"> • Paxon believes clauses 44(1) and (2) of the Customer Service Standards require a more comprehensive description to that included in the “<i>Emergency Response Plan</i>”; and • Paxon found LSPL has no systems and controls in place to manage compliance with clauses 44(1) and (2) of the Customer Service Standards. A recommendation for implementation of a compliance register (2/2019) was made in this regard (see compliance obligation number 2 above). 		
144D	44(2)	3.1.1	The policies, practices and procedures under clause 44(1) must deal with the prescribed matters.	3	<ul style="list-style-type: none"> • See the findings for compliance obligation number 144C above. 	D	4
144E	45	3.1.1	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 the licensee of emergencies and faults, and get information about the reason	3	<ul style="list-style-type: none"> • Paxon searched the LSPL website pages for “<i>Lancelin South Water</i>” but only contact details for a Sales Manager was readily available; and • Paxon did find a link to a document referred to as a “<i>Customer Complaint Procedure</i>” which does provide a local line number for “<i>enquiries</i> 	D	4

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1				Controls	Compliance
144E (cont.)			for, and the expected duration of, any unplanned service interruption.		<p><i>concerning technical faults or water / wastewater service emergencies”.</i></p> <p>Recommendation 22/2019:</p> <ul style="list-style-type: none"> LSPL should prominently disclose a contact number for the purposes stipulated in clause 45 of the Customer Service Standards on its website. 		
145	46(1)	Clause 3.1.1	The licensee must have a written complaints procedure in relation to investigating and dealing with complaints of customers about the provision of water services by the licensee or a failure by the licensee to provide a water service.	3	<ul style="list-style-type: none"> Paxon examined LSPL’s “Customer Service Charter” which includes a specific section entitled: “Complaints”; and Paxon did find a link to a document referred to as a “Customer Complaint Procedure” on the LSPL website pages for “Lancelin South Water”. 	A	1
146	46(2)	3.1.1	The licensee's complaints procedure must be developed using as minimum standards the relevant provisions of AS/NZS 10002-2014 and the ERA's guidelines (if any).	3	<ul style="list-style-type: none"> Paxon interviewed both the: <ul style="list-style-type: none"> LSPL’s Services Manager; and GHD Technical Consultant. Neither of these parties could confirm whether LSPL complied with clause 46(2) of the Customer Service Standards during the Audit Period. A recommendation for keeping proper 	D	4

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1				Controls	Compliance
146 (cont.)					<p>records (14/2019) was made in this regard (see compliance obligation 129C above); and</p> <ul style="list-style-type: none"> Paxon found LSPL has no systems and controls in place to manage compliance with clause 46(2) of the Customer Service Standards. A recommendation for implementation of a compliance register (2/2019) was made in this regard (see compliance obligation number 2 above). 		
147	46(3)	Clause 3.1.1	The licensee's complaints procedure must provide for the matters specified in relation to lodgement of complaints, responding to complaints, dispute resolution arrangements and resolving complaints.	3	<ul style="list-style-type: none"> Paxon examined LSPL's "Customer Complaint Procedure" and found it refers to: <ul style="list-style-type: none"> Accepting complaints lodged either by e-mail; by post or phone; "Recording of Customer Queries"; Responding to complaints "as soon as practicable, or otherwise less than 15 business days from the day the request was received"; "Call back schedule" to respond to complaints; and Referring a complaint to an "independent complaint resolution service". 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1				Controls	Compliance
	Clause Number	Clause Number					
148A	46(4)	3.1.1	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 available under regulations mentioned in section 222(2)(k).	3	<ul style="list-style-type: none"> Paxon examined LSPL's "Customer Complaint Procedure" and found it refers to: <ul style="list-style-type: none"> Referring a complaint to the "Energy and Water Ombudsman"; and "make an appeal from, or apply for a review of the decision that gave rise to the complaint, to the State Administrative Tribunal." 	A	1
149	46(5)	3.1.1	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.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of LSPL's Services Manager that, during the LSPL Management Period, no customer requested a hardcopy of LSPL's "Customer Complaint Procedure"; and Paxon found a link to LSPL's "Customer Complaint Procedure" on the LSPL website pages for "Lancelin South Water". 	A	1
149A	47	Clause 3.1.1	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.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of LSPL's Services Manager that, during the LSPL Management Period, no customer complaints were lodged; 	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1				Controls	Compliance
149A (cont.)					<ul style="list-style-type: none"> • Paxon examined LSPL's "Complaints Register" which does not record any entries for complaints; and • Paxon examined LSPL's "Customer Complaint Procedure" and found it refers to: <ul style="list-style-type: none"> ◦ "Call back schedule" to respond to complaints; ◦ Referring a complaint to the "Energy and Water Ombudsman"; and ◦ Toll free number for the "Energy and Water Ombudsman". 		
150	48(1)	Clause 3.1.1	The licensee must provide a customer with the specified services on request and at no charge.	3	<ul style="list-style-type: none"> • Paxon examined a sample of LSPL tax invoices and found: <ul style="list-style-type: none"> ◦ Reference to the "National Relay Services" and a telephone number for use by people who are deaf, hard of hearing, or speech-impaired; and ◦ Telephone number for an "Interpreter Service". • However, Paxon could not find any reference to LSPL's obligation to provide a large-print version of any of the licensee's publicly 	D	3

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1				Controls	Compliance
150 (cont.)					<p>available documents to customers on request and at no charge; and</p> <ul style="list-style-type: none"> Paxon found LSPL has no systems and controls in place to manage compliance with clause 48(1)(c) of the Customer Service Standards. A recommendation for implementation of a compliance register (2/2019) was made in this regard (see compliance obligation number 2 above). 		
152	48(2)	Clause 3.1.1	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.	3	<ul style="list-style-type: none"> Paxon examined a sample of LSPL tax invoices and found it discloses customer's personal account information; Paxon could not find any direct references to making the following information available to customers at no charge: <ul style="list-style-type: none"> Bills previously issued to the customer; and Quantity of water supplied to, or wastewater discharged by, the customer in previous billing periods. Paxon found LSPL has no systems and controls in place to manage complete compliance with clause 48(2) of the Customer Service Standards. A recommendation for implementation of a 	D	3

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1				Controls	Compliance
152 (cont.)					compliance register (2/2019) was made in this regard (see compliance obligation number 2 above).		
153	49(1)	Clause 3.1.1	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.	3	<ul style="list-style-type: none"> Paxon searched the LSPL website pages for "Lancelin South Water" and found a "Residential Pricing & Charges 2017" document; LSPL's "Customer Service Charter" includes information about: <ul style="list-style-type: none"> Payment methods (LSPL does not charge fees for different payment methods); The power of a person authorised by LSPL under section 129 to enter a place without consent, notice or warrant to read a meter connected to its water service works; and Water quality. <p>However, the link on the LSPL webpages is to an old customer service charter;</p> <ul style="list-style-type: none"> LSPL "Financial Hardship Policy", which is available on the LSPL webpages, includes information on LSPL's obligation not to cut off the supply of water to an occupied dwelling unless the occupier agrees; 	D	4

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1				Controls	Compliance
153 (cont.)					<ul style="list-style-type: none"> Paxon could not find any references to the following items on the LSPL webpages: <ul style="list-style-type: none"> Concessions available to customers; Services provided by the licensee under clause 48; Obligations of customers under the regulations to ensure that access to a meter is available; LSPL's right to 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 LSPL's <i>"Customer Service Charter"</i> does not refer to the 30 days period; If a customer is offered a payment plan or other arrangement giving the customer more time to pay the bill or to pay arrears, LSPL's power as mentioned in clause 49(1)(g) can only be exercised if the customer has not accepted the offer within the period of 7 days after the day on which it was made; Sustainable use of water; and Planned and unplanned interruptions of water supply or other incidents that may 		

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1				Controls	Compliance
153 (cont.)					significantly affect the provision of water services to customers. Recommendation 23/2019: • LSPL should make all the prescribed information stipulated in clause 49(1) of the Customer Service Standards publicly available.		
154	49(2)	Clause 3.1.1	The licensee must ensure that the specified information about bills may be obtained from its website.	3	<ul style="list-style-type: none"> • LSPL's document as available on the LSPL webpages do not address estimates at all; • LSPL's "Customer Service Charter", which is available on the LSPL webpages, includes information about undertaking special meter readings for a fee. However, it does not specifically mention the issue of a bill to determine the outstanding charge for a period that is not the same as the usual billing cycle; • LSPL does have a "Billing Enquiries Procedure" which addresses the stipulations of clause 49(2)(d) and (e) of the Customer Service Standards. However, the "Billing Enquiries Procedure" available on the LSPL webpages does not include this information; and 	D	4

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1				Controls	Compliance
154 (cont.)					<ul style="list-style-type: none"> LSPL does have a “Customer Complaint Procedure”, which is available on the LSPL webpages. <p>Recommendation 24/2019:</p> <ul style="list-style-type: none"> LSPL should make all the prescribed information stipulated in clause 49(2) of the Customer Service Standards available on its website. 		
154A	49(3)	3.1.1	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.	3	<ul style="list-style-type: none"> Paxon could not find a link to the Customer Service Standards on the LSPL webpages; and Paxon found LSPL has no systems and controls in place to manage compliance with clause 49(3) of the Customer Service Standards. A recommendation for implementation of a compliance register (2/2019) was made in this regard (see compliance obligation number 2 above). 	D	4
154B	51(1) & (3)	3.1.1	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.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of LSPL’s Services Manager that, during the LSPL Management Period, LSPL did not maintain a preserved supply register; 	D	4

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 1				Controls	Compliance
154B (cont.)					<ul style="list-style-type: none"> Paxon could not find any reference to maintaining a preserved supply register in any of the LSPL documents examined; and Paxon found LSPL has no systems and controls in place to manage compliance with clauses 51(1) and (3), 52 and 53 of the Customer Service Standards. A recommendation for implementation of a compliance register (2/2019) was made in this regard (see compliance obligation number 2 above). 		
154C	52	3.1.1	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.	1	See the findings for compliance obligation number 154B above.	D	4
154D	53	Clause 3.1.1	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.	3	See the findings for compliance obligation number 154B above.	D	4

Table 10: Audit Observations and Recommendations

[Obligations as per the ERA's: "Water Compliance Reporting Manual – Water Services Act 2012 – May 2018" (Numbers 92 to 154D)]

No.	Obligation Under: Water Services Licence - Version 1 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
					Controls	Compliance
155	3.2.1	The licensee must pay the applicable fees and charges in accordance with the applicable regulations.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of LSPL's Services Manager that, during the LSPL Management Period, LSPL paid the applicable fees and charges to the ERA; and Paxon found LSPL has no systems and controls in place to manage complete compliance with clause 3.2.1 of the Customer Service Standards. A recommendation for implementation of a compliance register (2/2019) was made in this regard (see compliance obligation number 2 above). 	D	1
156	3.1.1	Subject to any modifications or exemptions granted pursuant to the Act and this licence, the licensee must comply with any applicable legislation.	3	<ul style="list-style-type: none"> LSPL's compliance during the Audit Period, with the following legislative instruments is specifically addressed within this Report: <ul style="list-style-type: none"> Water Services Act 2012 (see reference numbers 2 to 64 and 155 to 190); Water Services Regulations 2013 (see reference numbers 65 to 89); Water Services Code of Conduct (Customer Service Standards) 2018 (see reference numbers 92 to 154); and Water Services Licence, version 1 	D	4

No.	Obligation Under: Water Services Licence - Version 1 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
					Controls	Compliance
156 (cont.)				(see reference numbers 155 to 190).		
159	3.1.2	The licensee must comply with a direction from the ERA in relation to a breach of applicable legislation.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that he has no knowledge of any ERA direction in relation to a breach of applicable legislation given during the Audit Period; and Paxon regards application of clause 3.1.2 of the LSPL's Water Services Licence to its operations will be a rare event. Thus, specific systems, processes and controls are only expected to be put in place when the stipulations of this clause are applicable. 	NP	NR
160	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.	3	<ul style="list-style-type: none"> Paxon requested LSPL to provide Annual Reports for 2016/2017 and 2017/2018 to determine if LSPL maintained accounting records, during the Audit Period, that complied with the Australian Accounting Standards Board Standards or equivalent International Accounting Standards. However, Paxon was informed by e-mail LSPL is a private company and "does not issue annual financial statements"; and Paxon found LSPL has no systems and controls in place to manage compliance with clause 3.6.1 of its Water Services Licence, WL 47, version 1, 10 March 	D	4

No.	Obligation Under: Water Services Licence - Version 1 and the Water Services Act 2012 (Section 12)	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
					Controls	Compliance
160 (cont.)				2017 (WL47). A recommendation (2/2019) was made in this regard (see compliance obligation number 2 above).		
161	4.2.1	The licensee must comply with any individual performance standards prescribed by the ERA.	1	<ul style="list-style-type: none"> • Paxon examined performance datasheets for LSPL for the period 01/10/2017 to 30/06/2018. Paxon found these performance datasheets recorded: <ul style="list-style-type: none"> ◦ 15 connected properties (100%) were supplied at a pressure and flow that met the standards set out in the licence (12-month data). Thus, no notification in respect of pressure and flow of supplied water outside of the standard pressure and flow range was required; and ◦ No restrictions were applied in accordance with the Water Services Regulations 2013 to a potable water supply. • Paxon found LSPL has no systems and controls in place to manage compliance with clause 4.2.1 of WL47. A recommendation (2/2019) was made in this regard (see compliance obligation number 2 above). 	D	1
162	4.3.4	The licensee must cooperate with the independent expert and comply with the ERA's standard audit guidelines dealing with the operational audit.	3	<ul style="list-style-type: none"> • LSPL cooperated with Paxon during the performance of the operational audit and specifically complied with section 4.1 "Assistance provided by the Licensee" as included in the ERA's document entitled: 	D	1

No.	Obligation Under: Water Services Licence - Version 1 and the Water Services Act 2012 (Section 12)	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
					Controls	Compliance
162 (cont.)				<p>"2019 Audit and Review Guidelines - Water Licences – March 2019"; and</p> <ul style="list-style-type: none"> Paxon found LSPL has no systems and controls in place to manage compliance with clause 4.3.4 of WL47. A recommendation (2/2019) was made in this regard (see compliance obligation number 2 above). 		
163	3.7.1(a), (b), (c)	The licensee must report to the ERA, in the manner prescribed, if a licensee is under external administration or there is a material change in the circumstances upon which the licence was granted which may affect a licensee's ability to meet its obligations.	1	<ul style="list-style-type: none"> Paxon confirmed by interview of LSPL's Services Manager that, during the LSPL Management Period: <ul style="list-style-type: none"> LSPL was not under external administration; and No material change took place in LSPL's circumstances upon which WL47 was granted which affected LSPL's ability to meet its obligations. Paxon found LSPL has no systems and controls in place to manage compliance with clauses 3.7.1(a), (b) and (c) of WL47. A recommendation (2/2019) was made in this regard (see compliance obligation number 2 above). 	D	NR

No.	Obligation Under: Water Services Licence - Version 1 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
					Controls	Compliance
165	3.8.1	The licensee must provide the ERA specified information relevant to the operation of the licence or the licensing scheme, or the performance of the ERA's function under the Act in the manner and form specified by the ERA.	1	<ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that he has no knowledge of any ERA request for specified information, during the Audit Period, beyond comments requested on the Draft Audit and Review Plan; and Paxon found LSPL has no systems and controls in place to manage compliance with clause 3.8.1 of WL47. A recommendation (2/2019) was made in this regard (see compliance obligation number 2 above). 	D	NR
166	3.8.2	The licensee must comply with any information reporting requirements prescribed by the ERA, including but not limited to the provisions of the <i>Water Compliance Reporting Manual</i> that apply to the licensee.	1	<ul style="list-style-type: none"> LSPL's Compliance Report for the period 01/10/2017 to 30/06/2018 did not identify any breaches; This Compliance Report was sent to the ERA by means of an e-mail dated 24/08/2018; Paxon was informed licence standing charge data (due on the 30/09/2018) was not provided to the ERA until 19/10/2018. Paxon examined a "<i>Non Compliance Register</i>" which includes an entry dated 19/10/2018 which states: "<i>Failed to provide information requested by ERA by the nominated date</i>"; LSPL should include this breach in its compliance report for the 2018/2019 year; and 	D	2

No.	Obligation Under: Water Services Licence - Version 1 and the Water Services Act 2012 (Section 12)	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
					Controls	Compliance
166 (cont.)				<ul style="list-style-type: none"> Paxon found LSPL has incomplete systems and controls in place to manage compliance with clause 3.8.2 of WL47. A recommendation (2/2019) was made in this regard (see compliance obligation number 2 above). 		
167	3.8.3	The licensee must provide the ERA with the data required for performance reporting purposes that is specified in the <i>Water, Sewerage and Irrigation Licence Performance Reporting Handbook</i> , and the National Performance Framework that apply to the licensee.	1	<ul style="list-style-type: none"> Paxon examined LSPL's Performance Report for the period 01/10/2017 to 30/06/2018. Paxon found this report included data required from: <ul style="list-style-type: none"> Small potable water providers; Small non-potable water providers; and Small sewerage providers. This Performance Report was sent to the ERA by means of an e-mail dated 24/08/2018; and Paxon found LSPL has no systems and controls in place to manage compliance with clause 3.8.3 of WL47. A recommendation (2/2019) was made in this regard (see compliance obligation number 2 above). 	D	2
168	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.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that he has no knowledge of any ERA direction, during the Audit Period, to publish any information; and 	D	NR

No.	Obligation Under: Water Services Licence - Version 1 and the Water Services Act 2012 (Section 12)	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
					Controls	Compliance
168 (cont.)				<ul style="list-style-type: none"> Paxon found LSPL has no systems and controls in place to manage compliance with clauses 2.8.1 and 2.8.2 of WL47. A recommendation (2/2019) was made in this regard (see compliance obligation number 2 above). 		
169	2.7.1	Unless otherwise specified, all notices must be in writing.	3	<ul style="list-style-type: none"> Paxon observed LSPL gave notices in writing during the Audit Period. Numerous examples, as referred to throughout this Audit Report, were sighted to support this statement; and Based on the nature of this obligation, Paxon do not believe LSPL requires specific systems, processes and controls to ensure compliance with this obligation. 	NP	1
171	4.1.2	The licensee must notify the ERA of any material change to the asset management system within 10 business days of the change.	2	<ul style="list-style-type: none"> See the findings for compliance obligation number 7 above. 	D	4
172	4.1.6	The licensee must cooperate with the independent expert and comply with the ERA's standard guidelines dealing with the asset management system review.	4	<ul style="list-style-type: none"> LSPL cooperated with Paxon during the performance of the asset management system review and specifically complied with section 4.1 "Assistance provided by the Licensee" as included in the ERA's document entitled: "2019 Audit and Review Guidelines - Water Licences – March 2019"; and 	D	1

No.	Obligation Under: Water Services Licence - Version 1 and the Water Services Act 2012 (Section 12)	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
					Controls	Compliance
172 (cont.)				<ul style="list-style-type: none"> Paxon found LSPL has no systems and controls in place to manage compliance with clause 4.3.4 of WL47. A recommendation (2/2019) was made in this regard (see compliance obligation number 2 above). 		
173	5.5.1	The licensee must not supply water services to customers unless the licensee is a member of and bound by the water services ombudsman scheme.	3	<ul style="list-style-type: none"> See the findings for compliance obligation number 7 above. 	D	1
175	5.1.1	If directed by the ERA, the licensee must submit a draft customer contract for approval.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that he has no knowledge of any customers contracts entered during the Audit Period; and Paxon found LSPL has no systems and controls in place to manage compliance with clauses 5.1.1 to 5.1.3, 5.1.5, 5.3.1, 5.3.2 and 5.3.4 of WL47. A recommendation (2/2019) was made in this regard (see compliance obligation number 2 above). 	D	NR
176	5.1.2	The licensee must comply with any <i>Customer Contract Guidelines</i> that apply to the licensee.	3	<ul style="list-style-type: none"> See the findings for compliance obligation number 175 above. 	D	NR
177	5.1.3	The licensee may only amend the customer contract with the ERA's approval.	3	<ul style="list-style-type: none"> See the findings for compliance obligation number 175 above. 	D	NR

No.	Obligation Under: Water Services Licence - Version 1 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
					Controls	Compliance
178	5.1.5	The licensee must comply with any direction by the ERA to amend the customer contract.	3	• See the findings for compliance obligation number 175 above.	D	NR
179	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.	3	• See the findings for compliance obligation number 175 above.	D	NR
180	5.3.4	If the licensee enters into an agreement that excludes, modifies or restricts the terms and conditions of the licence or the requirements of the <i>Code of Conduct</i> , the licensee must publish an annual report containing the information specified.	3	• See the findings for compliance obligation number 175 above.	D	NR
181	5.6.1	If the licensee is appointed as the supplier of last resort for a designated area, the licensee must perform the functions of a supplier of last resort, comply with the duties imposed by the Act and carry out its operations under or for the purpose of the last resort plan in accordance with the Act.	3	• See the findings for compliance obligation number 14 above.	NP	NR
182	3.4.1(b)	If the licensee provides a water service outside of the operating area the licensee must apply to amend the licence unless otherwise notified by the ERA.	3	• See the findings for compliance obligation number 4 above.	NP	4

No.	Obligation Under: Water Services Licence - Version 1 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
					Controls	Compliance
183	5.4.3	The licensee must comply with the ERA's Financial Hardship Policy Guidelines as they apply to the licensee.	3	<ul style="list-style-type: none"> Paxon notes the "Amendment History" for the "Financial Hardship Policy" states: 3/12/2018: "Document reviewed and updated against ERA Hardship policy guidelines June 2018". 	A	1
184	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 as otherwise agreed with Department of Health.	3	<ul style="list-style-type: none"> Paxon examined a letter LSPL received from the Department of Health, dated 10/05/2019. This letter states: <i>"For those licensees that supply drinking water and do not yet have a MoU for drinking water with the DOH, the DOH wishes to establish one. In this light, please nominate a contact person at your organisation as a point of first contact.</i> <i>Ultimately, by the end of 2019, it is anticipated that all licensees that provide drinking water in WA will have a new or updated MoU with the DOH. Licensees that do not provide potable water (drinking water) at this time do not yet require a MoU."</i>; and Paxon believes, based on the current status of this matter, that LSPL does not currently require systems, processes and controls in respect of the future Memorandum of Understanding. 	NP	NR

No.	Obligation Under: Water Services Licence - Version 1 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
					Controls	Compliance
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.	3	See the findings for compliance obligation number 184 above.	NP	NR
186	Clause 6.1.3	The licensee must comply with the terms of the Memorandum of Understanding.	3	See the findings for compliance obligation number 184 above.	NP	NR
187	Clause 6.1.4	The licensee must publish in the form agreed with the Department of Health, the Memorandum of Understanding and any amendments to the Memorandum of Understanding within one month of signing or making the amendment.	3	See the findings for compliance obligation number 184 above.	NP	NR
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.	3	See the findings for compliance obligation number 184 above.	NP	NR
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.	3	See the findings for compliance obligation number 184 above.	NP	NR

No.	Obligation Under: Water Services Licence - Version 1 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
					Controls	Compliance
190	Schedule 2	The licensee must comply with the service and performance standards as set out in Schedule 2.	1	See the findings for compliance obligation number 161 above.	D	1

Table 10: Audit Observations and Recommendations

[Obligations as per the ERA's: *"Water Compliance Reporting Manual – Water Services Act 2012 – May 2018"* (Numbers 155 to 190)]

4.4 Current Audit: Inadequate Controls, Non-Compliances and Recommendations

Current Audit: Inadequate Controls, Non-Compliances and Recommendations			
A. Resolved During Current Audit Period			
Recommendation Reference	Licence Obligation Reference Number	Auditor's Recommendation	LSPL Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
There is no content to Part A.			

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

Current Audit: Inadequate Controls, Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

Recommendation Reference	Licence Obligation Reference Number	Auditor's Recommendation	LSPL Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
1/2019	<ul style="list-style-type: none"> • Number: 2; • Rating: D NR; • Obligation: Section 21(1)(b) of the Act and clause 3.3.1 (b) of Water Services Licence 47 (WL47); and • Details: <ul style="list-style-type: none"> ○ Paxon found the "Asset Management System Internal Audit Procedure" (AMS Procedure) references the "Economic Regulation Authority, Water Services Operating Licence, WL42". Paxon notes the ERA awarded LSPL Water Services Licence number 47; and ○ Paxon found the "Lancelin South Water & Wastewater Services – Asset Management Plan – April 2019" (AMP) in section 1.1 entitled: "Background" refers to the "Water Services Licensing Act 1995". 	<ul style="list-style-type: none"> • LSPL should: <ul style="list-style-type: none"> ○ Update its AMS Procedure to refer to WL47 and not WL 42; and ○ Update its AMP to refer to the Water Services Act 2012 and not the "Water Services Licensing Act 1995". 	<ul style="list-style-type: none"> • Zero.

Current Audit: Inadequate Controls, Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

Recommendation Reference	Licence Obligation Reference Number	Auditor's Recommendation	LSPL Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
2/2019	<ul style="list-style-type: none"> Numbers: 2, 5, 7, 15, 17, 18, 20, 25, 28, 30, 31, 33, 34, 35 to 41, 42 to 45, 50 to 54, 57, 58 to 61, 62, 63, 66, 67, 69, 70 to 72, 74, 75, 89, 97, 98, 101A, 103, 105, 106, 112A to C, 116, 120, 121, 122, 123, to 123, 124A to C, 129B, 129C, 134A, 136, 144C to D, 146, 150, 152, 154A to D, 155, 160, 161, 162, 163, 165, 166, 167, 168, 171, 172, 173, 175 to 180 and 190; Ratings: as per section 4.2 - "Audit: Obligation Ratings Summary" - Table 9 above; Obligation: as per section 4.2 - "Audit: Obligation Ratings Summary" - Table 9 above; and Details: <ul style="list-style-type: none"> Paxon found the AMS Procedure is a generic document which does not record any specific compliance obligations. The document references the following documents: <i>"Economic Regulation Authority, Water Services Operating Licence, WL42"</i>; 	<ul style="list-style-type: none"> LSPL should consider implementing a compliance register which records all its obligations in terms of the: <ul style="list-style-type: none"> Water Services Act 2012; Water Services Regulations 2013; Water Services Code of Conduct (Customer Service Standards) 2018; and Water Services Licence - LSPL - WL47, Version 1, 10 March 2017. This register should identify, per individual compliance obligation, appropriate policy and procedure documents and responsible employees. The ERA's document entitled: <i>"Water Compliance Reporting Manual - Water Services Act 2012 – May 2018"</i> may help LSPL to develop its own compliance register. 	<ul style="list-style-type: none"> Zero.

Current Audit: Inadequate Controls, Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

Recommendation Reference	Licence Obligation Reference Number	Auditor's Recommendation	LSPL Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
2/2019 (continued)	<p><i>"Economic Regulation Authority, Audit and Review Guidelines: Water Licences"; and</i></p> <p><i>"Lancelin South Asset Management System Document Register".</i></p> <ul style="list-style-type: none"> ○ Paxon examined LSPL's <i>"Document Register"</i> but could not find any specific document which appears to address LSPL's obligations in terms of the Act; ○ Paxon found the LSPL <i>"Internal Audit Checklist"</i> is nothing more than an empty template; and ○ Paxon could not find any specific references to LSPL's obligations in terms of the Act in the AMP. 		
3/2019	<ul style="list-style-type: none"> • Number: 4; • Rating: NP 4; • Obligation: Section 22 of the Act and clause 3.4.1 of WL47; • Number: 182; 	<ul style="list-style-type: none"> • LSPL should keep a copy of plan OWR-OA-311 to help ensure its actual water services operating area agrees with the defined operating area. 	<ul style="list-style-type: none"> • Zero.

Current Audit: Inadequate Controls, Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

Recommendation Reference	Licence Obligation Reference Number	Auditor's Recommendation	LSPL Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
3/2019 (continued)	<ul style="list-style-type: none"> • Rating: NP 4; • Obligation: Section 12 of the Act and clause 3.4.1(b) of WL47; and • Details: <ul style="list-style-type: none"> ◦ Paxon requested LSPL to provide us with a map disclosing its water services operating area during the Audit Period (being OWR-OA-311). GHD provided Paxon with map OWR-OA-304 which refers to the Licensee being "Aquasol". Thus, Paxon could not independently confirm whether LSPL, during the Audit Period, provided water services outside of the operating area of the license. 		
4/2019	<ul style="list-style-type: none"> • Number: 32; • Rating: D NR; • Obligation: Section 129(5) of the Act and clause 3.1.1 of WL47; and • Details: 	<ul style="list-style-type: none"> • LSPL should correct its "Customer Service Charter" to include an appropriate reference to the obligation to give 48 hours' notice of proposed entry to the occupants of a place if entry to a place for the purposes of doing works is likely to cause disruption to the occupants of a place. 	<ul style="list-style-type: none"> • Zero.

Current Audit: Inadequate Controls, Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

Recommendation Reference	Licence Obligation Reference Number	Auditor's Recommendation	LSPL Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
4/2019 (continued)	<ul style="list-style-type: none"> ○ Paxon examined LSPL's "Customer Service Charter" which states under the heading: "Entry to Your Property": "We will provide at least 48 hours' notice in advance of planned work that may require entry to your property (except meter reading and maintenance)". 		
5/2019	<ul style="list-style-type: none"> • Number: 49; • Rating: D NR; • Obligation: Section 129(5) of the Act and clause 3.1.1 of WL47; and • Details: <ul style="list-style-type: none"> ○ Paxon examined LSPL's "Customer Service Charter" which states under the heading: "Entry to Your Property": "We will • provide at least 48 hours' notice in advance of planned work that may require entry to your property (except meter reading and maintenance) 	<ul style="list-style-type: none"> • LSPL should correct its "Customer Service Charter" to include an appropriate reference to the obligation to give 48 hours' notice of proposed entry to the owner of a place if entry to a place for the purposes of doing works is likely to adversely affect the place. 	<ul style="list-style-type: none"> • Zero.

Current Audit: Inadequate Controls, Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

Recommendation Reference	Licence Obligation Reference Number	Auditor's Recommendation	LSPL Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
5/2019 (continued)	<ul style="list-style-type: none"> in an emergency event, inform you of work being undertaken or leave an information card if you are not present". 		
6/2019	<ul style="list-style-type: none"> Number: 92; Rating: A 4; Obligation: Clauses 8(1)-(3) of the Customer Service Standards and clause 3.1.1 of WL47; and Details: <ul style="list-style-type: none"> Paxon was presented with an "Customer Service Charter" which was reviewed on 14/02/2019. Paxon found a "Customer Service Charter" dated "January 2017" on the LSPL website pages for "Lancelin South Water". 	<ul style="list-style-type: none"> LSPL should ensure current information about connections, as stipulated in clause 8 of the Water Services Code of Conduct (Customer Service Standards) 2018 (Customer Service Standards) are publicly available. 	<ul style="list-style-type: none"> Zero.
7/2019	<ul style="list-style-type: none"> Number: 93; Rating: A 2; Obligation: Clauses 9(2) and (4) of the Customer Service Standards and clause 3.1.1 of WL47; and Details: 	<ul style="list-style-type: none"> LSPL should keep proper records of connections made including dates on which: <ul style="list-style-type: none"> Customers complied with all conditions for connection; and Connections were completed. 	<ul style="list-style-type: none"> Zero.

Current Audit: Inadequate Controls, Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

Recommendation Reference	Licence Obligation Reference Number	Auditor's Recommendation	LSPL Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
7/2019 (continued)	<ul style="list-style-type: none"> ○ Paxon confirmed by interview of LSPL's Services Manager that, during the LSPL Management Period, only one customer connection was made. The Services Manager stated LSPL practice requires connections to be made within 3 days after customers paid the relevant fees and complied with the relevant requirements; and ○ Paxon requested but LSPL did not provide any records to confirm the customer was connected within the stated time interval. 		
8/2019	<ul style="list-style-type: none"> • Number: 100; • Rating: B 3; • Obligation: Clause 13(1) of the Customer Service Standards and clause 3.1.1 of WL47; and • Details: <ul style="list-style-type: none"> ○ Paxon examined a sample of LSPL tax invoices issued during the LSPL Management Period and found these invoices, with some exceptions, complied with the stipulations of 		
		<ul style="list-style-type: none"> • LSPL should amend its tax invoices to comply with all the stipulations of clause 13(1) of the Customer Service Standards. 	<ul style="list-style-type: none"> • Zero.

Current Audit: Inadequate Controls, Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

Recommendation Reference	Licence Obligation Reference Number	Auditor's Recommendation	LSPL Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
8/2019 (continued)	<p>clause 12(1) of the Customer Service Standards. The examined tax invoices did not disclose:</p> <ul style="list-style-type: none"> • The nature and amount of any applicable concession; and • The amount of any interest or fees charged for late payment of amount outstanding from previous bills. 		
9/2019	<ul style="list-style-type: none"> • Number: 101; • Rating: B 2; • Obligation: Clause 13(4) of the Customer Service Standards and clause 3.1.1 of WL47; and • Details: <ul style="list-style-type: none"> ◦ Paxon examined a sample of LSPL tax invoices issued during the LSPL Management Period and found these invoices, with some exceptions, complied with the stipulations of clause 13(4) of the Customer Service Standards. The examined tax invoices did not 	<ul style="list-style-type: none"> • LSPL should amend its tax invoices to comply with all the stipulations of clause 13(4) of the Customer Service Standards. 	<ul style="list-style-type: none"> • Zero.

Current Audit: Inadequate Controls, Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

Recommendation Reference	Licence Obligation Reference Number	Auditor's Recommendation	LSPL Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
9/2019 (continued)	disclose the number of days to which the bill applies.		
10/2019	<ul style="list-style-type: none"> • Number: 102A; • Rating: D 3; • Obligation: Clause 13(6) of the Customer Service Standards and clause 3.1.1 of WL47; and • Details: <ul style="list-style-type: none"> ○ Paxon examined a sample of LSPL tax invoices issued during the LSPL Management Period and found these invoices, with some exceptions, complied with the stipulations of clause 13(6) of the Customer Service Standards. The examined tax invoices did not disclose: <ul style="list-style-type: none"> • the telephone number of the 24-hour information line provided in accordance with clause 45; • National Interpreter Symbol; 	<ul style="list-style-type: none"> • LSPL should amend its tax invoices to comply with all the stipulations of clause 13(6) of the Customer Service Standards. 	<ul style="list-style-type: none"> • Zero.

Current Audit: Inadequate Controls, Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

Recommendation Reference	Licence Obligation Reference Number	Auditor's Recommendation	LSPL Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
10/2019 (continued)	<ul style="list-style-type: none"> • A statement that the website contains information about estimates, meter reading and testing, complaints and review; and • A statement that the bill can be reviewed in accordance with the licensee's review procedure mentioned in clause 20. 		
11/2019	<ul style="list-style-type: none"> • Number: 106; • Rating: D 4; • Obligation: Clauses 17(2) and (3) of the Customer Service Standards and clause 3.1.1 of WL47; • Number: 115; • Rating: A 4; • Obligation: Section 20(3) and (6) of the Customer Service Standards and clause 3.1.1 of WL47; • Details: 	<ul style="list-style-type: none"> • LSPL should disclose the LSPL document entitled: "Leak Allowance Procedure" on its website. 	<ul style="list-style-type: none"> • Zero.

Current Audit: Inadequate Controls, Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

Recommendation Reference	Licence Obligation Reference Number	Auditor's Recommendation	LSPL Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
11/2019 (continued)	<ul style="list-style-type: none"> ○ Paxon examined a LSPL document entitled: <i>"Leak Allowance Procedure"</i> and found this document states: <i>"Lancelin South ...may grant a leak allowance of up to 1,000 kilolitres, on either their potable or non-potable (irrigation) water supply, to a customer who has experienced an increase in water consumption caused by a hidden leak or burst.";</i> and ○ Paxon searched the LSPL website pages for <i>"Lancelin South Water"</i> but could not find this procedure document. 		
12/2019	<ul style="list-style-type: none"> • Number: 107; • Rating: D NR; • Obligation: Clause 18(2) of the Customer Service Standards and clause 3.1.1 of WL47; and • Details: <ul style="list-style-type: none"> ○ Paxon examined LSPL's <i>"Customer Service Charter"</i> which states under the heading: <i>"Billing and Payment – Payment"</i>: 		
		<ul style="list-style-type: none"> • LSPL's should ensure its <i>"Customer Service Charter"</i> and <i>"Billing Enquiries Procedure"</i> agrees; • LSPL should correct its <i>"Billing Enquiries Procedure"</i> to refer to a <i>"12 month period ending on the day on which the licensee informed the customer of the undercharging"</i>; and 	<ul style="list-style-type: none"> • Zero.

Current Audit: Inadequate Controls, Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

Recommendation Reference	Licence Obligation Reference Number	Auditor's Recommendation	LSPL Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
12/2019 (continued)	<p><i>"If you are accidentally undercharged, the shortfall will be included in your next account.";</i></p> <ul style="list-style-type: none"> ○ Paxon examined a LSPL document entitled: <i>"Billing Enquiries Procedure"</i> which states under the heading: <i>"Review of Outcome – Undercharged Bill"</i>: <p><i>"On conclusion of the bill review, if it is found that the customer's bill has been under charged Lancelin South will back charge the undercharged amount up to a period of 12 months from the date of the bill review being completed. A special bill (interest free with 12 month payment terms) will be issued.";</i></p> <ul style="list-style-type: none"> ○ Thus, the following findings were made: <ul style="list-style-type: none"> • LSPL's <i>"Customer Service Charter"</i> differs from its <i>"Billing Enquiries Procedure"</i> regarding undercharged amounts; and • Technically, there is a difference between <i>"12 month period ending on the day on which the licensee informed the customer of the</i> 	<ul style="list-style-type: none"> • LSPL should disclose the LSPL document entitled: <i>"Billing Enquiries Procedure"</i> on its website. 	

Current Audit: Inadequate Controls, Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

Recommendation Reference	Licence Obligation Reference Number	Auditor's Recommendation	LSPL Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
12/2019 (continued)	<p><i>undercharging" and "period of 12 months from the date of the bill review being completed."</i></p> <ul style="list-style-type: none"> o Paxon searched the LSPL website pages for "Lancelin South Water" but could not find the "Billing Enquiries Procedure". 		
13/2019	<ul style="list-style-type: none"> • Number: 119; • Rating: C 3; • Obligation: Clause 24(1) of the Customer Service Standards and clause 3.1.1 of WL47; and • Details: <ul style="list-style-type: none"> o Paxon examined a sample of LSPL tax invoices issued during the LSPL Management Period and found customers were provided with the following payment options: <ul style="list-style-type: none"> • Internet (direct deposit and BPay); • Mail (cheque); and • Telephone. 	<ul style="list-style-type: none"> • LSPL should allow customers to pay bills through Centrepay. 	<ul style="list-style-type: none"> • Zero.

Current Audit: Inadequate Controls, Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

Recommendation Reference	Licence Obligation Reference Number	Auditor's Recommendation	LSPL Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
14/2019	<ul style="list-style-type: none"> Numbers: 129C, 144C, 144D and 146; Rating: D 4; Obligation: Clauses 29(9), 44(1), 44(2) and 46(2) of the Customer Service Standards and clauses 3.1.1 and 5.4.1 of WL47; and Details: <ul style="list-style-type: none"> Paxon interviewed both the: <ul style="list-style-type: none"> LSPL's Services Manager; and GHD Technical Consultant. Neither of these parties could confirm whether LSPL complied with clauses 29(9), 44(1), 44(2) and 46(2) of the Customer Service Standards during the Audit Period 	<ul style="list-style-type: none"> LSPL should keep proper records to proof compliance with its obligations in terms of clause 3.1.1 of its Water Services Licence. 	<ul style="list-style-type: none"> Zero.
15/2019	<ul style="list-style-type: none"> Number: 131C; Rating: C NR; Obligation: Clause 30(4)(c) of the Customer Service Standards and clause 3.1.1 of WL47; and Details: 	<ul style="list-style-type: none"> LSPL should update its "<i>Financial Hardship Policy</i>" to refer appropriately to clause 30(4)(c)(v) of the Customer Service Standards. 	<ul style="list-style-type: none"> Zero.

Current Audit: Inadequate Controls, Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

Recommendation Reference	Licence Obligation Reference Number	Auditor's Recommendation	LSPL Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
15/2019 (continued)	<ul style="list-style-type: none"> o The <i>"Financial Hardship Policy"</i> included no reference to applying for any other financial assistance to which the customer may be entitled including from Government-funded grant schemes. 		
16/2019	<ul style="list-style-type: none"> • Number: 133A; • Rating: D NR; • Obligation: Clause 32 of the Customer Service Standards and clause 3.1.1 of WL47; and • Details: <ul style="list-style-type: none"> o Paxon could not find any references to the stipulations of clauses 32(1)(b) or (c) of the Customer Service Standards in either the LSPL's: <ul style="list-style-type: none"> • <i>"Customer Service Charter"</i>; or • <i>"Financial Hardship Policy"</i>. 	<ul style="list-style-type: none"> • LSPL should update its <i>"Financial Hardship Policy"</i> to refer appropriately to clauses 32(1)(b) and (c) of the Customer Service Standards. 	<ul style="list-style-type: none"> • Zero.
17/2019	<ul style="list-style-type: none"> • Numbers: 137A, 137B and 137C; • Rating: D NR; • Obligation: Clauses 36(1) to (3) of the Customer 	<ul style="list-style-type: none"> • LSPL should update its <i>"Customer Service Charter"</i> to refer appropriately to its obligations 	<ul style="list-style-type: none"> • Zero.

Current Audit: Inadequate Controls, Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

Recommendation Reference	Licence Obligation Reference Number	Auditor's Recommendation	LSPL Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
17/2019 (continued)	<p>Service Standards and clause 3.1.1 of WL47; and</p> <ul style="list-style-type: none"> Details: <ul style="list-style-type: none"> Paxon could not find any references to LSPL's obligations in respect of giving notices as stipulated in clauses 36(1) to (3) of the Customer Service Standards in either LSPL's: <ul style="list-style-type: none"> "Customer Service Charter"; or "Financial Hardship Policy". 	in terms of clauses 36(1) to (3) of the Customer Service Standards.	
18/2019	<ul style="list-style-type: none"> Numbers: 138 and 138A; Rating: D NR; Obligation: Clauses 37(1)(a)–(h) of the Customer Service Standards and clause 3.1.1 of WL47; and Details: <ul style="list-style-type: none"> Paxon could not find any references to LSPL's obligations not to start a water supply restriction in terms of clauses 37(1)(a), (b), (e), (f), (g) and (h) and (h) of the Customer Service Standards in either LSPL's: 	<ul style="list-style-type: none"> LSPL should update its "Customer Service Charter" to refer appropriately to its obligations in terms of clauses 37(1)(a), (b), (e), (f), (g) and (h) of the Customer Service Standards. 	<ul style="list-style-type: none"> Zero.

Current Audit: Inadequate Controls, Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

Recommendation Reference	Licence Obligation Reference Number	Auditor's Recommendation	LSPL Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
18/2019 (continued)	<ul style="list-style-type: none"> • "Customer Service Charter"; or • "Financial Hardship Policy". 		
19/2019	<ul style="list-style-type: none"> • Number: 138B; • Rating: D NR; • Obligation: Clause 38 of the Customer Service Standards and clause 3.1.1 of WL47; and • Details: <ul style="list-style-type: none"> ○ Paxon could not find any references to LSPL's obligation not to start a water supply restriction in terms of clause 38 of the Customer Service Standards in either LSPL's: • "Customer Service Charter"; or • "Financial Hardship Policy". 	<ul style="list-style-type: none"> • LSPL should update its "Customer Service Charter" to refer appropriately to its obligations in terms of clause 38 of the Customer Service Standards. 	<ul style="list-style-type: none"> • Zero.
20/2019	<ul style="list-style-type: none"> • Number: 139; • Rating: D NR; • Obligation: Clause 39 of the Customer Service Standards and clause 3.1.1 of WL47; and • Details: 	<ul style="list-style-type: none"> • LSPL should update its "Customer Service Charter" to refer appropriately to its obligation in terms of clause 39 of the Customer Service Standards. 	<ul style="list-style-type: none"> • Zero.

Current Audit: Inadequate Controls, Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

Recommendation Reference	Licence Obligation Reference Number	Auditor's Recommendation	LSPL Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
20/2019 (continued)	<ul style="list-style-type: none"> o Paxon could not find any reference to LSPL's obligation not to reduce the rate of flow of water to a customer to below 2.3 litres each minute in its <i>"Customer Service Charter"</i>. 		
21/2019	<ul style="list-style-type: none"> • Numbers: 142 and 144; • Rating: D NR; • Obligation: Clauses 41(4) and (6) of the Customer Service Standards and clause 3.1.1 of WL47; and • Details: <ul style="list-style-type: none"> o Paxon examined both LSPL's <i>"Financial Hardship Policy"</i> and its <i>"Customer Service Charter"</i> but could find no reference to restoring a water supply to land within the specified timeframe stipulated in clause 41(4) of the Customer Service Standards. 	<ul style="list-style-type: none"> • LSPL should update its <i>"Customer Service Charter"</i> to refer appropriately to its obligations in terms of clause 41(4) of the Customer Service Standards. 	<ul style="list-style-type: none"> • Zero.
22/2019	<ul style="list-style-type: none"> • Number: 144E; • Rating: D 4; • Obligation: Clause 45 of the Customer Service 	<ul style="list-style-type: none"> • LSPL should prominently disclose a contact number for the purposes stipulated in clause 45 of the Customer Service Standards on its website. 	<ul style="list-style-type: none"> • Zero.

Current Audit: Inadequate Controls, Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

Recommendation Reference	Licence Obligation Reference Number	Auditor's Recommendation	LSPL Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
22/2019 (continued)	Standards and clause 3.1.1 of WL47; and <ul style="list-style-type: none"> Details: <ul style="list-style-type: none"> Paxon searched the LSPL website pages for "Lancelin South Water" but only contact details for a Sales Manager was readily available; and Paxon did find a link to a document referred to as a "Customer Complaint Procedure" which does provide a local line number for "enquiries concerning technical faults or water / wastewater service emergencies". 		
23/2019	<ul style="list-style-type: none"> Number: 153; Rating: D 4; Obligation: Clause 49(1) of the Customer Service Standards and clause 3.1.1 of WL47; and Details: <ul style="list-style-type: none"> Paxon searched the LSPL website pages for "Lancelin South Water" and found a "Residential Pricing & Charges 2017" document; 	<ul style="list-style-type: none"> LSPL should make all the prescribed information stipulated in clause 49(1) of the Customer Service Standards publicly available. 	<ul style="list-style-type: none"> Zero.

Current Audit: Inadequate Controls, Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

Recommendation Reference	Licence Obligation Reference Number	Auditor's Recommendation	LSPL Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
23/2019 (continued)	<ul style="list-style-type: none"> ○ LSPL's "Customer Service Charter" includes information about: <ul style="list-style-type: none"> • Payment methods (LSPL does not charge fees for different payment methods); • The power of a person authorised by LSPL under section 129 to enter a place without consent, notice or warrant to read a meter connected to its water service works; and • Water quality. <p>However, the link on the LSPL webpages is to an old customer service charter; and</p> ○ Paxon could not find any references to the following items on the LSPL webpages: <ul style="list-style-type: none"> • Concessions available to customers; • Services provided by the licensee under clause 48; • Obligations of customers under the regulations to ensure that access to a meter is available; 		

Current Audit: Inadequate Controls, Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

Recommendation Reference	Licence Obligation Reference Number	Auditor's Recommendation	LSPL Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
23/2019 (continued)	<ul style="list-style-type: none"> • LSPL's right to 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 LSPL's "<i>Customer Service Charter</i>" does not refer to the 30 days period; • If a customer is offered a payment plan or other arrangement giving the customer more time to pay the bill or to pay arrears, LSPL's power as mentioned in clause 49(1)(g) can only be exercised if the customer has not accepted the offer within the period of 7 days after the day on which it was made; • Sustainable use of water; and • Planned and unplanned interruptions of water supply or other incidents that may significantly affect the provision of water services to customers. 		

Current Audit: Inadequate Controls, Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

Recommendation Reference	Licence Obligation Reference Number	Auditor's Recommendation	LSPL Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
24/2019	<ul style="list-style-type: none"> • Number: 154; • Rating: D 4; • Obligation: Clause 49(2) of the Customer Service Standards and clause 3.1.1 of WL47; and • Details: <ul style="list-style-type: none"> ○ LSPL's document as available on the LSPL webpages do not address estimates at all; ○ LSPL's "Customer Service Charter", which is available on the LSPL webpages, includes information about undertaking special meter readings for a fee. However, it does not specifically mention the issue of a bill to determine the outstanding charge for a period that is not the same as the usual billing cycle; and ○ LSPL does have a "Billing Enquiries Procedure" which addresses the stipulations of clause 49(2)(d) and (e) of the Customer Service Standards. However, the "Billing Enquiries 	<ul style="list-style-type: none"> • LSPL should make all the prescribed information stipulated in clause 49(2) of the Customer Service Standards available on its website. 	<ul style="list-style-type: none"> • Zero.

Current Audit: Inadequate Controls, Non-Compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
Recommendation Reference	Licence Obligation Reference Number	Auditor's Recommendation	LSPL Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
24/2019 (continued)	Procedure" available on the LSPL webpages does not include this information.		

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

5 Asset Management System Review: Comprehensive Report

5.1 Asset Management System Rating Scales

The effectiveness ratings assigned to each asset management system component because of the Review, are set out in the following two Tables - taken from the ERA's document entitled: "2019 Audit and Review Guidelines - Water Licences – March 2019" (ERA's Guidelines).

Asset Management Process and Policy Rating Scale ERA's Guidelines: Table No. 9

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) is adequate in relation to the assets being managed.
B	Requires some improvement	<ul style="list-style-type: none"> Processes and policies 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 substantial improvement	<ul style="list-style-type: none"> Processes 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 improvements (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).

Table 12: Asset Management Process and Policy Rating Scale

Asset Management Performance Rating Scale
ERA's Guidelines: Table No. 10

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	Improvement required	<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. Recommended process improvements are not implemented.
3	Corrective action required	<ul style="list-style-type: none"> The performance of the process requires substantial improvement to meet the required level. Process effectiveness reviews are performed irregularly, or not at all. Recommended process improvements are not implemented.
4	Serious action required	<ul style="list-style-type: none"> Process is not performed, or the performance is so poor the process is considered to be ineffective.

Table 13: Asset Management Performance Rating Scale

5.2 Asset Management System: Ratings Summary

The ratings for the asset management processes, including their effectiveness criteria, are indicated in Table 14 below:

Asset Management System	Process and Policy Rating				Performance Rating			
Processes and Effectiveness Criteria	Adequately Defined	Requires Some Improvement	Requires Substantial Improvement	Inadequate	Performing Effectively	Improvement Required	Corrective Action Required	Serious Action Required
	A	B	C	D	1	2	3	4
Asset Planning			✓				✓	
• Asset Management Plan covers key requirements;			✓				✓	
• Planning process and objectives reflect the needs of all stakeholders and is integrated with business planning;		✓			✓			
• Service levels are defined;	✓				✓			
• Non-asset options are considered;				✓			✓	
• Life cycle costs of owning and operating the assets are assessed;			✓				✓	
• Funding options are evaluated;			✓			✓		
• Costs are justified, and cost drivers identified;			✓				✓	
• Likelihood and consequences of asset failure are predicted; and			✓				✓	
• Plans are regularly reviewed and updated.		✓				✓		
Asset Creation and Acquisition			✓			✓		
• Full project evaluations are undertaken for new assets including comparative estimates of non-asset solutions;			✓			✓		

Asset Management System	Process and Policy Rating				Performance Rating			
Processes and Effectiveness Criteria	Adequately Defined	Requires Some Improvement	Requires Substantial Improvement	Inadequate	Performing Effectively	Improvement Required	Corrective Action Required	Serious Action Required
	A	B	C	D	1	2	3	4
• Evaluations include all lifecycle costs;			✓				✓	
• Projects reflect sound engineering and business decisions;		✓				✓		
• Commissioning tests are documented and completed; and	✓					✓		
• On-going legal/environmental/safety obligations of the asset owner are assigned and understood.			✓			✓		
Asset Disposal			✓			✓		
• Under performing and underutilised assets are identified as part of a regular systematic review process;			✓			✓		
• The reasons for underutilisation or poor performance are critically examined and corrective action or disposal undertaken;			✓			✓		
• Disposal alternatives are evaluated; and			✓			✓		
• There is a replacement strategy for assets.		✓				✓		
Environmental Analysis		✓				✓		
• Opportunities and threats in the system are assessed;		✓				✓		
• Performance standards (availability of service, capacity,	✓				✓			

Asset Management System	Process and Policy Rating				Performance Rating			
Processes and Effectiveness Criteria	Adequately Defined	Requires Some Improvement	Requires Substantial Improvement	Inadequate	Performing Effectively	Improvement Required	Corrective Action Required	Serious Action Required
	A	B	C	D	1	2	3	4
continuity, emergency response etc.) are measured and achieved;								
• Compliance with statutory and regulatory requirements; and	✓				✓			
• Achievement of customer service levels.	✓				✓			
Asset Operations		✓				✓		
• Operational procedures and policies are documented and linked to service levels required;			✓			✓		
• Risk management is applied to prioritise operations tasks;		✓				✓		
• Assets are documented in an asset register including asset type, location, material, plans of components and assessment of assets physical/structural condition and accounting data;		✓				✓		
• Operational costs are measured and monitored; and			✓			✓		
• Staff resources are adequate, and staff receive training commensurate with their responsibilities.		✓					✓	
Asset Maintenance			✓				✓	
• Maintenance policies and procedures are documented and linked to service levels required;			✓			✓		
• Regular inspections are undertaken of asset performance and condition;			✓				✓	

Asset Management System	Process and Policy Rating				Performance Rating			
Processes and Effectiveness Criteria	Adequately Defined	Requires Some Improvement	Requires Substantial Improvement	Inadequate	Performing Effectively	Improvement Required	Corrective Action Required	Serious Action Required
	A	B	C	D	1	2	3	4
<ul style="list-style-type: none"> Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule; 			✓				✓	
<ul style="list-style-type: none"> Failures are analysed, and operation/maintenance plans are adjusted where necessary; 		✓				✓		
<ul style="list-style-type: none"> Risk management is applied to prioritise maintenance tasks; and 		✓				✓		
<ul style="list-style-type: none"> Maintenance costs are measured and monitored. 			✓				✓	
Asset Management Information System			✓			✓		
<ul style="list-style-type: none"> Adequate system documentation for users and IT operators; 				✓			✓	
<ul style="list-style-type: none"> Input controls include appropriate verification and validation of data entered into the system; 			✓				✓	
<ul style="list-style-type: none"> Logical access controls appear adequate such as passwords; 		✓				✓		
<ul style="list-style-type: none"> Physical security access controls appear adequate; 			✓				✓	
<ul style="list-style-type: none"> Data back-up procedures appear adequate and back-ups are tested; 				✓			✓	
<ul style="list-style-type: none"> Key computations related to Licensee performance reporting are materially accurate; and 		✓				✓		

Asset Management System	Process and Policy Rating				Performance Rating			
Processes and Effectiveness Criteria	Adequately Defined	Requires Some Improvement	Requires Substantial Improvement	Inadequate	Performing Effectively	Improvement Required	Corrective Action Required	Serious Action Required
	A	B	C	D	1	2	3	4
<ul style="list-style-type: none"> Management reports appear adequate for the Licensee to monitor licence obligations. 		✓				✓		
Risk Management		✓				✓		
<ul style="list-style-type: none"> Risk management policies and procedures exist and are being applied to minimise internal and external risk associated with the asset management system; 			✓			✓		
<ul style="list-style-type: none"> Risks are documented in a risk register and treatment plans are actioned and monitored; and 			✓				✓	
<ul style="list-style-type: none"> The probability and consequences of asset failure are regularly assessed. 		✓				✓		
Contingency Planning				✓				✓
<ul style="list-style-type: none"> Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks. 				✓				✓
Financial Planning			✓				✓	
<ul style="list-style-type: none"> The financial plan states the financial objectives and strategies and actions to achieve the objectives; 			✓				✓	
<ul style="list-style-type: none"> The financial plan identifies the source of funds for capital expenditure and recurrent costs; 			✓				✓	

Asset Management System	Process and Policy Rating				Performance Rating			
Processes and Effectiveness Criteria	Adequately Defined	Requires Some Improvement	Requires Substantial Improvement	Inadequate	Performing Effectively	Improvement Required	Corrective Action Required	Serious Action Required
	A	B	C	D	1	2	3	4
<ul style="list-style-type: none"> The financial plan provides projections of operating statements (profit and loss) and financial position (balance sheet); 			✓				✓	
<ul style="list-style-type: none"> The financial plan provides firm predictions of income for the next five years and reasonable indicative predictions beyond this period; 			✓				✓	
<ul style="list-style-type: none"> The financial plan provides for the operation, maintenance, administration, and capital expenditure requirements of the services; and 			✓				✓	
<ul style="list-style-type: none"> Significant variances in actual/budget income and expenses are identified and corrective action taken where necessary. 			✓				✓	
Capital Expenditure Planning			✓				✓	
<ul style="list-style-type: none"> There is a capital expenditure plan that covers issues to be addressed, actions proposed, responsibilities and dates; 			✓				✓	
<ul style="list-style-type: none"> The plan provides reasons for capital expenditure and timing of expenditure; 		✓				✓		
<ul style="list-style-type: none"> The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan; and 			✓				✓	
<ul style="list-style-type: none"> There is an adequate process to ensure that the capital 			✓				✓	

Asset Management System	Process and Policy Rating				Performance Rating			
Processes and Effectiveness Criteria	Adequately Defined	Requires Some Improvement	Requires Substantial Improvement	Inadequate	Performing Effectively	Improvement Required	Corrective Action Required	Serious Action Required
	A	B	C	D	1	2	3	4
expenditure plan is regularly updated and actioned.								
Review of Asset Management System		✓				✓		
<ul style="list-style-type: none"> A review process is in place to ensure that the asset management plan and the asset management system described therein are kept current; and 		✓				✓		
<ul style="list-style-type: none"> Independent reviews (e.g., internal audit) are performed of the asset management system. 		✓					✓	

Table 14: Asset Management System: Ratings Summary

5.3 Review Observations and Recommendations

No.	Asset Management Process	Review Priority	Observations and Recommendations	Process and Policy Rating	Performance Rating
1	Asset Planning	4	<p><u>Observations:</u></p> <ul style="list-style-type: none"> The Asset Management Plan (AMP) is being progressively developed and is incomplete or silent in several areas, as follows: <ul style="list-style-type: none"> The document mainly addresses water treatment - rather than water and sewerage facilities as a whole; There are no operations/maintenance procedures/schedules for the water and sewerage reticulation systems; and Several of the listed Appendices have not been prepared, or addressed, including capital expenditure and financial planning, contingency planning. The plan sets out the anticipated three development stages – for 250, 1,000 and 4,000 lots respectively, together with the facilities expected to service each stage: <ul style="list-style-type: none"> Water services demand - for potable and non-potable water and sewerage are developed for each stage and levels of service are defined; and Tables indicating the expected total number of completed dwellings by year are out of date. For 2019 the expected lowest number is forty, whereas the actual number is thirteen. The table should be updated as the resulting lower services demand will affect service facility development timing and on-going capital and financial expenditure plans. An adequate risk assessment and control strategy has been prepared for the water treatment facility. The assessment should be broadened to include risks associated with all facilities of the water and sewerage systems. <p><u>Recommendation 25/2019:</u></p> <ul style="list-style-type: none"> That the AMP, encompassing all recommendations of this review, be completed as a matter of urgency. 	C	3
2	Asset Creation and Acquisition	4	<p><u>Observations:</u></p> <ul style="list-style-type: none"> There are no documented procedures for the assessment of need, or the process of acquisition and commissioning of new or replacement assets. Existing documentation of company rules and responsibilities for purchasing, payments etc. do not satisfy the Licence requirements; 	C	2

No.	Asset Management Process	Review Priority	Observations and Recommendations	Process and Policy Rating	Performance Rating
2	Asset Creation and Acquisition (continued)	4	<ul style="list-style-type: none"> • Reviewer noted several written recommendations to the owner by the Water Services Contractor - for minor asset replacement, together with quotes or cost estimates; • Reviewer similarly noted performance specifications prepared by consultants GHD for replacement and commissioning of the water treatment plant (WTP) and the construction and commissioning of a wastewater treatment plant (WWTP) to service the current development. <p>GHD advised the new WTP would better suit the current demand levels. The WWTP is required as Water Corporation can no longer accept sewage waste tankering from the development. It is intended that both new facilities will operate automatically - with minimal operator input and a resultant operating cost saving; and</p> <ul style="list-style-type: none"> • Reviewer's opinion is that the practice of asset assessment and acquisition is technically adequate. However, documentation of procedures is not provided and is therefore inadequate. <p><u>Recommendation 26/2019:</u></p> <ul style="list-style-type: none"> • That a section titled "Asset Creation and Acquisition" be added to the AMP. The section should address items 2.1 to 2.5 of Table 23 of the ERA's "2019 Audit and Review Guidelines - Water Licences- March 2019" related to project evaluation leading the acquisition of new assets or the adoption of alternative strategies. 	C	2
3	Asset Disposal	5	<p><u>Observations:</u></p> <ul style="list-style-type: none"> • To date no assets except small items, have been replaced. However, the existing treatment module of the WTP is to be replaced due to underperformance and to better match current demand; • The AMP contains a procedure for decontamination of assets "which have or may have been in contact with sewage" – prior to disposal of such assets. The procedure is appropriate; and • The section on asset disposal in the AMP is general only – stating intention rather than the procedures to be undertaken. However, there is no documentation related to identification of the need for replacement (e.g. asset is underperforming, at end of life, damaged beyond repair). Similarly, there is no documentation for assessment of alternatives to replacement, re-use elsewhere, or options and costs associated with disposal methods (e.g. need for decontamination, sale, leave in situ, disposal to land fill etc). 	C	2

No.	Asset Management Process	Review Priority	Observations and Recommendations	Process and Policy Rating	Performance Rating
3	Asset Disposal (continued)	5	<p><u>Recommendation 27/2019:</u></p> <ul style="list-style-type: none"> • That a section entitled “Asset Disposal” be added to the AMP. The section should address items 3.1 to 3.4 of Table 23 of the ERA’s “2019 Audit and Review Guidelines - Water Licences- March 2019”. 	C	2
4	Environmental Analysis	2	<p><u>Observations:</u></p> <ul style="list-style-type: none"> • Although the AMP has no section for Environmental Analysis, the document addresses quality requirements and performance levels required of its Water Services Licence, Department of Water (DOW) licence for groundwater extraction and Department of Environment and Conservation (DEC) Licence for provision of sewerage facilities. A memorandum of understanding (MOU) with the Department of Health (DOH) for supply of potable and non- potable water is not in place - although required by the Water Services Licence. Reviewer understands that DOH has not precipitated the required procedures to formalise the MOA; • Inspection of test results and reports to these authorities indicate that all quality and service levels were met during the review period; and • Section 1.1 of the AMP refers to Legislation covering the water services. Reviewer notes that reference to the Water Services Licensing Act 1995 should be corrected to the Water Services Act 2012. The AMP should also list the ERA, DOW and DCE licence details. <p><u>Recommendation 28/2019:</u></p> <ul style="list-style-type: none"> • That a section entitled “Environmental Analysis” be added to the AMP. The section should address items 4.1 to 4.4 of Table 23 of the ERA’s “2019 Audit and Review Guidelines - Water Licences- March 2019”; • The new section should include details of the licences held and a statement that DOH water quality standards are adopted despite no MOU being in place; and • Any reference (in the AMP or supporting documents) to the Water Services Licensing Act 1995 should be changed to the “Water Services Act 2012”. 	B	2
5	Asset Operations	2	<p><u>Observations:</u></p> <ul style="list-style-type: none"> • Asset operations and maintenance of the WTP are undertaken by Hydramet Pty Ltd. - under contract to the Licensee. Reports on fortnightly visits to the WTP were reviewed - including operational checks, maintenance and adjustment of equipment, chemicals used or topped up, comment on items needing replacement etc. The standard of operation of the WTP, treatment and reporting are considered excellent; 	B	2

No.	Asset Management Process	Review Priority	Observations and Recommendations	Process and Policy Rating	Performance Rating
5	Asset Operations (continued)	2	<ul style="list-style-type: none"> Hydramet's Operation/Maintenance reporting template for the WTP is appropriate. However, its contract appears to be solely for the WTP. There appears to be no operation or maintenance manuals or instructions for the potable and non-potable water reticulation or the sewerage system; Whilst drawings were provided for the water reticulation system, drawings for the sewerage system have not been included in the supporting documentation; Hydramet's staff numbers and training are appropriate for the operation and maintenance of the WTP and adjacent bore. Hydramet maintains a well-documented schedule of current and on-going training for its employees; The AMP contains no information on staff training. However, Lancelin South's Director/Service Manager and a local contractor have received training in water sampling - prior to packaging, preparation of chain of custody documentation and despatching for laboratory analysis; The owner of Lancelin South is supported by two directors of the company (the Service Manager and a senior member of its Accountants). They are in turn supported by the company's Bookkeeper, Engineering Consultants (GHD) and Hydramet – apart from the Service Manager, each of which provides their service under contract; The owner is a resident of USA. Each of the supporters operates from different offices located between Lancelin and Perth. This arrangement is not ideal but has sufficed over the review period. The AMP should contain a formal organisation chart or table setting out administration /operating titles, duties, responsibilities together with the name and contact details of staff appointed to each position; In the near future, construction of the new WTP and WWTP - while intended to operate automatically will require local input. Reviewer expects it will be necessary to appoint a locally based person to undertake oversight and upkeep of both plants in addition to operation and maintenance of the water and sewerage reticulation systems; The asset register addresses only the WTP and provides details such as purpose, installation date, manufacturer, model number, material etc. The assets in some groups have no identification number. A column to record the condition of assets and the date of assessment is not provided; and Asset registers should be prepared for the potable and non-potable water reticulation and the sewerage reticulation system. 	B	2

No.	Asset Management Process	Review Priority	Observations and Recommendations	Process and Policy Rating	Performance Rating
5	Asset Operations (continued)	2	<p><u>Recommendation 29/2019:</u></p> <ul style="list-style-type: none"> • That a section entitled “Asset Operations” be added to the AMP and the AMP or its support documentation be updated to include: <ul style="list-style-type: none"> ◦ “As constructed” drawings of the sewerage reticulation system, together with plumber’s “as constructed” drawings of house drains provided to connect dwellings to the sewerage reticulation system; ◦ The AMP should contain a formal organisation chart or table setting out administration / operating titles, duties, responsibilities together with the name and contact details of staff appointed to each position; ◦ The AMP should also outline communication pathways for progressing business matters and the sharing/updating of information; ◦ Asset registers for the water and sewerage reticulation systems, including individual identification numbers for each asset, asset condition and date of condition assessment; and ◦ Consider appointing a locally based person to undertake oversight and upkeep of the new WTP and WWTPs in addition to operation and maintenance of the water and sewerage reticulation systems. 	B	2
6	Asset Maintenance	2	<p><u>Observations:</u></p> <ul style="list-style-type: none"> • As stated above for Asset Operations, Hydramet’s template for fortnightly operations and maintenance is adequate as a schedules and record of maintenance undertaken; • Also, as above the AMP contains no schedule of maintenance of the water and sewerage reticulation systems. In addition, drawings of the sewerage reticulation are not provided; • Water reticulation system maintenance should involve a fortnightly visual inspection along the alignment to check for evidence of leaks, surface settlement, together with clearance of weeds around valve pits and hydrants to maintain visibility. Twice yearly, valves and hydrants should be operated to ensure on-going ease of operation and hydrants operated to purge any stagnant water from the mains; • Sewerage system maintenance will similarly involve fortnightly visual inspection along the alignment to check for evidence of leaks, surface settlement, together with clearance of weeds around access chambers to maintain visibility. On an annual basis, access chamber covers should be removed and greased to maintain ease of removal; and the condition of the chambers recorded. 	C	3

No.	Asset Management Process	Review Priority	Observations and Recommendations	Process and Policy Rating	Performance Rating
6	Asset Maintenance (continued)	2	<p>Any stranding of sewage solids due to low flows from sparsely built up areas should be purged through the system by flushing from upstream access chambers. Care should be taken to control the rate and volume of flushing water in order to avoid a hydraulic overload of the WWTP; and</p> <ul style="list-style-type: none"> A maintenance schedule/check sheet should be prepared setting out the maintenance checks and timing, together with columns for recording the date, name of the checker and space for comment. <p><u>Recommendation 30/2019:</u></p> <ul style="list-style-type: none"> That a section entitled “Asset Maintenance ” be added to the AMP, setting out the above requirements for maintenance of the water supply and sewerage reticulation systems, including a maintenance schedule/check sheet setting out the maintenance checks and timing, together with columns for recording the date, name of the checker and space for comment. <p>Also, that drawings of the sewerage system be included in the AMP or its supporting documentation.</p>	C	3
7	Asset Management Information System	4	<p><u>Observations:</u></p> <ul style="list-style-type: none"> Computer software supporting the information management system includes Windows Office 7 (mainly Word and Excel) and the commercial package “Utilibill” The prime user of the system is the Services Manager. Access to specific folders is available via the cloud to the bookkeeper; Access to the system is by password. The system is backed-up daily by the Service Manager to a cloud storage and a separate hard drive and laptop owned by the Service Manager. Backups are also made to the Bookkeeper’s hard drive. Backups are not verified; Engineer (GHD) operates an internal IT system and software for its Australia wide operations. Access to folders relevant to the Lancelin South project is limited and is password protected. The system is backed up daily and includes software for verifying backups; In general, all correspondence is received by the Services Manager and emailed to the Owner, GHD and bookkeeper as appropriate. Reports to ERA, DOH and other authorities are prepared by GHD and forwarded to the recipients by the Services Manager. Reports to the owner and approvals from the owner are similarly emailed to the Services Manager, GHD and (as appropriate) the bookkeeper and accountant; and 	C	2

No.	Asset Management Process	Review Priority	Observations and Recommendations	Process and Policy Rating	Performance Rating
7	Asset Management Information System (continued)	4	<ul style="list-style-type: none"> Reviewer considers the Asset Management Information System is inadequate. This opinion is based on consideration of: <ul style="list-style-type: none"> The widespread work locations of the Owner in the USA, operating and administrative staff/contractors located in separate offices across Perth and the water services located at Lancelin, one hundred kilometres north of Perth; The lack of a central cloud based or similar IT system and software suite available to all staff in addition to individual staff emails. Reliance on individual staff members emailing specific material to fellow staff introduces a risk of information not being transferred, or not being noted and should not be the sole source of information within a work group; and The AMP lacks a formal organisation chart or table setting out administration/operating titles, duties and responsibilities together with the name and contact details of staff appointed to each position. The document does not set out the communication pathways for progressing business matters, collection and storage of data and information and the sharing/updating of such information. <p><u>Recommendation 31/2019:</u></p> <ul style="list-style-type: none"> That a section entitled “Asset Management Information System ” be added to the AMP: <ul style="list-style-type: none"> The section should include a formal organisation chart or table setting out administration/operating titles, duties, responsibilities together with the name and contact details of staff appointed to each position; The AMP should also outline communication pathways for progressing business matters collection and storage of data and information and the sharing/updating of such information; and That a central cloud based, or similar IT system and software suite be installed and be managed by the Services Manager. Relevant areas of the system should be accessible (by password) to all staff and consultants. System back-ups should be made daily by the Services Manager and backups verified by appropriate software or an IT consultant. 	C	2
8	Risk Management	4	<p><u>Observations:</u></p> <ul style="list-style-type: none"> The AMP features a risk analysis undertaken by consultants GHD at the end of the review period. The analysis is comprehensive – but addresses only risks associated with the supply bore, WTP and water pipelines delivering to the sub-division reticulation; 	B	2

No.	Asset Management Process	Review Priority	Observations and Recommendations	Process and Policy Rating	Performance Rating
8	Risk Management (continued)	4	<ul style="list-style-type: none"> Consequences associated with the water reticulation systems within the sub-division are similar to those for the pipelines. They also pose the possibility of erosion and undermining of adjacent services, flooding of public and private property etc. The analysis should be extended to include the subdivision water reticulation systems and the new WTP; and The AMP has no risk analysis for the sewerage collection system - where blockage and flooding introduce physical, environmental and significant health risks. The risks associated with the future (almost completed) WWTP should also be subject to analysis. <p><u>Recommendation 32/2019:</u></p> <ul style="list-style-type: none"> It is recommended that: <ul style="list-style-type: none"> The existing analysis is extended to include the sub-divisional water and sewerage reticulation systems; and The risks associated with the new Water Treatment Plant and the new Wastewater Treatment Plant and its effluent disposal system, be assessed and included in the AMP. 	B	2
9	Contingency Planning	1	<p><u>Observations:</u></p> <ul style="list-style-type: none"> The AMP documentation contains an Emergency Response Plan and a Health Plan template - both of which are general documents conveying intent - rather than specific contingency procedures. The AMP does not contain contingency plans for either water supply or sewerage services; Contingency plans should document specific recovery procedures to address emergencies identified in the risk analysis as having high or extreme consequences. These should include but not be limited to: <ul style="list-style-type: none"> Ready access to plans and details of operation of all assets; Detailed procedures and documentation including: <ul style="list-style-type: none"> Communication protocols for advising Lancelin South management, affected customers; Authorities whose assets may be affected by the procedures, e.g. Local Authority, electricity supplier; Local Operators and/or specialist tradesmen (e.g. plumbers/electricians), suppliers of services (e.g. waste removal, excavation machinery and emergency pumping equipment); 	D	4

No.	Asset Management Process	Review Priority	Observations and Recommendations	Process and Policy Rating	Performance Rating
9	Contingency Planning (continued)	1	<ul style="list-style-type: none"> • Authorities that should to be contacted and when – including key contact details – name, number and location; and • Specifications, locations and availability of emergency equipment and spare parts. <p><u>Recommendation 33/2019:</u></p> <ul style="list-style-type: none"> • That a section entitled “Contingency Planning ” be added to the AMP, which documents specific recovery procedures for emergencies identified in the risk analysis as having high or extreme consequences. These should include but not be limited to: <ul style="list-style-type: none"> ◦ Ready access to plans and details of operation of all assets; ◦ Detailed procedures for specific emergencies, together with information set out below; ◦ Communication protocols for advising Lancelin South management, affected customers and Authorities whose assets may be affected by the procedures, e.g. local authority, electricity supplier, police; ◦ Contractors and/or specialist tradesmen whose assistance may be required in specific instances e.g. plumbers/electricians, suppliers of waste removal, excavation machinery and emergency pumping equipment etc; ◦ A list of Authorities, contractors, trades etc, that should be contacted and when – including their contact details – name, number and location; and ◦ Specifications, locations and availability of emergency equipment and spare parts. <p>Once developed, the contingency plans should be reviewed and tested at least annually (or whenever major changes are required) to ensure they are operable and that appropriate persons are aware of their responsibilities in the case of an emergency.</p>	D	4
10	Financial Planning	4	<p><u>Observations:</u></p> <ul style="list-style-type: none"> • The AMP does not contain a financial plan. However, Lancelin South’s licence application contained financial plans, including profit and loss projections, for both water supply and sewerage facilities. The plans set out estimated annual income and expenditure including asset replacement, until the year 2042 for water supply and 2037 for sewerage; and • The plans should be updated and included in the AMP annually. Updating should allow for any changes in the estimated rate of development (affecting income and expenditure) and verification of estimated asset replacement costs, together with the impact of the proposed new WTP and the earlier than expected provision of the initial WWTP. Annual profit and 	C	3

No.	Asset Management Process	Review Priority	Observations and Recommendations	Process and Policy Rating	Performance Rating
10	Financial Planning (continued)	4	<p>loss estimates should verify the adequacy of the financial guarantee in place to cover costs and estimate the year in which the services become profitable.</p> <p><u>Recommendation 34/2019:</u></p> <ul style="list-style-type: none"> That the financial plans included in the Licence application be updated and included in the AMP annually. Updating should allow for any changes in the estimated rate of development (affecting income and expenditure) and verification of estimated asset replacement costs, together with the impact of the updated WTP and the earlier than expected provision of the initial WWTP. Annual profit and loss estimates should verify the adequacy of the financial guarantee in place to cover costs and estimate the year in which the services become profitable. 	C	3
11	Capital Expenditure Planning	4	<p><u>Observations:</u></p> <ul style="list-style-type: none"> The AMP text and asset register contains estimates of the expected life of individual assets and - by inference, their estimated replacement year. However, the AMP does not include a plan showing annual capital expenditure on specific asset items over a rolling five to ten-year period. <p><u>Recommendation 35/2019:</u></p> <ul style="list-style-type: none"> That a section entitled “Capital Expenditure Planning” be included in the AMP. The plan should list estimated annual capital expenditure over the coming five to ten years and be updated annually. The plan should identify each assets and its estimated replacement costs. The assets should include those to be replaced due to expired life expectancy, together with those to be replaced due to underperformance, redundancy, or process changes. 	C	3
12	Review of the Asset Management System	4	<p><u>Observations:</u></p> <ul style="list-style-type: none"> The AMP support documentation contains an Internal Audit (review) Procedure. The document addresses the responsibility of the audit manager, the frequency of reviews (annually) reviewer selection, planning and corrective actions. The procedures are well documented; Reviewer noted that most of the forty or more documents submitted by the Licensee had been reviewed internally within the recent four months. The header or footer of each document stated the date of each review, name of the reviewer and a note of changes made; Overall the documented requirements for review of the Asset Management System are adequate and reviewed have been appropriately annotated; and 	B	2

No.	Asset Management Process	Review Priority	Observations and Recommendations	Process and Policy Rating	Performance Rating
12	Review of the Asset Management System (continued)	4	<ul style="list-style-type: none"> Reviewer noted that some documents referred to staff titles or documents that do not exist in practise. e.g. the review support documentation refers to an “<i>Audit Manager</i>” position that does not exist. Other documents refer to a “<i>Maintenance Supervisor</i>”, and “<i>Operator</i>” and “<i>Operation and Maintenance Manuals</i>” that similarly do not exist. <p><u>Recommendation 36/2019:</u></p> <ul style="list-style-type: none"> That documentation referring to staff positions or documents that do not exist should be corrected or the relevant staff positions, responsibilities etc. should be included in the staff organisation documents with a note indicating the position is vacant. 	B	2

Table 15: Review Observations and Recommendations

5.4 Current Review: Asset Management System Deficiencies and Recommendations

Current Review: Asset Management System Deficiencies and Recommendations			
A. Resolved During Current Review Period			
Reference	Rating	Date Resolved	Reviewer's Comments
	Asset Management Process and Effectiveness Criterion	LSPL Action Taken	
	Details of Deficiency		

- There is no content in Part A.

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

Current Review: Asset Management System Deficiencies and Recommendations				
B. Unresolved at End of Current Review Period				
Recommendation Reference (no./year)	Rating		Reviewer's Recommendation	LSPL Action Taken by End of Review Period
	Asset Management Process and Effectiveness Criterion			
	Details of Deficiency			
25/2019	<ul style="list-style-type: none">• Rating: C 3;• Component: Asset Planning; and• Details:<ul style="list-style-type: none">○ See the section for Asset Planning as included in Table 15 entitled: "Review Observations and Recommendations" in section 5.3 of this Report.		<ul style="list-style-type: none">• That the AMP, encompassing all recommendations of this review, be completed as a matter of urgency.	<ul style="list-style-type: none">• Zero.
26/2019	<ul style="list-style-type: none">• Rating: C 2;• Component: Asset Creation and Acquisition; and• Details:<ul style="list-style-type: none">○ See the section for Asset Creation and Acquisition as included in Table 15 entitled: "Review Observations and Recommendations" in section 5.3 of this Report.		<ul style="list-style-type: none">• That a section titled "Asset Creation and Acquisition" be added to the AMP. The section should address items 2.1 to 2.5 of Table 23 of the ERA's "2019 Audit and Review Guidelines - Water Licences- March 2019" related to project evaluation leading the acquisition of new assets or the adoption of alternative strategies.	<ul style="list-style-type: none">• Zero.
27/2019	<ul style="list-style-type: none">• Rating: C 2;• Component: Asset Disposal; and• Details:<ul style="list-style-type: none">○ See the section for Asset Disposal as included in Table 15 entitled: "Review Observations and Recommendations" in section 5.3 of this Report.		<ul style="list-style-type: none">• That a section entitled "Asset Disposal" be added to the AMP. The section should address items 3.1 to 3.4 of Table 23 of the ERA's "2019 Audit and Review Guidelines - Water Licences- March 2019".	<ul style="list-style-type: none">• Zero.
28/2019	<ul style="list-style-type: none">• Rating: B 2;• Component: Environmental Analysis; and• Details:<ul style="list-style-type: none">○ See the section for Environmental Analysis as included in Table 15 entitled: "Review Observations and Recommendations" in section 5.3 of this Report.		<ul style="list-style-type: none">• That a section entitled "Environmental Analysis" be added to the AMP. The section should address items 4.1 to 4.4 of Table 23 of the ERA's "2019 Audit and Review Guidelines - Water Licences- March 2019";• The new section should include details of the licences held and a statement that DOH water quality standards are adopted despite no MOU being in place; and	<ul style="list-style-type: none">• Zero.

Current Review: Asset Management System Deficiencies and Recommendations

B. Unresolved at End of Current Review Period

Recommendation Reference (no./year)	Rating				Reviewer's Recommendation	LSPL Action Taken by End of Review Period
	Asset Management	Process	and	Effectiveness		
	Details of Deficiency					
28/2019 (continued)					<ul style="list-style-type: none"> Any reference (in the AMP or supporting documents) to the Water Services Licensing Act 1995 should be changed to the "Water Services Act 2012". 	
29/2019	<ul style="list-style-type: none"> Rating: B 2; Component: Asset Operations; and Details: <ul style="list-style-type: none"> See the section for Asset Operations as included in Table 15 entitled: "Review Observations and Recommendations" in section 5.3 of this Report. 				<ul style="list-style-type: none"> That a section entitled "Asset Operations " be added to the AMP and the AMP or its support documentation be updated to include: <ul style="list-style-type: none"> "As constructed" drawings of the sewerage reticulation system, together with plumber's "as constructed" drawings of house drains provided to connect dwellings to the sewerage reticulation system; The AMP should contain a formal organisation chart or table setting out administration / operating titles, duties, responsibilities together with the name and contact details of staff appointed to each position; The AMP should also outline communication pathways for progressing business matters and the sharing/updating of information; Asset registers for the water and sewerage reticulation systems, including individual identification numbers for each asset, asset condition and date of condition assessment; and Consider appointing a locally based person to undertake oversight and upkeep of the new WTP and WWTPs in addition to operation and maintenance of the water and sewerage reticulation systems. 	<ul style="list-style-type: none"> Zero.

Current Review: Asset Management System Deficiencies and Recommendations

B. Unresolved at End of Current Review Period

Recommendation Reference (no./year)	Rating	Reviewer's Recommendation	LSPL Action Taken by End of Review Period
	Asset Management Process and Effectiveness Details of Deficiency		
30/2019	<ul style="list-style-type: none"> • Rating: C 3; • Component: Asset Maintenance; and • Details: <ul style="list-style-type: none"> ○ See the section for Asset Maintenance as included in Table 15 entitled: <i>"Review Observations and Recommendations"</i> in section 5.3 of this Report. 	<ul style="list-style-type: none"> • That a section entitled "Asset Maintenance " be added to the AMP, setting out the above requirements for maintenance of the water supply and sewerage reticulation systems, including a maintenance schedule/check sheet setting out the maintenance checks and timing, together with columns for recording the date, name of the checker and space for comment. <p>Also, that drawings of the sewerage system be included in the AMP or its supporting documentation.</p>	<ul style="list-style-type: none"> • Zero.
31/2019	<ul style="list-style-type: none"> • Rating: C 2; • Component: Asset Management Information System; and • Details: <ul style="list-style-type: none"> ○ See the section for Asset Management Information System as included in Table 15 entitled: <i>"Review Observations and Recommendations"</i> in section 5.3 of this Report. 	<ul style="list-style-type: none"> • That a section entitled "Asset Management Information System " be added to the AMP: <ul style="list-style-type: none"> ○ The section should include a formal organisation chart or table setting out administration/operating titles, duties, responsibilities together with the name and contact details of staff appointed to each position; ○ The AMP should also outline communication pathways for progressing business matters collection and storage of data and information and the sharing/updating of such information; and ○ That a central cloud based, or similar IT system and software suite be installed and be managed by the Services Manager. Relevant areas of the system should be accessible (by password) to all staff and consultants. System back-ups should be made daily by the Services Manager and backups verified by appropriate software or an IT consultant. 	<ul style="list-style-type: none"> • Zero.

Current Review: Asset Management System Deficiencies and Recommendations

B. Unresolved at End of Current Review Period

Recommendation Reference (no./year)	Rating	Reviewer's Recommendation	LSPL Action Taken by End of Review Period
	Asset Management Process and Effectiveness Details of Deficiency		
32/2019	<ul style="list-style-type: none"> • Rating: B 2; • Component: Risk Management; and • Details: <ul style="list-style-type: none"> ○ See the section for Risk Management as included in Table 15 entitled: <i>"Review Observations and Recommendations"</i> in section 5.3 of this Report. 	<ul style="list-style-type: none"> • It is recommended that: <ul style="list-style-type: none"> ○ The existing analysis is extended to include the sub-divisional water and sewerage reticulation systems; and ○ The risks associated with the new Water Treatment Plant and the new Wastewater Treatment Plant and its effluent disposal system, be assessed and included in the AMP. 	<ul style="list-style-type: none"> • Zero.
33/2019	<ul style="list-style-type: none"> • Rating: D 4; • Component: Contingency Planning; and • Details: <ul style="list-style-type: none"> ○ See the section for Contingency Planning as included in Table 15 entitled: <i>"Review Observations and Recommendations"</i> in section 5.3 of this Report. 	<ul style="list-style-type: none"> • That a section entitled "Contingency Planning " be added to the AMP, which documents specific recovery procedures for emergencies identified in the risk analysis as having high or extreme consequences. These should include but not be limited to: <ul style="list-style-type: none"> ○ Ready access to plans and details of operation of all assets; ○ Detailed procedures for specific emergencies, together with information set out below; ○ Communication protocols for advising Lancelin South management, affected customers and Authorities whose assets may be affected by the procedures, e.g. local authority, electricity supplier, police; ○ Contractors and/or specialist tradesmen whose assistance may be required in specific instances e.g. plumbers/electricians, suppliers of waste removal, excavation machinery and emergency pumping equipment etc; ○ A list of Authorities, contractors, trades etc, that should be contacted and when – including their contact details – name, number and location; and 	<ul style="list-style-type: none"> • Zero.

Current Review: Asset Management System Deficiencies and Recommendations

B. Unresolved at End of Current Review Period

Recommendation Reference (no./year)	Rating				Reviewer's Recommendation	LSPL Action Taken by End of Review Period
	Asset Management	Process	and	Effectiveness		
	Details of Deficiency					
33/2019 (continued)					<ul style="list-style-type: none"> ○ Specifications, locations and availability of emergency equipment and spare parts. <p>Once developed, the contingency plans should be reviewed and tested at least annually (or whenever major changes are required) to ensure they are operable and that appropriate persons are aware of their responsibilities in the case of an emergency.</p>	
34/2019	<ul style="list-style-type: none"> • Rating: C 3; • Component: Financial Planning; and • Details: <ul style="list-style-type: none"> ○ See the section for Financial Planning as included in Table 15 entitled: <i>"Review Observations and Recommendations"</i> in section 5.3 of this Report. 				<ul style="list-style-type: none"> • That the financial plans included in the Licence application be updated and included in the AMP annually. Updating should allow for any changes in the estimated rate of development (affecting income and expenditure) and verification of estimated asset replacement costs, together with the impact of the updated WTP and the earlier than expected provision of the initial WWTP. Annual profit and loss estimates should verify the adequacy of the financial guarantee in place to cover costs and estimate the year in which the services become profitable. 	<ul style="list-style-type: none"> • Zero
35/2019	<ul style="list-style-type: none"> • Rating: C 3; • Component: Capital Expenditure Planning; and • Details: <ul style="list-style-type: none"> ○ See the section for Capital Expenditure Planning as included in Table 15 entitled: <i>"Review Observations and Recommendations"</i> in section 5.3 of this Report. 				<ul style="list-style-type: none"> • That a section entitled "Capital Expenditure Planning" be included in the AMP. The plan should list estimated annual capital expenditure over the coming five to ten years and be updated annually. The plan should identify each assets and its estimated replacement costs. The assets should include those to be replaced due to expired life expectancy, together with those to be replaced due to underperformance, redundancy, or process changes. 	<ul style="list-style-type: none"> • Zero

Current Review: Asset Management System Deficiencies and Recommendations				
B. Unresolved at End of Current Review Period				
Recommendation Reference (no./year)	Rating			
	Asset Management Process and Effectiveness			
	Details of Deficiency			
36/2019	<ul style="list-style-type: none"> Rating: B 2; Component: Review of Asset Management System; and Details: <ul style="list-style-type: none"> See the section for Review of Asset Management System as included in Table 15 entitled: <i>"Review Observations and Recommendations"</i> in section 5.3 of this Report. 		<ul style="list-style-type: none"> That documentation referring to staff positions or documents that do not exist should be corrected or the relevant staff positions, responsibilities etc. should be included in the staff organisation documents with a note indicating the position is vacant. 	<ul style="list-style-type: none"> Zero

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

6 Audit Opinion

To the best of my knowledge, this audit and review report is an accurate presentation of my findings and opinions.

Cameron Palassis
Executive Director – Audit and Assurance

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