

Rottnest Island Authority

Water Services Licence

Operational Audit and Asset
Management System
Review

Report
21 February 2020

PAXON GROUP

Private Client Services
Audit and Assurance
Taxation

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1 Executive Summary

1.1 Operational Audit

Audit Objective

The operational audit (Audit) was carried out to assess Rottnest Island Authority's level of compliance with the conditions of its licence.

The Audit covered the period from 1 July 2017 to 30 June 2019 (Audit Period).

Licence, Water Services and Major Changes

Rottnest Island Authority (RIA) provides water services under the provisions of a Water Services Licence issued by the Economic Regulation Authority (ERA).

The ERA granted RIA a Water Services Licence (WL10) which commenced on 14 December 1998. WL10 authorises RIA to provide potable water supply services, non-potable water supply services, sewerage services and drainage services. WL10, version 8, dated 1 July 2016 was in force throughout the Audit Period (thus, all references to WL10 within this Report are to WL10, version 8).

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 RIA during the Audit Period.

RIA's Response to Previous Audit Report Recommendations

The previous Audit was conducted by Quantum Assurance in respect of the period 1 July 2015 to 30 June 2017. The Quantum Assurance report, dated 12 December 2017, identified 4 instances of inadequate controls and/or non-compliance with individual obligations.

Paxon found all 4 identified instances of inadequate controls and/or non-compliance with individual obligations are still unresolved. Comprehensive details of these 4 instances are provided in Table 6: Previous Audit: Inadequate Controls, Non-Compliances and Recommendations (Part B) as included in section 3.1 of this Report.

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

RIA was assessed to have:

- Had weak controls during the Audit Period; and
- Complied with the majority of the legislative obligations applicable to its activities during the Audit Period.

Two separate assessments are provided in respect of RIA's compliance obligations. These assessments disclose Paxon's findings for both controls and compliance:

- A summary of ratings for 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 the Control Environment

RIA was assessed to have had weak controls during the Audit Period to help ensure compliance with its WSL obligations. Paxon assessed:

- 8 obligations as having inadequate controls; and
- 101 obligations as having no controls.

These 109 obligations are recorded 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 Compliance

RIA was assessed to have complied with the majority of the legislative obligations applicable to its activities during the Audit Period. Paxon assessed:

- 20 obligations as being non-compliant – moderate effect on customers or third parties; and
- 4 obligations as being non-compliant – major effect on customers or third parties.

These 24 obligations are recorded in Table 11 entitled: “*Current Audit: Inadequate Controls, Non-Compliances and Recommendations*” as included in section 4.4 of this Report.

A summary of Audit ratings for both controls and compliance across all obligations is disclosed in Table 1 below:

		Compliance Rating						Total
		1	2	3	4	NR	NA	
Controls Rating	A	30	2	3		12		47
	B	2	1			1		4
	C	3	2	1	2			8
	D	12	12	16	2	59		101
	NP							
	NA						33	33
	Total	47	17	20	4	72	33	193

Table 1: Summary of Audit Ratings

1.2 Asset Management System Effectiveness Review

Review Objective:

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

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

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

The Review covered the period from 1 July 2017 to 30 June 2019.

Assets Reviewed

The review included:

- Water supply assets: the bore field area from which all water is sourced, together with the Reverse Osmosis (RO) based raw water treatment plant (including the recently added RO train) and subsequent storage of treated raw water for non-potable use. The separate draw off from the raw water storage to chlorination, pumping and storage facilities of water for subsequent potable use;
- Sewerage system assets: the sites of sewage pumping stations and their rising main alignments leading to the recently upgraded automatic wastewater treatment plant (WWTP) featuring primary and secondary treatment, solids recovery (for export to the mainland) chlorination and disposal to an irrigation system on the golf course and recreation oval; and
- Demonstration of software systems for monitoring and control of asset operations, together with compilation and recording of key operations results and reporting.

Summary of Conclusions:

This review concludes that RIA operated all areas of its potable water supply services, non-potable water supply services, sewerage services and drainage services in a professional and competent manner.

RIA is consistently achieving or exceeding the standards required of its various licences and agreements related to management of its assets, water and wastewater treatment and delivery of safe potable and non-potable water supplies.

RIA's personnel, and those of its operations and maintenance contractor PFM are dedicated and focussed. RIA has developed a professional team to more effectively manage and develop its water services. As some of its members are relatively new to the team, Reviewer considers they would benefit from occasional team meetings at which members reported on their current task and progress, together with training in RIA standard procedures - including approvals for asset acquisition and disposal.

The highest rating, being "A1" was assigned to nine of the twelve key processes reviewed. Of the remaining three processes two were assigned a "B1" rating and one a "B2" rating.

RIA's Actions on Previous Review Report Recommendations

The previous Review was conducted by Quantum Assurance in respect of the period 1 July 2015 to 30 June 2017. The Quantum Assurance report, dated 12 December 2017, identified 4 deficiencies and provided detailed recommendations to resolve the deficiencies identified. These 4 deficiencies were broken down into 11 separate deficiencies for purposes of this Review.

This Review concluded that nine of the eleven separate deficiencies identified during the 2017 Review of RIA's Asset Management System have been resolved. Details of actions taken by RIA in response to the previous Review's recommendations, together with the Reviewer's assessment are provided in Table 7 entitled: "Previous Review: Deficiencies and Recommendations" as included in section 3.2 of this Report.

The recommendations made during the previous Review and the current implementation status of these recommendations are summarised below:

- **Recommendation R5/2017: status – unresolved**
RIA should develop life cycle cost models;
- **Recommendation R6/2017: status – unresolved**
RIA should ensure a consistent version control and revision interval for documentation;
- **Recommendation R7/2017(a): status – resolved**
RIA cut in scour valves in low lying areas of potable water lines;
- **Recommendation R7/2017(b): status – resolved**
RIA should conduct an initial inspection of the water tanks;
- **Recommendation R7/2017(c): status – resolved**
RIA should link fire service booster alarms with SCADA;
- **Recommendation R7/2017(d): status – resolved**
RIA should label water supply and wastewater assets;
- **Recommendation R7/2017(e): status – resolved**
Review and assess washdown facilities at chlorine dosing rooms;
- **Recommendation R7/2017(f): status – resolved**
Review the security of key assets;
- **Recommendation R7/2017(g): status – resolved**
Arrange maintenance regimes for the wastewater treatment plant and fire service booster station;
- **Recommendation R8/2017(a): status – resolved**
Revise capital expenditure plans for asset condition; and
- **Recommendation R7/2017(d): status – resolved**
Endeavour to secure funding for the asset management plan.

Asset Management System Effectiveness Assessment

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 to each asset management process during the Review.

A summary of both process and policy ratings and performance ratings across all twelve asset management processes is as follows:

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 RIA to meet the quality and performance standards required by WL10 in relation to the provision of the water services authorised by WL10.

The Audit was performed as a reasonable assurance engagement.

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 included in section 4.4 of this Report).

2.1.2 Asset Management System Review

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

The review was performed as a limited assurance engagement.

This review provides the ERA with an independent opinion on whether RIA 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 included 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 WL10. The Audit 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 WL10 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 RIA during the Audit Period by the ERA or specific issues advised by the ERA.

Further references to the Audit scope are included 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 RIA for the proper operation and maintenance of assets. The plans must convey RIA'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 included 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 RIA 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 testing of higher risk areas to provide sufficient assurance and

confirmed lower risk areas by discussion and observation;

- Assessed compliance with WL10 over the Audit Period as well as at the time of the Audit;
- Researched instances of inadequate controls and non-compliances with WL10 obligations as identified; and
- Developed appropriate recommendations for improvement for discussion with management.

The Review fieldwork consisted of the following steps:

- In company with the Island Engineer, 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;
- Whether or not the system has been subjected to regular internal review; with systems in place to ensure plans are regularly updated to current status, provide for prior identification of new or replacement assets, their implementation; and initiatives to improve the overall effectiveness of the asset management system; and
- RIA's response to the recommendations made in previous reviews.

2.3.3 Audit/Review Reporting

The Audit/Review reporting consisted of the following steps:

- Provided a draft Audit and Review Report to the ERA for review. The ERA forwarded the draft Audit and Review Report to RIA for their comment;
- The ERA and RIA 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 RIA.

2.4 Time Interval Covered in Audit/Review

The Audit and review both covered the period from 1 July 2017 to 30 June 2019.

2.5 Audit/Review Dates

The Audit/Review fieldwork was conducted during August 2019.

2.6 Licensee's Representatives

RIA representatives who participated in the Audit are as follows:

RIA Representative	Position
Michael Seitz	Environment, Health and Compliance Coordinator
Shane Kearney	Environment Sustainability and Compliance Manager
Rebecca Gabbitus	Environment Officer (Compliance)

Table 3: RIA Representatives Who Participated in the Audit

RIA and PFM representatives who participated in the Review are as follows:

Representative	Position
Michael Seitz – (RIA)	Environment, Health and Compliance Coordinator
Shane Kearney – (RIA)	Environment Sustainability and Compliance Manager
Vince Lanni – (RIA)	CFO and Director Business Services
Lorenzo Mascaro – (RIA)	Water Services Engineer
Rory Bell – (PFM)	Asset Manager
Orrin Neale – (PFM)	Island Engineer

Table 4: RIA and PFM Representatives Who Participated in the Review

2.7 Key Documents and Other Information Sources

2.7.1 Operational Audit

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

- Water Services Act 2012;
- Water Services Code of Conduct (Customer Service Standards) 2013;
- Water Services Code of Conduct (Customer Service Standards) 2018;
- Water Services Regulations 2013;
- ERA: Water services licence – Rottneest Island Authority – WL10, version 8, 1 July 2016;
- ERA: 2019 Audit and Review Guidelines - Water Licences – March 2019;
- Quantum Assurance: operational audit and asset management system review – report – dated 12 December 2017;

- ERA: Water Compliance Reporting Manual – Water Services Act 2012 – July 2016;
- ERA: Water Compliance Reporting Manual – Water Services Act 2012 – October 2017;
- ERA: Water Compliance Reporting Manual – Water Services Act 2012 – May 2018;
- RIA: Annual compliance reports for 2016/2017 and 2017/2018;
- ERA: Water Services Act 2012 - Water, Sewerage and Irrigation Licence Performance Reporting Handbook – May 2017;
- ERA: Water Services Act 2012 - Water, Sewerage and Irrigation Licence Performance Reporting Handbook – April 2018;
- RIA: water, sewerage and irrigation licence performance reporting datasheets for 2016/2017 and 2017/2018;
- RIA's: "*Rottnest IS - Water Customer Services*" Manual;
- RIA's: "*Utilities Licence and Compliance Register*"; and
- Memorandum of Understanding between the Department of Health and Rottnest Island Authority for Drinking Water.

2.7.2 Asset Management System Review

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

- ERA: Water services licence – Rottnest Island Authority – WL10, version 8, 1 July 2016;
- RIA and Department of Health – Memorandum of Understanding - Drinking Water;
- RIA: Drinking Water Quality Management Plan – 2017;
- RIA / PFM: quarterly drinking water reports to Department of Health – (October to December 2017), (January to March, April to June, July to September and October to December 2018) and (January to March and April to June 2019);
- RIA/PFM: annual drinking water quality reports to Department of Health for 2016/2017 and 2017/2018;
- Water quality reports - December 2017 and December 2018;
- RIA: compliance table from 2017/2018 WWTP annual report;
- RIA: Rottnest Island drinking water quality management – incident response protocols – August 2017;
- RIA: annual budgets for 2017/18 and 2018/19;
- RIA: annual report for 2016/2017 and 2017/2018;
- RIA: annual compliance reports for 2016/2017 and 2017/2018;
- RIA: water, sewerage and irrigation licence performance reporting datasheets for 2016/2017 and 2017/2018;
- PFM: water services recovery test reports – June 2018 and 2019;
- PFM: minutes of annual drinking water quality incident exercise – 5 June 2019;
- PFM: copies of drinking water quality test results (7, 15, 21 and 28 May 2019);
- PFM: using PROMAP to raise service requests;
- PFM: ground water monitoring reviews for 2015 to 2018;

- RIA: project disposal form;
- RIA: short form business case form;
- RIA: long form business case form;
- RIA: two completed and approved long form business cases;
- PFM: staff training matrix;
- RIA: project funds approval form; and
- RIA: asset project components form.

2.8 Audit and Review Team Members and Hours Utilised

The Audit and Review team members and the hours utilised were as follows:

Audit and Review Team Member	Hours
Cameron Palassis – Executive Director	8
Anton Prinsloo – Senior Consultant	55
Barry Robbins - Barry Robbins Engineering and Project Management	60
TOTAL	123

Table 5: Audit and 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 Number	Obligation	Reference	Auditor’s Recommendation	Date Resolved	Further Action Required (FAR) (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					

- There is no content in Part A.

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 Number	Obligation	Reference	Auditor's Recommendation	Further Action Required (FAR) (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				
01/2017	<ul style="list-style-type: none"> • Number: 16; • Rating: B 2; • Obligation: Act, section 77(3); and • Details: <ul style="list-style-type: none"> ○ The licensee must take reasonable steps to minimise the extent or duration of any interruption of water services it is responsible for; ○ The previous audit report (October 2015) stated the RIA has undertaken localised potable reticulation repairs and improved detection of water leaks via a monitoring system for bulk meters. There is still a risk of unplanned interruptions due to the ageing infrastructure; ○ It recommended that the RIA should continue remedial action to reduce the risk of unplanned interruption of potable water supplies, including localised potable reticulation repairs, investigation of acoustic leak detection systems, improved 			<ul style="list-style-type: none"> • As planned by the RIA, stage 2 of the analysis and rationalisation of the scanning data for the below ground assets should be completed, including updating the Asset Register with the asset details, location and condition. 	<ul style="list-style-type: none"> • FAR: yes; and • Details: <ul style="list-style-type: none"> ○ The RIA must take reasonable steps to minimise the extent or duration of any interruption of water services it is responsible for, so as to comply with the stipulations of section 77(3) of the Act (recommendation 2/2019).

Previous Audit: Inadequate Controls, Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

Recommendation Reference (no./year)	Licence Number Controls and Compliance Rating	Obligation Legislative Obligation	Reference	Auditor's Recommendation	Further Action Required (FAR) (Yes/No/Not Applicable) Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
01/2017 (continued)	metering and commencement of a GPS survey of higher risk pipes;	<ul style="list-style-type: none"> o Subsequently, MAXIMO has been implemented by RIA as the Asset Management System for all of the Island's assets. All above ground utility assets have been uploaded into MAXIMO with a preventative maintenance plan. All below ground assets have been mapped as part of a \$180,000 Board approved funding as stage 1 of a stage 2 process; o The underground survey has been completed. The RIA has received stage 1 documentation, including detailed underground services drawings and topographic surveys. Stage 1 of the development of a master suite of documents and drawings in relation to all utilities on the Island has been completed; o Stage 2 (analysis and rationalisation of scanning data) is planned to be 			

Previous Audit: Inadequate Controls, Non-Compliances and Recommendations					
B. Unresolved at End of Current Audit Period					
Recommendation Reference (no./year)	Licence Number	Obligation	Reference	Auditor's Recommendation	Further Action Required (FAR) (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				
01/2017 (continued)	<p>commenced in 2017/18, pending operational funding approval;</p> <ul style="list-style-type: none"> There is a rolling multi-year programme of capital works for improvements to potable water reticulation and storage; and The Performance Report provided to the ERA for 2015/16 reports that there were 7 unplanned interruptions to potable water supply with an average duration of 111 minutes. The 2016/17 report states there were no interruptions to the water supply. The audit concluded that "reasonable steps" are being taken and further works is planned to minimise the risk of interruption of water services. 				
2/2017	<ul style="list-style-type: none"> Numbers: 22 and 23; Ratings: 22 - B 3, and 23 – B NR; Obligations: Act, sections 96(1) and (5); and Details: 	<ul style="list-style-type: none"> As recommended by DFES, the fire hydrant system on the island should be extended and 11 new fire hydrants installed to complete the upgrade of the fire hydrant system to the minimum performance requirement 	<ul style="list-style-type: none"> FAR: yes; and Details: <ul style="list-style-type: none"> The RIA should follow the recommendations made in the DFES report, dated 22 June 2018, regarding "Flow and Pressure Testing of Fire Hydrants" (recommendation 3/2019). 		

Previous Audit: Inadequate Controls, Non-Compliances and Recommendations					
B. Unresolved at End of Current Audit Period					
Recommendation Reference (no./year)	Licence Number	Obligation	Reference	Auditor's Recommendation	Further Action Required (FAR) (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				
2/2017 (continued)		<ul style="list-style-type: none"> o If the licensee provides water supply reticulation works, or enters into an agreement for the provision of water supply reticulation works, the licensee must install fire hydrants attached to those works in accordance with the requirements of the Department of Fire and Emergency Services (DFES), or the relevant local government as to the location and type of hydrant; o The licensee must comply with requests made under sections 96(3) and 96(4) of the Act to the extent practicable and within a reasonable time; o The previous audit report (October 2015) stated that fire hydrants were installed but do not meet DFES requirements as identified in a survey in 2012. The survey advised that the system's pressure is insufficient for a major fire event and also several hydrants have been shut off. There has also been no pressure 	prescribed in Australian Standard 2419.1 Fire Hydrant Installation Part 1 System Design, Installation and Commissioning.		

Previous Audit: Inadequate Controls, Non-Compliances and Recommendations					
B. Unresolved at End of Current Audit Period					
Recommendation Reference (no./year)	Licence Number	Obligation	Reference	Auditor's Recommendation	Further Action Required (FAR) (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				
2/2017 (continued)		testing for at least 5 years as this may damage the water mains. The RIA has advised there is an alternative response to fire events by use of bulk fire water tankers. It is outside the scope of this audit to assess the effectiveness of alternative responses;			
		<ul style="list-style-type: none"> o The RIA's approved capital expenditure plan for 2015/16 includes new hydrants and a separate fire main pipeline using non-potable water, to address the issues with mains pressure for firefighting and to deliver a compliant system; o Subsequently, a new fire main and hydrant system from the View Hill Tank and new fire main along Parker Point Road has been installed, including the installation of 1.6 km of 200 mm hydrant main along Parker Point Road and a pump house; 			

Previous Audit: Inadequate Controls, Non-Compliances and Recommendations					
B. Unresolved at End of Current Audit Period					
Recommendation Reference (no./year)	Licence Number	Obligation	Reference	Auditor's Recommendation	Further Action Required (FAR) (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				
2/2017 (continued)	<ul style="list-style-type: none"> ○ The DFES Built Environment Branch assessed pressure and flow testing of the new fire service system during April 2017. The findings of the assessment have now been rectified and the system meets the minimum flow and pressure requirements; and ○ DFES in their April 2017 report, recommended further extensions of the new fire main and the installation of 11 new fire hydrants. 				
3/2017	<ul style="list-style-type: none"> • Number: 161; • Rating: C 2; • Obligation: Act, section 27 and WL10, clause 13.1; and • Details: <ul style="list-style-type: none"> ○ Individual performance standards regarding potable water system are set out in Schedule 3 of RIA's licence WL10, Version 7, dated 22 June 2015 and WL10, Version 8, dated 1 July 2016. The performance standards relate to the pressure and flow 	<ul style="list-style-type: none"> • As planned, the RIA should install metering equipment to enable potable water flow and pressure to be recorded. Potable water flow meters are planned to be installed for the Bathurst, Caroline Thomson and Campground distribution network. 	<ul style="list-style-type: none"> • FAR: yes; and • Details: <ul style="list-style-type: none"> ○ The Ria should measure pressure and flow for connected properties and report it on an annual basis to the ERA as part of its annual performance reports (recommendation 23/2019). 		

Previous Audit: Inadequate Controls, Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

Recommendation Reference (no./year)	Licence Number	Obligation	Reference	Auditor's Recommendation	Further Action Required (FAR) (Yes/No/Not Applicable)
	Controls and Compliance Rating				
	Legislative Obligation				
	Details of Inadequate Controls and/or Non-Compliance				Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
<p>3/2017 (continued)</p>	<p>standards for potable water and conducting an annual desktop audit of the drainage scheme;</p> <ul style="list-style-type: none"> o As noted in the previous audit and in the Compliance Reports for 2015/16 and 2016/17 to the ERA, the RIA is unable to confirm that the potable water pressure and flow levels meet the minimum standards in the licence, as there are no pressure and flow measuring facilities. Installation of the equipment is to be considered in the 2017/18 capital works program. The RIA has advised that there have been no complaints from customers. This is a control issue rather than non-compliance; o The RIA plans to install metering equipment to enable potable water flow and pressure to be recorded. Potable water flow meters are planned to be installed for the Bathurst, Caroline Thomson and 				

Previous Audit: Inadequate Controls, Non-Compliances and Recommendations					
B. Unresolved at End of Current Audit Period					
Recommendation Reference (no./year)	Licence Number	Obligation	Reference	Auditor's Recommendation	Further Action Required (FAR) (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				
3/2017 (continued)	Campground distribution network; and <ul style="list-style-type: none"> Due to delays to the potable and fire hydrant main projects, the installation of potable water meters has been deferred to an October 2017 completion. 				
4/2017	<ul style="list-style-type: none"> Numbers: 100 and 102; Ratings: 100 - B 2 and 102 – A 2; Obligations: Act, section 27 and WL10, clauses 5.1 and 5.3; and Details: <ul style="list-style-type: none"> The “prescribed information” required by the Code of Conduct (Customer Service Standards) 2013 is provided to customers via the monthly Utility Statements and the monthly invoices with the exception of: <ul style="list-style-type: none"> The Utility Statement includes a 24-hour telephone number for faults and emergencies, but this is not stated on the invoice; 			<ul style="list-style-type: none"> The RIA should arrange for the Property Agent to: <ul style="list-style-type: none"> Include the 24-hour telephone number for faults and emergencies on the invoices for water charges; Include on annual and water usage invoices, the RIA website reference for the Customer Water Services Manual and a statement that “the website contains information about estimates, meter reading and testing, complaints and review”; and Include in annual and water usage invoices, the specified information in Clause 12(3) of the Code of Conduct (as noted in the Customer Water 	<ul style="list-style-type: none"> FAR: yes; and Details: <ul style="list-style-type: none"> The RIA should update its tax invoices to ensure it contains all the prescribed information included in clause 13(6) of the 2018 Code of Conduct (recommendation 7/2019); Paxon is satisfied the RIA complied with the stipulations of clauses 13(1), 13(3) and 13(5) of the 2018 Water Services Code of Conduct (Customer Services Standards) 2018 as applicable, during the Audit Period; and Paxon found the RIA did not comply with the stipulations of clause 13(4) for the whole of the Audit Period.

Previous Audit: Inadequate Controls, Non-Compliances and Recommendations					
B. Unresolved at End of Current Audit Period					
Recommendation Reference (no./year)	Licence Number	Obligation	Reference	Auditor's Recommendation	Further Action Required (FAR) (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				
4/2017 (continued)		<ul style="list-style-type: none"> Invoices do not include the RIA website reference for the Customer Water Services Manual and a statement that "the website contains information about estimates, meter reading and testing, complaints and review."; The additional information as per the Code of Conduct is stated in the Customer Water Services Manual. However, from review of the annual and monthly water bills to customers, it was noted that the information specified in clause 12(3) of the Code is not stated on the invoices as follows: clause 12 (3) states: <ul style="list-style-type: none"> that the customer may request a meter reading and bill to determine outstanding charges for a period that is not the same as the usual billing cycle; that the customer may request a meter reading and revised bill if the customer 		Services Manual), as this is a requirement of the Code.	

Previous Audit: Inadequate Controls, Non-Compliances and Recommendations					
B. Unresolved at End of Current Audit Period					
Recommendation Reference (no./year)	Licence Number	Obligation	Reference	Auditor's Recommendation	Further Action Required (FAR) (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				
4/2017 (continued)		<p><i>disputes an estimate on which a bill is based and that if the customer so requests, information about the fees that apply;</i></p> <ul style="list-style-type: none"> <i>that the customer may request, in accordance with the regulations mentioned in section 79(3)(b), the testing of a meter and that if the customer so requests, information about the fees that apply and when the fees may be reimbursed in accordance with the regulations mentioned in section 79(3)(c);</i> <i>that the bill can be reviewed in accordance with the licensee's review procedure mentioned in clause 18;and</i> <i>that complaints about the provision of a water service by the licensee or a failure by the licensee to provide a water service can be made in accordance with the licensee's complaints procedure mentioned in clause 35.</i> 			

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 (FAR) (Yes/No/Not Applicable)
	Asset Management Process and Effectiveness Criterion	Details of Deficiency			
7/2017	<ul style="list-style-type: none"> • Rating: A 2; • Component: Asset Maintenance – Inspections; and • Details: <ul style="list-style-type: none"> ○ From our inspection of the water infrastructure on the Island, there were 7 opportunities for improvement noted as follows: • As noted in the previous review report, there have historically been some water quality issues associated with dead end sections of water mains and the lack of scour valves and washout assemblies; • From our field observations, the water supply holding, and pressurisation tanks do not appear to have a formal system for inspecting the tank roofs and/or tank wall structural integrity. Since the last audit, there has been some progress. However, there appears to be a certain impasse reached with regard 	<ul style="list-style-type: none"> • As previously recommended, the RIA should consider funding in the RIA capital works expenditure budget to install (cut in) scour valves in the lowest lying section of mains or to install wash out assemblies at the end of mains without existing flushing points, which would improve the potable water quality; • PFM should complete an initial inspection and condition report in the short term to ascertain the water tank integrity and develop a maintenance schedule based upon the condition of the assets. A process and/or engineering controls also need to be developed to meet the operational needs of regular and safe tank assessment (i.e. safe access by divers); • The RIA should consider linking the new fire booster system pumps to the remote communications system (SCADA/WINCC network) to ascertain 	<ul style="list-style-type: none"> • Across various dates. 	<ul style="list-style-type: none"> • FAR: no; and • Details: <ul style="list-style-type: none"> ○ Scour valves have been installed and a flushing program implemented; ○ RIA arranged for a remote-controlled underwater vehicle fitted with a camera to inspect tanks 4, 5 and 7. The tanks were assessed to be structurally sound . Preparatory works to improve access to the tanks have been installed to facilitate future inspections; ○ Implementation of the full recommendation is not practical. However, provision has been made for a sudden increase in demand such as would be expected on a fire pump start will raise an alarm condition; ○ The tanks have been labelled as recommended. Labelling of other facilities is considered unnecessary as the facilities are housed in locked areas and accessible to experienced personnel of RIA and PFM only; 	

Previous Review: Deficiencies and Recommendations					
A. Resolved During Current Review Period					
Recommendation Reference (no./year)	Rating		Reviewer's Recommendation	Date Resolved	Further Action Required (FAR) (Yes/No/Not Applicable)
	Asset Management Effectiveness Criterion	Process and			
7/2017 (continued)			<p>issues and/or intervene in the case of operational failure;</p> <ul style="list-style-type: none"> The RIA/PFM should more clearly physically label the water supply and wastewater assets, including tank numbers, fire booster pump systems, and safety requirements such as entry to confined space restrictions at Tank 4; PFM should complete a review and risk assessment for all of the washdown facilities at the chlorine dosing rooms to ensure they are of an adequate standard and as close to the chlorine dosing room exit points as possible; The RIA/PFM should complete a review and risk assessment of the security of key assets for the water services. Consideration should be given to providing an alarmed door to high risk areas such as the chlorine dosing rooms; and The RIA/PFM should arrange the maintenance regimes for the recently created assets – wastewater treatment plant and the fire booster pump system. 		<ul style="list-style-type: none"> Washdown facilities have been relocated adjacent to doors of the dosing rooms; Alarms which will be transferred to the duty operator have been installed on all chlorine dosing facilities; and Maintenance regimes have been added to Maximo.

Previous Review: Deficiencies and Recommendations					
A. Resolved During Current Review Period					
Recommendation Reference (no./year)	Rating		Reviewer's Recommendation	Date Resolved	Further Action Required (FAR) (Yes/No/Not Applicable)
	Asset Management Effectiveness Criterion	Process and			
7/2017 (continued)			<p>some of the buildings have wash-down areas set away from the dosing room entry and would be difficult to find in the case of an emergency;</p> <ul style="list-style-type: none"> • General security: Some of the key assets, while remote are still accessible by the general public visiting the island. It is suggested that a review and risk assessment be undertaken on the security of key assets. Consideration may be given to providing an alarmed door to high risk areas such as the chlorine dosing rooms; and • It is noted that (maintenance) regimes for some of the recently created assets (the wastewater treatment plant and fire booster pump system) are yet to be formalised. Maintenance is being undertaken by PFM whilst negotiations (between the RIA and PFM) are progressed with the aim of resolving contractual variations. 		

Previous Review: Deficiencies and Recommendations					
A. Resolved During Current Review Period					
Recommendation Reference (no./year)	Rating		Reviewer's Recommendation	Date Resolved	Further Action Required (FAR) (Yes/No/Not Applicable)
	Asset Management Effectiveness Criterion	Process and			
8/2017	<ul style="list-style-type: none"> • Rating: A 2; • Component: Capital Expenditure Planning – Asset Life and Condition; and • Details: <ul style="list-style-type: none"> ○ The capital expenditure plans will be updated annually for the condition assessment of assets that is currently in progress; ○ The assets are ageing which may not be adequately reflected in the capital expenditure plan. PFM is developing an Excel spreadsheet that provides information on asset condition and expected operational life with overall risk and consequence of loss. This has not been completed, especially for below-ground assets; and ○ The Plans also have not determined the funding source for the capital expenditure over the next 10 years. 	<ul style="list-style-type: none"> • As planned, the RIA should revise their capital expenditure plans for the assessment of asset condition and useful life that is currently being completed; and • The RIA should endeavour to secure appropriate funding to meet the capital requirements of the Asset Management Plan. 	<ul style="list-style-type: none"> • Not determined. 	<ul style="list-style-type: none"> • FAR: no; and • Details: <ul style="list-style-type: none"> ○ The duties of an Engineer recently appointed by RIA include evaluation of current and future CAPEX requirements and assessment of their funding; and ○ Financial plans prepared for the forthcoming ten years include assessment of funding sources. 	

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	
	Asset Management Process and Effectiveness Criterion			
	Details of Deficiency			
Further Action Required (FAR) (Yes/No/Not Applicable) Details of Further Action Required (Including Current Recommendation Reference, if Applicable)				
5/2017	<ul style="list-style-type: none"> • Rating: A 2; • Component: Asset Planning – Lifecycle Costs; and • Details: <ul style="list-style-type: none"> ○ The lifecycle costs of the water assets have not yet been assessed and budgeted for by the RIA; and ○ The Multi-Utility Asset Management Plan 2016 – 2020 includes a project to establish the asset baseline (condition) of water assets (and other Island assets) and develop a lifecycle costing model. The models for the potable water supply and the wastewater treatment plant and infrastructure, are progressively being developed based upon mapping, condition assessments, updating the asset register in the Computerised Maintenance Management System “Maximo”. 		<ul style="list-style-type: none"> • As planned, the RIA should develop lifecycle costing models for the potable water services and the wastewater treatment services, including completing the condition assessments and populating the asset register in the Maximo system (above-ground assets have been completed). The lifecycle costs should be considered in the long-term planning and budgeting for provision of the services. 	<ul style="list-style-type: none"> • FAR: yes; and • Details: <ul style="list-style-type: none"> ○ The recommendation should be implemented.
6/2017	<ul style="list-style-type: none"> • Rating: A 2; • Component: Asset Planning – Document Version Control; and • Details: 		<ul style="list-style-type: none"> • The RIA should ensure that a consistent version control including revision history, approver and date and next review date are recorded on the asset management planning documents, and 	<ul style="list-style-type: none"> • FAR: yes; and • Details: <ul style="list-style-type: none"> ○ The recommendation should be implemented.

Previous Review: Deficiencies and Recommendations			
B. Unresolved at End of Current Review Period			
Recommendation Reference (no./year)	Rating		Reviewer's Recommendation
	Asset Management Process and Effectiveness Criterion		
	Details of Deficiency		
		Further Action Required (FAR) (Yes/No/Not Applicable)	Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
6/2017 (continued)	<ul style="list-style-type: none"> ○ The Asset Management Plans have been developed or updated in the past 2 years. The asset investment required is programme each year; ○ It was noted that not all documents have version control including approval date and next review date; and ○ For example, the Strategic Asset Plan 2016-17 to 2026-27 (no version control) and the Multi Utility Asset Management Plan 2016-2020 (has revision history but no approval date and next review date). 		a reminder is included in a register such as the Licence and Compliance Register.

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 Table 6 - taken from the ERA's document entitled: "2019 Audit and Review Guidelines - Water Licences – March 2019" (ERA's Guidelines, Table 6).

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 Audit: Controls and Compliance Rating Scales, as contained in the ERA's Guidelines: Table 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 (Refer to the 6-point rating scale in Table 8 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 8 for details)					
	Water Services Act 2012 Section Number	Water Services Licence – Version 8 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	2	✓									✓		
3	21(1)(c)	3.1.1 & 3.5		2	✓										✓	
4	22	3.4.1	Provide water services outside operating areas	2										✓	✓	
5	23	3.5	Manage of water service works	4				✓						✓		
6	24(1)(a) & 24(2)	4.1.1	Asset management system	2	✓									✓		
7	24(1)(b)	4.1.2 & 4.1.1		4	✓									✓		
8	24(1)(c)	4.1.3		4	✓										✓	
9	25	4.3.1	Provide an operational audit	4	✓									✓		
11	27	3.1.1	Comply with code of conduct made by ERA	4				✓						✓		
12	29	3.1.1	Comply with the Act	4				✓						✓		
13	36	3.1.1	Perform duties on ceasing to provide a water service	2				✓							✓	
14	60	5.6.1	Perform functions of supplier of last resort	2				✓							✓	

¹ The “No.” refers to the 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 8			(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
15	66	5.5.1	Comply with Water Services Ombudsman Scheme	4		✓						✓				
16	77(3)	3.1.1	Minimise water services interruption	2	✓								✓			
17	82(4) & (5)	3.1.1	Respond to notification of building works	4								✓			✓	
18	84(2)	3.1.1	Give notice of intention to commence works	4				✓							✓	
19	87(2)	3.1.1	Defer works on application to State Administrative Tribunal	4				✓							✓	
20	90(7)	3.1.1	Consult with landowner	4				✓							✓	
21	95(3)	3.1.1	Refrain from cutting off water supply to occupied dwelling	2				✓							✓	
22	96(1)	3.1.1	Install fire hydrants	2				✓				✓				
23	96(5)	3.1.1	Comply with FESA of local government request	4				✓						✓		
24	98(3)	3.1.1	Connect a wastewater inlet	2				✓							✓	
25	106(2)	3.1.1	Include specified information in a compliance notice	4		✓									✓	
26	110(3)	3.1.1	Connect drainage asset to Licensee's drainage works	2				✓							✓	
27	112(5)	3.1.1	Modify property drainage connection	2				✓							✓	
28	119(2)	3.1.1	Include specified information in compliance notice	4				✓							✓	

No. ¹	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Rating: (1 = High to 5 = Low)	Controls Rating						Compliance Rating					
	Water Services Act 2012	Water Services Licence – Version 8			(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
29	122(2)	3.1.1	Refrain from acting on application to State Administrative Tribunal	4					✓							✓
30	125(2)	3.1.1	Apportion fees discretion	4												✓
31	128(4)	3.1.1	Lodge withdrawal of memorial with Registrar	4												✓
32	129(5)	3.1.1	Notify occupants of a place of proposed entry	4					✓			✓				
33	139(3)	3.1.1	Notify before exercising a works power	4												✓
34	141(1)	3.1.1	Notify public authority managing a road	4												✓
35	142	3.1.1	Comply with Act in case of proposed major works	4					✓							✓
36	143 (2)	3.1.1	Publicise major works	4					✓							✓
37	143 (3)	3.1.1	Notify specified persons and agencies of proposed major works	4					✓							✓
38	144(3)	3.1.1	Have regard to objections and submissions	4					✓							✓
39	145(2)	3.1.1	Give written notice of alterations to plans or details	4					✓							✓
40	147(3)	3.1.1	Comply with Minister’s direction as to major works	4					✓							✓
41	147(4)	3.1.1	Resubmit major works proposal	4					✓							✓
42	151(1)	3.1.1	Publicise proposed general works	4												✓

No. ¹	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Rating: (1 = High to 5 = Low)	Controls Rating						Compliance Rating						
	Water Services Act 2012	Water Services Licence – Version 8			(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	
43	151(2)	3.1.1	Notify specified persons and agencies of general works	4										✓			✓
44	152(3)	3.1.1	Have regard to objections and submissions	4										✓			✓
45	153(3)	3.1.1	Give written notice of alterations to plans or details	4										✓			✓
46	166(5)	3.1.1	Acquire an interest in land	4										✓			✓
47	166(6)	3.1.1	Pay costs for acquiring land	4										✓			✓
48	170	3.1.1	Refrain from selling an interest in land	4										✓			✓
49	173(4)	3.1.1	Notify owner or occupier of a place of proposed entry	4				✓								✓	
50	174(1)	3.1.1	Give written notice of proposed entry	4				✓								✓	
51	174(3)	3.1.1	Give notice of entry to occupier when practicable	4				✓								✓	
52	175(2)	3.1.1	Perform prescribed actions prior to entry of premises	4				✓								✓	
53	175(5)	3.1.1	Leave notice or warrant copy in prominent position in dwelling	4				✓								✓	
54	176(1)	3.1.1	Leave premises at request of owner or occupier	4				✓								✓	
55	176(3)	3.1.1	Produce a certificate of authority	4				✓								✓	
56	176(4)	3.1.1	Leave a place if no evidence of authority to enter can be presented on request	4				✓								✓	

No. ¹	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority 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 8			A	B	C	D	NP	NA	1	2	3	4	NR	NA
	Section Number	Clause Number														
57	181	3.1.1	Comply with reasonable request from owner or occupier	4					✓						✓	
58	186	3.1.1	Include prescribed information in a warrant application	4					✓						✓	
59	187(1) – (3)	3.1.1	Make entry warrant application as per specified procedures	4					✓						✓	
60	190(4)	3.1.1	Produce warrant for inspection by occupier of a place	4					✓						✓	
61	190(5)	3.1.1	Record prescribed information on warrant	4					✓						✓	
62	210(5)	3.1.1	Give certificate of authority to designated inspector or compliance officer	4					✓						✓	
63	218(2)	3.1.1	Maintain free use of a place and limit damage, harm or inconvenience	4	✓										✓	
64	218(3)	3.1.1	Make good damage or pay compensation	4	✓										✓	

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 8			(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	4			✓							✓		
66	24(4)	3.1.1	Include specified information in compliance notice for meter access	4			✓							✓		
67	26(3)	3.1.1	Test meter as per approved procedure	4	✓									✓		
68	26(5)	3.1.1	Take actions - meter is outside prescribed tolerance	4	✓									✓		
69	29(1)	3.1.1	Defer payment of infrastructure contribution on request	4						✓				✓		
70	42(2)	3.1.1	Stipulate date for backflow prevention device installation and testing	4			✓							✓		
71	43(3)	3.1.1	Stipulate date for backflow prevention device testing or maintenance	4			✓							✓		
72	43(6)	3.1.1	Stipulate actions for making good backflow prevention device	4			✓							✓		
74	60(2)	3.1.1	Give notice of altering position of infrastructure in roads	4						✓				✓		
75	63	3.1.1	Reinstate or make good road surface opened or broken up	4						✓				✓		
89	85	3.1.1	Include stipulated information in compliance notices	4			✓							✓		

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 8			Clause Number	Clause Number	A	B	C	D	NP	NA	1	2	3	4
92	8(1)-(3)	3.1.1	Have written information available for customers	4				✓								✓
93	9(2) and (4)	3.1.1	Complete 90% of connections within 10 business days	4				✓								✓
94	10(2)	3.1.1	Issue bills for fixed charges at least annually	4	✓											✓
95	11(2)	3.1.1	Issue bills for quantity charges every 4 months	4	✓											✓
96	11(3)	3.1.1	Base bill for usage on a meter reading	4	✓											✓
97	11(4)	3.1.1	Base bill for usage on an estimate (as per prescribed regulations)	4	✓											✓
98	11(5)	3.1.1	Base bill for usage on a reasonable estimate (no applicable regulations)	4	✓											✓
98A	11(6)	3.1.1	Issue usage bill based on a meter reading at least annually	4				✓								✓
99	12	3.1.1	Send bill to stipulated address	4	✓											✓
100	13(1)	3.1.1	Include prescribed information in each bill	4				✓								✓
100A	13(3)	3.1.1	Specify charges payable for different water services included on the same bill	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 (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 8			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	4				✓							✓	
101 A	13(5)	3.1.1	Include reference to prescribed information on a usage bill (usage based on an estimate)	4				✓							✓	
102A	12(3)	3.1.1	Include prescribed information in each bill	4				✓							✓	
103	14(1)	3.1.1	Tell customer on request of basis and reason for estimate	4				✓								✓
104	14(2)	3.1.1	Make changes to next bill if previous estimate was unreasonable	4				✓								✓
104A	15(3)	3.1.1	Include prescribed information in each usage bill	4				✓								✓
105	16(1)	3.1.1	Provide customers on request with a meter reading and bill	4	✓										✓	
106	17(2) and (3)	3.1.1	Have written rules for granting a discount	4				✓							✓	
107	18(2)	3.1.1	Limit recovery period for undercharged amounts	4	✓											✓
108	18(3)	3.1.1	Explain undercharged amounts in bills	4	✓											✓
109	18(4)	3.1.1	Do not charge interest or late payment fees on an undercharged amount	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 (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 8			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	4			✓							✓		
111 A	19(2)	3.1.1	Credit customer account with overcharged amount or inform accordingly	4	✓					✓						
112 A	19(3)	3.1.1	Refund or credit customer's account with overcharged amount within 15 business days	4			✓					✓				
112 B	19(4)	3.1.1	Credit customer's account within 15 business days if no instructions were received	4			✓					✓				
112 C	19(5)	3.1.1	Notify customer immediately after crediting overcharged amount to customer's account	4			✓					✓				
113	20(1)	3.1.1	Review a bill on a customer's request	4	✓					✓						
114	20(2)	3.1.1	Have a written bill review procedure	4	✓					✓						
115	20(3) and (6)	3.1.1	Include specified information in bill review procedure	4	✓					✓						
116	20(4)	3.1.1	Refer to alternative review procedure in bill review procedure	4			✓					✓				
117	20(5)	3.1.1	Inform customer of bill review outcome	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 (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 8			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	4			✓						✓			
118	23	3.1.1	Set bill due date after 14 days from issue date	4	✓								✓			
119	24(1)	3.1.1	Allow customers to pay bill using any prescribed method selected	4	✓								✓			
120	24(2)	3.1.1	Inform customers of bill payment methods' fees and charges	4			✓					✓				
121	25(1)	3.1.1	Obtain express consent for direct debit bill payment	4						✓					✓	
122	26(1)	3.1.1	Accept advance payment from a customer	4	✓								✓			
123	27	3.1.1	Redirect a customer's bill on request	4			✓						✓			
124A	28(2)	3.1.1	Inform customer of bill payment plan right	4	✓										✓	
124B	28(3)	3.1.1	Consider the customer's capacity to pay a bill	4			✓								✓	
124 C	28(4)	3.1.1	Consider if payment plan should be interest-free or fee-free or both	4			✓								✓	
125	29(1) and (2)	3.1.1 and 5.4.1	Have a written financial hardship policy as approved by ERA	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 (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 8			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	4											✓	
126 B	29(4)	3.1.1	Ensure financial hardship policy amendments are ERA approved	4											✓	
127	29(5)	3.1.1	Ensure financial hardship policy is in effect 6 months after licence issue	4											✓	
128	29(6)	3.1.1 and 5.4.1	Make financial hardship policy available as specified	4											✓	
129A	29(7)	3.1.1 and 5.4.1	Review financial hardship policy every 5 years	4											✓	
129B	29(8)	3.1.1 and 5.4.1	Review financial hardship policy on ERA direction	4											✓	
129C	29(9)	3.1.1 and 5.4.1	Consult with relevant customer organisations	4											✓	
130 A	30(2)	3.1.1	Advise customer of right to pay bill under a interest-free and fee-free payment plan	4											✓	
130B	30(3)	3.1.1	Consider the customer's capacity to pay a bill	4											✓	
131A	30(4)(a)	3.1.1	Consider reducing the amount the customer owes.	4											✓	
131B	30(4)(b)	3.1.1	Review how a customer is paying a bill	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 (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 8			Clause Number	Clause Number	A	B	C	D	NP	NA	1	2	3	4	NR
131C	30(4)(c)	3.1.1	Provide specified written information to a customer	4												✓	✓
133	31(4) and (5)	3.1.1	Have written information on payment schemes available for customers	4	✓												✓
133A	32	3.1.1	Refrain from charging interest or fees for late bill payments	4				✓									✓
134	33(1)(a) – (c)	3.1.1	Refrain from recovering a customer debt	4				✓									✓
134 A	33(1)(d) – (e)	3.1.1	Refrain from recovering a customer debt in case of bill complaint	4				✓									✓
135	40(1)	3.1.1	Restore water supply if amount owing is paid	4				✓									✓
136	40(2)	3.1.1	Restore water supply in specified circumstances	4	✓												✓
137 A	36(1)	3.1.1	Refrain from water supply restriction in specified circumstances	4				✓									✓
137 B	36(2)	3.1.1	Refrain from restriction notice less than 7 days before commencement date	4				✓									✓
137C	36(3)	3.1.1	Include specified information in restriction notice	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 (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 8			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	4				✓							✓	
138A	37(1)(f) – (g)	3.1.1	Refrain from starting a water supply restriction in specified circumstances	4				✓							✓	
138 B	38	3.1.1	Refrain from starting a water supply restriction during specified times	4				✓							✓	
139	39	3.1.1	Refrain from reducing water flow to below 2.3 litre per minute	4				✓							✓	
142	41(4)	3.1.1	Restore water supply to land within specified timeframe	4				✓							✓	
144	41(6)	3.1.1	Ensure a 90% compliance rate with clause 41(4)	4				✓							✓	
144 A	43(1)	3.1.1	Give notice of planned service interruption to all affected customers	4			✓				✓					
144 B	43(2)	3.1.1	Give notice of planned service interruption within specified timeframes	4			✓				✓					
144 C	44(1)	3.1.1	Maintain policies, practices and procedures for stipulated circumstances	4	✓						✓					
144 D	44(2)	3.1.1	Include prescribed matters in policies, practices and procedures	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 (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 8			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	4	✓									✓		
145	46(1)	3.1.1	Have a written complaints procedure	4	✓									✓		
146	46(2)	3.1.1	Develop complaints procedure using as a minimum standards AS/NZS 10002-2014	4			✓							✓		
147	46(3)	3.1.1	Include specified matters in complaints procedure	4			✓							✓		
148 A	46(4)	3.1.1	List procedures available under the Act in the complaint's procedure	4			✓							✓		
149	46(5)	3.1.1	Make complaints procedure available to customers	4	✓									✓		
149 A	47	3.1.1	Provide customer with specified information on resolving complaint	4		✓								✓		
150	48(1)	3.1.1	Provide customer with specified services	4			✓							✓		
152	48(2)	3.1.1	Make personal account information available to customer	4			✓							✓		
153	49(1)	3.1.1	Make prescribed information available as specified	4			✓							✓		
154	49(2)	3.1.1	Ensure specified information about bills can be obtained from website	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 (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 8			Clause Number	Clause Number	A	B	C	D	NP	NA	1	2	3	4
154A	49(3)	3.1.1	Ensure website contains a link to a current version of this code	4				✓				✓				
154B	51(1) and (3)	3.1.1	Maintain an up to date preserved supply register	4				✓							✓	
154C	52	3.1.1	Refrain from reducing the rate of flow of water supply to a preserved supply register address	2				✓								✓
154D	53	3.1.1	Sent notice required by clause 43(1) by post or deliver to preserved supply register address	4				✓				✓				

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 8			A	B	C	D	NP	NA	1	2	3	4	NR	NA
	Section Number	Clause Number														
155	12	3.2.1	Pay fees and charges	4			✓						✓			
156	12	3.1.1	Comply with applicable legislation	4			✓						✓			
159	12	3.1.2	Comply with ERA direction	4			✓								✓	
160	12	3.6.1	Maintain accounting records	4			✓				✓					
161	12	4.2.1	Comply with individual performance standards	2			✓						✓			
162	12	4.3.4	Comply with operational audit responsibilities	4	✓						✓					
163	12	3.7.1(a), (b), (c)	Report specific situations to the ERA	2			✓								✓	
165	12	3.8.1	Provide specified information to the ERA	2			✓								✓	
166	12	3.8.2	Comply with ERA prescribed information reporting requirements	2	✓						✓					
167	12	3.8.3	Provide performance reporting data to the ERA	2	✓						✓					
168	12	2.8.1 and 2.8.2	Publish information as specified by the ERA	4			✓								✓	
169	12	2.7.1	Give all notices in writing	4	✓						✓					
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 (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 8			A	B	C	D	NP	NA	1	2	3	4	NR	NA
	Section Number	Clause Number														
173	12	5.5.1	Supply water only if a member of the water services ombudsman scheme	4	✓						✓					
175	12	5.1.1	Submit a draft customer contract for approval	4			✓							✓		
176	12	5.1.2	Comply with Customer Contract Guidelines	4						✓					✓	
177	12	5.1.3	Amend customer contract only with ERA's approval	4			✓							✓		
178	12	5.1.5	Comply with ERA direction to amend customer contract	4			✓							✓		
179	12	5.3.1 and 5.3.2	Obtain ERA approval to vary customer agreement	4			✓							✓		
180	12	5.3.4	Publish annual report containing specified information	4			✓							✓		
181	12	5.6.1	Comply with Act if supplier of last resort	4			✓							✓		
182	12	3.4.1(b)	Apply for licence amendment if providing water services outside operating area	4						✓					✓	
183	12	5.4.3	Comply with ERA's Financial Hardship Policy Guidelines	4						✓					✓	
184	12	6.1.1	Enter a MOU with the Department of Health	4	✓						✓					
185	12	6.1.2	Ensure MOU comply with specified requirements	4	✓							✓				
186	12	6.1.3	Comply with MOU terms	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 (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 8			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	4	✓										✓	
188	12	6.1.5	Publish audit report on compliance with MOU obligations on website	4	✓										✓	
189	12	6.1.6	Publish reports required by the Department of Health or set out in MOU on website	4	✓						✓					
190	12	Schedule 2	Comply with service and performance standards	2			✓								✓	

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 8				Controls	Compliance
	Section Number	Clause Number					
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.	2	<p>Controls:</p> <ul style="list-style-type: none"> Paxon examined the RIA document entitled: “<i>Rottnest IS – Water Customer Services</i>” which states under the heading: “1.6 Services provided”: “<i>The Rottnest Island Authority will: - Provide all customers with water services.</i>” <p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of the RIA’s Environment Sustainability and Compliance Manager (RIA Representative) that, during the Audit Period, the RIA did provide water services to all persons within the operating area of WL10. 	A	1
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.	2	<p>Controls and Compliance:</p> <ul style="list-style-type: none"> The provision, operation and maintenance of the water service works during the Audit Period are covered in comprehensive detail in section 5 of this Report. The reviewer rated the RIA’s asset management system across 12 asset management system processes, as referred to in the Review section of this Report. The Reviewer has stated: 	A	1

2 The “No.” refers to the 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 Section Number	Water Services Licence – Version 8 Clause Number				Controls	Compliance
3 (cont.)					<p><i>“This review concludes that RIA operated all areas of its potable water supply services, non-potable water supply services, sewerage services and drainage services in a professional and competent manner.</i></p> <p><i>RIA is consistently achieving or exceeding the standards required of its various licences and agreements related to management of its assets, water and wastewater treatment and delivery of safe potable and non-potable water supplies.”</i></p> <p>A summary of the Reviewer’s findings is included in Table 2 above.</p>		
4	22	3.4.1	The licensee must notify the ERA as soon as practicable before commencing to provide the water service outside of the operating area of the license.	2	<p>Controls and Compliance:</p> <ul style="list-style-type: none"> • Paxon examined map “OWR-OA-189” and noted it covers the whole of Rottnest Island as well as the sea around the island. Thus, this obligation is not applicable to the RIA’s circumstances. 	NA	NA
5	23	3.5	All water service works used by the licensee in the provision of a water service must be held by the licensee or must be covered by a works holding arrangement.	4	<p>Controls:</p> <ul style="list-style-type: none"> • Paxon examined the RIA documents entitled: <ul style="list-style-type: none"> ○ “Regulatory Commitments”; ○ “Utilities Licence and Compliance Register”; and ○ “Rottnest IS – Water Customer Services”. <p>Hereinafter collectively referred to as the “RIA Control Documents”;</p>	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 8				Controls	Compliance
	Section Number	Clause Number					
5 (cont.)					<ul style="list-style-type: none"> • Paxon found the RIA’s “Regulatory Commitments” document only refers to a small number of compliance obligations in terms of the water services legislative instruments; • Paxon found the RIA’s “Utilities Licence and Compliance Register” document also only refers to a small number of compliance obligations in terms of the water services legislative instruments; • Paxon found the RIA’s “Rottnest IS – Water Customer Services” document (Customer Manual) addresses compliance obligations from the perspective of customers and not in general terms. Paxon further notes the Customer Manual was last updated on 31 May 2016. Thus, this document was not updated to take account of the stipulations of the: <ul style="list-style-type: none"> ○ Water Services Code of Conduct (Customer Service Standards) 2018; and ○ ERA: Water services licence – Rottnest Island Authority – WL10, version 8, 1 July 2016. • Paxon could not find any direct reference to the stipulations of section 23 of the Act in the RIAs Control Documents. 		

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 Section Number	Water Services Licence – Version 8 Clause Number				Controls	Compliance
5 (cont.)					<p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of the RIA Representative that, during the Audit Period, the RIA owned all water service works used in the provision of water services; and <p>Recommendation 1/2019:</p> <ul style="list-style-type: none"> The RIA should consider implementing a compliance register which records all its obligations in terms of the Water Legislation. This register should identify, per individual compliance obligation, appropriate policy and procedure documents and responsible employees. The ERA’s document entitled: “<i>Water Compliance Reporting Manual - Water Services Act 2012 – May 2018</i>” may help the RIA to develop its own compliance register. 		
6	24(1)(a) & 24(2)	4.1.1	The licensee must have an asset management system that provides for the operation and maintenance of the water service works.	2	<p>Controls and Compliance:</p> <ul style="list-style-type: none"> See the findings for compliance obligation number 3 above. 	A	1
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.	4	<p>Controls:</p> <ul style="list-style-type: none"> Paxon examined the RIA’s “<i>Utilities Licence and Compliance Register</i>” and found it included an appropriate reference to section 24(1)(b) of the Act. 	A	3

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 8				Controls	Compliance
	Section Number	Clause Number					
7 (cont.)					<p>Compliance:</p> <ul style="list-style-type: none"> • Paxon confirmed by interview of the RIA Representative that, during the Audit Period, the RIA did make changes to its asset management system which included: <ul style="list-style-type: none"> ○ Upgrade of the WWTP; and ○ Automated chlorination for tanks 4 and 5. • Paxon examined the results of a TRIM search of records conducted for “ERA”. The search results found no records regarding the RIA giving details of these changes to its asset management system to the ERA. <p>Recommendation 2/2019:</p> <ul style="list-style-type: none"> • The RIA must give details of any changes to its asset management system to the ERA. 		
8	24(1)(c)	4.1.3	A licensee must provide the ERA with a report by an independent expert as to the effectiveness of its asset management system every 24 months, or such longer period as determined by the ERA.	4	<p>Controls:</p> <ul style="list-style-type: none"> • Paxon examined the RIA’s “Utilities Licence and Compliance Register” and found it included an appropriate reference to section 24(1)(c) of the Act. <p>Compliance:</p> <ul style="list-style-type: none"> • Quantum Assurance performed an operational audit and asset management system review of 	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 Section Number	Water Services Licence – Version 8 Clause Number				Controls	Compliance
8 (cont.)					WL10 in 2017. Both the Audit and Review covered the period 01/07/2015 to 30/06/2017; and <ul style="list-style-type: none"> Paxon was appointed by the ERA to conduct an operational audit and asset management system review of WL10 for the period 01/07/2017 to 30/06/2019. 		
9	25	4.3.1	A licensee must, not less than once every 24 months, or such longer period as determined by the ERA, provide the ERA with an operational audit conducted by an independent expert appointed by the ERA.	4	Controls: <ul style="list-style-type: none"> Paxon examined the RIA's "Utilities Licence and Compliance Register" and found it included an appropriate reference to section 25 of the Act. Compliance: <ul style="list-style-type: none"> See the compliance findings section for compliance obligation number 8 above. 	A	1
11	27	3.1.1	The licensee must comply with the code of conduct that may be made by the ERA to the extent to which it applies to the licensee and is not inconsistent with the licence.	4	Controls and Compliance: <ul style="list-style-type: none"> An assessment of controls for, and compliance with the "Water Services Code of Conduct (Customer Service Standards) 2018" (2018 Customer Service Standards) is included in this Report - see compliance obligation numbers 92 to 154D below; and Recommendations for individual obligations, as considered appropriate, were made and are disclosed within this Report. 	D	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 8				Controls	Compliance
	Section Number	Clause Number					
12	29	3.1.1	The licensee must comply with the duties imposed on it by the Act in relation to its licence and must carry out its operations in respect of the licence in accordance with the Act.	4	<p>Controls and Compliance:</p> <ul style="list-style-type: none"> An assessment of controls for, and compliance with the Act is included in this Report - see compliance obligation numbers 2 to 64 and 155 to 190 below; and Recommendations for individual obligations, as considered appropriate, were made and are disclosed within this Report. 	D	2
13	36	3.1.1	If the licensee ceases to provide a water service in an area, the licensee must ensure that the water service works are left in a safe condition and must not remove any part of the works except with the approval of the Minister.	2	<p>Controls:</p> <ul style="list-style-type: none"> Paxon could not find any direct reference to the stipulations of section 36 of the Act in the RIAs Control Documents; and See the controls findings section and recommendation made for compliance obligation number 5 above. <p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of the RIA Representative that, during the Audit Period, the RIA did not cease to provide a water service in an area. 	D	NR
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	2	<p>Controls:</p> <ul style="list-style-type: none"> Paxon could not find any direct reference to the stipulations of section 60 of the Act in the RIAs Control Documents; 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 8				Controls	Compliance
	Section Number	Clause Number					
14 (cont.)			comply with the relevant duties and carry out the relevant operations prescribed.		<ul style="list-style-type: none"> See the controls findings section and recommendation made for compliance obligation number 5 above. <p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of the PFM's Island Engineer that, during the Audit Period, the RIA was not a supplier of last resort for a designated area. 		
15	66	5.5.1	Licensees who are required to be a member of the water services ombudsman scheme agree to be bound by, and compliant with, any decision of direction of the water services ombudsman under the scheme.	4	<p>Controls:</p> <ul style="list-style-type: none"> Paxon could not find any direct reference to the stipulations of section 66 of the Act in the RIAs Control Documents; and The RIA's control documents should refer to this compliance obligation (see the recommendation made for compliance obligation number 5 above). However, Paxon is satisfied, based on the compliance findings below that a rating of B is adequate. <p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of the RIA Representative that, during the Audit Period, the RIA was a member of the water services ombudsman scheme and did comply with, any decision of direction of the water services ombudsman under the scheme. 	B	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 8				Controls	Compliance
	Section Number	Clause Number					
16	77(3)	3.1.1	The licensee must take reasonable steps to minimise the extent or duration of any interruption of water services it is responsible for.	2	<p>Controls:</p> <ul style="list-style-type: none"> Paxon examined the RIA’s Customer Manual which states under the heading: “4.1 Entry to Customer’s Property”: <i>“The Rottnest Island Authority will make every effort to minimize the interruption to your water supply, but on occasion planned maintenance on the water services needs to be carried out.”</i> <p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of the RIA Representative that, during the Audit Period, the RIA did not take took reasonable steps to minimise the extent or duration of planned interruptions of water services it was responsible for (as reported in the RIA’s 2016/2017 and 2017/2018 compliance reports); Paxon examined the RIA’s compliance report for 2016/2017 which states: <i>“In the 2016/17 reporting period there were 4 breakages to the main water reticulation system.”</i>; and Paxon examined the RIA’s compliance report for 2017/2018 which states: <i>“In the 2017/18 compliance period there were 6 breakages to the main water reticulation system.”</i> 	A	3

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 8				Controls	Compliance
	Section Number	Clause Number					
16 (cont.)					<p>...There is still a risk of unplanned interruptions due to ageing infrastructure.</p> <p>Stage 2 (analysis and rationalisation of scanning data) will continue into 2018/2019, pending finalisation of recruitment process.</p> <p>1st December 2018 depending on progress.”</p> <p>Recommendation 3/2019:</p> <ul style="list-style-type: none"> The RIA must take reasonable steps to minimise the extent or duration of any interruption of water services it is responsible for, so as to comply with the stipulations of section 77(3) of the Act. 		
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 proposed building work that the licensee considers necessary to ensure the safety and efficacy of the provision of water services provided, or to be provided. The licensee must do this within 7 days of receiving the fee for dealing with the notification.	4	<p>Controls and Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of the RIA Representative that the RIA is the owner of all properties on Rottnest Island. Thus, the RIA must be informed of and approve all developments on Rottnest Island. Thus, this compliance obligation which is applicable to other property owners was not applicable to the RIA during the Audit Period. 	NA	NA

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 Section Number	Water Services Licence – Version 8 Clause Number				Controls	Compliance
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.	4	<p>Controls:</p> <ul style="list-style-type: none"> Paxon could not find any direct reference to the stipulations of sections 84(2) and 87(2) of the Act in the RIAs Control Documents; and See the controls findings section and recommendation made for compliance obligation number 5 above. <p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of RIA Representatives that, during the Audit Period, the RIA did not give a notice under section 83(3)(a) of the Act. 	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.	4	<ul style="list-style-type: none"> See the findings for compliance obligation number 18 above. 	D	NR
20	90(7)	3.1.1	If the licensee gives a compliance notice to a person who is undertaking construction or carrying out similar works in the vicinity of water service works, the licensee must, to the extent practicable, consult with the owner of the land on which the obstruction	4	<p>Controls:</p> <ul style="list-style-type: none"> Paxon could not find any direct reference to the stipulations of section 90(7) of the Act in the RIAs Control Documents; 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 8				Controls	Compliance
	Section Number	Clause Number					
20 (cont.)			is located or the activity is taking place if the person to be given the notice is not the owner of the land.		<ul style="list-style-type: none"> See the controls findings section and recommendation made for compliance obligation number 5 above. <p>Compliance:</p> <ul style="list-style-type: none"> Paxon examined the results of a TRIM search of records conducted for “<i>Compliance notices</i>”. The search results found no compliance notices were issued during the Audit Period regarding water services. 		
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.	2	<p>Controls:</p> <ul style="list-style-type: none"> Paxon could not find any direct reference to the stipulations of section 95(3) of the Act in the RIAs Control Documents; and See the controls findings section and recommendation made for compliance obligation number 5 above. <p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of the PFM’s Island Engineer that, during the Audit Period, during the Audit Period, the RIA did not cut off the supply of water to an occupied dwelling; and Paxon examined the RIA’s “<i>Water Customer Complaints Reporting Register 2017/2018</i>” and found no recorded complaints regarding the cut off of potable water. 	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 8				Controls	Compliance
	Section Number	Clause Number					
22	96(1)	3.1.1	If the licensee provides water supply reticulation works, or enters into an agreement for the provision of water supply reticulation works, the licensee must install fire hydrants attached to those works in accordance with the requirements of FESA, or the relevant local government as to the location and type of hydrant.	2	<p>Controls:</p> <ul style="list-style-type: none"> • Paxon could not find any direct reference to the stipulations of sections 96(1) of the Act in the RIAs Control Documents; and • See the controls findings section and recommendation made for compliance obligation number 5 above. <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon confirmed by interview of the RIA Representative that, during the Audit Period, RIA did install a new fire hydrant network in accordance with FESA requirements; and • Paxon examined a GHD specification, dated 11/02/2019, entitled: <i>“Water Supply Main Upgrade with Hydrant Supply Connections – Bedford and Colebatch Avenue”</i>. This specification states in section 7 entitled: <i>“Hydrants”</i> the following regarding design: <i>“Standard: To AS 2419.1. Water Corporation Design Standard – Water Reticulation DS63 with respect to hydrant spacing and coverage.”</i> 	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 Section Number	Water Services Licence – Version 8 Clause Number				Controls	Compliance
23	96(5)	3.1.1	The licensee must comply with requests made by FESA or a local government under sections 96(3) and 96(4) of the Act to the extent practicable and within a reasonable time.	4	<p>Controls:</p> <ul style="list-style-type: none"> • Paxon could not find any direct reference to the stipulations of section 96(5) of the Act in the RIAs Control Documents; and • See the controls findings section and recommendation made for compliance obligation number 5 above. <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon confirmed by interview of RIA Representatives that, during the Audit Period, a DFES report, dated 22 June 2018, regarding “Flow and Pressure Testing of Fire Hydrants” on Rottnest Island was issued. This report made a number of recommendations; and • Paxon has noted the RIA’s 2017-2018 Compliance Report states: <i>“Phase 2 of the construction (phased upgrade and replacement of the fire main system) will be phased over the coming years.”</i> <p>Recommendation 4/2019:</p> <ul style="list-style-type: none"> • The RIA should follow the recommendations made in the DFES report, dated 22 June 2018, regarding “Flow and Pressure Testing of Fire Hydrants”. 	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 8				Controls	Compliance
	Section Number	Clause Number					
24	98(3)	3.1.1	If required to by the Minister, the licensee must connect a wastewater inlet on land to the sewerage works of the licensee.	2	<p>Controls:</p> <ul style="list-style-type: none"> Paxon could not find any direct reference to the stipulations of section 98(3) of the Act in the RIAs Control Documents; and See the controls findings section and recommendation made for compliance obligation number 5 above. <p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of the RIA Representative that, during the Audit Period, the Minister did not require the RIA to connect a wastewater inlet on land to the sewerage works of the licensee. 	D	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.	4	<p>Controls:</p> <ul style="list-style-type: none"> Paxon examined the RIA’s Customer Manual which states under the heading: “4.2 Rectifying Defective Work “: <ul style="list-style-type: none"> “If the RIA becomes aware of any defective or improper work forming part of the water services and fittings, it may serve a notice requiring the customer to remedy any such defect or improper work within a specified time frame.”; and Paxon believes the above-mentioned reference is incomplete as it does not refer to the stipulations of section 106(2)(a) of the Act which includes the 	B	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 8				Controls	Compliance
	Section Number	Clause Number					
25 (cont.)					<p>following specification for such a compliance notice:</p> <p><i>“ in what way the person given the notice has failed to comply with section 104 or 105, including in what way the discharge or the fitting, fixture or pipe is not in accordance with the licensee’s approval”</i></p> <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon examined the results of a TRIM search of records conducted for “Compliance notices”. The search results found no compliance notices were issued during the Audit Period regarding water services. 		
26	110(3)	3.1.1	If required to by the Minister, the licensee must connect a drainage asset on land to the drainage works of the licensee.	2	<p>Controls:</p> <ul style="list-style-type: none"> • Paxon could not find any direct reference to the stipulations of section 110(3) of the Act in the RIAs Control Documents; and • See the controls findings section and recommendation made for compliance obligation number 5 above. <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon confirmed by interview of RIA Representatives that, during the Audit Period, the Minister did not require the RIA to connect a drainage asset on land to the drainage works of the licensee. 	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 Section Number	Water Services Licence – Version 8 Clause Number				Controls	Compliance
27	112(5)	3.1.1	If required by the Minister, the licensee must modify the property drainage connection.	2	<p>Controls:</p> <ul style="list-style-type: none"> Paxon could not find any direct reference to the stipulations of section 112(5) of the Act in the RIAs Control Documents; and See the controls findings section and recommendation made for compliance obligation number 5 above. <p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of RIA Representatives that, during the Audit Period, the Minister did not require the RIA to modify a property drainage connection. 	D	NR
28	119(2)	3.1.1	The licensee must include the information specified in a compliance notice given in relation to the matters set out in section 119(1).	4	<p>Controls:</p> <ul style="list-style-type: none"> Paxon could not find any direct reference to the stipulations of section 119(2) of the Act in the RIAs Control Documents; and See the controls findings section and recommendation made for compliance obligation number 5 above. <p>Compliance:</p> <ul style="list-style-type: none"> Paxon examined the results of a TRIM search of records conducted for “Compliance notices”. The search results found no compliance notices were issued during the Audit Period regarding water 	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 8				Controls	Compliance
	Section Number	Clause Number					
28 (cont.)					services.		
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.	4	<p>Controls:</p> <ul style="list-style-type: none"> Paxon could not find any direct reference to the stipulations of section 122(2) of the Act in the RIAs Control Documents; and See the controls findings section and recommendation made for compliance obligation number 5 above. <p>Compliance:</p> <ul style="list-style-type: none"> Paxon examined the results of a TRIM search of records conducted for “State Administrative Tribunal”. The search results found no records for “State Administrative Tribunal” during the Audit Period. 	D	NR
30	125(2)	3.1.1	If the licensee provides a water supply, sewerage or drainage service to 2 or more dwellings on land by a single property connection, the licensee may apportion fees. The licensee cannot apportion fees to the extent inconsistent with any agreement related to such a provision of services, or section 66 of the <i>Strata Titles Act 1985</i> .	4	<p>Controls and Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of the RIA representative that, during the Audit Period, the RIA used separate meters to record consumption for all billable services. Thus, the RIA did not apportion fees during the Audit Period. 	NA	NA

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 8				Controls	Compliance
	Section Number	Clause Number					
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.	4	<p>Controls and Compliance:</p> <ul style="list-style-type: none"> Paxon examined the Rottnest Island Authority Act 1987 which states in section 4: <i>“For the purposes of this Act, the Rottnest Island Reserve is.... being Reserve No. 16713 in the records of the Department of Land Administration.”</i>; and Thus, Rottnest Island is public land. Consequently, this compliance obligation which is applicable to memorials over land was not applicable to the RIA during the Audit Period. 	NA	NA
32	129(5)	3.1.1	If a routine inspection or maintenance is likely to cause disruption to the occupants of a place at least 48 hours’ notice of a proposed entry must be given to the occupier of the place unless the occupier agrees otherwise.	4	<p>Controls:</p> <ul style="list-style-type: none"> Paxon examined the RIA’s Customer Manual which states in section 4.1 under the heading: <i>“Planned interruption to water supply”</i>: <i>“The Rottnest Island Authority aims to provide the customer with notice 24 hours in advance if the water supply needs to be interrupted for planned work”</i>. <p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of the RIA’s Environment Officer (Compliance) that, during the Audit Period, five days’ notice was given to the residential property manager regarding any planned/or routine maintenance to be conducted. 	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 8				Controls	Compliance
	Section Number	Clause Number					
32 (cont.)					Recommendation 5/2019: <ul style="list-style-type: none"> The RIA should update its “Water Customer Services” manual to include appropriate content regarding giving 48 hours’ notice of proposed entry so as to comply with the stipulations of section 129(5) of the Act. 		
33	139(3)	3.1.1	If the licensee removes or erects a fence or gate when exercising a works power conferred by the Act, the licensee must take all reasonable steps to notify the owner before doing so.	4	Controls and Compliance: <ul style="list-style-type: none"> Paxon examined the Rottnest Island Authority Act 1987 which states in section 4: <i>“For the purposes of this Act, the Rottnest Island Reserve is... being Reserve No. 16713 in the records of the Department of Land Administration.”</i>; and Thus, Rottnest Island is public land. Consequently, this compliance obligation which is applicable to other landowners was not applicable to the RIA during the Audit Period. 	NA	NA
34	141(1)	3.1.1	In certain instances, if a person authorised by the licensee carries out road work that involves breaking the surface of the road or that would cause major obstruction to road traffic, the licensee must give at least 48 hours’ notice to the public authority managing the road.	4	Controls and Compliance: <ul style="list-style-type: none"> Paxon examined the Rottnest Island Authority Act 1987 which states in section 11(1): <i>“The Authority has the control and management of the Island...”</i> Thus, this compliance obligation which is applicable to other public authorities was not applicable to the RIA during the Audit Period. 	NA	NA

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 Section Number	Water Services Licence – Version 8 Clause Number				Controls	Compliance
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.	4	<p>Controls:</p> <ul style="list-style-type: none"> Paxon examined the RIA’s “<i>Development Planning Policy</i>”. Paxon notes this policy includes a section seven entitled: “<i>Statutory Compliance and Relevant Documentation</i>”. This section lists applicable legislation other than the water services legislative instruments. Paxon notes section 5 of the policy entitled: “<i>Policy Position</i>” states: <i>“For designated developments, a period for stakeholder and public comment must be incorporated into the Development Approval Process.</i> This policy statement interfaces with section 144 of the Act. However, this statement alone does not represent sufficient controls to ensure compliance with RIA compliance obligations included in sections 143, 144, 145 and 147 of the Act; and Paxon examined the RIA’s “<i>Development Approval Process</i>”. Paxon found this process document interfaces with sections 143 and 144 of the Act but does not explicitly refer to RIA compliance obligations included in sections 143, 144, 145 and 147 of the Act. 	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 8				Controls	Compliance
	Section Number	Clause Number					
35 (cont.)					<p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of the RIA Representative that, during the Audit Period, the RIA did not carry out major works. <p>Recommendation 6/2019:</p> <ul style="list-style-type: none"> The RIA should include appropriate references to its obligations in terms of major works, as stipulated in sections 143, 144 and 145 of the Act in its policy and procedure documents. 		
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.	4	<ul style="list-style-type: none"> See the findings for compliance obligation number 35 above. 	D	NR
37	143 (3)	3.1.1	The licensee must, within 5 days of publishing the plans and details on the licensee’s website, give notice setting out the matters prescribed in section 143(4) to the persons and agencies specified.	4	<ul style="list-style-type: none"> 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.	4	<ul style="list-style-type: none"> 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.	4	<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 Section Number	Water Services Licence – Version 8 Clause Number				Controls	Compliance
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).	4	• 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.	4	• 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.	4	<p>Controls and Compliance: :</p> <ul style="list-style-type: none"> The Act states in section 135(1): <i>“Exempt works are –</i> <i>(e) the making of alterations, extensions or additions to general works on –</i> <i>(i) land owned by the licensee; or</i> <i>(ii) a reserve under the Land Administration Act 1997, the care, control and management of which is placed with the licensee under that Act”</i> Paxon examined the Rottnest Island Authority Act 1987 which states in section 4: <i>“For the purposes of this Act, the Rottnest Island Reserve is... being Reserve No. 16713 in the records of the Department of Land Administration.”.</i> 	NA	NA

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 8				Controls	Compliance
	Section Number	Clause Number					
42 (cont.)					<ul style="list-style-type: none"> Thus, Part 6 of the Act which includes sections 151, 152 and 153 was not applicable to the RIA during the Audit Period. 		
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.	4	<ul style="list-style-type: none"> See the findings for compliance obligation number 42 above. 	NA	NA
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).	4	<ul style="list-style-type: none"> See the findings for compliance obligation number 42 above. 	NA	NA
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.	4	<ul style="list-style-type: none"> See the findings for compliance obligation number 42 above. 	NA	NA
46	166(5)	3.1.1	On being advised by the Minister that an interest in land is appropriate to the licensee’s needs, the licensee is required to acquire the interest.	4	<p>Controls and Compliance:</p> <ul style="list-style-type: none"> Paxon examined the Rottnest Island Authority Act 1987 which states in section 4: <i>“For the purposes of this Act, the Rottnest Island Reserve is... being Reserve No. 16713 in the records of the Department of Land Administration.”</i>; and Thus, the whole of Rottnest Island is public land. Consequently, this compliance obligation which is applicable to land acquisition was not applicable to the RIA during the Audit Period. 	NA	NA

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 Section Number	Water Services Licence – Version 8 Clause Number				Controls	Compliance
47	166(6)	3.1.1	Any costs incurred in taking an interest in land are to be paid by the licensee.	4	• See the findings for compliance obligation number 46 above.	NA	NA
48	170	3.1.1	The licensee must not sell an interest in land if the purchaser would hold a parcel of land that did not comply with the minimum lot size and zoning requirements under the <i>Planning and Development Act 2005</i> , unless the Minister permits the licensee to do so.	4	• See the findings for compliance obligation number 46 above.	NA	NA
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.	4	<p>Controls and Compliance :</p> <ul style="list-style-type: none"> • Paxon confirmed by interview of the RIA's Environment, Health and Compliance Coordinator that, during the Audit Period: <ul style="list-style-type: none"> ○ All property on Rottnest Island not occupied by the RIA was subject to commercial lease agreements; ○ Entry to such places was covered under commercial lease agreements; and ○ The RIA regarded the stipulations of sections 173(4), 174(1), 174(3), 175(2), 175(5), 176(1), 176(3), 176(4) and 181 of the Act as not applicable to its operations (meaning such stipulations were not complied with in instances, if any, where applicable). • Paxon examined the RIA's: "Water Customer Services" manual (Manual). This Manual refers 	D	3

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 8			Controls	Compliance
	Section Number	Clause Number				
49 (cont.)				<p>to the stipulations of sections 173(4) and 174(3) of the Act in sections 4.1 and 4.4 of the Manual. However, Paxon found the references to section 173(4) of the Act are not in agreement with the stipulations of the Act.</p> <p>Recommendation 7/2019:</p> <ul style="list-style-type: none"> • Paxon believes the stipulations of sections 173(4), 174(1), 174(3), 175(2), 175(5), 176(1), 176(3), 176(4) and 181 of the Act: <ul style="list-style-type: none"> ○ Cannot be excluded by generic provisions in commercial lease agreements; ○ Should be complied with as and when specific circumstances justify its application; and ○ Should be addressed in the RIA’s policy and procedure documents. <p>Thus, the RIA must, in terms of:</p> <ul style="list-style-type: none"> ○ Section 173(4) – give 48 hours’ notice of proposed entry to a place for the purpose of doing works to the occupier or owner; ○ Section 174(1) – give notice of proposed entry in writing and set out the purpose of the entry; ○ Section 174(3) – give notice at a later stage even if it may enter a place under the Act without having to give notice of proposed entry; 		

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 8				Controls	Compliance
	Section Number	Clause Number					
49 (cont.)					<ul style="list-style-type: none"> ○ Section 175(2) - perform the prescribed actions before entering the premises, if an occupier is present when the licensee proposes to enter a dwelling; ○ Section 175(5) - leave a notice or a copy of the warrant (as applicable) in a prominent position in the dwelling before leaving the dwelling, if the licensee enters a dwelling that is unoccupied; ○ Section 176(1) - leave the premises as soon as practicable after being notified the owner or occupier has refused or withdrawn their consent to enter a place; ○ Section 176(3) - 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; ○ Section 176(4) - produce evidence of authority for entry to a place upon the owner's or occupier's request, and leave a place if they are unable to do so; and ○ Section 181 – comply with any reasonable request from the owner or occupier intended to limit interference with the lawful activities of the owner or occupier. 		

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 Section Number	Water Services Licence – Version 8 Clause Number				Controls	Compliance
49 (cont.)					<ul style="list-style-type: none"> The RIA should ensure that its control documents refer appropriately to these compliance obligations. 		
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.	4	<ul style="list-style-type: none"> See the findings for compliance obligation number 49 above. 	D	3
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.	4	<ul style="list-style-type: none"> See the findings for compliance obligation number 49 above. 	D	3
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.	4	<ul style="list-style-type: none"> See the findings for compliance obligation number 49 above. 	D	3
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.	4	<ul style="list-style-type: none"> See the findings for compliance obligation number 49 above. 	D	3
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.	4	<ul style="list-style-type: none"> See the findings for compliance obligation number 49 above. 	D	3

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 Section Number	Water Services Licence – Version 8 Clause Number				Controls	Compliance
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.	4	<ul style="list-style-type: none"> See the findings for compliance obligation number 49 above. 	D	3
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.	4	<ul style="list-style-type: none"> See the findings for compliance obligation number 49 above. 	D	3
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.	4	<ul style="list-style-type: none"> See the findings for compliance obligation number 49 above. 	D	3
58	186	3.1.1	If the licensee applies for a warrant, the application must contain the prescribed information.	4	<p>Controls:</p> <ul style="list-style-type: none"> Paxon could not find any direct reference to the stipulations of sections 186, 187(1) to (3), 190(4) and 190(5) of the Act in the RIAs Control Documents; and See the controls findings section and recommendation made for compliance obligation number 5 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 Section Number	Water Services Licence – Version 8 Clause Number				Controls	Compliance
58 (cont.)					<p>Compliance:</p> <ul style="list-style-type: none"> Paxon examined the results of a TRIM search of records conducted for “Warrant”. The search results found no warrants were issued during the Audit Period regarding the provision of water services. 		
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.	4	<ul style="list-style-type: none"> See the findings for compliance obligation number 58 above. 	D	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.	4	<ul style="list-style-type: none"> See the findings for compliance obligation number 58 above. 	D	NR
61	190(5)	3.1.1	On completing the execution of a warrant, the licensee must record the prescribed information on that warrant.	4	<ul style="list-style-type: none"> See the findings for compliance obligation number 58 above. 	D	NR
62	210(5)	3.1.1	If the licensee designates a person as an inspector or compliance officer, the licensee must give that person a certificate of authority that includes certain prescribed information.	4	<p>Controls:</p> <ul style="list-style-type: none"> Paxon could not find any direct reference to the stipulations of section 210(5) of the Act in the RIAs Control Documents; and See the controls findings section and recommendation made for compliance obligation 	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 8				Controls	Compliance
	Section Number	Clause Number					
62 (cont.)					number 5 above. Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of the RIA Representative that, during the Audit Period, the RIA did not designate a person as an inspector or compliance officer. 		
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.	4	Controls: <ul style="list-style-type: none"> Paxon examined a commercial lease agreement which states in section 2.2 entitled: <i>“Quiet Enjoyment”</i>: <i>“For as long as the Tenant complies with the Tenant’s obligations under this lease, the Tenant may occupy and use the premises during the term without disturbance or interference by the Landlord except as permitted by this lease or by law.”</i> Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of the RIA Representative that, during the Audit Period, the RIA did not: <ul style="list-style-type: none"> Obstruct the free use of a place; or Cause any damage, harm or inconvenience. Paxon examined the RIA’s <i>“Water Customer Complaints Reporting Register 2017/2018”</i> which only recorded a billing complaint. 	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 Section Number	Water Services Licence – Version 8 Clause Number				Controls	Compliance
64	218(3)	3.1.1	If the licensee does any physical damage in the exercise of a works power or a power of entry, the licensee must ensure that the damage is made good and pay compensation to the extent that it is not practicable to make good the damage.	4	<p>Controls:</p> <ul style="list-style-type: none"> Paxon examined a commercial lease agreement which states in section 14.9 2 entitled: <i>“Minimise disruption”</i>: <i>“...the Landlord must....(3) make good any damage to the Tenant’s property caused by the Landlord.”</i> <p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of the RIA’s Representative that, during the Audit Period, the RIA did not cause any physical damage in the exercise of a works power or a power of entry; and Paxon examined the RIA’s <i>“Water Customer Complaints Reporting Register 2017/2018”</i> which only recorded a billing complaint. 	A	1

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 8				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.	4	<p>Controls:</p> <ul style="list-style-type: none"> Paxon could not find any direct reference to the stipulations of regulation 23(2) of the Water Services Regulations 2013 (2013 Regulations) in the RIAs Control Documents; and See the controls findings section and recommendation made for compliance obligation number 5 above. <p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of the RIA Representative that, during the Audit Period, the RIA did not provide water supply services in respect of a multi-unit development. 	D	NR
66	24(4)	3.1.1	If the licensee gives a compliance notice to a person in respect of access to meters, the notice must specify the specified information.	4	<p>Controls:</p> <ul style="list-style-type: none"> Paxon could not find any direct reference to the stipulations of regulation 24(4) of the 2013 Regulations in the RIAs Control Documents; and See the controls findings section and recommendation made for compliance obligation number 5 above. <p>Compliance:</p> <ul style="list-style-type: none"> Paxon examined the results of a TRIM search of records conducted for “Compliance notices”. 	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 8				Controls	Compliance
	Regulation Number	Clause Number					
66 (cont.)					The search results found no compliance notices were issued during the Audit Period regarding water services.		
67	26(3)	3.1.1	If the owner or occupier requests the licensee to test a meter, subject to the payment of the charge (if any) for testing that type of meter, the licensee must test the meter in accordance with the approved procedure.	4	<p>Controls:</p> <ul style="list-style-type: none"> Paxon examined the RIA’s Customer Manual which states under the heading: “4.5 Water meters”: <i>“If you suspect that a water meter is faulty, the RIA will test it on request. A fee applies for this service, which is refundable if the test results fall outside the Australian Standard AS 3565.1-2010... ...Consumption charges will be adjusted where an error in accuracy is proven”</i> <p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of the Environment Officer (Compliance) for the RIA, that, during the Audit Period, no owner or occupier requested the RIA to test a meter. 	A	NR
68	26(5)	3.1.1	If a meter test finds that the meter is outside the prescribed tolerance applicable, the licensee must take the specified actions, bear the costs of testing and refund or credit any charges paid under regulation 26(3).	4	<ul style="list-style-type: none"> See the findings for compliance obligation number 68 above. 	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 8				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.	4	<p>Controls and Compliance:</p> <ul style="list-style-type: none"> Paxon examined the Rottnest Island Authority Act 1987 which states in section 4: <i>“For the purposes of this Act, the Rottnest Island Reserve is.... being Reserve No. 16713 in the records of the Department of Land Administration.”</i>; and Thus, Rottnest Island is public land. Consequently, this compliance obligation which is applicable to division of lots was not applicable to the RIA during the Audit Period. 	NA	NA
70	42(2)	3.1.1	The written order requiring the owner or occupier of land to install a backflow prevention device must set out the date which the device must be installed and tested (which must be at least 7 days after the order is given).	4	<p>Controls:</p> <ul style="list-style-type: none"> Paxon could not find any direct reference to the stipulations of regulation 42(2) of the 2013 Regulations in the RIAs Control Documents; and See the controls findings section and recommendation made for compliance obligation number 5 above. <p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of the RIA Representative that, during the Audit Period, the RIA’s practice was to install backflow 	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 8				Controls	Compliance
	Regulation Number	Clause Number					
70 (cont.)					prevention devices within its infrastructure; and • Paxon examined the results of a TRIM search of records conducted for “back flow prevention devices”. The search results found no records for “back flow prevention devices”.		
71	43(3)	3.1.1	The compliance notice requiring the owner or occupier of land to have their backflow prevention device tested or maintained in accordance with the standard by a specified date (which must be at least 7 days after the notice is given).	4	Controls: <ul style="list-style-type: none"> • Paxon could not find any direct reference to the stipulations of regulation 43(3) of the 2013 Regulations in the RIAs Control Documents; and • See the controls findings section and recommendation made for compliance obligation number 5 above. Compliance: <ul style="list-style-type: none"> • Paxon examined the results of a TRIM search of records conducted for “Compliance notices”. The search results found no compliance notices were issued during the Audit Period regarding water services. 	D	NR
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	4	Controls: <ul style="list-style-type: none"> • Paxon could not find any direct reference to the stipulations of regulation 43(6) of the 2013 Regulations in the RIAs Control Documents; 	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 8				Controls	Compliance
	Regulation Number	Clause Number					
72 (cont.)			done and the date by which the work is to be done (which must be at least 7 days after the notice is given).		and <ul style="list-style-type: none"> See the controls findings section and recommendation made for compliance obligation number 5 above. Compliance: <ul style="list-style-type: none"> Paxon examined the results of a TRIM search of records conducted for “<i>Compliance notices</i>”. The search results found no compliance notices were issued during the Audit Period regarding water services. 		
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.	4	<ul style="list-style-type: none"> See the findings for compliance obligation number 34 above. 	NA	NA
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.	4	<ul style="list-style-type: none"> See the findings for compliance obligation number 34 above. 	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 Regulations 2013	Water Services Licence – Version 8				Controls	Compliance
	Regulation Number	Clause Number					
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.	4	<p>Controls:</p> <ul style="list-style-type: none"> Paxon could not find any direct reference to the stipulations of regulation 85 of the 2013 Regulations in the RIAs Control Documents; and See the controls findings section and recommendation made for compliance obligation number 5 above. <p>Compliance:</p> <ul style="list-style-type: none"> Paxon examined the results of a TRIM search of records conducted for “Compliance notices”. The search results found no compliance notices were issued during the Audit Period regarding water services. 	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 8				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.	4	<p>Controls:</p> <ul style="list-style-type: none"> Paxon examined the RIA’s Customer Manual which states in section 4.1 under the heading: <i>“The Role of the Water Customer Services Manual”</i>: <i>“Drinking Water Quality Reports, the Water Services Code of Conduct (Customer Service Standards) 2013 and other water related documents are available to customers on the RIA website www.ria.wa.gov.au.”</i> (emphasis added); and Paxon could not find a direct reference in the RIA’s Customer Manual regarding the RIA’s obligation to provide a hardcopy of the written information to a customer upon request at no charge. See the controls findings and recommendation made for compliance obligation number 5 above. <p>Compliance:</p> <ul style="list-style-type: none"> Paxon examined the RIA’s Customer Manual which under the heading: <i>“1.6 Services provided”</i> addresses water supply services and sewerage services regarding: 	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 8				Controls	Compliance
	Clause Number	Clause Number					
92 (cont.)					<ul style="list-style-type: none"> ○ Customer entitlement; and ○ RIA’s functions. ● Paxon could not find a direct reference in the RIA’s Customer Manual regarding the RIA’s right to refuse to provide or to suspend the provision of a service to a customer who refuses to comply with a prescribed requirement relating to the provision of the service; and ● Paxon examined the RIA’s Customer Manual and the webpage entitled: “Supply of Water Services on Rottnest Island” but could not find any references regarding: <ul style="list-style-type: none"> ○ How to apply for a connection; ○ Things that a customer must do, and the things that must be complied with, before a connection is made; ○ Fees that apply in relation to connections and when the fees are payable; and ○ Period mentioned in clause 9(2) in which standard supply connections as defined in clause 9(1) are required to be completed. 		

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 8				Controls	Compliance
	Clause Number	Clause Number					
92 (cont.)					<p>Recommendation 8/2019:</p> <ul style="list-style-type: none"> The RIA should update its Customer Manual content to include appropriate content regarding connections to water services, so as to comply with the stipulations of clauses 8(1)–(3) of the Water Services Code of Conduct (Customer Service Standards) 2018 (2018 Code of Conduct). The RIA should review all its other documents to ensure such documents refer to the 2018 Code of Conduct (and not the 2013 Code of Conduct). This will help ensure the RIA complies with its current obligations. 		
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.	4	<p>Controls:</p> <ul style="list-style-type: none"> Paxon could not find any direct reference to the stipulations of clauses 9(2) and (4) of the Water Services Code of Conduct (Customer Service Standards) 2018 (2018 Code of Conduct) in the RIAs Control Documents; and See the controls findings section and recommendation made for compliance obligation number 5 above. 	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 8				Controls	Compliance
	Clause Number	Clause Number					
93 (cont.)					<p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of the RIA’s Environment, Health and Compliance Coordinator that, during the Audit Period: <ul style="list-style-type: none"> The RIA made only one connection in respect of a new development; and This single point connection was made as per the lease agreement. Paxon was not provided with any evidence as to whether the 10-business day rule for completing a connection was complied with. <p>Recommendation: 9/2019</p> <ul style="list-style-type: none"> The RIA should ensure its lease agreements and working practices comply with the stipulations of clauses 9(2) and (4) of the Code of Conduct. Thus, connections must be completed before the end of 10 business days starting from when the customer has paid the relevant fees and complied with the relevant requirements. 		

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 8				Controls	Compliance
	Clause Number	Clause Number					
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.	4	<p>Controls:</p> <ul style="list-style-type: none"> Paxon examined the RIA’s Customer Manual which states under the heading: “2.2 Pricing, Fees and Consumption Charges”: <i>“The RIA determines the water supply fees and charges annually.”</i> <p>Compliance:</p> <ul style="list-style-type: none"> Paxon examined a sample of tax invoices issued, by McGees Property on behalf of the RIA, during the Audit Period and found it levied the following annual costs: <ul style="list-style-type: none"> Wastewater service charge; Wastewater – drainage; and Wastewater – sewerage. 	A	1
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.	4	<p>Controls:</p> <ul style="list-style-type: none"> Paxon examined the RIA’s Customer Manual which states under the heading: “2.1 Billing”: <i>“The Rottnest Island Authority will:</i> <ul style="list-style-type: none"> <i>Provide accounts for outstanding water charges on a regular (monthly) basis ...”</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 8				Controls	Compliance
	Clause Number	Clause Number					
95 (cont.)					<p>Compliance:</p> <ul style="list-style-type: none"> Paxon examined a sample of tax invoices issued, by McGees Property on behalf of the RIA, during the Audit Period and found it levied quantity charges on a monthly basis. 		
96	11(3)	3.1.1	A bill for usage must be based on a meter reading to ascertain the quantity supplied or discharged.	4	<p>Controls:</p> <ul style="list-style-type: none"> Paxon examined the RIA’s Customer Manual which states under the heading: “2.3 Pricing, Fees and Consumption Charges”: <i>“Your consumption will be determined by a reading of the meter placed at your supply address.”</i> <p>Compliance:</p> <ul style="list-style-type: none"> Paxon examined a sample of supporting documents to tax invoices (“Water Statement”), issued, by McGees Property on behalf of the RIA, during the Audit Period and found it levied quantity charges based on meter readings. 	A	1
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	4	<p>Controls:</p> <ul style="list-style-type: none"> Paxon examined the RIA’s Customer Manual which states under the heading: “2.3 Estimations”: 	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 8				Controls	Compliance
	Clause Number	Clause Number					
97 (cont.)			the quantity of water supplied or wastewater discharged.		<p><i>“The Rottnest Island Authority will calculate water consumption charges based on an estimate of your usage where:</i></p> <p><i>(a) A water meter is shown by test to be recording inaccurately;</i></p> <p><i>(b) A water meter ceases to register; or</i></p> <p><i>(c) Access to the water meter is prevented.”</i></p> <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon confirmed by interview of the McGees Property Manager that, during the Audit Period, McGees Property did not estimate bills for usage for RIA customers. 		
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.	4	<p>Controls:</p> <ul style="list-style-type: none"> • Paxon examined the RIA’s Customer Manual which states under the heading: “2.3 Estimations”: <p><i>“This estimate will be based on:</i></p> <p><i>(a) The amount of water used during the same period in the previous year; or</i></p> <p><i>(b) The average usage of comparable customers if you do not have a prior billing history;</i></p>	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 8				Controls	Compliance
	Clause Number	Clause Number					
98 (cont.)					(c) Your reading of the water meter; or (d) A test of the water meter. Compliance: • See the compliance findings section for compliance obligation number 97 above.		
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.	4	Controls: • Paxon could not find any direct reference to the stipulations of clause 11(6) of the 2018 Code of Conduct in the RIAs Control Documents; and • See the controls findings section and recommendation made for compliance obligation number 5 above. Compliance: • See the compliance finding sections for compliance obligation numbers 95 and 96 above.	D	1
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.	4	Controls: • Paxon examined the RIA’s Customer Manual which states under the heading: “2.1 Billing”: <i>“The Rottnest Island Authority will:</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 8				Controls	Compliance
	Clause Number	Clause Number					
99 (cont.)					<ul style="list-style-type: none"> Provide accounts for outstanding water charges on a regular (monthly) basis at the last notified postal or email address.” <p>Compliance:</p> <ul style="list-style-type: none"> Paxon examined a sample of tax invoices issued, by McGees Property on behalf of the RIA, during the Audit Period and found it included Rottnest Island addresses and customer nominated addresses. 		
100	13(1)	3.1.1	Each bill must contain the prescribed information.	4	<p>Controls:</p> <ul style="list-style-type: none"> Paxon could not find any direct reference to the stipulations of clause 13(1) of the 2018 Code of Conduct in the RIAs Control Documents; and See the controls findings section and recommendation made for compliance obligation number 5 above. <p>Compliance:</p> <ul style="list-style-type: none"> Paxon examined a sample of tax invoices issued, by McGees Property on behalf of the RIA, during the Audit Period and found these invoices included the information stipulated in 	D	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 8				Controls	Compliance
	Clause Number	Clause Number					
100 (cont.)					<p>clause 13(1) of the 2018 Code of Conduct except for clauses 13(1)(i)(j)(k) and (m);</p> <ul style="list-style-type: none"> • Paxon found the sampled invoices recorded its nature as being: “Tax Invoice/Statement of Account”. Thus, it is reasonable to conclude these sampled invoices provide a basis for compliance with clauses 13(1)(i)(j) and (k) of the 2018 Code of Conduct; and • Paxon confirmed by interview of the McGees Property Manager that, during the Audit Period, McGees Property did not levy interest or fees on the RIA’s behalf. Thus, clause 13(1)(m) was not applicable to the RIA during the Audit Period. 		
100A	13(3)	3.1.1	A bill issued for 2 or more water services must specify the charge payable for each water service.	4	<p>Controls:</p> <ul style="list-style-type: none"> • Paxon could not find any direct reference to the stipulations of clause 13(3) of the 2018 Code of Conduct in the RIAs Control Documents; and • See the controls findings section and recommendation made for compliance obligation number 5 above. 	D	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 8				Controls	Compliance
	Clause Number	Clause Number					
100A (cont.)					<p>Compliance:</p> <ul style="list-style-type: none"> See the compliance findings section for compliance obligation number 94 above. 		
101	13(4)	3.1.1	Each bill for usage for a metered water service must contain the specified information.	4	<p>Controls:</p> <ul style="list-style-type: none"> Paxon could not find any direct reference to the stipulations of clause 13(4) of the 2018 Code of Conduct in the RIAs Control Documents; and See the controls findings and recommendation made for compliance obligation number 5 above. <p>Compliance:</p> <ul style="list-style-type: none"> Paxon examined a sample of supporting documents to tax invoices issued, by McGees Property on behalf of the RIA, during the Audit Period. Paxon found these supporting documents included the information stipulated in clause 13(4) of the 2018 Code of Conduct, except for some earlier date sampled supporting documents which did not comply with clause 13(4)(c) – number of days to which the bill applies; and 	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 8				Controls	Compliance
	Clause Number	Clause Number					
101 (cont.)					<ul style="list-style-type: none"> Paxon makes no recommendation as later date sampled supporting documents did comply with clause 13(4)(c) of the 2018 Code of Conduct. 		
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.	4	<p>Controls:</p> <ul style="list-style-type: none"> Paxon could not find any direct reference to the stipulations of clause 13(5) of the 2018 Code of Conduct in the RIAs Control Documents; and See the controls findings section and recommendation made for compliance obligation number 5 above. <p>Compliance:</p> <ul style="list-style-type: none"> Paxon examined a sample of tax invoices issued, by McGees Property on behalf of the RIA, during the Audit Period and found these invoices all include an information section which states: <i>“If your accounts has been estimated If you wish to find out how or why it was estimated ...call us on (08) 9476 2000.”</i> 	D	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 8				Controls	Compliance
	Clause Number	Clause Number					
102A	13(6)	3.1.1	Each bill must contain the prescribed information.	4	<p>Controls:</p> <ul style="list-style-type: none"> Paxon could not find any direct reference to the stipulations of clause 13(6) of the 2018 Code of Conduct in the RIAs Control Documents; and See the controls findings section and recommendation made for compliance obligation number 5 above. <p>Compliance:</p> <ul style="list-style-type: none"> Paxon examined a sample of tax invoices issued, by McGees Property on behalf of the RIA, during the Audit Period and found these invoices included the information stipulated in clause 13(6) of the 2018 Code of Conduct except for clauses 13(6)(e), (h) and (i) (compliance with section 13(6)(g) is not applicable as the RIA does not have residential customers). <p>Recommendation 10/2019:</p> <ul style="list-style-type: none"> The RIA should update its tax invoices to ensure it contains all the prescribed information included in clause 13(6) of the 2018 Code of Conduct. 	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 8				Controls	Compliance
	Clause Number	Clause Number					
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.	4	<p>Controls:</p> <ul style="list-style-type: none"> See the controls findings section for compliance obligation number 101A above. <p>Compliance:</p> <ul style="list-style-type: none"> See the compliance findings section 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.	4	<p>Controls:</p> <ul style="list-style-type: none"> Paxon could not find any direct reference to the stipulations of clause 13(6) of the 2018 Code of Conduct in the RIAs Control Documents; and See the controls findings section and recommendation made for compliance obligation number 5 above. <p>Compliance:</p> <ul style="list-style-type: none"> See the compliance findings section for compliance obligation number 97 above. 	D	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.	4	<p>Controls:</p> <ul style="list-style-type: none"> Paxon could not find any direct reference to the stipulations of clause 15(3) of the 2018 Code of Conduct in the RIAs Control Documents; 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 8				Controls	Compliance
	Clause Number	Clause Number					
104A (cont.)					<ul style="list-style-type: none"> See the controls findings section and recommendation made for compliance obligation number 5 above. <p>Compliance:</p> <ul style="list-style-type: none"> Paxon was informed by the RIA’s Environment Officer (Compliance) that, during the Audit Period, McGees Property issued tax invoices on behalf of the RIA, using a single rate for consumption charges irrespective of volume. 		
105	16(1)	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.	4	<p>Controls:</p> <ul style="list-style-type: none"> Paxon examined the RIA’s Customer Manual which states under the heading: “2.1 Billing”: <i>“The Rottnest Island Authority will: • On request by a customer, provide a meter reading and bill to determine outstanding charges for a period that is not the same as the usual billing cycle; and in the case where the customer disputes an estimate on which a bill is based, a meter reading and in any event, a revised bill.”</i> <p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of the McGees Property Manager that, during the Audit 	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 8				Controls	Compliance
	Clause Number	Clause Number					
105 (cont.)					Period, McGees Property at the request of a single customer organised a meter reading and a bill for outstanding charges outside of the usual billing cycle.		
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.	4	<p>Controls:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of the McGees Property Manager that, during the Audit Period, no written information existed in relation to granting a discount to a RIA customer charged for higher consumption because of a leak in the customer’s system. <p>Compliance:</p> <ul style="list-style-type: none"> Paxon examined a series of e-mails in which the RIA requested the McGees Property Manager to grant a discount to an RIA customer because of higher consumption which were due to leaking pipes. <p>Recommendation 11/2019:</p> <ul style="list-style-type: none"> The RIA should compile and implement a written policy, standard or set of guidelines in relation to granting a discount to a customer charged for higher consumption because of a leak in the customer’s system, so as to comply 	D	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 8				Controls	Compliance
	Clause Number	Clause Number					
106 (cont.)					with the stipulations of clauses 17(2) and (3) of the 2018 Code of Conduct.		
107	18(2)	3.1.1	The licensee cannot recover an undercharged amount from a customer unless it is for water services provided in the 12-month period ending on the day on which the licensee informed the customer of the undercharging.	4	<p>Controls:</p> <ul style="list-style-type: none"> Paxon examined the RIA’s Customer Manual which states under the heading: “2.4 Review of a Bill”: <p><i>“The Rottnest Island Authority will:</i></p> <ul style="list-style-type: none"> <i>Only recover the amount undercharged for a service provided in the 12 months prior to the date of which the customer is notified the undercharging has occurred;</i> <i>List the amount undercharged in a special bill or as a separate item in the next bill, together with an explanation of that amount;</i> <i>Not charge a late payment fee or bill interest on any undercharged amount;”</i> <p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of the McGees Property Manager that, during the Audit Period, McGees Property only identified one instances of undercharging of an RIA customer. 	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 8				Controls	Compliance
	Clause Number	Clause Number					
107 (cont.)					She stated a decision was taken not to recover the undercharged amount.		
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.	4	<ul style="list-style-type: none"> See the findings for compliance obligation number 107 above. 	A	NR
109	18(4)	3.1.1	The licensee must not charge interest or late payment fees on an undercharged amount.	4	<ul style="list-style-type: none"> See the findings for compliance obligation number 107 above. 	A	NR
110	18(5)	3.1.1	The licensee must allow a customer to pay an undercharged amount by way of a repayment plan that has effect for the duration of the shorter of the prescribed periods starting on the day that the bill in clause 18(3) is issued.	4	<p>Controls:</p> <ul style="list-style-type: none"> Paxon examined the RIA’s Customer Manual which states under the heading: “2.4 Review of a Bill”: <i>“Offer the customer the opportunity to pay this amount in instalments, interest free, over the same period of time during which you were undercharged.”</i>; and Paxon notes this statement differs from the stipulations of clause 18(5) of the 2018 Code of Conduct which refers to recovery of the undercharged amount over the shorter of the following periods: 	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 8				Controls	Compliance
	Clause Number	Clause Number					
110 (cont.)					<ul style="list-style-type: none"> o A period for the same amount of time in which the undercharging occurred; and o A period of 12 months. <p>Compliance:</p> <ul style="list-style-type: none"> • See the compliance findings section for compliance obligation number 107 above. <p>Recommendation 12/2019:</p> <ul style="list-style-type: none"> • The RIA should update its Customer Manual’s content regarding the recovery period for undercharged amount so as to comply with the stipulations of clause 18(5) of the 2018 Code of Conduct. 		
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.	4	<p>Controls:</p> <ul style="list-style-type: none"> • Paxon examined the RIA’s Customer Manual which states under the heading: “2.4 Review of a Bill”: <p><i>“Where the customer has been overcharged, the costumer must be informed by the Rottnest Island Authority and follow the procedures set out in the Water Services Code of Conduct (Customer Service Standards) 2013 for repaying the money.</i></p> <p><i>The Rottnest Island Authority will:</i></p>	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 8				Controls	Compliance
	Clause Number	Clause Number					
111A (cont.)					<ul style="list-style-type: none"> Tell you if an overcharge has occurred with 15 business days of becoming aware of the overcharging; Provide you with the options on how to have the overcharged amount either credited to your account, or refunded to you, at your request; <p>Compliance:</p> <ul style="list-style-type: none"> Paxon was informed by the RIA’s Environment Officer (Compliance) that, during the Audit Period: <ul style="list-style-type: none"> Two customers requested a bill review which resulted in identification that McGees Property overcharged both RIA customers; and In both cases, a credit was applied to their respective accounts. 		
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	4	<p>Controls:</p> <ul style="list-style-type: none"> Paxon examined the RIA’s Customer Manual which states under the heading: “2.4 Review of a Bill”: <i>The Rottnest Island Authority will: ...</i> 	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 8				Controls	Compliance
	Clause Number	Clause Number					
112A (cont.)			account within 15 business days of the licensee receiving the instructions.		<ul style="list-style-type: none"> • Provide the refunds of any overcharged amount within 15 days of your lodged request.” • Paxon found the RIA’s Customer Manual does not refer to a customer’s instruction to credit the overcharged amount to the customer’s account within 15 business days of the licensee receiving the instructions. <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon examined several e-mails regarding the bill review requests and the resulting findings of overcharging of customers (see the compliance findings section for compliance obligation number 111A above); and • However, Paxon could not find any evidence regarding the RIA: <ul style="list-style-type: none"> ○ Informing the customer of the outcome of the bill review within 15 business days from the day the customer’s request for review was received; ○ Receiving customer instructions for refunding the overcharged amount, or crediting the overcharged amount to the 		

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 8				Controls	Compliance
	Clause Number	Clause Number					
112A (cont.)					<p>customer’s account within 15 business days of the RIA receiving the instructions; nor</p> <ul style="list-style-type: none"> o Notifying the customer immediately after crediting the overcharged amount to the customer’s account. <p>Recommendation 13/2019:</p> <ul style="list-style-type: none"> • The RIA should update its Customer Manual’s content to include a reference regarding crediting an overcharged amount to the customer’s account as instructed, so as to comply with the stipulations of clause 19(3) of the 2018 Code of Conduct. <p>Recommendation 14/2019:</p> <ul style="list-style-type: none"> • The RIA should keep proper records as evidence of compliance with its legislative obligations. 		
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 licensee must credit the overcharged amount to	4	<p>Controls:</p> <ul style="list-style-type: none"> • Paxon could not find any direct reference to the stipulations of clause 19(4) of the 2018 Code of Conduct in the RIAs Control Documents; and 	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 8				Controls	Compliance
	Clause Number	Clause Number					
112B (cont.)			the customer’s account before the end of the period of the next 15 business days.		<ul style="list-style-type: none"> See the controls findings section and recommendation made for compliance obligation number 5 above. <p>Compliance:</p> <ul style="list-style-type: none"> See the compliance findings section for compliance obligation number 112A 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).	4	<p>Controls:</p> <ul style="list-style-type: none"> Paxon could not find any direct reference to the stipulations of clause 19(5) of the 2018 Code of Conduct in the RIAs Control Documents; and See the controls findings section and recommendation made for compliance obligation number 5 above. <p>Compliance:</p> <ul style="list-style-type: none"> See the compliance findings section for compliance obligation number 112A above. 	D	3
113	20(1)	3.1.1	The licensee must review a bill on the customer's request.	4	<p>Controls:</p> <ul style="list-style-type: none"> Paxon examined the RIA’s Customer Manual which states under the heading: “2.4 Review of a Bill”: 	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 8				Controls	Compliance
	Clause Number	Clause Number					
113 (cont.)					<p><i>"Bills may be reviewed at the customer's request....."</i></p> <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon confirmed by interview of the McGees Property Manager that, during the Audit Period, McGees Property reviewed bills for RIA customers. 		
114	20(2)	3.1.1	The license must have a written procedure for the review of a bill on the customer's request.	4	<p>Controls and compliance:</p> <ul style="list-style-type: none"> • Paxon examined the RIA's Customer Manual which, under the heading: "2.4 Review of a Bill" provides procedures for: <ul style="list-style-type: none"> ○ Meter tests; ○ Complaints handling; ○ Overcharging a customer; and ○ Under charging a customer. 	A	1
115	20(3) & (6)	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.	4	<p>Controls: :</p> <ul style="list-style-type: none"> • See the findings for compliance obligation number 114 above. <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon found the RIA's Customer Manual is available on the RIA website. 	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 8				Controls	Compliance
	Clause Number	Clause Number					
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.	4	<p>Controls and Compliance:</p> <ul style="list-style-type: none"> • Paxon examined the RIA’s Customer Manual which states under the heading: “2.4 Review of a Bill”: <i>“...if the RIA is satisfied that the bill is correct, the RIA may: Provide the customer with information concerning the process and operation of both the RIA’s internal and external complaints handling process, which includes the customer’s right to refer any complaint to the Energy and Water Service Ombudsman.”;</i> and • Paxon found the RIA’s Customer Manual does not: <ul style="list-style-type: none"> ○ Specifically state the customer may, but does not have to, use the RIA’s complaints procedure before or instead of the procedures under sections 20(4)(a) or (b) of the 2018 Code of Conduct; and ○ Refer to making an appeal from or applying for a review of a decision to the State Administrative Tribunal. 	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 8				Controls	Compliance
	Clause Number	Clause Number					
116 (cont.)					<p>Recommendation 15/2019:</p> <ul style="list-style-type: none"> The RIA should update its Customer Manual’s content so as to comply with the stipulations of clause 20(4) of the 2018 Code of Conduct by: <ul style="list-style-type: none"> Specifically stating the customer may, but does not have to, use the RIA’s complaints procedure before or instead of the procedures under sections 20(4)(a) or (b) of the 2018 Code of Conduct; and Referring to making an appeal from or applying for a review of a decision to the State Administrative Tribunal. 		
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.	4	<p>Controls:</p> <ul style="list-style-type: none"> Paxon could not find any direct reference to the stipulations of clause 20(5) of the 2018 Code of Conduct in the RIAs Control Documents; and See the controls findings section and recommendation made for compliance obligation number 5 above. <p>Compliance:</p> <ul style="list-style-type: none"> See the compliance findings section for compliance obligation number 112A above. 	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 8				Controls	Compliance
	Clause Number	Clause Number					
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).	4	<p>Controls:</p> <ul style="list-style-type: none"> Paxon examined the RIA’s Customer Manual which states under the heading: “2.2 Pricing, Fees and Consumption Charges”: <i>“Prices for the Rottnest Island Authority’s water services are provided in the Schedule of Utility Tariffs, Fees and Charges. The RIA determines the water supply fees and charges annually.”</i>; and Paxon found the RIA’s Customer Manual does not refer to giving such notice not later than when the next bill for a water service charge of that kind is issued. <p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of the McGees Property Manager that, during the Audit Period, McGees Property provided RIA customers with 30 days prior notice of the annual increases of charges for water services. <p>Recommendation 16/2019:</p> <ul style="list-style-type: none"> The RIA should update its Customer Manual’s content to include a reference regarding giving notice of changes to water services amounts or 	C	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 8				Controls	Compliance
	Clause Number	Clause Number					
117A (cont.)					rates not later than the issue of the next bill for such a water service charge, so as to comply with the stipulations of clauses 21 of the 2018 Code of Conduct.		
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.	4	<p>Controls:</p> <ul style="list-style-type: none"> Paxon examined the RIA’s Customer Manual which states under the heading: “2.5 Payment for Water Services”: <i>“The customer will be given at least fourteen (14) days to pay a bill.”</i> <p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of the McGees Property Manager that, during the Audit Period, McGees Property provided RIA customers with 21 days grace for payment of tax invoices; and Paxon examined a sample of tax invoices issued, by McGees Property on behalf of the RIA, during the Audit Period and found these invoices provided customers with 21 days grace for payment. 	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 8				Controls	Compliance
	Clause Number	Clause Number					
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.	4	<p>Controls:</p> <ul style="list-style-type: none"> Paxon examined the RIA’s Customer Manual which states under the heading: “2.5 Payment for Water Services”: <i>“The payment methods offered include: (a) in person at the Property Management offices (see contacts page 2); (b) by mail to Property Management offices (see contacts page 2); (c) by BPay electronically; (e) by credit card electronically/by telephone; or (f) by electronic funds transfer (EFT).”</i> <p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of the McGees Property Manager that, during the Audit Period, all property on Rottnest Island were subjected to commercial leases. Thus, the Centrelink payment option was not provided to RIA customers; Paxon examined an e-mail, dated 26/03/2015, written by the Contract and Project Officer of 	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 8				Controls	Compliance
	Clause Number	Clause Number					
119 (cont.)					<p>the RIA which was sent to the ERA which stated:</p> <p><i>“The RIA issues leases for residential properties to <u>businesses only</u>. There are no residential tenancy leases in individual names.”</i>; and</p> <ul style="list-style-type: none"> • Paxon examined a sample of tax invoices issued, by McGees Property on behalf of the RIA, during the Audit Period and found these invoices listed the following payment options: <ul style="list-style-type: none"> ○ Internet; ○ Telephone; and ○ Post. 		
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.	4	<p>Controls:</p> <ul style="list-style-type: none"> • Paxon could not find any direct reference to the stipulations of clause 24(2) of the 2018 Code of Conduct in the RIAs Control Documents; and • See the controls findings section and recommendation made for compliance obligation number 5 above. <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon confirmed by interview of the McGees Property Manager that, during the Audit 	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 8				Controls	Compliance
	Clause Number	Clause Number					
120 (cont.)					<p>Period, McGees Property informed RIA customers telephonically, on bill payment of the charges for credit card payments; and</p> <ul style="list-style-type: none"> Paxon found neither the RIA’s Customer Manual nor a sample of tax invoices examined inform the customer of the fees and charges (if any) associated with each bill payment method offered. <p>Recommendation 17/2019:</p> <ul style="list-style-type: none"> The RIA should update its Customer Manual’s content, website and tax invoices to include references regarding the fees and charges associated (if any) with each bill payment method offered so as to comply with the stipulations of clause 24(2) of the 2018 Code of Conduct. 		
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.	4	<p>Controls and Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of the McGees Property Manager that, during the Audit Period, bill payment by direct debit was not a payment option. 	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 8				Controls	Compliance
	Clause Number	Clause Number					
122	26(1)	3.1.1	The licensee must accept payment in advance from a customer on a customer's request.	4	<p>Controls:</p> <ul style="list-style-type: none"> Paxon examined the RIA's Customer Manual which states under the heading: "2.5 Payment for Water Services": <i>"The Rottnest Island Authority will accept payment in advance from a customer on a customer's request. The amount paid in advance will not attract interest on the account."</i> <p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of the McGees Property Manager that, during the Audit Period, McGees Property did accept payments in advance from RIA customers which were appropriately disclosed; and Paxon examined a sample of tax invoices issued, by McGees Property on behalf of the RIA, during the Audit Period and found these invoices were actually marked as a "Tax Invoice/Statement of Account". 	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 8				Controls	Compliance
	Clause Number	Clause Number					
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.	4	<p>Controls:</p> <ul style="list-style-type: none"> • Paxon could not find any direct reference to the stipulations of clause 24(2) of the 2018 Code of Conduct in the RIAs Control Documents; and • See the controls findings section and recommendation made for compliance obligation number 5 above <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon confirmed by interview of the McGees Property Manager that, during the Audit Period, McGees Property did redirect, at no charge, RIA customer's bills because of the customer's absence or illness. 	D	1
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.	4	<p>Controls:</p> <ul style="list-style-type: none"> • Paxon examined the RIA's Customer Manual which states under the heading: "2.7 Payment Difficulties": <i>"The Rottnest Island Authority can make special financial arrangements to assist the customer if you are experiencing difficulties in payment of your accounts."</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 8				Controls	Compliance
	Clause Number	Clause Number					
124A (cont.)					<p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of the McGees Property Manager that, during the Audit Period, McGees Property did not assess RIA customers as experiencing payment difficulties and did not enter into payment plans with them. 		
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.	4	<p>Controls:</p> <ul style="list-style-type: none"> Paxon could not find any direct reference to the stipulations of clause 28(3) of the 2018 Code of Conduct in the RIAs Control Documents; and See the controls findings section and recommendation made for compliance obligation number 5 above. <p>Compliance:</p> <ul style="list-style-type: none"> See the compliance findings section for compliance obligation number 124A above. 	D	NR
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.	4	<p>Controls:</p> <ul style="list-style-type: none"> Paxon could not find any direct reference to the stipulations of clause 28(4) of the 2018 Code of Conduct in the RIAs Control Documents; 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 8				Controls	Compliance
	Clause Number	Clause Number					
124C (cont.)					<ul style="list-style-type: none"> See the controls findings section and recommendation made for compliance obligation number 5 above. <p>Compliance:</p> <ul style="list-style-type: none"> See the compliance findings section for compliance obligation number 124A above 		
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.	4	<p>Controls and Compliance:</p> <ul style="list-style-type: none"> Paxon examined the ERA's: <i>"Financial Hardship Policy Guidelines for Water Services – June 2018"</i> which states under the heading: <i>"2.1 Who must have a hardship policy?"</i>: <i>"A licensee is not required to have a hardship policy if it only supplies water services to non-residential customers."</i>; Paxon examined a letter, dated 25/03/2015, written by the RIA's CEO which states: <i>"I would like to confirm that the Rottnest Island Authority does not provide electricity supply services to residential customers and therefore is not required to submit a Financial Hardship Policy"</i>; Paxon examined an e-mail, dated 26/03/2015, written by the Contracts and Project Officer of 	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 8				Controls	Compliance
	Clause Number	Clause Number					
125 (cont.)					<p>the RIA to which the RIA CEO's letter was attached and sent to the ERA which stated:</p> <p><i>"The RIA issues leases for residential properties to <u>businesses only</u>. There are no residential tenancy leases in individual names."</i></p> <ul style="list-style-type: none"> • Paxon examined an e-mail dated 26/03/2015, in which the Assistant Director, Customer Protection confirmed the fact the RIA did not require a financial hardship policy; and • Paxon confirmed by interview of the McGees Property Manager that, during the Audit Period, all property on Rottnest Island were subjected to commercial leases. 		
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.	4	<ul style="list-style-type: none"> • See the findings for compliance obligation number 125 above. 	NA	NA
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.	4	<ul style="list-style-type: none"> • See the findings for compliance obligation number 125 above. 	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 8				Controls	Compliance	
	Clause Number	Clause Number						
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.	4	• See the findings for compliance obligation number 125 above.	NA	NA
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.	4	• See the findings for compliance obligation number 125 above.	NA	NA
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.	4	• See the findings for compliance obligation number 125 above.	NA	NA
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.	4	• See the findings for compliance obligation number 125 above.	NA	NA
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.	4	• See the findings for compliance obligation number 125 above.	NA	NA
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	4	• See the findings for compliance obligation number 125 above.	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 8				Controls	Compliance
	Clause Number	Clause Number					
130A (cont.)			licensee must offer to enter into an appropriate plan or arrangement with the customer.				
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.	4	• See the findings for compliance obligation number 125 above.	NA	NA
131A	30(4)(a)	3.1.1	The licensee must consider reducing the amount owing by the customer.	4	• See the findings for compliance obligation number 125 above.	NA	NA
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.	4	• See the findings for compliance obligation number 125 above.	NA	NA
131C	30(4)(c)	3.1.1	The licensee must provide the specified written information to a customer.	4	• See the findings for compliance obligation number 125 above.	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 8				Controls	Compliance
	Clause Number	Clause Number					
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.	4	<ul style="list-style-type: none"> See the findings for compliance obligation number 124A above. 	A	NR
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.	4	<ul style="list-style-type: none"> Paxon examined the RIA’s Customer Manual which states under the heading: “2.6 Late Payment Fee and Other Charges”: <i>“The Rottnest Island Authority may charge the customer a late payment fee if you do not pay your bill on or before the due date specified.”</i>; and Paxon found the RIA’s Customer Manual does not refer to not charging interest or fees for late payment of a bill by a customer in the specified circumstances (complaint regarding non-payment of a bill). <p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of the McGees Property Manager that, during the Audit Period, McGees Property did not charge interest 	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 8				Controls	Compliance
	Clause Number	Clause Number					
133A (cont.)					<p>or fees for late payment of a bill by a RIA customer.</p> <p>Recommendation 18/2019:</p> <ul style="list-style-type: none"> The RIA should update its Customer Manual’s content to include a reference regarding not charging interest or fees for late payment of a bill by a customer in the specified circumstances (complaint regarding non-payment of a bill), so as to comply with the stipulations of clause 32 of the 2018 Code of Conduct. 		
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.	4	<p>Controls:</p> <ul style="list-style-type: none"> Paxon could not find any direct reference to the stipulations of clauses 33(1)(a)-(c) of the 2018 Code of Conduct in the RIA’s Control Documents; and See the controls findings section and recommendation made for compliance obligation number 5 above. <p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of the McGees Property Manager that, during the Audit Period, McGees Property did not commence or 	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 8				Controls	Compliance
	Clause Number	Clause Number					
134 (cont.)					continue proceedings to recover a debt from a RIA customer in the specified circumstances.		
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).	4	<p>Controls:</p> <ul style="list-style-type: none"> Paxon could not find any direct reference to the stipulations of clauses 33(1)(d)-(e) of the 2018 Code of Conduct in the RIA’s Control Documents; and See the controls findings section and recommendation made for compliance obligation number 5 above. <p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of the McGees Property Manager that, during the Audit Period, McGees Property did not commence or continue proceedings to recover a debt from a RIA customer in the specified circumstances. 	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.	4	<p>Controls:</p> <ul style="list-style-type: none"> Paxon examined the RIA’s Customer Manual which does not address cutting off or reducing the rate of flow of water to land under section 95(1)(b) of the Act for non-payment of water service charges. 	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 8				Controls	Compliance
	Clause Number	Clause Number					
135 (cont.)					<p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of the RIA’s Environment, Health and Compliance Coordinator that, during the Audit Period: <ul style="list-style-type: none"> All property on Rottnest Island not occupied by the RIA was subject to commercial lease agreements; and The RIA did not cut off the flow of water to land due to missed payments. <p>Recommendation 19/2019:</p> <ul style="list-style-type: none"> The RIA should update its Customer Manual to address cutting off or reducing the rate of flow of water to land under section 95(1)(b) of the Act for non-payment of water service charges. 		
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.	4	<p>Controls:</p> <ul style="list-style-type: none"> Paxon found the RIA’s Customer Manual, limits the disconnection of potable water supply services to emergencies only. <p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of the RIA Representative that, during the Audit Period, the RIA did not cut off or reduced the rate of 	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 8				Controls	Compliance
	Clause Number	Clause Number					
136 (cont.)					flow of water to land under section 95(1)(a), (c), (d) or (e) of the Act.		
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 the licensee has given the customer a restriction notice.	4	<p>Controls:</p> <ul style="list-style-type: none"> Paxon examined the RIA’s Customer Manual which addresses water supply restrictions under the heading: “4.3 Water Restrictions”. However, Paxon found this section exclusively addresses water restrictions from the perspective of supply challenges and does not refer to water restrictions due to non-payment of water service charges; and See the controls findings section and recommendation made for compliance obligation number 135 above. <p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of the RIA’s Environment, Health and Compliance Coordinator that, during the Audit Period: <ul style="list-style-type: none"> All property on Rottnest Island not occupied by the RIA was subject to commercial lease agreements; 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 8				Controls	Compliance
	Clause Number	Clause Number					
137A (cont.)					<ul style="list-style-type: none"> o The RIA did not cut off the flow of water to land due to missed payments. 		
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.	4	<ul style="list-style-type: none"> • 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.	4	<ul style="list-style-type: none"> • 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.	4	<p>Controls:</p> <ul style="list-style-type: none"> • Paxon could not find any direct reference to the stipulations of clauses 37(1) and 38 of the 2018 Code of Conduct in the RIA’s Control Documents; and • See the controls findings section and recommendation made for compliance obligation number 135 above. <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon confirmed by interview of the RIA’s Environment, Health and Compliance Coordinator that, during the Audit Period: 	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 8				Controls	Compliance
	Clause Number	Clause Number					
138 (cont.)					<ul style="list-style-type: none"> o All property on Rottneest Island not occupied by the RIA was subject to commercial lease agreements; and o The RIA did not cut off the flow of water to land due to missed payments. 		
138A	37(1)(f)-(g)	3.1.1	The licensee must not start a water supply restriction if the specified circumstances apply.	4	<ul style="list-style-type: none"> • See the findings for compliance obligation number 138 above. 	D	NR
138B	38	3.1.1	The licensee must not start a water supply restriction on or during the specified times.	4	<ul style="list-style-type: none"> • See the findings for compliance obligation number 138 above. 	D	NR
139	39	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.	4	<ul style="list-style-type: none"> • See the findings for compliance obligation number 135 above. 	D	NR
142	41(4)	3.1.1	The licensee (other than the Water Corporation) must restore a water supply to land within the specified timeframe, unless the licensee and customer expressly agree otherwise.	4	<p>Controls:</p> <ul style="list-style-type: none"> • Paxon could not find any direct reference to the stipulations of clause 41(4) of the 2018 Code of Conduct in the RIA’s Control Documents; and • See the controls findings section and recommendation made for compliance obligation number 5 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 8				Controls	Compliance
	Clause Number	Clause Number					
142 (cont.)					<p>Compliance:</p> <ul style="list-style-type: none"> See the compliance findings section for compliance obligation numbers 135 and 136 above. 		
144	41(6)	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.	4	<ul style="list-style-type: none"> 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.	4	<p>Controls:</p> <ul style="list-style-type: none"> Paxon examined the RIA’s Customer Manual which states under the heading: “4.1 Entry to Customer’s Property – Planned interruption to water supply”: <i>“The Rottnest Island Authority will make every effort to minimize the interruption to your water supply, but on occasion planned maintenance on the water services needs to be carried out. The Rottnest Island Authority aims to provide the customer with notice 24 hours in advance if the water supply needs to be interrupted for planned work.”</i> (emphasis added); and 	C	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 8				Controls	Compliance
	Clause Number	Clause Number					
144A (cont.)					<ul style="list-style-type: none"> The 2018 Code of Conduct stipulates in section 43: <ul style="list-style-type: none"> “(1) A licensee must give notice of any planned service interruption to each customer that will be affected by the service interruption. (2) The notice must be given – <ul style="list-style-type: none"> (a) not less than 48 hours before the start of the service interruption; or (b) if it is not reasonably practicable to comply with paragraph (a), at the earliest practicable time before the start of the service interruption.” <p>Thus, the RIA’s “aim to provide the customer with notice 24 hours in advance”, as included in its Customer Manual, does not meet the standards set in clauses 43(1) and (2) of the 2018 Code of Conduct.</p> <p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of the RIA’s Environment Officer (Compliance) that, during the Audit Period, five days’ notice was given to the residential property manager regarding any planned/or routine maintenance to be conducted (which would have resulted in 		

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	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 8				Controls	Compliance
	Clause Number	Clause Number					
144A (cont.)					<p>service interruptions).</p> <p>Recommendation 20/2019:</p> <ul style="list-style-type: none"> The RIA should update its Customer Manual to refer appropriately to its obligation to inform customers who will be effected by a planned service interruption not less than 48 hours in advance, unless not reasonably practicable (so as to comply with clauses 43(1) and (2) of the 2018 Code of Conduct). 		
144B	43(2)	3.1.1	The notice of any planned service interruption must be given within the prescribed timeframes.	4	<ul style="list-style-type: none"> See the findings for compliance obligation number 144A above. 	C	1
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.	4	<p>Controls and Compliance:</p> <ul style="list-style-type: none"> Paxon examined the RIA’s Customer Manual which addresses the stipulations of clause 44(1) of the 2018 Code of Conduct under the heading: “4.1 Entry to Customer’s Property – Unplanned interruption to services”. However, Paxon found the RIA’s Customer Manual does not address these stipulations in appropriate detail; Paxon examined the RIA’s “Water Services Recovery & Contingency Plan” which includes: 	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 8				Controls	Compliance
	Clause Number	Clause Number					
144C (cont.)					<ul style="list-style-type: none"> ○ “Scenario 7: Water Reticulation Failure” which deal with “piping failures”; ○ “Scenario 2: Failure of a Sewerage Pump Station” which deal with “pump stations located around the island responsible for transferring sewerage to the waste water treatment plan; and ○ “Scenario 3: Failure of Sewerage Reticulation Piping” which deal with “piping failures”. • Paxon confirmed by interview of the RIA’s Environment, Health and Compliance Coordinator that, the following additional practices are followed: <ul style="list-style-type: none"> ○ Annual desktop water test exercise with the Department of Health; ○ Annual desktop drainage exercise; and ○ Monthly reporting by Programmed Facility Management to the RIA regarding water leak detection and rectification and camera inspections of sewers. 		

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 8				Controls	Compliance
	Clause Number	Clause Number					
144D	44(2)	3.1.1	The policies, practices and procedures under clause 44(1) must deal with the prescribed matters.	4	<p>Controls and Compliance:</p> <ul style="list-style-type: none"> • Paxon examined the RIA’s “<i>Water Services Recovery & Contingency Plan</i>” which provides for: <ul style="list-style-type: none"> ○ Prompt attendance at a site after becoming aware of the existence of a burst, leak or block; and ○ The action or actions that must be taken to rectify a burst, leak or blockage. • Paxon found the RIA’s “<i>Water Services Recovery & Contingency Plan</i>” does not address: <ul style="list-style-type: none"> ○ The potential or actual impact on customer (in adequate detail), other effected persons and entities, property and the environment; ○ the action or actions that must be taken to ensure that, in the event of a wastewater spill from the sewerage works of the licensee onto a customer’s property, damage and inconvenience to the customer and other persons or entities are minimised; and ○ The action or actions that must be taken to ensure that, in the event of a wastewater spill 	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 8				Controls	Compliance
	Clause Number	Clause Number					
144D (cont.)					<p>from the sewerage works of the licensee, the spill is promptly cleaned, and the affected area is disinfected.</p> <p>Recommendation 21/2019:</p> <ul style="list-style-type: none"> • The RIA must update its policies, practices and procedures to ensure it addresses: <ul style="list-style-type: none"> ○ The potential or actual impact of a burst, leak or blockage on customer (in adequate detail), other effected persons and entities, property and the environment; ○ the action or actions that must be taken to ensure that, in the event of a wastewater spill from the sewerage works of the licensee onto a customer’s property, damage and inconvenience to the customer and other persons or entities are minimised; and ○ The action or actions that must be taken to ensure that, in the event of a wastewater spill from the sewerage works of the licensee, the spill is promptly cleaned, and the affected area is disinfected. 		

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 8				Controls	Compliance
	Clause Number	Clause Number					
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 for, and the expected duration of, any unplanned service interruption.	4	Controls and Compliance: <ul style="list-style-type: none"> Paxon examined the RIA’s Customer Manual which states on the third page: <p><i>“For Emergencies and Faults only: Programmed Facility Management (PFM) P: 08 9292 5233 during office hours (8.30 am - 4.15 pm Monday to Friday), or P: 1300 044 534 outside of business hours”</i></p> 	A	1
145	46(1)	3.1.1	The licensee must have a written complaints procedure in relation to investigating and dealing with complaints of customers about the provision of water services by the licensee or a failure by the licensee to provide a water service.	4	Controls and Compliance: <ul style="list-style-type: none"> Paxon examined the RIA’s Customer Manual which addresses the investigation and resolving of customer complaints under the heading: <i>“3.4.2 Complaints Procedure”</i>. 	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).	4	Controls and Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of an RIA Representative that the RIA did not develop its complaints procedure using as minimum standards the relevant provisions of AS/NZS 10002-2014. 	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 8				Controls	Compliance
	Clause Number	Clause Number					
146 (cont.)					Recommendation 22/2019: <ul style="list-style-type: none"> The RIA should revise its complaints procedure using as minimum standards the relevant provisions of AS/NZS 10002-2014 and the ERA's "Customer Complaints Guidelines: distinguishing customer queries from complaints – December 2016." 		
147	46(3)	3.1.1	The licensee's complaints procedure must provide for the matters specified in relation to lodgement of complaints, responding to complaints, dispute resolution arrangements and resolving complaints.	4	Controls and Compliance: <ul style="list-style-type: none"> Paxon found the RIA website provides links to: <ul style="list-style-type: none"> "Utilities Customer Complaints Procedure"; and "Utility (Electricity, Water and Gas) Customer Complaint Form". Paxon found the RIA's "Utilities Customer Complaints Procedure": <ul style="list-style-type: none"> Includes a link to the "Utilities Customer Complaints form" available on the RIA website for recording complaints; Records street addresses, postal addresses, telephone numbers, fax numbers and e-mail addresses for lodgement of complaints; 	C	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 8				Controls	Compliance
	Clause Number	Clause Number					
147 (cont.)					<ul style="list-style-type: none"> o States: <ul style="list-style-type: none"> “The RIA will aim to acknowledge written queries or complaints by a customer within 10 business days and respond to queries or complaints by addressing the matters within 15 business days.” (emphasis added – addressing and not resolving); o Provides contact details for the “Energy and Water Ombudsman Western Australia” for instances where complaints have not been resolved internally in a manner acceptable to the customer; and o Refers to the “Water Services Code of Conduct (Customer Service Standards) 2013” (not the 2018 Code of Conduct). • Paxon found the “Utilities Customer Complaints Procedure” does not refer to the method the RIA will use to respond to complaints. <p>Recommendation 23/2019:</p> <ul style="list-style-type: none"> • The RIA should update its “Utilities Customer Complaints Procedure” so as to comply with the 		

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 8				Controls	Compliance
	Clause Number	Clause Number					
147 (cont.)					<p>stipulations of clause 46(3) of the 2018 Code of Conduct by:</p> <ul style="list-style-type: none"> ○ Including appropriate detail as to the methods the RIA will use to respond to complaints; ○ Categorically referring to the RIA’s obligation to resolve a complaint before the end of the period of 15 business days starting on the day the complaint was received; and ○ Referring to the 2018 Code of Conduct and not the 2013 Code of Conduct. 		
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).	4	<p>Controls and Compliance:</p> <ul style="list-style-type: none"> • Paxon examined the RIA’s “Utilities Customer Complaints Procedure” which only refers to applying to the water services ombudsman and not to 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) of the Act. 	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 8				Controls	Compliance
	Clause Number	Clause Number					
148A (cont.)					Recommendation 24/2019: <ul style="list-style-type: none"> The RIA should update its <i>“Utilities Customer Complaints Procedure”</i> to refer to the alternative complaints procedure available to customers under section 222(2)(k) of the Act. 		
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.	4	Controls and Compliance: <ul style="list-style-type: none"> Paxon found the RIA website provides links to: <ul style="list-style-type: none"> RIA's Customer Manual; <i>“Utilities Customer Complaints Procedure”</i>; and <i>“Utility (Electricity, Water and Gas) Customer Complaint Form”</i>. Paxon confirmed by interview of the McGees Property Manager that, during the Audit Period, no RIA customer requested a hardcopy of the RIA's complaints procedure. 	A	1
149A	47	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.	4	Controls and Compliance: <ul style="list-style-type: none"> Paxon examined the RIA's <i>“Utilities Customer Complaints Procedure”</i> which states: <p><i>“The customer has the right to raise the electricity or water complaint with the Energy and Water Ombudsman.”</i></p> 	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 8				Controls	Compliance
	Clause Number	Clause Number					
149A (cont.)					<ul style="list-style-type: none"> • Paxon found the RIA’s “Utilities Customer Complaints Procedure” also records a street address, postal address, phone number, free call number and e-mail address for the Energy and Water Ombudsman regarding: <p><i>“complaints that have not been resolved internally in a manner acceptable to the customer”.</i></p> • Paxon examined the RIA’s Customer Manual which under the heading: “3.4.2 Complaints Procedure”: <ul style="list-style-type: none"> ○ Refers to the customer’s right to apply to the water service ombudsman for a review of a complaint; and ○ Provides a “Free Call” number for the water service ombudsman. • Paxon is of the opinion the above-mentioned documented procedures only imply that the customer has a right to apply to the water services ombudsman for a review of the complaint. These documented procedures do not specifically state that once the RIA considers that a customer’s complaint has been resolved, it must: 		

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 8				Controls	Compliance
	Clause Number	Clause Number					
149A (cont.)					<ul style="list-style-type: none"> o Advise the customer accordingly; and o Inform the customer of the right to apply to the water services ombudsman for a review of the complaint. <p>Recommendation 25/2019:</p> <ul style="list-style-type: none"> • The RIA’s actual practice should be, and its documented procedures should state that once the RIA considers that a customer’s complaint has been resolved, it must: <ul style="list-style-type: none"> o Advise the customer accordingly; and o Inform the customer of the right to apply to the water services ombudsman for a review of the complaint. 		
150	48(1)	3.1.1	The licensee must provide a customer with the specified services on request and at no charge.	4	<p>Controls:</p> <ul style="list-style-type: none"> • Paxon could not find any direct reference to the stipulations of clause 48(1) of the 2018 Code of Conduct in the RIA’s Control Documents; and • See the controls findings section and recommendation made for compliance obligation number 5 above. 	D	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 8				Controls	Compliance
	Clause Number	Clause Number					
150 (cont.)					<p>Compliance:</p> <ul style="list-style-type: none"> • Paxon examined a sample of tax invoices issued, by McGees Property on behalf of the RIA, during the Audit Period and found these invoices included contact telephone numbers for: <ul style="list-style-type: none"> ◦ “National Relay Services”; and ◦ “Interpreter Service”. • Paxon confirmed by interview of the McGees Property Manager that, during the Audit Period, no RIA customer requested a hardcopy a large-print version of any of the licensee’s publicly available documents. 		
152	48(2)	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.	4	<p>Controls:</p> <ul style="list-style-type: none"> • Paxon could not find any direct reference to the stipulations of clause 48(2) of the 2018 Code of Conduct in the RIA’s Control Documents; and • See the controls findings section and recommendation made for compliance obligation number 5 above. 	D	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 8				Controls	Compliance
	Clause Number	Clause Number					
152 (cont.)					<p>Compliance:</p> <ul style="list-style-type: none"> • Paxon examined a sample of tax invoices issued, by McGees Property on behalf of the RIA, during the Audit Period and found these invoices included personal account information; and • Paxon examined a sample of supporting documents to tax invoices issued, by McGees Property on behalf of the RIA, during the Audit Period. Paxon found these supporting documents included an “Usage Comparison” with last year and the last bill. 		
153	49(1)	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.	4	<p>Controls:</p> <ul style="list-style-type: none"> • Paxon could not find any direct reference to the stipulations of clause 49(1) of the 2018 Code of Conduct in the RIA’s Control Documents; and • See the controls findings section and recommendation made for compliance obligation number 5 above. <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon examined the RIA’s Customer Manual, which is available on the RIA website, and 	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 8				Controls	Compliance
	Clause Number	Clause Number					
153 (cont.)					<p>includes details of the:</p> <ul style="list-style-type: none"> ○ Obligations of customers under the regulations to ensure that access to a meter is available (section 4.5 of the Manual); ○ Fees and charges that will be imposed and collected by the licensee (section 2.2 of the Manual); ○ RIA’s bill payment method options (section 2.5 of the Manual); ○ Services provided by the licensee under clause 48 (page 3 of the Manual); ○ Quality of water and its management (section 1.6 of the Manual); and ○ Planned and unplanned interruptions of water supply or other incidents that may significantly affect the provision of water services to customers (sections 4.1 and 4.3 of the Manual). <ul style="list-style-type: none"> ● Paxon found the RIA’s website does not include appropriate references to the: <ul style="list-style-type: none"> ○ Power of a person authorised by a licensee under section 129 to enter a place without 		

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 8				Controls	Compliance
	Clause Number	Clause Number					
153 (cont.)					<p>consent, notice or warrant to read a meter connected to the licensee’s water service works;</p> <ul style="list-style-type: none"> o Concessions available to customers; o That under section 95(1)(b), the licensee may cut off, or reduce the rate of flow of, a supply of water if a water service charge remains unpaid for 30 days after it becomes due; o Limitations to the RIA’s rights under clause 49(1)(g) of the 2018 Code of Conduct if the customer is offered a payment plan or other arrangement giving the customer more time to pay the bill or to pay arrears; o That under section 95(3), the supply of water cannot be cut off to an occupied dwelling unless the occupier agrees; and o Sustainable use of water. <p>Recommendation 26/2019:</p> <ul style="list-style-type: none"> • The RIA should ensure all the information stipulated in clause 49(1) of the 2018 Code of Conduct is publicly available. 		

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	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 8				Controls	Compliance
	Clause Number	Clause Number					
154	49(2)	3.1.1	The licensee must ensure that the specified information about bills may be obtained from its website.	4	<p>Controls:</p> <ul style="list-style-type: none"> • Paxon could not find any direct reference to the stipulations of clause 49(2) of the 2018 Code of Conduct in the RIA’s Control Documents; and • See the controls findings section and recommendation made for compliance obligation number 5 above. <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon examined the RIA’s Customer Manual, which is available on the RIA website, and which includes details that: <ul style="list-style-type: none"> ○ In the case of a metered water service, a customer may request a meter reading and bill to determine the outstanding charge for a period that is not the same as the usual billing cycle (section 2.1 of the Manual); ○ In the case where a customer disputes an estimate on which a bill is based, the customer may request a meter reading and, in any event, a revised bill (section 2.1 of the Manual); 	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 8				Controls	Compliance
	Clause Number	Clause Number					
154 (cont.)					<ul style="list-style-type: none"> o The bill can be reviewed in accordance with the licensee’s review procedure (section 2.4 of the Manual); and o Complaints about the provision of a water service by the licensee or a failure by the licensee to provide a water service can be made in accordance with the licensee’s complaints procedure (section 3.4.2 of the Manual). • Paxon found the RIA’s website does not include appropriate references to: <ul style="list-style-type: none"> o If a bill is based on an estimate, that the licensee will tell a customer on request the reason for and basis of the estimate (Paxon found such references only within a sample of tax invoices examined); and o That a customer may request the testing of a meter and that if the customer so requests, information about the fees that apply and when the fees may be reimbursed. 		

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 8				Controls	Compliance
	Clause Number	Clause Number					
154 (cont.)					<p>Recommendation 27/2019:</p> <ul style="list-style-type: none"> The RIA should ensure the information stipulated in clause 49(2) of the 2018 Code of Conduct is publicly available. 		
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.	4	<p>Controls:</p> <ul style="list-style-type: none"> Paxon could not find any direct reference to the stipulations of clause 49(1) of the 2018 Code of Conduct in the RIA’s Control Documents; and See the controls findings section and recommendation made for compliance obligation number 5 above. <p>Compliance:</p> <ul style="list-style-type: none"> Paxon found the RIA’s Customer Manual includes a link to the RIA webpage on which the Customer Manual can be found. However, this webpage does not include a direct link to the 2018 Code of Conduct, appearing on the website maintained by or on behalf of the Western Australian Government which provides public access to electronic versions of Western Australian legislation. 	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 8				Controls	Compliance
	Clause Number	Clause Number					
154A (cont.)					Recommendation 28/2019: <ul style="list-style-type: none"> The RIA should provide a link to the 2018 Code of Conduct on its website, so as to comply with the stipulations of clause 49(3) of the said Code. 		
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.	4	Controls: <ul style="list-style-type: none"> Paxon could not find any direct reference to the stipulations of clauses 51(1) and (3) of the 2018 Code of Conduct in the RIA’s Control Documents; and See the controls findings section and recommendation made for compliance obligation number 5 above. Compliance: <ul style="list-style-type: none"> Paxon requested but was not provided with a preserved supply register for the RIA. Recommendation 29/2019: <ul style="list-style-type: none"> The RIA should implement and maintain a preserved supply register, so as to comply with the stipulations of clauses 51(1) and (3) of the 2018 Code of Conduct. 	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 8				Controls	Compliance
	Clause Number	Clause Number					
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.	2	Controls: <ul style="list-style-type: none"> Paxon could not find any direct reference to the stipulations of clause 52 of the 2018 Code of Conduct in the RIA’s Control Documents; and See the controls findings section and recommendation made for compliance obligation number 5 above. Compliance: <ul style="list-style-type: none"> See the compliance findings section for compliance obligation number 135 above. 	D	NR
154D		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.	4	Controls: <ul style="list-style-type: none"> Paxon could not find any direct reference to the stipulations of clause 52 of the 2018 Code of Conduct in the RIA’s Control Documents; and See the controls findings section and recommendation made for compliance obligation number 5 above. Compliance: <ul style="list-style-type: none"> See the compliance findings section for compliance obligation number 154B above. 	D	2

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 8 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.	4	<p>Controls:</p> <ul style="list-style-type: none"> • Paxon examined the RIA documents entitled: “Regulatory Commitments” which only provides for the payment of the annual charges and not the quarterly charges; and • See the controls findings section and recommendation made for compliance obligation number 5 above <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon requested proof of such payments but was only provided with a remittance advice for a single payment made in December 2018. Thus, Paxon could not confirm that, during the Audit Period, the RIA paid the applicable fees and charges in accordance with the applicable regulations. <p>Recommendation 30/2019:</p> <ul style="list-style-type: none"> • The RIA must keep appropriate documentation to help confirm compliance with all the legislative obligations regarding the water services it provides. 	C	2

No.	Obligation Under: Water Services Licence - Version 8 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	3.1.1	Subject to any modifications or exemptions granted pursuant to the Act and this licence, the licensee must comply with any applicable legislation.	4	Controls and Compliance: <ul style="list-style-type: none"> • The RIA'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 within the range from 2 to 64 and 155 to 190); • Water Services Regulations 2013 (see reference numbers within the range from 65 to 89); • Water Services Code of Conduct (Customer Service Standards) 2018 (see reference numbers within the range from 92 to 154); • Water Services Licence, WL10, version 8, 1 July 2016 (see reference numbers within the range from 155 to 190); and 	D	2

No.	Obligation Under: Water Services Licence - Version 8 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
156 (cont.)				<ul style="list-style-type: none"> Recommendations for individual obligations, as considered appropriate, were made and are disclosed within this Report. 		
159	3.1.2	The licensee must comply with a direction from the ERA in relation to a breach of applicable legislation.	4	<p>Controls:</p> <ul style="list-style-type: none"> Paxon examined the RIA documents entitled: <ul style="list-style-type: none"> “Regulatory Commitments”; and “Utilities Licence and Compliance Register”. Hereinafter collectively referred to as the “RIA Compliance Documents”; Paxon could not find any direct reference to the stipulations of clause 3.1.2 of WL10 in the RIA’s Compliance Documents; and See the controls findings section and recommendation made for compliance obligation number 5 above. <p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of a RIA Representative that, during the Audit Period, the RIA did not receive an ERA direction in relation to a breach of applicable legislation; 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)	
					Controls	Compliance
159 (cont.)	Water Services Licence - Version 8 and the Water Services Act 2012 (Section 12)			<ul style="list-style-type: none"> Paxon examined the results of a TRIM search of records conducted for the "ERA". The search results found no record which relates to an ERA direction regarding a breach of applicable legislation during the Audit Period. 		
160	3.6.1	The licensee and any related body corporate must maintain accounting records that comply with the Australian Accounting Standards Board Standards or equivalent International Accounting Standards.	4	<p>Controls:</p> <ul style="list-style-type: none"> Paxon could not find any direct reference to the stipulations of clause 3.6.1 of WL10 in the RIA's Compliance Documents; and See the controls findings section and recommendation made for compliance obligation number 5 above. <p>Compliance:</p> <ul style="list-style-type: none"> Paxon examined the "Independent Auditor's Report" on the 2016-2017 financial statements which stated: <i>"They (financial statements) are in accordance with Australian Accounting Standards...";</i> and Paxon examined the "Independent Auditor's Report" on the 2017-2018 financial statements which stated: 	D	1

No.	Obligation Under: Water Services Licence - Version 8 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.)				<i>"They (financial statements) are in accordance with Australian Accounting Standards..."</i>		
161	4.2.1	The licensee must comply with any individual performance standards prescribed by the ERA.	2	<p>Controls:</p> <ul style="list-style-type: none"> • Paxon found the RIA's "Utilities Licence and Compliance Register" refers to the conduct of an annual desktop audit of the drainage system; • However, Paxon could not find any direct reference to help ensure the RIA complied with any individual performance standards prescribed by the ERA in the RIA's Compliance Documents; and • See the controls findings section and recommendation made for compliance obligation number 5 above. <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon examined "Schedule 2 – Performance standards" as included in WL10. Paxon found Schedule 2 includes the following pressure and flow standards: <ul style="list-style-type: none"> ◦ Minimum static pressure (metres of water) 15; 	C	4

No.	Obligation Under: Water Services Licence - Version 8 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
161 (cont.)				<ul style="list-style-type: none"> ○ Maximum static pressure (metres of water) 100; and ○ Minimum flow (litres per minute) 20. ● Paxon examined the RIA’s performance datasheets for 2016-2017 and found it did not provide either the number or percentage of connected properties that were supplied at a pressure and flow that met the standards set out in the licence (12-month data); ● Paxon examined the RIA’s performance datasheets for 2017-2018 and found it did not provide either the number or percentage of connected properties that were supplied at a pressure and flow that met the standards set out in the licence (12-month data); and ● Paxon has noted the RIA’s 2017-2018 Compliance Report states: <i>“Due to the non-pressurised potable distribution network on Rottneest Island it is anticipated that the minimum static pressure and minimum flow of 15 meters and 20 litres per minute respectively, cannot be maintained.”</i> 		

No.	Obligation Under: Water Services Licence - Version 8 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
161 (cont.)				Recommendation 31/2019: <ul style="list-style-type: none"> The Ria should measure pressure and flow for connected properties and report it on an annual basis to the ERA as part of its annual performance reports. 		
162	4.3.4	The licensee must cooperate with the independent expert and comply with the ERA’s standard audit guidelines dealing with the operational audit.	4	Controls: <ul style="list-style-type: none"> Paxon found the RIA’s “Utilities Licence and Compliance Register” refers to the conduct of an operational audit. Compliance: <ul style="list-style-type: none"> RIA 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: “2019 Audit and Review Guidelines - Water Licences – March 2019”. 	A	1
163	3.7.1(a), (b), (c)	The licensee must report to the ERA, in the manner prescribed, if a licensee is under external administration or there is a material change in the circumstances upon which the licence was granted	2	Controls: <ul style="list-style-type: none"> Paxon could not find any direct reference to the stipulations of clauses 3.7.1(a), (b), and (c) of WL10 in the RIA’s Compliance Documents; and 	D	NR

No.	Obligation Under: Water Services Licence - Version 8 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
163 (cont.)		which may affect a licensee’s ability to meet its obligations.		<ul style="list-style-type: none"> See the controls findings section and recommendation made for compliance obligation number 5 above. <p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of an RIA Representative that, during the Audit Period: <ul style="list-style-type: none"> The RIA was not under external administration; and No material change took place in the RIA’s circumstances upon which WL10 was granted which affected the RIA’s ability to meet its obligations. 		
165	3.8.1	The licensee must provide the ERA specified information relevant to the operation of the licence or the licensing scheme, or the performance of the ERA’s function under the Act in the manner and form specified by the ERA.	2	<p>Controls:</p> <ul style="list-style-type: none"> Paxon could not find any direct reference to the stipulations of clause 3.8.1 of WL10 in the RIA’s Compliance Documents (excluding compliance reports and performance reports); and See the controls findings section and recommendation made for compliance obligation number 5 above. 	D	NR

No.	Obligation Under: Water Services Licence - Version 8 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
165 (cont.)				<p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of an RIA Representative that, during the Audit Period, the RIA did not receive ERA requests for specified information. 		
166	3.8.2	The licensee must comply with any information reporting requirements prescribed by the ERA, including but not limited to the provisions of the <i>Water Compliance Reporting Manual</i> that apply to the licensee.	2	<p>Controls:</p> <ul style="list-style-type: none"> Paxon found the RIA's "<i>Utilities Licence and Compliance Register</i>" refers to the submission of annual compliance reports to the ERA. <p>Compliance:</p> <ul style="list-style-type: none"> Paxon examined the RIA's compliance report for 2016-2017 and found it recorded details of four non-compliances regarding: <ul style="list-style-type: none"> Asset management system (see the findings for compliance obligation number 6 above); Interruption of water services (see the findings for compliance obligation number 16 above); Fire hydrants (see the findings for compliance obligations numbers 22 and 23 above); and 	A	1

No.	Obligation Under: Water Services Licence - Version 8 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"> ○ Measuring water flow and pressure (see the findings for compliance obligation number 161 above). ● Paxon found the RIA’s 2016-2017 compliance report was submitted to the ERA by e-mail on 29/08/2017; ● Paxon examined the RIA’s compliance report for 2017-2018 and found it recorded details of seven non-compliances regarding: <ul style="list-style-type: none"> ○ Interruption of water services (see the findings for compliance obligation number 16 above); ○ Fire hydrants (see the findings for compliance obligations numbers 22 and 23 above); ○ Prescribed information on bills (see the findings for compliance obligations numbers 100, 101, 101A and 102A above); and ○ Measuring water flow and pressure (see the findings for compliance obligation number 161 above). 		

No.	Obligation Under: Water Services Licence - Version 8 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
166 (cont.)				<ul style="list-style-type: none"> • Paxon found the RIA’s 2017-2018 compliance report was submitted to the ERA by e-mail on 31/08/2018; and • Paxon found the ERA’s compliance reports for both 2016-2017 and 2017-2018 followed the format prescribed in the ERA’s “Water Compliance Reporting Manual – Water Services Act 2012” (July 2016 and May 2018 versions respectively). 		
167	3.8.3	The licensee must provide the ERA with the data required for performance reporting purposes that is specified in the <i>Water, Sewerage and Irrigation Licence Performance Reporting Handbook</i> , and the National Performance Framework that apply to the licensee.	2	<p>Controls:</p> <ul style="list-style-type: none"> • Paxon found the RIA’s “Utilities Licence and Compliance Register” refers to the submission of annual performance reports to the ERA. <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon examined the RIA’s performance datasheets for both 2016-2017 and 2017-2018 and found it recorded details for: <ul style="list-style-type: none"> ○ Small potable water; and ○ Small sewerage. • Paxon found the RIA’s 2016-2017 performance report was submitted to the ERA by e-mail on 23/08/2017; and 	A	1

No.	Obligation Under: Water Services Licence - Version 8 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
167 (cont.)				<ul style="list-style-type: none"> Paxon found the RIA’s 2017-2018 performance report was submitted to the ERA by e-mail on 31/08/2018. 		
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.	4	<p>Controls:</p> <ul style="list-style-type: none"> Paxon could not find any direct reference to the stipulations of clauses 2.8.1 and 2.8.2 of WL10 in the RIA’s Compliance Documents; and See the controls findings section and recommendation made for compliance obligation number 5 above. <p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of an RIA Representative that, during the Audit Period, the RIA did not receive any ERA direction to publish any information. 	D	NR
169	2.7.1	Unless otherwise specified, all notices must be in writing.	4	<p>Controls and Compliance:</p> <ul style="list-style-type: none"> Paxon found RIA gave notices in writing during the Audit Period. Numerous examples, as referred to throughout this Audit Report, were sighted to support this statement. 	A	1

No.	Obligation Under: Water Services Licence - Version 8 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
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. 	A	3
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	<p>Controls:</p> <ul style="list-style-type: none"> Paxon found the RIA’s “Utilities Licence and Compliance Register” refers to the conduct of an asset management system review. <p>Compliance:</p> <ul style="list-style-type: none"> The RIA 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”. 	A	1
173	5.5.1	The licensee must not supply water services to customers unless the licensee is a member of and bound by the water services ombudsman scheme.	4	<ul style="list-style-type: none"> See the findings for compliance obligation number 15 above. 	B	1
175	5.1.1	If directed by the ERA, the licensee must submit a draft customer contract for approval.	4	<p>Controls:</p> <ul style="list-style-type: none"> Paxon could not find any direct reference to the stipulations of clauses 5.1.1, 5.1.3, 5.1.5, 	D	NR

No.	Obligation Under: Water Services Licence - Version 8 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
175 (cont.)				5.3.1, 5.3.2 and 5.3.4 of WL10 in the RIA's Compliance Documents. Compliance <ul style="list-style-type: none"> The RIA representative, notwithstanding several specific requests, did not provide Paxon with a definitive answer as to whether, during the Audit Period, the ERA directed the RIA to submit a draft customer contract for approval; and Paxon examined the results of a TRIM search of records conducted for "ERA". The search results found no records regarding any ERA direction to the RIA to submit a draft customer contract for approval. 		
176	5.1.2	The licensee must comply with any <i>Customer Contract Guidelines</i> that apply to the licensee.	4	Controls and Compliance: <ul style="list-style-type: none"> Paxon inspected the ERA's website but did not find any "<i>Customer Contract Guidelines</i>". 	NA	NA
177	5.1.3	The licensee may only amend the customer contract with the ERA's approval.	4	Controls: <ul style="list-style-type: none"> See the controls findings section for compliance obligation number 175 above. 	D	NR

No.	Obligation Under: Water Services Licence - Version 8 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
177 (cont.)				<p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of the Environment Officer (Compliance) of the RIA that, during the Audit Period, the RIA did not amend any customer contract. 		
178	5.1.5	The licensee must comply with any direction by the ERA to amend the customer contract.	4	<p>Controls:</p> <ul style="list-style-type: none"> See the controls findings section for compliance obligation number 175 above. <p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of the Environment Officer (Compliance) of the RIA that, during the Audit Period, the RIA did not receive any ERA direction to amend a customer contract. 	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.	4	<p>Controls:</p> <ul style="list-style-type: none"> See the controls findings section for compliance obligation number 175 above. <p>Compliance:</p> <ul style="list-style-type: none"> The RIA representative, notwithstanding several specific requests, did not provide Paxon with a definitive answer as to whether, 	D	NR

No.	Obligation Under: Water Services Licence - Version 8 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
179 (cont.)				<p>during the Audit Period, the RIA obtained the prior approval of the ERA for agreements which excluded, modified or restricted the terms and conditions of the licence or the requirements of the <i>Code of Conduct</i>; and</p> <ul style="list-style-type: none"> • Paxon examined the results of a TRIM search of records conducted for “ERA”. The search results found no records regarding any communication between the ERA and the RIA in respect of agreements which excluded, modified or restricted the terms and conditions of the licence or the requirements of the <i>Code of Conduct</i>. 		
180	5.3.4	If the licensee enters into an agreement that excludes, modifies or restricts the terms and conditions of the licence or the requirements of the <i>Code of Conduct</i> , the licensee must publish an annual report containing the information specified.	4	<ul style="list-style-type: none"> • See the findings for compliance obligation number 179 above. 	D	NR
181	5.6.1	If the licensee is appointed as the supplier of last resort for a designated area, the licensee must perform the functions of a supplier of last resort, comply with the duties imposed by the Act and carry out its operations	4	<ul style="list-style-type: none"> • See the findings for compliance obligation number 14 above. 	D	NR

No.	Obligation Under: Water Services Licence - Version 8 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
181 (cont.)		under or for the purpose of the last resort plan in accordance with the Act.				
182	3.4.1(b)	If the licensee provides a water service outside of the operating area the licensee must apply to amend the licence unless otherwise notified by the ERA.	4	<ul style="list-style-type: none"> See the findings for compliance obligation number 4 above. 	NA	NA
183	5.4.3	The licensee must comply with the ERA's Financial Hardship Policy Guidelines as they apply to the licensee.	4	<ul style="list-style-type: none"> See the findings for compliance obligation number 125 above. 	NA	NA
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.	4	<p>Controls and Compliance:</p> <ul style="list-style-type: none"> Paxon examined a "Memorandum of Understanding between the Department of Health and Rottneest Island Authority for Drinking Water" (MOU), dated on 18/04/2012. 	A	1
185	Clause 6.1.2	The Memorandum of Understanding must comply with the specified requirements in relation to legal standing of the document and compliance audits by the Department of Health.	4	<p>Controls:</p> <ul style="list-style-type: none"> Paxon found the RIA's "Utilities Licence and Compliance Register" refers to: <ul style="list-style-type: none"> Three-year interval for the review of the MOU; and A "MOU Audit and Review". 	A	2

No.	Obligation Under: Water Services Licence - Version 8 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)		
					<table border="1"> <tr> <td data-bbox="1803 518 1926 550">Controls</td> <td data-bbox="1937 518 2060 550">Compliance</td> </tr> </table>	Controls	Compliance
Controls	Compliance						
185 (cont.)				<p>Compliance:</p> <ul style="list-style-type: none"> • Paxon examined the MOU which states in section: "16.1 Expiry": <i>"The term of this Memorandum shall be three (3) years from the date of signing."</i> The MOU was dated 18/04/2012. Thus, the MOU expired on 17/04/2015; • Paxon examined the MOU which states in section: "16.3 Review and renewal of MOU": <i>"The Chief Executive Officers shall ensure that this Memorandum is reviewed and renewed not less than once every three years and that any such review commences at least six months prior to the expiry of the term set under clause 16.1"</i>; • Paxon confirmed by interview of the Environment Officer (Compliance) of the RIA that the: <ul style="list-style-type: none"> ○ Department of Health is responsible for reviewing and renewing the MOU; ○ RIA was not provided with a revised MOU during the Audit Period; and 			

No.	Obligation Under: Water Services Licence - Version 8 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
185 (cont.)				<ul style="list-style-type: none"> ○ Department of Health did not conduct a compliance audit during the Audit Period. • Paxon confirmed by interview of the Environment, Health and Compliance Coordinator of the RIA that: <ul style="list-style-type: none"> ○ During the Audit Period, the RIA operated under the previous MOU, fulfilling all obligations; and ○ The RIA entered into a new MOU with the Department of Health on 23/12/2019. • Paxon found a signed version of the MOU dated 23/12/2019 on the RIA’s website. Paxon notes this MOU states: <ul style="list-style-type: none"> ○ <i>“The term of this Memorandum shall be five (5) years from the date of signing.”</i> (section 15.1); and ○ <i>“The Chief Executive Officer shall ensure that this Memorandum is reviewed and renewed not less than once every five years and that any such review commences at least six months prior to the expiry of the term set under clause 15.1 of this Memorandum.”</i> 		

No.	Obligation Under: Water Services Licence - Version 8 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 (cont.)				Recommendation 32/2019: <ul style="list-style-type: none"> The RIA must in future comply with the terms of the MOU regarding its review and renewal and clause 6.1.2 of WL 10. 		
186	Clause 6.1.3	The licensee must comply with the terms of the Memorandum of Understanding.	4	Controls: <ul style="list-style-type: none"> Paxon found the RIA's Compliance Documents include several actions to help the RIA comply with the terms of the MOU. Compliance: <ul style="list-style-type: none"> See the compliance findings section for compliance obligation number 189 below; Paxon found the RIA's "Policy – Drinking Water Quality" was reviewed in 01/2018; Paxon examined the minutes of two meetings held between the Department of Health and PFM in 2018 regarding drinking water; and Paxon examined the annual drinking water quality reports for 2016-2017 and 2017-2018 which identified instances of non-compliance. 	A	2

No.	Obligation Under: Water Services Licence - Version 8 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
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.	4	<p>Controls:</p> <ul style="list-style-type: none"> Paxon found the RIA's "Utilities Licence and Compliance Register" refers specifically to the stipulations of clause 6.1.4 of WL10. <p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of the Environment, Health and Compliance Coordinator of the RIA that: <ul style="list-style-type: none"> During the Audit Period, the RIA operated under the previous MOU (dated 18/04/2012); and The RIA entered into a new MOU with the Department of Health on 23/12/2019. <p>Thus, the RIA was not under obligation to publish an amended MOU during the Audit Period; and</p> <ul style="list-style-type: none"> Paxon found a signed version of the MOU dated 23/12/2019 on the RIA's website. 	A	NR

No.	Obligation Under: Water Services Licence - Version 8 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
188	Clause 6.1.5	The licensee must publish the audit report on compliance with its obligations under the Memorandum of Understanding on its website within one month of the completion of the audit.	4	<p>Controls:</p> <p>Paxon found the RIA’s “Utilities Licence and Compliance Register” refers specifically to the stipulations of clause 6.1.5 of WL10.</p> <p>Compliance:</p> <ul style="list-style-type: none"> • See the compliance findings section for compliance obligation number 185 above. 	A	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.	4	<p>Controls:</p> <ul style="list-style-type: none"> • Paxon found the RIA’s “Utilities Licence and Compliance Register” refers specifically to the RIA’s obligations regarding: <ul style="list-style-type: none"> ○ Annual drinking water quality reports; and ○ Quarterly drinking water quality reports. <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon found the RIA website included: <ul style="list-style-type: none"> ○ Annual drinking water reports for 2016-2017 and 2017-2018; and ○ Quarterly drinking water reports for the period 10/2017 to 06/2019. 	A	1

No.	Obligation Under: Water Services Licence - Version 8 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.	2	<ul style="list-style-type: none"> See the findings for compliance obligation number 161 above. 	C	4

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 (no./year)	Licence Obligation Reference Number	Date Resolved and Action Taken by RIA	Paxon's Comments
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
Not applicable	<ul style="list-style-type: none"> Number: 101; Rating: D 2; Obligations: 2018 Code of Conduct, clause 13(4) and WL10, clause 3.1.1; and Details: <ul style="list-style-type: none"> Paxon examined a sample of supporting documents to tax invoices issued, by McGees Property on behalf of the RIA, during the Audit Period. Paxon found these supporting documents included the information stipulated in clause 13(4) of the 2018 Code of Conduct except for: <ul style="list-style-type: none"> 2017 sampled supporting document which did not comply with clause 13(4)(g) – comparable usage; and Some earlier date sampled supporting documents which did not comply with clause 13(4)(c) – number of days to which the bill applies. 	<ul style="list-style-type: none"> Paxon makes no recommendation as later date sampled supporting documents did comply with clauses 13(4)(c) and 13(4)(g) of the 2018 Code of Conduct. 	<ul style="list-style-type: none"> See the comments already provided.

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 (no./year)	Licence Obligation Reference Number Controls and Compliance Rating Legislative Obligation Details of Inadequate Controls and/or Non-Compliance	Auditor's Recommendation	RIA Action Taken by End of Audit Period
1/2019	<ul style="list-style-type: none"> • Numbers: 5, 13, 14, 18 to 19, 20, 21, 22 to 23, 24, 26, 27, 28, 29, 58 to 61, 62, 65, 66, 70 to 72, 89, 93, 98A, 100, 100A, 101, 101A, 102A, 103, 104, 112B to C, 117, 120, 123, 124B to C, 134, 134A, 142, 144, 150, 152, 153, 154, 154A to D, 159, 160, 163, 165, 168, 175, 177 to 181; • Ratings: as per Tables 9 and 10 of this Report; • Obligations: as per Tables 9 and 10 of this Report; and • Details for number 5: <ul style="list-style-type: none"> ○ Paxon examined the RIA documents entitled: <ul style="list-style-type: none"> • "Regulatory Commitments"; • "Utilities Licence and Compliance Register"; and • "Rottnest IS – Water Customer Services". Hereinafter collectively referred to as the "RIA Control Documents"; ○ Paxon found the RIA's "Regulatory Commitments" document only refers to a small number of compliance obligations in 	<ul style="list-style-type: none"> • The RIA should consider implementing a compliance register which records all its obligations in terms of the Water Legislation. This register should identify, per individual compliance obligation, appropriate policy and procedure documents and responsible employees. The ERA's document entitled: "Water Compliance Reporting Manual - Water Services Act 2012 – May 2018" may help the RIA 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 (no./year)	Licence Obligation Reference Number Controls and Compliance Rating Legislative Obligation Details of Inadequate Controls and/or Non-Compliance	Auditor's Recommendation	RIA Action Taken by End of Audit Period
1/2019 (continued)	<p>terms of the water services legislative instruments;</p> <ul style="list-style-type: none"> ○ Paxon found the RIA's "<i>Utilities Licence and Compliance Register</i>" document also only refers to a small number of compliance obligations in terms of the water services legislative instruments; ○ Paxon found the RIA's "<i>Rottnest IS – Water Customer Services</i>" document (Customer Manual) addresses compliance obligations from the perspective of customers and not in general terms. Paxon further notes the Customer Manual was last updated on 31 May 2016. Thus, this document was not updated to take account of the stipulations of the: <ul style="list-style-type: none"> • Water Services Code of Conduct (Customer Service Standards) 2018; and • ERA: Water services licence – Rottnest Island Authority – WL10, version 8, 1 July 2016. 		

Current 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	RIA Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
1/2019 (continued)	<ul style="list-style-type: none"> o Paxon could not find any direct reference to the stipulations of section 23 of the Act in the RIAs Control Documents. 		
2/2019	<ul style="list-style-type: none"> • Numbers: 7 and 171; • Rating: A 3; • Obligations: Act, section 24(1)(b) and WL10, clauses 4.1.1 and 4.1.2; and • Details: <ul style="list-style-type: none"> o Paxon confirmed by interview of the RIA Representative that, during the Audit Period, the RIA did make changes to its asset management system which included: <ul style="list-style-type: none"> • Upgrade of the WWTP; and • Automated chlorination for tanks 4 and 5. o Paxon examined the results of a TRIM search of records conducted for "ERA". The search results found no records regarding the RIA giving details of these changes to its asset management system to the ERA. 	<ul style="list-style-type: none"> • The RIA must give details of any changes to its asset management system to the ERA. 	<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 (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	RIA Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
3/2019	<ul style="list-style-type: none"> • Number: 16; • Rating: A 3; • Obligations: Act, section 77(3) and WL10, clause 3.1.1; and • Details: <ul style="list-style-type: none"> ○ Paxon confirmed by interview of the RIA Representative that, during the Audit Period, the RIA did not take took reasonable steps to minimise the extent or duration of planned interruptions of water services it was responsible for (as reported in the RIA's 2016/2017 and 2017/2018 compliance reports); ○ Paxon examined the RIA's compliance report for 2016/2017 which states: <p><i>"In the 2016/17 reporting period there were 4 breakages to the main water reticulation system."</i></p> and ○ Paxon examined the RIA's compliance report for 2017/2018 which states: 	<ul style="list-style-type: none"> • The RIA must take reasonable steps to minimise the extent or duration of any interruption of water services it is responsible for, so as to comply with the stipulations of section 77(3) of the Act. 	<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 (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	RIA Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
3/2019 (continued)	<p><i>"In the 2017/18 compliance period there were 6 breakages to the main water reticulation system. ...There is still a risk of unplanned interruptions due to ageing infrastructure.</i></p> <p><i>Stage 2 (analysis and rationalisation of scanning data) will continue into 2018/2019, pending finalisation of recruitment process.</i></p> <p><i>1st December 2018 depending on progress."</i></p>		
4/2019	<ul style="list-style-type: none"> • Number: 23; • Rating: D 4; • Obligations: Act, section 96(5) and WL10, clause 3.1.1; and • Details: <ul style="list-style-type: none"> ○ Paxon confirmed by interview of the RIA Representative that, during the Audit Period, a DFES report, dated 22 June 2018, regarding "Flow and Pressure Testing of Fire Hydrants" on Rottnest Island was issued. This report made a number of recommendations; and 	<ul style="list-style-type: none"> • The RIA should follow the recommendations made in the DFES report, dated 22 June 2018, regarding "Flow and Pressure Testing of Fire Hydrants". 	<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 (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	RIA 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 has noted the RIA's 2017-2018 Compliance Report states: <i>"Phase 2 of the construction (phased upgrade and replacement of the fire main system) will be phased over the coming years."</i> 		
5/2019	<ul style="list-style-type: none"> • Number: 32; • Rating: D 1; • Obligations: Act, section 129(5) and WL10, clause 3.1.1; and • Details: <ul style="list-style-type: none"> ○ Paxon examined the RIA's Customer Manual which states in section 4.1 under the heading: <i>"Planned interruption to water supply"</i>: <i>"The Rottnest Island Authority aims to provide the customer with notice 24 hours in advance if the water supply needs to be interrupted for planned work."</i> 	<ul style="list-style-type: none"> • The RIA should update its "Water Customer Services" manual to include appropriate content regarding giving 48 hours' notice of proposed entry so as to comply with the stipulations of section 129(5) of the Act. 	<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 (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	RIA Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
6/2019	<ul style="list-style-type: none"> • Number: 35; • Rating: D NR; • Obligations: Act, section 142 and WL10, clause 3.1.1; and • Details: <ul style="list-style-type: none"> ○ Paxon examined the RIA's "Development Planning Policy". Paxon notes this policy includes a section seven entitled: "Statutory Compliance and Relevant Documentation". This section lists applicable legislation other than the water services legislative instruments. Paxon notes section 5 of the policy entitled: "Policy Position" states: <p><i>"For designated developments, a period for stakeholder and public comment must be incorporated into the Development Approval Process.</i></p> <p>This policy statement interfaces with section 144 of the Act. However, this statement alone does not represent sufficient controls to ensure compliance with RIA compliance</p> 	<ul style="list-style-type: none"> • The RIA should include appropriate references to its obligations in terms of major works, as stipulated in sections 143, 144 and 145 of the Act in its policy and procedure documents. 	<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 (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	RIA Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
6/2019 (continued)	<ul style="list-style-type: none"> obligations included in sections 143, 144, 145 and 147 of the Act; and o Paxon examined the RIA's "Development Approval Process". Paxon found this process document interfaces with sections 143 and 144 of the Act but does not explicitly refer to RIA compliance obligations included in sections 143, 144, 145 and 147 of the Act. 		
7/2019	<ul style="list-style-type: none"> • Numbers: 49 to 57; • Ratings: D 3; • Obligations: Act, sections 173(4), 174(1), 174(3), 175(2), 175(5), 176(1), 176(3), 176(4) and 181 of the Act and WL10, clause 3.1.1; and • Details: <ul style="list-style-type: none"> o Paxon confirmed by interview of the RIA's Environment, Health and Compliance Coordinator that, during the Audit Period: <ul style="list-style-type: none"> • All property on Rottnest Island not occupied by the RIA was subject to commercial lease agreements; 	<ul style="list-style-type: none"> • Paxon believes the stipulations of sections 173(4), 174(1), 174(3), 175(2), 175(5), 176(1), 176(3), 176(4) and 181 of the Act: <ul style="list-style-type: none"> o Cannot be excluded by generic provisions in commercial lease agreements; o Should be complied with as and when specific circumstances justify its application; and o Should be addressed in the RIA's policy and procedure documents. <p>Thus, the RIA must, in terms of:</p>	<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 (no./year)	Licence Obligation Reference Number <hr/> Controls and Compliance Rating <hr/> Legislative Obligation <hr/> Details of Inadequate Controls and/or Non-Compliance	Auditor's Recommendation	RIA Action Taken by End of Audit Period
<p>7/2019 (continued)</p>	<ul style="list-style-type: none"> • Entry to such places was covered under commercial lease agreements; and • The RIA regarded the stipulations of sections 173(4), 174(1), 174(3), 175(2), 175(5), 176(1), 176(3), 176(4) and 181 of the Act as not applicable to its operations (meaning such stipulations were not complied with in instances, if any, where applicable). <p>○ Paxon examined the RIA's: "Water Customer Services" manual (Manual). This Manual refers to the stipulations of sections 173(4) and 174(3) of the Act in sections 4.1 and 4.4 of the Manual. However, Paxon found the references to section 173(4) of the Act are not in agreement with the stipulations of the Act.</p>	<ul style="list-style-type: none"> ○ Section 173(4) – give 48 hours' notice of proposed entry to a place for the purpose of doing works to the occupier or owner; ○ Section 174(1) – give notice of proposed entry in writing and set out the purpose of the entry; ○ Section 174(3) – give notice at a later stage even if it may enter a place under the Act without having to give notice of proposed entry; ○ Section 175(2) - perform the prescribed actions before entering the premises, if an occupier is present when the licensee proposes to enter a dwelling; ○ Section 175(5) - leave a notice or a copy of the warrant (as applicable) in a prominent position in the dwelling before leaving the dwelling, if the licensee enters a dwelling that is unoccupied; ○ Section 176(1) - leave the premises as soon as practicable after being notified the owner or 	

Current 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	RIA Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
7/2019 (continued)		<p>occupier has refused or withdrawn their consent to enter a place;</p> <ul style="list-style-type: none"> ○ Section 176(3) - 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; ○ Section 176(4) - produce evidence of authority for entry to a place upon the owner's or occupier's request, and leave a place if they are unable to do so; and ○ Section 181 – comply with any reasonable request from the owner or occupier intended to limit interference with the lawful activities of the owner or occupier. ● The RIA should ensure that its control documents refer appropriately to these compliance obligations. 	

Current Audit: Inadequate Controls, Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

Recommendation Reference (no./year)	Licence Obligation Reference Number Controls and Compliance Rating Legislative Obligation Details of Inadequate Controls and/or Non-Compliance	Auditor's Recommendation	RIA Action Taken by End of Audit Period
8/2019	<ul style="list-style-type: none"> • Number: 92; • Rating: D 3; • Obligations: 2018 Code of Conduct, clauses 8(1) to (3) and WL10, clause 3.1.1; and • Details: <ul style="list-style-type: none"> ○ Paxon could not find a direct reference in the RIA's Customer Manual regarding the RIA's right to refuse to provide or to suspend the provision of a service to a customer who refuses to comply with a prescribed requirement relating to the provision of the service; and ○ Paxon examined the RIA's Customer Manual and the webpage entitled: "Supply of Water Services on Rottneat Island" but could not find any references regarding: <ul style="list-style-type: none"> • How to apply for a connection; • Things that a customer must do, and the things that must be complied with, before a connection is made; 	<ul style="list-style-type: none"> • The RIA should update its Customer Manual content to include appropriate content regarding connections to water services, so as to comply with the stipulations of clauses 8(1)–(3) of the Water Services Code of Conduct (Customer Service Standards) 2018 (2018 Code of Conduct). The RIA should review all its other documents to ensure such documents refer to the 2018 Code of Conduct (and not the 2013 Code of Conduct). This will help ensure the RIA complies with its current 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 (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	RIA Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
8/2019 (continued)	<ul style="list-style-type: none"> Fees that apply in relation to connections and when the fees are payable; and Period mentioned in clause 9(2) in which standard supply connections as defined in clause 9(1) are required to be completed. 		
9/2019	<ul style="list-style-type: none"> Number: 93; Rating: D 2; Obligations: 2018 Code of Conduct, clauses 9(2) and (4) and WL10, clause 3.1.1; and Details: <ul style="list-style-type: none"> Paxon confirmed by interview of the RIA's Environment, Health and Compliance Coordinator that, during the Audit Period: <ul style="list-style-type: none"> The RIA made only one connection in respect of a new development; and This single point connection was made as per the lease agreement. 	<ul style="list-style-type: none"> The RIA should ensure its lease agreements and working practices comply with the stipulations of clauses 9(2) and (4) of the Code of Conduct. Thus, connections must be completed before the end of 10 business days starting from when the customer has paid the relevant fees and complied with the relevant requirements. 	<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 (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	RIA Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
9/2019 (continued)	<ul style="list-style-type: none"> o Paxon was not provided with any evidence as to whether the 10-business day rule for completing a connection was complied with. 		
10/2019	<ul style="list-style-type: none"> • Number: 102A; • Rating: D 3; • Obligations: 2018 Code of Conduct, clause 13(6) and WL10, clause 3.1.1; and • Details: <ul style="list-style-type: none"> o Paxon examined a sample of tax invoices issued, by McGees Property on behalf of the RIA, during the Audit Period and found these invoices included the information stipulated in clause 13(6) of the 2018 Code of Conduct except for clauses 13(6)(e), (g), (h) and (i). 	<ul style="list-style-type: none"> • The RIA should update its tax invoices to ensure it contains all the prescribed information included in clause 13(6) of the 2018 Code of Conduct. 	<ul style="list-style-type: none"> • Zero.
11/2019	<ul style="list-style-type: none"> • Number: 106; • Rating: D 1; • Obligations: 2018 Code of Conduct, clauses 17(2) to (3) and WL10, clause 3.1.1; and 	<ul style="list-style-type: none"> • The RIA should compile and implement a written policy, standard or set of guidelines in relation to granting a discount to a customer charged for higher consumption because of a leak in the customer's system, so as to comply 	<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 (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	RIA 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"> Details: <ul style="list-style-type: none"> Paxon confirmed by interview of the McGees Property Manager that, during the Audit Period, no written information existed in relation to granting a discount to a RIA customer charged for higher consumption because of a leak in the customer's system. 	with the stipulations of clauses 17(2) and (3) of the 2018 Code of Conduct.	
12/2019	<ul style="list-style-type: none"> Number: 110; Rating: D NR; Obligations: 2018 Code of Conduct, clause 18(5) and WL10, clause 3.1.1; and Details: <ul style="list-style-type: none"> Paxon examined the RIA's Customer Manual which states under the heading: "2.4 Review of a Bill": <i>"Offer the customer the opportunity to pay this amount in instalments, interest free, over the same period of time during which you were undercharged."</i>; and 	<ul style="list-style-type: none"> The RIA should update its Customer Manual's content regarding the recovery period for undercharged amount so as to comply with the stipulations of clause 18(5) of the 2018 Code of Conduct. 	<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 (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	RIA Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
12/2019 (continued)	<ul style="list-style-type: none"> ○ Paxon notes this statement differs from the stipulations of clause 18(5) of the 2018 Code of Conduct which refers to recovery of the undercharged amount over the shorter of the following periods: <ul style="list-style-type: none"> • A period for the same amount of time in which the undercharging occurred; and • A period of 12 months. 		
13/2019	<ul style="list-style-type: none"> • Number: 112A; • Rating: D 3; • Obligations: 2018 Code of Conduct, clause 19(3) and WL10, clause 3.1.1; and • Details: <ul style="list-style-type: none"> ○ Paxon examined the RIA's Customer Manual which states under the heading: "2.4 Review of a Bill": <p><i>The Rottnest Island Authority will: ... Provide the refunds of any overcharged amount within 15 days of your lodged request."</i></p> 	<ul style="list-style-type: none"> • The RIA should update its Customer Manual's content to include a reference regarding crediting an overcharged amount to the customer's account as instructed, so as to comply with the stipulations of clause 19(3) of the 2018 Code of Conduct. 	<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 (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	RIA Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
13/2019 (continued)	<ul style="list-style-type: none"> o Paxon found the RIA's Customer Manual does not refer to a customer's instruction to credit the overcharged amount to the customer's account within 15 business days of the licensee receiving the instructions. 		
14/2019	<ul style="list-style-type: none"> • Numbers: 112A to 112C and 117; • Ratings: D 3; • Obligations: 2018 Code of Conduct, clause 19(3) for 112A, 19(4) for 112B, 19(5) for 112C and 20(5) for 117 and WL10, clause 3.1.1; and • Details: <ul style="list-style-type: none"> o Paxon examined several e-mails regarding the bill review requests and the resulting findings of overcharging of customers. However, Paxon could not find any evidence regarding the RIA: <ul style="list-style-type: none"> • Informing the customer of the outcome of the bill review within 15 business days from the day the customer's request for review was received; 	<ul style="list-style-type: none"> • The RIA should keep proper records as evidence of compliance with its legislative 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 (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	RIA Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
14/2019 (continued)	<ul style="list-style-type: none"> Receiving customer instructions for refunding the overcharged amount, or crediting the overcharged amount to the customer's account within 15 business days of the RIA receiving the instructions; nor Notifying the customer immediately after crediting the overcharged amount to the customer's account. 		
15/2019	<ul style="list-style-type: none"> Number: 116; Rating: C 3; Obligations: 2018 Code of Conduct, clause 20(4) and WL10, clause 3.1.1; and Details: <ul style="list-style-type: none"> Paxon examined the RIA's Customer Manual which states under the heading: "2.4 Review of a Bill": <p><i>"...if the RIA is satisfied that the bill is correct, the RIA may:</i></p> <p><i>Provide the customer with information concerning the process and operation of both the RIA's</i></p> 	<ul style="list-style-type: none"> The RIA should update its Customer Manual's content so as to comply with the stipulations of clause 20(4) of the 2018 Code of Conduct by: <ul style="list-style-type: none"> Specifically stating the customer may, but does not have to, use the RIA's complaints procedure before or instead of the procedures under sections 20(4)(a) or (b) of the 2018 Code of Conduct; and Referring to making an appeal from or applying for a review of a decision to the State Administrative Tribunal. 	<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 (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	RIA Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
15/2019 (continued)	<p><i>internal and external complaints handling process, which includes the customer's right to refer any complaint to the Energy and Water Service Ombudsman.</i>"; and</p> <ul style="list-style-type: none"> ○ Paxon found the RIA's Customer Manual does not: <ul style="list-style-type: none"> • Specifically state the customer may, but does not have to, use the RIA's complaints procedure before or instead of the procedures under sections 20(4)(a) or (b) of the 2018 Code of Conduct; and • Refer to making an appeal from or applying for a review of a decision to the State Administrative Tribunal. 		
16/2019	<ul style="list-style-type: none"> • Number: 117A; • Rating: C 1; • Obligations: 2018 Code of Conduct, clause 21 and WL10, clause 3.1.1; and • Details: <ul style="list-style-type: none"> ○ Paxon examined the RIA's Customer Manual 	<ul style="list-style-type: none"> • The RIA should update its Customer Manual's content to include a reference regarding giving notice of changes to water services amounts or rates not later than the issue of the next bill for such a water service charge, so as to comply with the stipulations of clauses 21 of the 2018 Code of Conduct. 	<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 (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	RIA Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
16/2019 (continued)	<p>which states under the heading: "2.2 Pricing, Fees and Consumption Charges":</p> <p><i>"Prices for the Rottnest Island Authority's water services are provided in the Schedule of Utility Tariffs, Fees and Charges. The RIA determines the water supply fees and charges annually."</i>; and</p> <ul style="list-style-type: none"> o Paxon found the RIA's Customer Manual does not refer to giving such notice not later than when the next bill for a water service charge of that kind is issued. 		
17/2019	<ul style="list-style-type: none"> • Number: 120; • Rating: D 2; • Obligations: 2018 Code of Conduct, clause 24(2) and WL10, clause 3.1.1; and • Details: <ul style="list-style-type: none"> o Paxon confirmed by interview of the McGees Property Manager that, during the Audit Period, McGees Property informed RIA customers telephonically, on bill payment of the charges for credit card payments; and 	<ul style="list-style-type: none"> • The RIA should update its Customer Manual's content, website and tax invoices to include references regarding the fees and charges associated (if any) with each bill payment method offered so as to comply with the stipulations of clause 24(2) of the 2018 Code of Conduct. 	<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 (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	RIA Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
17/2019 (continued)	<ul style="list-style-type: none"> ○ Paxon found neither the RIA's Customer Manual nor a sample of tax invoices examined inform the customer of the fees and charges (if any) associated with each bill payment method offered. 		
18/2019	<ul style="list-style-type: none"> • Number: 133A; • Rating: D NR; • Obligations: 2018 Code of Conduct, clause 32 and WL10, clause 3.1.1; and • Details: <ul style="list-style-type: none"> ○ Paxon examined the RIA's Customer Manual which states under the heading: "2.6 Late Payment Fee and Other Charges": <i>"The Rottnest Island Authority may charge the customer a late payment fee if you do not pay your bill on or before the due date specified."</i>; and ○ Paxon found the RIA's Customer Manual does not refer to not charging interest or fees for late payment of a bill by a customer in the 	<ul style="list-style-type: none"> • The RIA should update its Customer Manual's content to include a reference regarding not charging interest or fees for late payment of a bill by a customer in the specified circumstances (complaint regarding non-payment of a bill), so as to comply with the stipulations of clause 32 of the 2018 Code of Conduct. 	<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 (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	RIA Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
18/2019 (continued)	specified circumstances (complaint regarding non-payment of a bill).		
19/2019	<ul style="list-style-type: none"> Numbers: 135, 137A to C, 138, 138A to B and 139; Ratings: as per Tables 9 and 10 of this Report; Obligations: as per Tables 9 and 10 of this Report; and Details for number 135: <ul style="list-style-type: none"> Paxon examined the RIA's Customer Manual which does not address cutting off or reducing the rate of flow of water to land under section 95(1)(b) of the Act for non-payment of water service charges. 	<ul style="list-style-type: none"> The RIA should update its Customer Manual to address cutting off or reducing the rate of flow of water to land under section 95(1)(b) of the Act for non-payment of water service charges. 	<ul style="list-style-type: none"> Zero.
20/2019	<ul style="list-style-type: none"> Numbers: 144A and 144B; Ratings: C 1; Obligations: 2018 Code of Conduct, clauses 43(1) and (2) and WL10, clause 3.1.1; and Details: 	<ul style="list-style-type: none"> The RIA should update its Customer Manual to refer appropriately to its obligation to inform customers who will be effected by a planned service interruption not less than 48 hours in advance, unless not reasonably practicable (so as to comply with clauses 43(1) and (2) of the 2018 Code of Conduct). 	<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 (no./year)	Licence Obligation Reference Number Controls and Compliance Rating Legislative Obligation Details of Inadequate Controls and/or Non-Compliance	Auditor's Recommendation	RIA Action Taken by End of Audit Period
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<p>20/2019 (continued)</p>	<ul style="list-style-type: none"> o Paxon examined the RIA's Customer Manual which states under the heading: <i>"4.1 Entry to Customer's Property – Planned interruption to water supply"</i>: <i>"The Rottnest Island Authority will make every effort to minimize the interruption to your water supply, but on occasion planned maintenance on the water services needs to be carried out. The Rottnest Island Authority aims to provide the customer with notice 24 hours in advance if the water supply needs to be interrupted for planned work."</i> (emphasis added); and o The 2018 Code of Conduct stipulates in section 43: <i>"(1) A licensee must give notice of any planned service interruption to each customer that will be affected by the service interruption. (2) The notice must be given –</i> 		
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Current 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	RIA Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
20/2019 (continued)	<p>(a) not less than 48 hours before the start of the service interruption; or</p> <p>(b) if it is not reasonably practicable to comply with paragraph (a), at the earliest practicable time before the start of the service interruption."</p> <p>Thus, the RIA's "aim to provide the customer with notice 24 hours in advance", as included in its Customer Manual, does not meet the standards set in clauses 43(1) and (2) of the 2018 Code of Conduct.</p>		
21/2019	<ul style="list-style-type: none"> • Number: 144D; • Rating: D 3; • Obligations: 2018 Code of Conduct, clause 44(2) and WL10, clause 3.1.1; and • Details: <ul style="list-style-type: none"> ○ Paxon found the RIA's "Water Services Recovery & Contingency Plan" does not address: 	<ul style="list-style-type: none"> • The RIA must update its policies, practices and procedures to ensure it addresses: <ul style="list-style-type: none"> ○ The potential or actual impact of a burst, leak or blockage on customer (in adequate detail), other effected persons and entities, property and the environment; ○ the action or actions that must be taken to ensure that, in the event of a wastewater spill from the sewerage works of the licensee onto a customer's property, damage 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 (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	RIA Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
21/2019 (continued)	<ul style="list-style-type: none"> The potential or actual impact on customer (in adequate detail), other effected persons and entities, property and the environment; The action or actions that must be taken to ensure that, in the event of a wastewater spill from the sewerage works of the licensee onto a customer's property, damage and inconvenience to the customer and other persons or entities are minimised; and The action or actions that must be taken to ensure that, in the event of a wastewater spill from the sewerage works of the licensee, the spill is promptly cleaned, and the affected area is disinfected. 	<p>inconvenience to the customer and other persons or entities are minimised; and</p> <ul style="list-style-type: none"> The action or actions that must be taken to ensure that, in the event of a wastewater spill from the sewerage works of the licensee, the spill is promptly cleaned, and the affected area is disinfected. 	
22/2019	<ul style="list-style-type: none"> Number: 146; Rating: D 2; Obligations: 2018 Code of Conduct, clause 46(2) and WL10, clause 3.1.1; and 	<ul style="list-style-type: none"> The RIA should revise its complaints procedure using as minimum standards the relevant provisions of AS/NZS 10002-2014 and the ERA's "Customer Complaints Guidelines: distinguishing customer queries from complaints – December 2016." 	<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 (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	RIA Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
22/2019 (continued)	<ul style="list-style-type: none"> Details: <ul style="list-style-type: none"> Paxon confirmed by interview of an RIA Representative that the RIA did not develop its complaints procedure using as minimum standards the relevant provisions of AS/NZS 10002-2014. 		
23/2019	<ul style="list-style-type: none"> Number: 147; Rating: C 2; Obligations: 2018 Code of Conduct, clause 46(3) and WL10, clause 3.1.1; and Details: <ul style="list-style-type: none"> Paxon found the RIA website provides links to: <ul style="list-style-type: none"> "Utilities Customer Complaints Procedure"; and "Utility (Electricity, Water and Gas) Customer Complaint Form". Paxon found the RIA's "Utilities Customer Complaints Procedure": 	<ul style="list-style-type: none"> The RIA should update its "Utilities Customer Complaints Procedure" so as to comply with the stipulations of clause 46(3) of the 2018 Code of Conduct by: <ul style="list-style-type: none"> Including appropriate detail as to the methods the RIA will use to respond to complaints; Categorically referring to the RIA's obligation to resolve a complaint before the end of the period of 15 business days starting on the day the complaint was received; and Referring to the 2018 Code of Conduct and not the 2013 Code of Conduct. 	<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 (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	RIA 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"> Records street addresses, postal addresses, telephone numbers, fax numbers and e-mail addresses for lodgement of complaints; Includes a link to the "Utilities Customer Complaints form" available on RIA website for recording complaints; States: <p><i>"The RIA will aim to acknowledge written queries or complaints by a customer within 10 business days and respond to queries or complaints by addressing the matters within 15 business days."</i></p> <p>(emphasis added – addressing and not resolving);</p> Provides contact details for the "Energy and Water Ombudsman Western Australia" for instances where complaints have not been resolved internally in a manner acceptable to the customer; and 	

Current 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	RIA 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"> Refers to the "Water Services Code of Conduct (Customer Service Standards) 2013" (not the 2018 Code of Conduct). Paxon found the "Utilities Customer Complaints Procedure" does not refer to the method the RIA will use to respond to complaints. 		
24/2019	<ul style="list-style-type: none"> Number: 148A; Rating: D 2; Obligations: 2018 Code of Conduct, clause 46(4) and WL10, clause 3.1.1; and Details: <ul style="list-style-type: none"> Paxon examined the RIA's "Utilities Customer Complaints Procedure" which only refers to applying to the water services ombudsman and not to 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) of the Act. 	<ul style="list-style-type: none"> The RIA should update its "Utilities Customer Complaints Procedure" to refer to the alternative complaints procedure available to customers under section 222(2)(k) of the Act. 	<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 (no./year)	Licence Obligation Reference Number Controls and Compliance Rating Legislative Obligation Details of Inadequate Controls and/or Non-Compliance	Auditor's Recommendation	RIA Action Taken by End of Audit Period
25/2019	<ul style="list-style-type: none"> • Number: 149A; • Rating: B 2; • Obligations: 2018 Code of Conduct, clause 47 and WL10, clause 3.1.1; and • Details: <ul style="list-style-type: none"> ○ Paxon examined the RIA's "Utilities Customer Complaints Procedure" which states: <p><i>"The customer has the right to raise the electricity or water complaint with the Energy and Water Ombudsman."</i></p> ○ Paxon found the RIA's "Utilities Customer Complaints Procedure" also records a street address, postal address, phone number, free call number and e-mail address for the Energy and Water Ombudsman regarding: <p><i>"complaints that have not been resolved internally in a manner acceptable to the customer"</i>.</p> ○ Paxon examined the RIA's Customer Manual which under the heading: "3.4.2 Complaints Procedure": 	<ul style="list-style-type: none"> • The RIA's actual practice should be, and its documented procedures should state that once the RIA considers that a customer's complaint has been resolved, it must: <ul style="list-style-type: none"> ○ Advise the customer accordingly; and ○ Inform the customer of the right to apply to the water services ombudsman for a review of the complaint. 	<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 (no./year)	Licence Obligation Reference Number Controls and Compliance Rating Legislative Obligation Details of Inadequate Controls and/or Non-Compliance	Auditor's Recommendation	RIA Action Taken by End of Audit Period
25/2019 (continued)	<ul style="list-style-type: none"> • Refers to the customer's right to apply to the water service ombudsman for a review of a complaint; and • Provides a "Free Call" number for the water service ombudsman. <p>○ Paxon is of the opinion the above-mentioned documented procedures only imply that the customer has a right to apply to the water services ombudsman for a review of the complaint. These documented procedures do not specifically state that once the RIA considers that a customer's complaint has been resolved, it must:</p> <ul style="list-style-type: none"> • Advise the customer accordingly; and • Inform the customer of the right to apply to the water services ombudsman for a review of the complaint. 		

Current 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	RIA Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
26/2019	<ul style="list-style-type: none"> • Number: 153; • Rating: D 2; • Obligations: 2018 Code of Conduct, clause 49(1) and WL10, clause 3.1.1; and • Details: <ul style="list-style-type: none"> ○ Paxon found the RIA's website does not include appropriate references to the: <ul style="list-style-type: none"> • Power of a person authorised by a licensee under section 129 to enter a place without consent, notice or warrant to read a meter connected to the licensee's water service works; • Concessions available to customers; • That under section 95(1)(b), the licensee may cut off, or reduce the rate of flow of, a supply of water if a water service charge remains unpaid for 30 days after it becomes due; • Limitations to the RIA's rights under clause 49(1)(g) of the 2018 Code of Conduct if the 	<ul style="list-style-type: none"> • The RIA should ensure all the information stipulated in clause 49(1) of the 2018 Code of Conduct is 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 (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	RIA Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
26/2019 (continued)	customer is offered a payment plan or other arrangement giving the customer more time to pay the bill or to pay arrears; <ul style="list-style-type: none"> • That under section 95(3), the supply of water cannot be cut off to an occupied dwelling unless the occupier agrees; and • Sustainable use of water. 		
27/2019	<ul style="list-style-type: none"> • Number: 154; • Rating: D 2; • Obligations: 2018 Code of Conduct, clause 49(2) and WL10, clause 3.1.1; and • Details: <ul style="list-style-type: none"> ○ Paxon found the RIA's website does not include appropriate references to: <ul style="list-style-type: none"> • If a bill is based on an estimate, that the licensee will tell a customer on request the reason for and basis of the estimate (Paxon found such references only within a sample of tax invoices examined); and 	<ul style="list-style-type: none"> • The RIA should ensure the information stipulated in clause 49(2) of the 2018 Code of Conduct is 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 (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	RIA Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
27/2019 (continued)	<ul style="list-style-type: none"> That a customer may request the testing of a meter and that if the customer so requests, information about the fees that apply and when the fees may be reimbursed. 		
28/2019	<ul style="list-style-type: none"> Number: 154A; Rating: D 2; Obligations: 2018 Code of Conduct, clause 49(3) and WL10, clause 3.1.1; and Details: <ul style="list-style-type: none"> Paxon found the RIA's Customer Manual includes a link to the RIA webpage on which the Customer Manual can be found. However, this webpage does not include a direct link to the 2018 Code of Conduct, appearing on the website maintained by or on behalf of the Western Australian Government which provides public access to electronic versions of Western Australian legislation. 	<ul style="list-style-type: none"> The RIA should provide a link to the 2018 Code of Conduct on its website, so as to comply with the stipulations of clause 49(3) of the said Code. 	<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 (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	RIA Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
29/2019	<ul style="list-style-type: none"> • Number: 154B; • Rating: D 4; • Obligations: 2018 Code of Conduct, clause 51(1) & (3) and WL10, clause 3.1.1; and • Details: <ul style="list-style-type: none"> ○ Paxon requested but was not provided with a preserved supply register for the RIA. 	<ul style="list-style-type: none"> • The RIA should implement and maintain a preserved supply register, so as to comply with the stipulations of clauses 51(1) and (3) of the 2018 Code of Conduct. 	<ul style="list-style-type: none"> • Zero.
30/2019	<ul style="list-style-type: none"> • Number: 155; • Rating: C 2; • Obligations: Act, section 12 and WL10, clause 3.2.1; and • Details: <ul style="list-style-type: none"> ○ Paxon requested proof of such payments but was only provided with a remittance advice for a single payment made in December 2018. Thus, Paxon could not confirm that, during the Audit Period, the RIA paid the applicable fees and charges in accordance with the applicable regulations. 	<ul style="list-style-type: none"> • The RIA must keep appropriate documentation to help confirm compliance with all the legislative obligations regarding the water services it provides. 	<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 (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	RIA Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
31/2019	<ul style="list-style-type: none"> • Numbers: 161 and 190; • Rating: C 4; • Obligations: Act, section 12 and WL10, clause 4.2.1 and Schedule 2; and • Details: <ul style="list-style-type: none"> ○ Paxon examined the RIA's performance datasheets for 2016-2017 and found it did not provide either the number or percentage of connected properties that were supplied at a pressure and flow that met the standards set out in the licence (12-month data); ○ Paxon examined the RIA's performance datasheets for 2017-2018 and found it did not provide either the number or percentage of connected properties that were supplied at a pressure and flow that met the standards set out in the licence (12-month data); and ○ Paxon has noted the RIA's 2017-2018 Compliance Report states: 	<ul style="list-style-type: none"> • The Ria should measure pressure and flow for connected properties and report it on an annual basis to the ERA as part of its annual performance reports. 	<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 (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	RIA Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
31/2019 (continued)	<p><i>"Due to the non-pressurised potable distribution network on Rottnest Island it is anticipated that the minimum static pressure and minimum flow of 15 meters and 20 litres per minute respectively, cannot be maintained."</i></p>		
32/2019	<ul style="list-style-type: none"> • Number: 185; • Rating: A 2; • Obligations: Act, section 12 and WL10, clause 6.1.2; and • Details: <ul style="list-style-type: none"> ○ Paxon examined the MOU which states in section: "16.1 Expiry": <i>"The term of this Memorandum shall be three (3) years from the date of signing."</i> The MOU was dated 18/04/2012. Thus, the MOU expired on 17/04/2015; ○ Paxon examined the MOU which states in section: "16.3 Review and renewal of MOU": <i>"The Chief Executive Officers shall ensure that this Memorandum is reviewed and renewed not</i> 	<ul style="list-style-type: none"> • The RIA must in future comply with the terms of the MOU regarding its review and renewal and clause 6.1.2 of WL 10. 	<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 (no./year)	Licence Obligation Reference Number Controls and Compliance Rating Legislative Obligation Details of Inadequate Controls and/or Non-Compliance	Auditor's Recommendation	RIA Action Taken by End of Audit Period
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<p>32/2019 (continued)</p>	<p><i>less than once every three years and that any such review commences at least six months prior to the expiry of the term set under clause 16.1”;</i></p> <ul style="list-style-type: none"> ○ Paxon confirmed by interview of the Environment Officer (Compliance) of the RIA that the: <ul style="list-style-type: none"> • Department of Health is responsible for reviewing and renewing the MOU; • RIA was not provided with a revised MOU during the Audit Period; and • Department of Health did not conduct a compliance audit during the Audit Period. ○ Paxon confirmed by interview of the Environment, Health and Compliance Coordinator of the RIA that: <ul style="list-style-type: none"> • During the Audit Period, the RIA operated under the previous MOU, fulfilling all obligations; and • The RIA entered into a new MOU with the Department of Health on 23/12/2019. 		
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Current 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	RIA Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
32/2019 (continued)	<ul style="list-style-type: none"> ○ Paxon found a signed version of the MOU dated 23/12/2019 on the RIA's website. Paxon notes this MOU states: <ul style="list-style-type: none"> • <i>"The term of this Memorandum shall be five (5) years from the date of signing."</i> (section 15.1); and • <i>"The Chief Executive Officer shall ensure that this Memorandum is reviewed and renewed not less than once every five years and that any such review commences at least six months prior to the expiry of the term set under clause 15.1 of this Memorandum."</i> 		

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 asset management process and policy ratings allocated to each asset management system component are set out in Table 9 - taken from the ERA's document entitled: "2019 Audit and Review Guidelines - Water Licences – March 2019".

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; and 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; and 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; and 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; and 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 Scales

The asset management performance ratings allocated to each asset management system component are set out in Table 10 - taken from the ERA’s document entitled: “2019 Audit and Review Guidelines - Water Licences – March 2019”.

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; and 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; and 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; and 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 Scales

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			
	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			
	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"> Evaluations include all lifecycle costs; 	✓				✓			
<ul style="list-style-type: none"> Projects reflect sound engineering and business decisions; 	✓				✓			
<ul style="list-style-type: none"> Commissioning tests are documented and completed; and 	✓				✓			
<ul style="list-style-type: none"> On-going legal/environmental/safety obligations of the asset owner are assigned and understood. 	✓				✓			
Asset Disposal		✓			✓			
<ul style="list-style-type: none"> Under performing and underutilised assets are identified as part of a regular systematic review process; 	✓				✓			
<ul style="list-style-type: none"> The reasons for underutilisation or poor performance are critically examined and corrective action or disposal undertaken; 	✓				✓			
<ul style="list-style-type: none"> Disposal alternatives are evaluated; and 	✓				✓			
<ul style="list-style-type: none"> There is a replacement strategy for assets. 	✓				✓			
Environmental Analysis	✓				✓			
<ul style="list-style-type: none"> Opportunities and threats in the system are assessed; 	✓				✓			

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
<ul style="list-style-type: none"> Performance standards (availability of service, capacity, continuity, emergency response etc.) are measured and achieved; 	✓				✓			
<ul style="list-style-type: none"> Compliance with statutory and regulatory requirements; and 	✓				✓			
<ul style="list-style-type: none"> Achievement of customer service levels. 	✓				✓			
Asset Operations	✓				✓			
<ul style="list-style-type: none"> Operational procedures and policies are documented and linked to service levels required; 	✓				✓			
<ul style="list-style-type: none"> Risk management is applied to prioritise operations tasks; 	✓				✓			
<ul style="list-style-type: none"> Assets are documented in an asset register including asset type, location, material, plans of components and assessment of assets physical/structural condition and accounting data; 	✓				✓			
<ul style="list-style-type: none"> Operational costs are measured and monitored; and 	✓				✓			
<ul style="list-style-type: none"> Staff resources are adequate, and staff receive training commensurate with their responsibilities. 	✓				✓			
Asset Maintenance	✓				✓			
<ul style="list-style-type: none"> Maintenance policies and procedures are documented and linked to service levels required; 	✓				✓			

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
Processes and Effectiveness Criteria								
• Regular inspections are undertaken of asset performance and condition;	✓				✓			
• Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule;	✓				✓			
• Failures are analysed, and operation/maintenance plans are adjusted where necessary;	✓				✓			
• Risk management is applied to prioritise maintenance tasks; and	✓				✓			
• Maintenance costs are measured and monitored.	✓				✓			
Asset Management Information System	✓				✓			
• Adequate system documentation for users and IT operators;	✓				✓			
• Input controls include appropriate verification and validation of data entered into the system;	✓				✓			
• Logical access controls appear adequate such as passwords;	✓				✓			
• Physical security access controls appear adequate;	✓				✓			
• Data back-up procedures appear adequate and back-ups are tested;	✓				✓			

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
<ul style="list-style-type: none"> Key computations related to Licensee performance reporting are materially accurate; and 	✓				✓			
<ul style="list-style-type: none"> Management reports appear adequate for the Licensee to monitor licence obligations. 	✓				✓			
Risk Management	✓				✓			
<ul style="list-style-type: none"> Risk management policies and procedures exist and are being applied to minimise internal and external risk associated with the asset management system; 	✓				✓			
<ul style="list-style-type: none"> Risks are documented in a risk register and treatment plans are actioned and monitored; and 	✓				✓			
<ul style="list-style-type: none"> The probability and consequences of asset failure are regularly assessed. 	✓				✓			
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; 	✓				✓			

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
<ul style="list-style-type: none"> The financial plan identifies the source of funds for capital expenditure and recurrent costs; 	✓				✓			
<ul style="list-style-type: none"> The financial plan provides projections of operating statements (profit and loss) and financial position (balance sheet); 	✓				✓			
<ul style="list-style-type: none"> The financial plan provides firm predictions of income for the next five years and reasonable indicative predictions beyond this period; 	✓				✓			
<ul style="list-style-type: none"> The financial plan provides for the operation, maintenance, administration, and capital expenditure requirements of the services; and 	✓				✓			
<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; 	✓				✓			

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
	A	B	C	D	1	2	3	4
<ul style="list-style-type: none"> The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan; and 	✓				✓			
<ul style="list-style-type: none"> There is an adequate process to ensure that the capital expenditure plan is regularly updated and actioned. 	✓				✓			
Review of Asset Management System		✓				✓		
<ul style="list-style-type: none"> A review process is in place to ensure that the asset management plan and the asset management system described therein are kept current; and 		✓				✓		
<ul style="list-style-type: none"> Independent reviews (e.g., internal audit) are performed of the asset management system. 		✓				✓		

Table 14: Asset Management System: 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	2	<p>Observations:</p> <ul style="list-style-type: none"> • Planning of water services is thoroughly addressed in the “<i>Rottnest Island Multi-Utility Asset Management Plan (MUAMP) 2016 – 2020</i>” (MUAMP). The MUAMP describes the major elements of the water services including the: <ul style="list-style-type: none"> ○ Potable water system: its water source bores, reverse osmosis treatment plant, pumping, chlorination, storage and distribution systems; ○ Wastewater (sewerage) collection, pumping, storage, and wastewater treatment plant (WWTP); ○ Wastewater (non-potable) supply system including collection, storage, chlorination and pumping to irrigation on the golf course and oval; ○ Key recommended CAPEX projects for the period of the plan including the intended years of implementation and annual expenditure; and ○ Fundamentals of the procedures contributing to the analysis and development including, Asset lifecycle planning, register, risk management and maintenance, together with asset procurement and disposal. • Programmed Facilities Management (PFM) has a long-term contract with RIA to provide operation and maintenance of the water services on the island. PFM prepares performance and compliance reports for RIA submission to ERA, DOH and DWER. PFM also reports to RIA monthly on all areas of operations, maintenance, compliance, project progress and incidents; • The MUAMP is supported by the Water Sources Recovery and Contingency Plan, the facilities utilities and support services (FUSS) contract between RIA and PFM for the management and operation of assets on the island; and • Reviewer noted that recommendation 5/2017 of the 2017 review - related to life cycle cost determination, has not been addressed and is repeated as recommendation 30/2019 of this Report. Reviewer notes the RIA has significantly increased its technical staff and has commenced planning for preparation of its 2020-2024 MUAMP - which will address lifecycle costs. <p>Recommendation 33/2019:</p> <ul style="list-style-type: none"> • As planned, the RIA should develop lifecycle costing models for the potable water services and the wastewater treatment services, including completing the condition assessments and 	A	3

No.	Asset Management Process	Review Priority	Observations and Recommendations	Process and Policy Rating	Performance Rating
1	Asset Planning (continued)	2	populating the asset register in the Maximo system (above-ground assets have been completed). The lifecycle costs should be considered in the long-term planning and budgeting for provision of the service.	A	3
2	Asset Creation and Acquisition	4	<p>Observations:</p> <ul style="list-style-type: none"> • The need for acquisition of an asset arises from the need to replace, add to an asset, or change a process, or procedure which requires the acquisition of a new asset. RIA procedure for acquisition is set out generally in the MUAMP; • Investigation of an asset for possible replacement requires consideration of the asset’s age, its remaining useful life, replacement cost, condition and the expected cost of on-going maintenance; • If the above investigation favours the replacement or refurbishment of an asset, a submission is made to the relevant Director, including details of the reason for the project, its timing, cost, method of implementation etc. If approved by the Director, the project is submitted to the Corporate Executive or Executive Director for approval; • If approved <ul style="list-style-type: none"> ○ projects with an expenditure of less than \$50K may be implemented - subject to internal, statutory and local government approvals; ○ Projects with an expenditure between \$50K and \$250 K must be submitted for approval of the Corporate Executive on a completed “Short Form Business Case” template, which includes details of timing and costs, funding, business needs and objectives, disposal proposals; for the asset being replace etc. If approved, by the Procurement Specialist, CFO and CEO, the project may proceed subject to internal, statutory and local government approvals; ○ Projects with an expenditure greater \$250K, or externally funded, must be submitted for approval of the Corporate Executive on a completed “Long Form Business Case” template providing high level detailed information about the project, including background, alignment with other RIA planning, cost/benefit analysis, other options available, risk assessment and management. If approved, by the Procurement Specialist, CFO and CEO, the project may proceed subject to internal, statutory and local government approvals; and ○ Irrespective of the above RIA approvals, all projects with a value greater than \$1.5 Million must be submitted to the Board. 	B	1

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 was provided with ““Long Form Business Case”” documentation for two major CAPEX projects implemented during the review period; The process is considered adequate and appropriate; and The process leading to project approval was not fully understood by staff involved in the review. Consequently, the process score was rated as “B” rather than “A”. Procedures should be included in the MUAMP, which currently provides information mainly on investigations required. 	B	1
3	Asset Disposal	5	<p>Observations:</p> <ul style="list-style-type: none"> The MUAMP adequately describes the possible reasons for considering asset disposal and the disposal options available. The document also highlights that a de-commissioning and disposal plan should be prepared for all assets disposed. Plans for disposal of significant assets should include: <ul style="list-style-type: none"> The rationale for disposal including proper costings and evaluation of disposal options; Expert advice on valuations and disposal options; Due diligence review to ensure accountability and compliance with legislative requirements; and Proper approval from both within and outside the entity. The text in the MUAMP does not explain the process followed to receive approval and subsequent disposal - which is more completely addressed on the RIA’s Project Disposal Form. Essentially, information provided on the form includes the asset description, reason for disposal and disposal method, business plan and sign off by the responsible group manager; <p>Approval is granted by the CEO if the cost is less than \$10K. For amounts exceeding \$10K, approval of the Board is required.</p> As for Asset Creation and Acquisition above, the approval is considered adequate and appropriate; and The process leading to project approval was not fully understood by staff involved in the review. Consequently, the process score was rated as “B” rather than “A”. Procedures should be included in the MUAMP, which currently provides information mainly on investigations required. 	B	1

No.	Asset Management Process	Review Priority	Observations and Recommendations	Process and Policy Rating	Performance Rating
4	Environmental Analysis	5	<p>Observations:</p> <ul style="list-style-type: none"> Assessment of opportunities and threats in the asset management system are examined both formally and informally in reviewing asset failure, replacement options and the operation and maintenance implications associated with other assets; Customer service levels are measured, achieved and reported on. Reviewer noted RIA advice to ERA that drinking water pressure in some areas of drinking water reticulation are maintained below the licenced level due to a risk of pipe bursts in older areas of the system; Reports to ERA, DOH and DWER indicate that with few exceptions, all of which were the subject of prompt action, the water services have complied with performance and quality requirements; <p>Above limit concentrations of bromate in the drinking water reticulation system were reported over a period. In response, a program of reticulation flushing has been undertaken and bromate levels have been brought under control.</p> <p>Similarly, chlorine concentrations in the non-potable re-use water from the WWTP were found to be below and above limits during short periods over several months . On each occasion the chlorinator sensor was re-set without solving the problem. In June 2019 PFM advised RIA that a new design approach to chlorination of the re-use flow – which is expected to correct the discrepancies, is awaiting DOH approval ; and</p> <ul style="list-style-type: none"> Monitoring processes and reporting procedures are in accordance with the requirements of relevant authorities. 	A	1
5	Asset Operations	2	<p>Observations:</p> <ul style="list-style-type: none"> Potable water services on the island including saline bores, de-salination plant, storage, transfer pumping and chlorination facilities are automatically operated and monitored via SCADA. The operator can operate the system manually using SCADA or adjust elements of the system if required; The wastewater (sewerage) system including pumping stations, storage tanks and elements of the wastewater treatment plant are also operated automatically and monitored via SCADA. Operator input is required to activate and close down the de-watering train and to adjust settings in the treatment process in response to process and treated water tests - undertaken in the adjacent laboratory; 	A	1

No.	Asset Management Process	Review Priority	Observations and Recommendations	Process and Policy Rating	Performance Rating
5	Asset Operations	2	<ul style="list-style-type: none"> Irrigation of non-potable water (treated wastewater) to the golf course and oval is operated by golf course staff based on information obtained from the automatic soil moisture measurement system installed in the irrigated areas; PFM has a wide-ranging matrix of staff training and a list of qualifications and certifications for all staff. Reviewer noted that many staff involved in operation of water and wastewater facilities and water sampling have water treatment process and operations certifications; and Digitised copies of manufacturer’s and constructor’s operations manuals, together with design and “as-constructed” drawings are located on the PFM computer system. 	A	1
6	Asset Maintenance	2	<p>Observations:</p> <ul style="list-style-type: none"> The asset register is mounted on PFM’s asset management software “Maximo”. Each asset is identified by a number, purpose, location, installation date, together with its operational and maintenance history and condition assessment; The maintenance schedule contained in <i>Maximo</i> includes the maintenance requirements and frequency for each asset, together with details of the maintenance procedures, materials required and OHS risks associated with the maintenance work; <i>Maximo</i> automatically produces and forwards maintenance work orders for scheduled maintenance (via PFM’s service request software “PROMAP”) to management for distribution to supervisors and technicians selected to undertake the maintenance task; On completion of maintenance the technician uses a tablet to log off the maintenance electronically via <i>PROMAP</i> onto <i>Maximo</i>. The log-off data notes the time and date of completion - adding any notes relevant to the condition, performance or further work required on the asset; Although maintenance staff time is recorded in <i>Maximo</i>, the costs of maintenance are not assessed or reported to RIA - as PFM contract with RIA includes the cost of all maintenance work; When a requirement for attention or non-standard maintenance is reported to PFM, a work order is created in <i>Maximo</i> and forwarded via <i>PROMAP</i> for execution and sign-off as above; and Where age, performance, condition or other factor suggests an asset cannot be physically or economically maintained, PFM advises RIA via a “Notice of Works” (NOW) – which addresses the situation and recommends replacement or refurbishment of the asset. If the 	A	1

No.	Asset Management Process	Review Priority	Observations and Recommendations	Process and Policy Rating	Performance Rating
6	Asset Maintenance (continued)	2	RIA elects to replace the asset or undertake an expensive refurbishment then, subject to negotiation the first \$5,000 of cost is borne by PFM.	A	1
7	Asset Management Information System	4	<p>Observations:</p> <ul style="list-style-type: none"> As stated earlier, operation of the water services is automatic, with operator monitoring and input to settings as required. Such monitoring and process settings are applied to operation of the WWTP in response to on-site laboratory testing of the treatment processes; The water services systems are monitored and adjusted as required via SCADA software which records operating levels (pressure, flow rate and total flows, chlorine concentration, storage tank levels etc) - from which performance is monitored and report information obtained. Alarm conditions are automatically transmitted to relevant PFM management and duty technicians for attention; Asset registers, maintenance schedules and details of asset location, operation and maintenance history, are mounted in PFM's <i>Maximo</i> asset management software. Planned maintenance is initiated by the schedule in <i>Maximo</i> and assigned for implementation via PFM's service request software <i>PROMAP</i>. On completion of maintenance the responsible technician records completion of the maintenance in <i>Maximo</i> via <i>PROMAP</i>. Details of assets are recoverable from <i>Maximo</i>; PFM's server on the island is backed up daily to the company's central server on the mainland. Access is provided to selected staff by passwords – which must be changed at sixty-day intervals. Backups are regularly verified by proof of recovery. The island server is located in the island office which is locked outside business hours; RIA has resolved to also implement use of the <i>Maximo</i> software; and PFM prepares performance and monitoring reports to RIA for ongoing submission to ERA, DOH and DOW. PFM also provides RIA with a monthly report on the performance of its contract services. 	A	1
8	Risk Management	4	<p>Observations:</p> <ul style="list-style-type: none"> Reviewer spent a significant period viewing a demonstration of PFM's <i>Maximo</i> asset management software - as applied to risk assessment, which is included as an element of the program; The assessment of risk involves determining the risk parameters e.g.: <ul style="list-style-type: none"> Consequences of failure (major, moderate, minor); 	A	1

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"> ○ Likelihood of failure (likely, probable, unlikely); and ○ The basic or inherent risk of failure. ● If the inherent risk is acceptable, no additional action is considered; ● If the risk is considered unacceptable, various additional control or management options are considered (e.g. increased monitoring, process or maintenance changes, standby assets or increased spare parts inventory) and the risk re-evaluated until an acceptable risk level is identified and implemented; ● PFM has conducted an extensive risk assessment of the water services in Maximo and has applied additional control practises as a consequence; ● Reviewer noted that the risk assessment has been undertaken for operational assets based on their operation. However, it appears no risk assessment has been undertaken on the risk of natural occurrences such as bush fire, lightning strike or flooding on buildings or other structures housing operational assets. 	A	1
9	Contingency Planning	4	<p>Observations:</p> <ul style="list-style-type: none"> ● PFM has a well-documented “<i>Water Services Recovery and Contingency Plan</i>”; ● The plan addresses a sequence of procedures for water services recovery in the event of eight failure scenarios in the drinking water system and five in the sewerage system; ● The plans include reference to associated documents including the “<i>Rottnest Island RIA Local Emergency Management Arrangements</i>” and PFM’s “<i>RI Event Notification and Escalation Matrix</i>”; ● A broad list of contact details is provided for RIA and PFM staff, responsible authorities, spare parts suppliers, specialist process advisors and contractors; ● The scenario prepared for the annual drinking water quality incident exercise - which is attended by a Department of Health representative, includes the failure of a selected water services asset(s) and the operational restoration of which is part of the overall exercise; and ● Reviewer was provided with copies of reports on the water services drinking water recovery tests undertaken at PFM office during June 2018 and 2019. 	A	1

No.	Asset Management Process	Review Priority	Observations and Recommendations	Process and Policy Rating	Performance Rating
10	Financial Planning	4	<p>Observations:</p> <ul style="list-style-type: none"> • Reviewer met with the RIA’s Director of Business Services and CFO, who advised that accounts are prepared in accordance with: <ul style="list-style-type: none"> ○ Australian Accounting Standards; ○ The Financial Management Act; and ○ WA Treasury Instructions. • Budget estimates for the following five years are lodged in the State Infrastructure Management System (SIMS) and include all costs of operations, maintenance and overheads; and • As for the financial plan, expenditure is monitored monthly against budget and those of the previous year. 	A	1
11	Capital Expenditure Planning	4	<p>Observations:</p> <ul style="list-style-type: none"> • RIA’s Director of Business Services and CFO demonstrated the CAPEX plan for the 2019 year and the rolling five years CAPEX estimates; • The plan identifies the specific items/projects in the plan, together with estimated annual expenditure for each item and the anticipated source of funds e.g. State Government, Federal Government, RIA, etc.; and • Expenditure is monitored monthly against budget and the previous year. 	A	1
12	Review of the Asset Management System	5	<p>Observations:</p> <ul style="list-style-type: none"> • The MUAMP states: <p><i>“The RIA and Programmed FM has committed to a regular review and audit of the systems and procedures to ensure that they continue to comply with requirements of our defined journey to Asset Management Excellence”.</i></p> <p>Although the review interval is not stated, Reviewer notes that PFM policy requires a review and update of its asset management system and its associated documentation at two yearly intervals;</p> • RIA should state the frequency by which the asset management system and documentation should be reviewed and updated; • Reviewer noted the following errors in reports to the ERA: <ul style="list-style-type: none"> ○ In the 2018 data sheets – 	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)	5	<ul style="list-style-type: none"> • The number of served properties should be 433 (i.e.368+ 41+ 24) - not 409; • The average wastewater per property should be 0.19 Ml (i.e.83.7/433) - not 204.6 Ml; and • The number of properties served per Km of sewer should be 72.2 (i.e.433/6) - not ref##. ○ Both the 2017 and 2018 compliance reports refer to RIA having twenty-four customers, presumably referring to the twenty-four dwellings occupied by residents not employed by RIA. The figure should be four hundred and thirty-three, being the number of dwellings and commercial premises served. • RIA should ensure that all reports to authorities are checked for accuracy prior to submission; • The annual report mentions the need to upgrade the Asset Management Plan for the period 2021 to 2025. There is no indication of progress on this document and when it will be issued; • Of the twenty-four documents provided to Reviewer, twenty were noted to be reviewed and dated during the review period – or were dated reports which did not require review. Five were RIA standard template documents with no indication of when prepared or been reviewed, but which would be dated when completed as an application. Although not specifically related to the water services; and • RIA should ensure that standard documents are at least regularly updated as an indication of their applicability. In this regard, Reviewer noted that recommendation 6/2017 of the 2017 review - related to AMS review and upgrade, has not been addressed and is repeated as recommendation 27 of this Report. <p><u>Recommendation 34/2019:</u></p> <ul style="list-style-type: none"> • The RIA should ensure that a consistent version control including revision history, approver and date and next review date are recorded on the asset management planning documents, and a reminder is included in a register such as the Licence and Compliance Register. 	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	RIA 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	Asset Management Process and Effectiveness Criterion	Reviewer's Recommendation	RIA Action Taken by End of Review Period
		Details of Deficiency		

• The 2019 Review did not result in any new recommendations. However, two recommendations are made due to deficiencies identified during the 2017 Review which are still unresolved.

33/2019 (5/2017)	<ul style="list-style-type: none"> • Rating: A 3; • Component: Asset Planning; and • Details: <ul style="list-style-type: none"> ○ The lifecycle costs of the water assets have not yet been assessed and budgeted for by the RIA. 	<ul style="list-style-type: none"> • As planned, the RIA should develop lifecycle costing models for the potable water services and the wastewater treatment services, including completing the condition assessments and populating the asset register in the Maximo system (above-ground assets have been completed). The lifecycle costs should be considered in the long-term planning and budgeting for provision of the service. 	<ul style="list-style-type: none"> • Zero.
34/2019 (6/2017)	<ul style="list-style-type: none"> • Rating: B 2; • Component: Review of the Asset Management System; and • Details: <ul style="list-style-type: none"> ○ It was noted that not all documents have version control including approval date and next review date. An example is the Strategic Asset Plan 2016-17 to 2026-27 (no version control) and the Multi Utility Asset Management Plan 2016-2020 (has revision history but no approval date and next review date). 	<ul style="list-style-type: none"> • The RIA should ensure that a consistent version control including revision history, approver and date and next review date are recorded on the asset management planning documents, and a reminder is included in a register such as the Licence and Compliance Register 	<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.

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