



Notice

19 March 2021

Water Corporation

2020 operational audit

The Economic Regulation Authority has published the 2020 [operational audit report](#) and the [post-audit implementation plan](#) for the Water Corporation's water services licence WL32.

The Water Corporation is a statutory, State-owned corporation that provides potable and non-potable water supply, sewerage, and drainage services to households, businesses and rural communities in Western Australia. It also provides bulk water to farms for irrigation.

The ERA's decision

The ERA considers that the Water Corporation has achieved an adequate level of compliance with its licence and has decided to maintain the audit period at 24 months. The next audit will cover the period 1 July 2020 to 30 June 2022, with the report due by 30 September 2022.

Background to the ERA's decision

Audit ratings

The auditor assessed 216 licence obligations applicable to the Water Corporation's licence and found:^{1, 2}

- 67 were rated A1 (adequate controls – no improvement needed, compliant).
- 22 were rated A2 (adequate controls – no improvement needed, non-compliant – minor effect on customers or third parties)
- 18 were rated A/NR (adequate controls – no improvement needed, not rated – no activity took place during the audit period).
- Three were rated B1 (generally adequate controls – improvement needed, compliant).
- Five were rated B2 (generally adequate controls – improvement needed, non-compliant – minor effect on customers or third parties).

¹ The auditor determined that there were 222 licence obligations applicable to the Water Corporation's licence, but the ERA considers only 216 obligations are applicable to the Water Corporation licence. The ERA's *Water Compliance Manual 2020* requires auditors to provide a single rating for obligation 190, which covers the performance standards in Schedule 2 of WL32. The auditor instead provided a rating for obligation 190 and individual ratings for the six groups of performance standards in Schedule 2.

² The audit findings do not include the six additional ratings under obligation 190 discussed in footnote 1.

- One was rated B/NR (generally adequate controls – improvement needed, not rated – no activity took place during the audit period).
- One was rated C3 (inadequate controls – significant improvement required, non-compliant – moderate effect on customers or third parties).
- 69 were rated NP/1 (not performed – a controls rating was not required, compliant).
- 30 were rated NP/NR (not performed – a controls rating was not required, not rated – no activity took place during the audit period).

The auditor identified 28 non-compliances, 17 of which were resolved during the audit period.

Audit recommendations

The auditor made eight recommendations to address eight non-compliances and one controls deficiency. Two recommendations were resolved by the time the final audit report and post-audit implementation plan were received.

The post-audit implementation plan states that the Water Corporation will address the remaining audit recommendations between now and 30 June 2022

The ERA's assessment of the audit findings

One of the non-compliances involved historical over-charging of 902 monthly billed customers and 608 customers in the Bunbury and Busselton areas. The total amount involved in the overcharging is \$1.27 million.³ The Water Corporation has expended significant resources to identify the affected customers and the amount of the historical overcharges. This work has now been completed and affected customers have been refunded.

The audit found that 11 of the non-compliances related to providing notices.

The Water Corporation failed to provide an occupier with 48-hours' notice of a routine inspection that was likely to cause disruption. Not providing the notice likely caused inconvenience to affected occupiers. In response, the Water Corporation has updated procedures and training materials to prevent recurrence.

Six of the non-compliances concern the Water Corporation not publishing the prescribed information in their notice for works on their website. In response, the Water Corporation has reviewed and updated its major works checklist to require evidence the required notice has been published.

The remaining 10 non-compliances cover a range of range of matters that had limited effect on customers.

The Water Corporation's overall compliance with the licence is adequate. Although several of the non-compliances affected customers, the Water Corporation has implemented processes and procedures to address the causes of the non-compliances.

The audit found that the Water Corporation had adequate controls in place for all except one licence obligation. However, the effectiveness of the controls is called into question by the number of non-compliances that occurred during the audit period.

³ This amount includes amounts owed to 982 customers on the Christmas and Cocos Islands, who are not covered by the Water Corporation's licence.

Further information

General enquiries

Paul Reid

Ph: 08 6557 7976

licensing@erawa.com.au

Media enquiries

Natalie Warnock

Ph: 08 6557 7933 | Mob: 0428 859 826

media@erawa.com.au