

## **Aquasol Pty Ltd**

### **2021 Operational Audit and Asset Management System Review Water Services Licence WL42**

#### **Report**

**Economic Regulation Authority  
June 2021**

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Quantum Management Consulting and Assurance

ABN 83 083 848 168 Liability limited by a scheme approved under Professional Services Legislation

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**Limitations of this Report**

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

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

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## 1. Independent Auditor's Report

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### Scope

Aquasol Pty Ltd ('Aquasol') has a Water Services Licence (WL42) (the 'Licence'), issued by the Economic Regulation Authority (the 'ERA') under the *Water Services Act 2012* (the 'Act'), for the provision of sewerage and non-potable water supplies in the operating area that is centred on the Lakelands Golfview Estate Retirement Village in Gnangara ('Lakelands') as specified in the licence.

We have performed a reasonable assurance engagement on Aquasol's compliance, in all material respects, with the conditions of WL42 and the Act for the period 1 February 2018 to 31 January 2021.

Our evaluation was made against the licence obligations listed in the Water Compliance Reporting Manual 2021 and previous version 2018 and in accordance with the ERA's 2019 Audit and Review Guidelines: Water Licences.

The scope of this assurance work relates to assessing the Aquasol's systems and effectiveness of processes and regulatory controls to ensure compliance with the obligations, standards, outputs and outcomes required by the Licence issued under the Act.

### Modified Opinion

In our opinion, based on the procedures performed as outlined in the Audit Plan approved by the Economic Regulation Authority and the evidence we have obtained, except for the effects of the matters described in the Basis for Modified Opinion paragraph below, Aquasol has complied, in all material respects, with its licence conditions and relevant legislative obligations for the period 1 February 2018 to 31 January 2021.

### Basis for Modified Opinion

During the period 1 February 2018 to 31 January 2021, Aquasol did not comply with applicable licence obligations as outlined below:

Reporting Manual number and Licence condition		Issue
<i>Note: Obligation 11 was rated as "Non-Compliant – Minor Impact" This relates to overall compliance with the Code of Conduct and applied to April 2020. As the individual obligations have been assessed under the Code, these have not been included below to avoid double-counting.</i>		
<b>The following obligations were assessed as "Non-Compliant – Minor Impact".</b>		
100	<b>B2</b> <b>Water Services Code of Conduct (Customer Service Standards) 2013 - Clause 12(3)</b> <i>Each bill must contain the prescribed information.</i>	From review of a sample of Sewer Account Bills issued in 2019/20 (first billing period) and 2020/21, the auditor found that the Sewer Account Bills included the prescribed information except for:  The nature and amount of any applicable concession, discount or rebate.  However, this information is included in the Aquasol Standard Terms and Conditions – Provision of Sewer Services.
144C-D	<b>A2</b> <b>Water Services Code of Conduct (Customer Service Standards) 2013 – Clauses 44(1) to (2)</b> <i>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.</i>  <i>The policies, practices and procedures under clause 44(1) must deal with the prescribed matters.</i>	The auditor sighted the Aquasol Contingency Plan & Risks Identification document which includes dealing with any bursts, leaks or blockages in the sewerage system. . There is also a "Policies, practices and procedures for dealing with and minimizing the impact of a burst, leak or blockage in sewer works".  The lack of a written policy was reported in the June 2020 Compliance Report to the ERA. As this had been resolved by December 2020, no further recommendation is made.

Reporting Manual number and Licence condition		Issue
154A	<p><b>NP/2</b></p> <p><b>Water Services Code of Conduct (Customer Service Standards) 2013 – Clauses 49(3)</b></p> <p><i>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.</i></p>	<p>The auditor confirmed the Aquasol website includes a link to the Code of Conduct.</p> <p>The absence of a website link to the Code of Conduct was reported in the June 2020 Compliance Report to the ERA. As this has been resolved by August 2020, no further recommendation is made.</p>

During the period 1 February 2018 to 31 January 2021, the review identified that corrective action is required for the processes and criteria as outlined below.

Asset Management System Key Process and Effectiveness Criteria	Issue
<p><b><i>The following processes and criteria were assessed as “Requiring Significant Improvement to Controls – Opportunity for Improvement”</i></b></p>	
<p><b>4. Environment Analysis</b></p> <p><b>4.3 Compliance with statutory and regulatory requirements. (C2)</b></p>	<p>The Department of Water and Environmental Regulation (‘DWER’) licence for the Waste Water Treatment Plan (‘WWTP’) (and associated conditions) was not provided. Performance/monitoring and reporting requirements are not referenced in the AMP. A Works Approval (W6034/2017/1) for the project was located via the DWER website – this contains performance and monitoring requirements, operational controls and other environmental risks which should be referenced in the Asset Management documentation.</p> <p>Aquasol hold the Department of Health (‘DoH’) approval for the recycling scheme and the Nutrient and Irrigation Management plan. The conditions of the DoH approval should be referenced by the AMP along with any performance and monitoring requirements.</p> <p>Details of formal agreement between Aquasol and the Strata Company for managing the wastewater collection into the WWTP and between Aquasol and the Lakelands Country Club golf course for ongoing disposal/re-use of the treated wastewater should be referenced by the AMP. The responsibilities of Aquasol, the property owner and residents/golf course are set out in the Aquasol Standard Terms and Conditions – Provision of Sewer Services available on the Aquasol website.</p>

We conducted our engagement in accordance with Australian Standard on Assurance Engagements ASAE 3100 Compliance Engagements (ASAE 3100). We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

In accordance with ASAE 3100 we have:

- Used our professional judgement to plan our procedures and assess the risks that may cause material non-compliance with each of the compliance requirements to be concluded upon;
- Considered internal controls implemented to meet the compliance requirements; however, we do not express a conclusion on their effectiveness; and
- Ensured that the engagement team possess the appropriate knowledge, skills and professional competencies.

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## Summary of Procedures

Our procedures consisted primarily of:

- Utilising ERA's 2019 Audit and Review Guidelines: Water Licences ('the Guidelines') to develop a risk assessment;
- Developing an Audit Plan and an associated work program, approved by the ERA on 8 April 2021;
- Interviewing relevant Aquasol staff to gain an understanding of process controls;
- Site visit to the Waste Water Treatment Plant;
- Assessing documents and performing walkthroughs of processes and controls to support the assessment of compliance and the effectiveness of the control environment in accordance with Licence obligations; and
- Performing procedures and testing based on the procedures listed in the approved Audit Plan.

## How We Define Reasonable Assurance and Material Non-Compliance

Reasonable assurance is a high level of assurance, but is not a guarantee that it will always detect a material non-compliance with the compliance requirements.

Instances of non-compliance are considered material if, individually or in the aggregate, they could reasonably be expected to influence relevant decisions of the intended users taken on the basis of Aquasol's compliance with the compliance requirements.

## Inherent Limitations

Because of the inherent limitations of an assurance engagement, together with the internal control structure it is possible that fraud, error, or non-compliance with the compliance requirements may occur and not be detected.

A reasonable assurance engagement throughout the specified period does not provide assurance on whether compliance with the compliance requirements will continue in the future.

## Use of this Assurance Report

This report has been prepared for Aquasol and the ERA for the purpose of assessing compliance with the requirements of the License and may not be suitable for another purpose.

We understand that a copy of this report will be provided to the ERA for the purpose of reporting on the reasonable assurance engagement for the Licensee. We agree that a copy of this report may be provided to the ERA in connection with this purpose, but only on the basis that we accept no duty, liability or responsibility to the ERA in relation to the report.

We disclaim any assumption of responsibility for any reliance on this report, to any person other than Aquasol and the ERA, or for any other purpose other than that for which it was prepared.

## Management's responsibility

Aquasol's management are responsible for:

- The compliance activities undertaken to meet the requirements of the Licence;
- Identifying risks that threaten the compliance requirements identified above being met and identifying, designing and implementing controls to enable the compliance requirements to be met and, monitoring ongoing compliance;
- Ensuring that it has complied in all material respects with the requirements of the Licence;
- Establishing and maintaining an effective system of internal control over its systems designed to achieve its compliance with the Licence requirements;
- Implementing processes for assessing its compliance requirements and for reporting its level of compliance to the ERA; and
- Implementing corrective actions for instances of non-compliance (if any).

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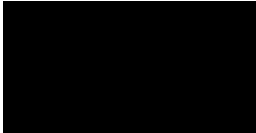
**Our responsibility**

Our responsibility is to perform a reasonable assurance engagement in relation to Aquasol's compliance with its License requirements throughout the period and to issue an assurance report that includes our conclusion.

**Our Independence and Quality Control**

We have complied with our independence and other relevant ethical requirements of the *Code of Ethics for Professional Accountants* issued by the Australian Professional and Ethical Standards Board, and complied with the applicable requirements of Australian Standard on Quality Control 1 to maintain a comprehensive system of quality control.

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

**Quantum Management Consulting & Assurance**

Geoff White CA  
Director

1 July 2021



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## 2. Executive Summary

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### 2.1 Background

Aquasol has a Water Services Licence, issued by the Economic Regulation Authority ('ERA') under the *Water Services Act 2012* ('Act'), for the provision of sewerage and non-potable water supplies in the operating area that is centred on the on the Lakelands Golfview Estate Retirement Village in Gnangara, Perth ('Lakelands') as specified in the licence.

The Waste Water Treatment and Recycling Scheme was built and is managed by Aquasol for the Lakelands Golfview Estate Retirement Village in Gnangara ('Lakelands'). This is a new retirement village adjacent to the existing Lakelands Country Club golf course on Clubhouse Lane, Gnangara. The treated waste water from the village is being disposed of for irrigation into the existing adjacent golf course. The plant commenced operation in December 2019. The plant has a capacity of 290 properties with 43 properties connected at 30 June 2020.

This audit and review covers the period 1 February 2018 to 31 January 2021. The previous audit and review was from 1 February 2015 to 31 January 2018.

As Aquasol has not been responsible for the Lancelin South Development since 23 April 2018, this audit and review does not include this operating area in the audit and review scope and there is no follow-up of the previous audit and review recommendations that were specific to this operating area. The previous review was also conducted in June 2018 so it effectively covered the period to 22 April 2018.

The audit and review approach is based on the compliance obligations set out in the Licence, applicable legislation, regulatory guidelines (Water Compliance Reporting Manual 2020 and previous version 2018) and the 2019 Audit and Review Guidelines: Water Licences.

### 2.2 Operational Audit

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

Through the execution of the Audit Plan and assessment and testing of the control environment, the information system, control procedures and compliance attitude, the audit team members have gained reasonable assurance that Aquasol has complied with its Water Services Licence obligations during the audit period from 1 February 2018 to 31 January 2021 with the exception of 5 non-compliances with minor impact noted in this report, 4 of which were resolved in the audit period.

Out of 162 applicable compliance obligations, the audit found:

- 58 obligations were rated compliant (53 with adequate controls, 1 with inadequate controls and 4 where controls were not rated).
- 4 obligations were rated non-compliant with minor impact on customers (2 with generally adequate controls, 1 with inadequate controls and 1 where controls were not reviewed).
- 100 were not rated for compliance as no relevant activity took place during the audit period (63 with adequate controls and 37 where controls were not reviewed).

The audit confirmed that Aquasol has complied with its information reporting obligations for the period 1 February 2018 to 31 January 2021.

The control environment is considered to have generally adequate controls.

### 2.3 Asset Management System Review

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

Through the execution of the Review Plan and assessment and testing of the control environment, the asset management system, control procedures and compliance attitude, the audit team members have gained reasonable assurance that Aquasol has operated the scheme in a reliable manner and provided a good level of service to Lakelands residents and the golf course.

The review found that the general control environment for ongoing maintenance of the sewerage system requires improved documentation and processes to meet the effectiveness criteria for the asset management system under the Licence obligations.

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Out of 58 effectiveness criteria for the asset management system, the review found:

- 56 criteria were rated as performing effectively (with 54 having adequately defined controls and 2 requiring some improvement to controls);
- 1 was rated as opportunity for improvement (with the process requiring some improvement to controls); and
- 1 was rated as corrective action required (with the process requiring significant improvement to controls re updating the Asset Management Plan and the compliance obligations register for the Department of Health and Department of Environment and Water Regulation requirements..

As this is the first audit of this scheme, there was no follow-up of previous audit and review recommendations.

In terms of asset management processes, the environmental analysis is the main process requiring improvement.

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## 3. Operational Audit

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### 3.1 Introduction

Aquasol is required to comply with the terms and conditions of their license. There were three versions of the Water Services License WL42 in force over the audit period:

- Version 6 (from 25 January 2018 to 22 April 2018) - amendment to include Fairways Retirement Village (Gnangara) as a new operating area (OWR-OA-312).
- Version 7 (from 23 April 2018 to 30 April 2020) - amendment to remove Lancelin South Development operating area and plan OWR-OA-304B. Removal of the provision of potable water supply services.
- Version 8 (from 1 May 2020 onwards) - changes from the ERA's 2019 Water Licence Review.

Under the Act, water services' licensees are required to provide reports on an operational audit ('audit') and an effectiveness review of their asset management system ('review') once every 24 months, or another period that has been specified by the ERA.

The ERA engaged Quantum Management Consulting and Assurance ('Quantum') to undertake an audit and review of the Aquasol's water supply services, to comply with the licensing requirements of the ERA.

The audit and review approach is based on the compliance obligations set out in the Licence, applicable legislation, regulatory guidelines (Water Compliance Reporting Manual 2020 and previous version 2018) and the 2019 Audit and Review Guidelines: Water Licences.

### 3.2 Objectives and Scope

The objective was to provide the ERA with an independent assessment of the licensee's compliance with relevant obligations under the licence.

This audit covers the period 1 February 2018 to 31 January 2021. The previous audit was from 1 February 2015 to 31 January 2018.

As Aquasol has not been responsible for the Lancelin South Development since 23 April 2018, this audit does not include this operating area in the audit scope and there is no follow-up of the previous audit recommendations that were specific to this operating area. The previous audit was also conducted in June 2018 so it effectively covered the period to 22 April 2018.

The audit applied a risk-based audit approach. The scope of the audit included the adequacy and effectiveness of performance against the requirements of the licence by considering:

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

When assessing if a licensee has complied with its licence obligations, the auditor must apply a level of scrutiny that corresponds to a 'reasonable assurance engagement'. A reasonable assurance engagement is:

*“An assurance engagement in which the assurance practitioner reduces engagement risk to an acceptably low level in the circumstances of the engagement as the basis for the assurance practitioner's conclusion. The assurance practitioner's conclusion is expressed in a form that*

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*conveys the assurance practitioner's opinion on the outcome of the measurement or evaluation of the underlying subject matter against criteria.” (ASAE3000)*

The audit aimed to identify any areas where improvement is required and recommend corrective action as necessary.

### 3.3 Audit Compliance and Controls Rating Scale

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

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

### 3.4 Summary of Audit Ratings of Controls and Compliance

The current audit assessment of the ratings for the adequacy of controls and compliance with the 162 applicable legislative obligations is shown below in the summary table and detailed obligations table.

**Summary of Audit Ratings of Control and Compliance**

Controls rating	Compliance Rating						Total	
	Rating	1 Compliant	2 Non-compliant (minor impact)	3 Non-compliant (moderate impact)	4 Non-compliant (major impact)	NR Not rated		
	A -Adequate	53	2	-	-	63		118
	B – Generally adequate	1	1	-	-	-		2
	C - Inadequate	-	-	-	-	-		-
	D – No controls	-	-	-	-	-		-
	NP – Not performed	4	1	-	-	37		42
<b>Total</b>	<b>58</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>100</b>	<b>162</b>		

**Detailed Audit Ratings of Control and Compliance by Obligation**

No. <sup>1</sup>	Brief Description	Legislative Reference	Audit Priority applied  (rated 1 = High to 5 = Low)	Adequacy of Controls Rating <sup>2</sup>  (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed)					Compliance Rating  (1=Compliant, 2=Non-compliant (minor impact), 3=Non-compliant – moderate impact, 4=Non-compliant - major impact, NR=Not rated)				
				A	B	C	D	NP	1	2	3	4	NR
<b>Water Services Act 2012</b>													
2	Terms of service	Sec. 21(1)(b)	4	✓						✓			
3	Provision of services	Sec. 21(1)(c)	4	✓						✓			
4	Operating area	Sec. 22	4	✓									✓
5	Outsourcing of services	Sec. 23	4	✓						✓			
6	Asset management system	Sec. 24(1)(a) & 24(2)	4	✓						✓			
7	Changes to asset management system	Sec. 24(1)(b)	4	✓									✓
8	Asset management system review	Sec. 24(1)(c)	4	✓						✓			
9	Operational audit	Sec. 25	4	✓						✓			
10	Code of practice	Sec. 26(3)	4					✓					✓
13	Termination of service	Sec. 36	4					N/A					N/A
14	Supplier of last resort	Sec. 60	4					N/A					N/A
15	Ombudsman scheme	Sec. 70(2)	4	✓						✓			
16	Interruption of water supplies	Sec. 77(3)	4	✓									✓

<sup>1</sup> The number refers to the Obligation reference in the Water Compliance Reporting Manual 2020 and previous versions 2017 and 2018 where applicable.

<sup>2</sup> Refer Controls and Compliance Rating Scales in Section 2.3.

No. <sup>1</sup>	Brief Description	Legislative Reference	Audit Priority applied  (rated 1 = High to 5 = Low)	Adequacy of Controls Rating <sup>2</sup>  (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed)					Compliance Rating  (1=Compliant, 2=Non-compliant (minor impact), 3=Non-compliant – moderate impact, 4=Non-compliant - major impact, NR=Not rated)					
				A	B	C	D	NP	1	2	3	4	NR	
17	Notification of building works	Sec. 82(4) & (5)	4					✓						✓
18	Ensuring water service works are done	Sec. 84(2)	4					✓						✓
19	Review of decisions	Sec. 87(2)	4					✓						✓
20	Construction near water service works	Sec. 90(7)	4					✓						✓
21	Cut off water supply	Sec. 95(3)	2 <sup>3</sup>	✓										✓
22	Fire hydrants for reticulation works	Sec. 96(1)	4					N/A						N/A
23	Requests from FESA or local government	Sec. 96(5)	4					N/A						N/A
24	Minister's direction re wastewater inlet	Sec. 98(3)	4					✓						✓
25	Compliance notice re failure to maintain fittings	Sec. 106(2)	4					✓						✓
28	Compliance notice issued by licensee rebuilding works	Sec. 119(2)	4					✓						✓
29	Review of decisions	Sec. 122(2)	4					✓						✓
30	Apportionment of fees between properties	Sec. 125(2)	4					✓						✓
31	Lodging memorial to secure fees owing	Sec. 128(4)	4					✓						✓
32	Notice to property owner - entry	Sec. 129(5)	4	✓										✓
33	Notice to property owner – removal of fence	Sec. 139(3)	4					✓						✓
34	Notice to roads authority	Sec. 141(1)	4					✓						✓
35-39	Proposal for major works	Sec. 142, 143(2) & (3), 144(3), 145(2),	4					N/A						N/A
40-41	Proposal for major works – Minister notices	Sec. 147(3) & (4)	4					✓						✓
42-45	Proposal for general works	Sec. 151(1) & (2), 152(3), 153(3),	4	✓										✓
46-48	Interest in land	Sec. 166(5) - (6), 170	4					✓						✓
49-51	Notice of entry to property and authority to enter	Sec. 173(4) 174(1) & (3)	4	✓										✓
52-57	Notice of entry to property and authority to enter, including prescribed actions.	Sec. 175(2) & (5), 176(1), (3) & (4), 181	4	✓										✓

<sup>3</sup> The highest priority areas (priority 1, 2 or 3) based on inherent risk and expected controls/processes are highlighted in RED.

No. <sup>1</sup>	Brief Description	Legislative Reference	Audit Priority applied  (rated 1 = High to 5 = Low)	Adequacy of Controls Rating <sup>2</sup>  (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed)					Compliance Rating  (1=Compliant, 2=Non-compliant (minor impact), 3=Non-compliant – moderate impact, 4=Non-compliant - major impact, NR=Not rated)					
				A	B	C	D	NP	1	2	3	4	NR	
58-61	Warrant to enter property	Sec. 186, 187(1) - (3), 190(4) - (5)	4					✓						✓
62	Compliance Officer	Sec. 210(5)	4					✓						✓
63	Minimum disruption	Sec. 218(2)	4	✓										✓
64	Physical damage	Sec. 218(3)	4	✓					✓					
<b>Water Services Regulations 2013</b>														
65	Meter testing – multi-unit	Reg. 23(2)	4					N/A						N/A
66	Meter testing - compliance	Reg. 24(4)	4					N/A						N/A
67	Meter access - compliance	Reg. 26(3)	4					N/A						N/A
68	Meter testing – tolerance	Reg. 26(5)	4					N/A						N/A
69	Lot development	Reg. 29(1)	4					✓						✓
70 - 72	Backflow prevention devices	Reg. 42(2), 43(3), 43(6).	4					✓						✓
74	Work affecting roads	Reg. 60(2)	4					✓						✓
75	Breaks to road surface	Reg. 63	4					✓						✓
89	Compliance notice issued by licensee to include consequences and rights	Reg. 85	4					✓						✓
<b>Water Services Code of Conduct (Customer Service Standards) 2018</b>														
92	Information for customers	Cl. 8(1) - (3)	4	✓					✓					
94	Annual service charges	Cl. 10(2)	4	✓					✓					
95-96	Usage bills at least 4 monthly	Cl. 11(2) & (3)	4					N/A						N/A
97	Estimated Bill of Usage - Regulation	Cl. 11(4)	4					N/A						N/A
98 – 98A	Estimated Bill of Usage	Cl. 11(5) & (6)	4					N/A						N/A
99	Address for billing	Cl. 12	4	✓					✓					
100	Billing information	Cl. 13(1)	4		✓					✓				
100A	Billing information – more than one service	Cl. 13(3)	4					N/A						N/A
101	Billing information - usage	Cl. 13(4)	4					N/A						N/A
101A	Billing information - estimate	Cl. 13(5)	4					N/A						N/A
102A	Billing information – prescribed information	Cl. 13(6)	4	✓					✓					
103-104	Basis of billing estimate	Cl. 14(1) & (2)	4					N/A						N/A
104A	Tariff information	Cl. 15(3)	4					N/A						N/A
105	Request for meter reading	Cl. 16(1)	4					N/A						N/A
106	Higher than normal charge	Cl. 17(2) & (3)	4					N/A						N/A
107-110	Under charges	Cl. 18(2) - (5).	4	✓										✓

No. <sup>1</sup>	Brief Description	Legislative Reference	Audit Priority applied  (rated 1 = High to 5 = Low)	Adequacy of Controls Rating <sup>2</sup>  (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed)					Compliance Rating  (1=Compliant, 2=Non-compliant (minor impact), 3=Non-compliant – moderate impact, 4=Non-compliant - major impact, NR=Not rated)						
				A	B	C	D	NP	1	2	3	4	NR		
111A	Over charges - refunds	Cl. 19(2)	4	✓											✓
112A-C	Over charges - refunds	Cl. 19(3) - (5)	4	✓											✓
113	Review of bill upon request	Cl. 20(1)	4	✓											✓
114	Review of bill procedure – written procedure	Cl. 20(2)	4	✓						✓					
115	Review of bill procedure – information	Cl. 20(3) & (6)	4	✓						✓					
116	Review of bill procedure – ombudsman	Cl. 20(4)	4	✓						✓					
117	Review of bill procedure – timeframe	Cl. 20(5)	4	✓											✓
117A	Notification of change in water service charge	Cl. 21	4	✓						✓					
118	At least 14 days for payment of bill	Cl. 23	4	✓						✓					
119	Payment methods - options	Cl. 24(1)	4	✓						✓					
120	Payment methods - fees	Cl. 24(2)	4	✓						✓					
121	Payment methods - direct debit authority	Cl. 25(1)	4	✓						✓					
122	Payment in advance	Cl. 26(1)	4					✓							✓
123	Redirection of bills	Cl. 27	4					✓							✓
124A	Payment plan - availability	Cl. 28(2)	4					✓							✓
124B-C	Payment plan - conditions	Cl. 28(3) & (4)	4	✓											✓
125, 126A, 126B, 127	Financial hardship policy	Cl. 29(1) - (5)	4					✓		✓					
128	Financial hardship policy - publicly available	Cl. 29(6)	4	✓						✓					
129A	Financial hardship policy – review	Cl. 29(7)	4	✓						✓					
129B	Financial hardship policy – review if directed	Cl. 29(8)	4					✓							✓
129C	Financial hardship – payment variations	Cl. 29(9)	4	✓						✓					
130A, 130B, 131A, 131B, 131C	Financial hardship – payment variations	Cl. 30(2) & (3), 30(4)(a) - (c)	4	✓											✓
133	Written information re payment assistance	Cl. 31(4) & (5)	4	✓											✓
133A	No interest or fees in some circumstances	Cl. 32	4	✓											✓
134 – 134A	Debt recovery	Cl. 33(1)(a) – (e)	4	✓											✓



No. <sup>1</sup>	Brief Description	Legislative Reference	Audit Priority applied  (rated 1 = High to 5 = Low)	Adequacy of Controls Rating <sup>2</sup>  (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed)					Compliance Rating  (1=Compliant, 2=Non-compliant (minor impact), 3=Non-compliant – moderate impact, 4=Non-compliant - major impact, NR=Not rated)						
				A	B	C	D	NP	1	2	3	4	NR		
135 & 136	Restoring water supply	Cl. 40(1) & (2)	4	✓											✓
137A-C, 138, 138A & B	Water supply restriction	Cl. 36(1) - (3), 37(1)(a) - (g) & 38	4	✓											✓
139	Rate of flow	Cl. 39	4	✓											✓
142	Restoring water supply	Cl. 41(4)	4	✓											✓
144	Compliance rate in restoring water supply	Cl. 41(6)	4	✓						✓					
144A-B	Notice of planned service interruptions	Cl. 43(1) - (2)	4	✓											✓
144C-D	Policy for dealing with leaks and blockages	Cl. 44(1) - (2)	4	✓							✓				
144E	24 hour information line	Cl. 45	4	✓						✓					
145-146	Complaints procedure - written	Cl. 46(1) - (2)	4	✓						✓					
147	Complaints procedure - details	Cl. 46(3)	4	✓						✓					
148A	Complaints procedure - Ombudsman	Cl. 46(4)	4	✓						✓					
149	Complaints procedure publicly available	Cl. 46(5)	4	✓						✓					
149A	Resolution of complaints	Cl. 47	4	✓						✓					
150	No charge for information	Cl. 48(1)	4	✓						✓					
152	Access to customer information	Cl. 48(2)	4	✓						✓					
153-154	All Code of Conduct information to be publicly available in hardcopy and website	Cl. 49(1) – (2)	4	✓						✓					
154A	Link to WA Government website	Cl. 49(3)	4						✓		✓				
154B, 154C & 154D	Supply register	Cl. 51(1), (3), 52 & 53	4						N/A						N/A
<b>Licence Conditions – Specific Clauses</b>															
155	Fees to regulator	Cl. 4.2.1	4		✓					✓					
159	Direction from ERA	Cl. 4.1.2	4						✓						✓
159A	Comply with terms and conditions of licence	Cl. 4.1.3	4	✓						✓					
160	Compliance with Accounting Standards	Cl. 4.6.1	4	✓						✓					
161	Compliance with performance standards	Cl. 5.2.1	4	✓											✓
162	Operational audit	Cl. 5.3.4	4	✓						✓					
163	External administration	Cl. 4.7.1(a) - (c)	4	✓											✓

No. <sup>1</sup>	Brief Description	Legislative Reference	Audit Priority applied  (rated 1 = High to 5 = Low)	Adequacy of Controls Rating <sup>2</sup>  (A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed)					Compliance Rating  (1=Compliant, 2=Non-compliant (minor impact), 3=Non-compliant – moderate impact, 4=Non-compliant - major impact, NR=Not rated)					
				A	B	C	D	NP	1	2	3	4	NR	
165	Provision of information to the ERA	Cl. 4.8.1	4	✓						✓				
166	Compliance reporting to ERA	Cl. 3.8.2 (to April 2018)	4	✓						✓				
167	Performance reporting to ERA	Cl. 4.8.2	4	✓						✓				
168	Publishing information	Cl. 3.8.1 & 3.8.2	4	✓										✓
169	Notices in writing	Cl. 3.7.1	4	✓						✓				
170	Notify ERA of asset management system (AMS)	Cl. 5.1.1(a) & (b)	4	✓						✓				
171	Notify ERA of material change to AMS	Cl. 5.1.3	4	✓										✓
172	AMS review	Cl. 5.1.7	4	✓						✓				
172A-B	ERA direction re condition of service	Cl. 6.1.1 & 6.1.2	4	✓										✓
173	Ombudsman scheme	Cl. 5.5.1 (to April 2020)	4	✓						✓				
175-178	Customer contract approval and amendment	Cl. 5.1.1 - 5.1.3, 5.1.5, (to April 2020)	4	✓										✓
179-180	Customer contract restricting licence or Code	Cl. 5.3.1 & 5.3.2, 5.3.4 (to April 2020)	4						✓					✓
181	Obligations of supplier of last resort	Cl. 6.3.1	4						N/A					N/A
182	No services outside operating area	Cl. 4.4.1(b)	4	✓										✓
183	Financial hardship policy guidelines	Cl. 5.4.3 (to April 2020)	4	✓						✓				
184A-B	MOU with Department of Health - established	Cl. 7.1.2 – 7.1.3	4	✓						✓				
185	MOU with Department of Health - compliance	Cl. 7.1.4	4	✓						✓				
186	MOU with Department of Health – comply with terms	Cl. 7.1.5	4	✓						✓				
187-188	MOU with Department of Health – publish reports	Cl., 7.1.6 - 7.1.7	4	✓						✓				
190	Service and performance standards (if applicable)	Schedule 2	4	✓						✓				

### 3.5 Detailed Audit Observations

No <sup>4</sup>	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
<b>Water Services Act 2012</b>							
2	Section 21(1)(b)	Clause 4.3.1(b)	The licensee must if requested, offer to provide the water service authorised by the licence to any other person (not covered by section 21(1)(a) of the Act) within the operating area of the licence on reasonable terms, unless provision of the service is not financially viable or is otherwise not practicable.	4	The auditor confirmed with the Project & Environmental Co-ordinator that during the audit period there were new connections from when the scheme commenced operation in December 2019 and that all requests to connect were connected to the scheme. This obligation is stated in the Customer Supply Agreement for sewer services.	A	1
3	Section 21(1)(c)	Clauses 4.1.1	The licensee must provide, operate and maintain the water service works specified by the ERA in the licence for the purpose of section 11(3).	4	The provision, operation and maintenance of water service works during the audit period are covered in comprehensive detail in the Review section of this report. The auditor rated the asset management system across all 12 key asset management system processes. This obligation is stated in the Aquasol – Asset Management Plan - Lakelands Golfview Estate Retirement Village, Gngara - Waste Water Treatment & Recycling Scheme Version 1.5 (December 2020) ('Asset Management Plan').	A	1
4	Section 22	Clause 4.4.1(a)	The licensee must notify the ERA as soon as practicable before commencing to provide the water service outside of the operating area of the licence.	4	The auditor confirmed with the Site Manager that no water services were provided outside the operating area. An "As Constructed" map of the scheme is included in the Asset Management Plan.	A	NR

<sup>4</sup> The number refers to the item reference in the Water Compliance Reporting Manual 2020, ERA or if applicable, the 2018 manual.

<sup>5</sup> Controls Rating Scale: A=Adequate, B=Generally adequate, C=Inadequate, D=No controls, NP=Not performed.

<sup>6</sup> Compliance Rating Scale: 1=Compliant, 2=Non-compliant (minor impact), 3=Non-compliant – moderate impact, 4=Non-compliant - major impact, NR=Not rated.

No <sup>4</sup>	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
					This obligation is stated in the ERA Lakelands - Commitments to Follow Register..		
5	Section 23	Clause 4.5.1	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	The auditor confirmed with the CEO that during the audit period, all water service infrastructure used for the provision of the water services are covered by an agreement.  The responsibilities of Aquasol, the developer/property owner and the residents/property owners are stated in the Aquasol Terms and Conditions available on the Aquasol website. This obligation is stated in the ERA Lakelands - Commitments to Follow Register.	A	1
6	Sections 24(1)(a) & 24(2)	Clause 5.1.1	The licensee must provide for an asset management system in respect of the licensee's water service works.	4	Refer obligation number 3 above.  This obligation is stated in the ERA Lakelands - Commitments to Follow Register.	A	1
7	Section 24(1)(b)	Clauses 5.1.2 and 5.1.3	The licensee must give details of the asset management system and any changes to it to the ERA (the licence prescribes timeframes for providing this information to the ERA – see obligations 170A and 171).	4	The auditor confirmed with the Project & Environmental Coordinator that, during the audit period, there were no changes to its asset management system.  This obligation is stated in the ERA Lakelands - Commitments to Follow Register..	A	NR
8	Section 24(1)(c)	Clause 5.1.4	A licensee must provide the ERA with a report by an independent expert as to the effectiveness of its asset management system every 24 months, or such longer period as determined by the ERA.	4	This audit and review is the first audit and review for this scheme..  This obligation is stated in the ERA Lakelands - Commitments to Follow Register.	A	1
9	Section 25	Clause 5.3.1	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	This audit and review is the first audit and review for this scheme..  This obligation is stated in the ERA Lakelands - Commitments to Follow Register.	A	1

No <sup>4</sup>	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
10	Section 26(3)	Clause 4.1.1	The licensee must comply with each code of practice made by the Minister to the extent to which it applies to the licensee.	4	There were no codes of practice issued by the Minister.	NP	NR
13	Section 36	Clause 4.1.1	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.	4	The auditor confirmed with the Project & Environmental Coordinator that during the audit period, Aquasol was not a supplier of last resort.	N/A	N/A
14	Section 60	Clause 6.3.1	If the licensee is the supplier of last resort for a designated area in relation to the provision of a particular water service, the licensee must perform the functions of the supplier of last resort and must comply with the relevant duties and carry out the relevant operations prescribed.	4	As per obligation 14.	N/A	N/A
15	Section 70(2) (previously 66 until April 2020)	Clause 6.2.1	<p>The licensee must not supply water services to customers unless the licensee:</p> <ul style="list-style-type: none"> <li>is a member of the water services ombudsman scheme; and</li> <li>is bound by the scheme; and</li> <li>will comply with any decision or direction of the water services ombudsman under the scheme.</li> </ul> <p><i>Previous obligation 66 until April 2020 – Licensees who are required to be a member of the water services ombudsman scheme agree to be bound by, and compliant with, any decision or direction of the water services ombudsman under the scheme.</i></p>	4	<p>The auditor confirmed with the Project &amp; Environmental Coordinator that during the audit period, Aquasol was a member of the water services ombudsman scheme and was bound by the scheme and would comply with any directions. The membership was also confirmed by the ombudsman website.</p> <p>This obligation is stated in the ERA Lakelands - Commitments to Follow Register.</p>	A	1

No <sup>4</sup>	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
16	Section 77(3)	Clause 4.1.1	The licensee must take reasonable steps to minimise the extent or duration of any interruption of water services it is responsible for.	4	The auditor confirmed with the Site Manager that during the audit period, there were no interruptions to the water services. This obligation is stated in the Customer Supply Agreement for sewer services.	A	NR
17	Sections 82(4) & (5)	Clause 4.1.1	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	The auditor confirmed with the Project & Environmental Coordinator that during the audit period, there were no instances in which Aquasol gave written directions about proposed building work that the licensee considered necessary to ensure the safety and efficacy of the provision of water services provided, or to be provided. As all the infrastructure for the scheme is located outside of private land holdings, no formal control process is required.	NP	NR
18	Section 84(2)	Clause 4.1.1	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	The auditor confirmed with the Project & Environmental Coordinator that during the audit period, there were no notices given that the licensee considered necessary to ensure the safety and efficacy of the provision of water services provided, or to be provided. As all the infrastructure for the scheme is located outside of private land holdings, no formal control process is required.	NP	NR
19	Section 87(2)	Clause 4.1.1	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	4	The auditor confirmed with the Project & Environmental Coordinator that during the audit period, there were no applications to the State Administrative Tribunal. As this has not occurred in the audit period and would be a rare event, no specific procedures have been put in place.	NP	NR

No <sup>4</sup>	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
			the application has been finally dealt with, except in limited circumstances.				
20	Section 90(7)	Clause 4.1.1	If the licensee gives a compliance notice to a person who is undertaking construction or carrying out similar works in the vicinity of water service works, the licensee must, to the extent practicable, consult with the owner of the land on which the obstruction is located or the activity is taking place if the person to be given the notice is not the owner of the land.	4	The auditor confirmed with the Project & Environmental Coordinator that during the audit period, there were no compliance notices issued.  As all the infrastructure for the scheme is located outside of private land holdings, no formal control process is required.	NP	NR
21	Section 95(3)	Clause 4.1.1	The licensee cannot cut off the supply of water to an occupied dwelling unless the occupier agrees to that.	2 <sup>7</sup>	The auditor confirmed with the Project & Environmental Coordinator that during the audit period, there were instances of the water supply for sewerage services being cut off.  The Customer Supply Agreement for sewer services states that Aquasol may require the service to be disconnected, if in its opinion, the assets are at risk of damage or misuse. Accepted.	A	NR
22	Section 96(1)	Clause 4.1.1	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.		The scheme does not include the provision of water supply reticulation.	N/A	N/A

<sup>7</sup> The highest priority areas (priority 1, 2 or 3) based on inherent risk and expected controls/processes are highlighted in RED.

No <sup>4</sup>	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
23	Section 96(5)	Clause 4.1.1	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	The scheme does not include the provision of water supply reticulation.	N/A	N/A
24	Section 98(3)	Clause 4.1.1	If required to by the Minister, the licensee must connect a wastewater inlet on land to the sewerage works of the licensee.	4	The auditor confirmed with the Project & Environmental Coordinator that during the audit period, there were no requests by the Minister to connect a wastewater inlet on land to the sewerage works.  As this has not occurred in the audit period and would be a rare event, no specific procedures have been put in place.	NP	NR
25	Section 106(2)	Clause 4.1.1	The licensee must include the information specified in a compliance notice given in relation to failure to maintain fittings, fixtures and pipes.	4	The auditor confirmed with the Project & Environmental Coordinator that during the audit period, there were no compliance notices issued.  As this has not occurred in the audit period and would be a rare event, no specific procedures have been put in place.	NP	NR
28	Section 119(2)	Clause 4.1.1	The licensee must include the information specified in a compliance notice given in relation to the matters set out in section 119(1).	4	Refer obligation 25 above.	NP	NR
29	Section 122(2)	Clause 4.1.1	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	The auditor confirmed with the Project & Environmental Coordinator that during the audit period, there were no applications to the State Administrative Tribunal.  As this has not occurred in the audit period and would be a rare event, no specific procedures have been put in place.	NP	NR
30	Section 125(2)	Clause 4.1.1	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	4	The auditor confirmed with the Project & Environmental Coordinator that during the audit	NP	NR



No <sup>4</sup>	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
			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> .		period, there was no apportionment of fees. All billing is to individual residents. As this has not occurred in the audit period and would be a rare event, no specific procedures have been put in place.		
31	Section 128(4)	Clause 4.1.1	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	The auditor confirmed with the Project & Environmental Coordinator that during the audit period, there were no memorials or withdrawals lodged with the Registrar. As this has not occurred in the audit period and would be a rare event, no specific procedures have been put in place.	NP	NR
32	Section 129(5)	Clause 4.1.1	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	The auditor confirmed with the Project & Environmental Coordinator that, during the audit period, no entry was made to a place for exercising a works power under the Act. Thus, it was not necessary for Aquasol to give at least 48 hours' notice of proposed entry to the occupier of a place; The Customer Supply Agreement for sewer services states that 7 days' notice will be given of any planned entry to premises.	A	NR
33	Section 139(3)	Clause 4.1.1	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	The auditor confirmed with the Project & Environmental Coordinator that during the audit period, there were no instances of a works power requiring the removal or erection of a fence or gate by Aquasol.. As this has not occurred in the audit period and would be a rare event, no specific procedures have been put in place.	NP	NR
34	Section 141(1)	Clause 4.1.1	A person authorised by the licensee may enter a road and exercise a works power of the licensee without consent, notice or warrant unless the exercise	4	The auditor confirmed with the Project & Environmental Coordinator that during the audit period, Aquasol did not authorise any person to enter a road to exercise a works power.	NP	NR

No <sup>4</sup>	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
			of the power involves opening or breaking up the surface of the road, or would cause a major obstruction of the road or disruption of the traffic, in which case the licensee must give at least 48 hours' notice to the public authority that has control or management of the road.		As this has not occurred in the audit period and would be a rare event, no specific procedures have been put in place.		
35	Sections 142	Clause 4.1.1	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 by section 148.	4	As the maximum capacity of the plant per the Asset Management Plan is 130KL per day, the obligations re major works (capacity of 2ML per day) are not applicable.	N/A	N/A
36	Sections 143 (2)	Clause 4.1.1	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	Refer obligation 35 above.	N/A	N/A
37	Sections 143 (3)	Clause 4.1.1	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	Refer obligation 35 above.	N/A	N/A
38	Section 144(3)	Clause 4.1.1	The licensee must have regard to an objection or submission lodged within the relevant period.	4	Refer obligation 35 above.	N/A	N/A
39	Section 145(2)	Clause 4.1.1	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	Refer obligation 35 above.	N/A	N/A

No <sup>4</sup>	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
40	Section 147(3)	Clause 4.1.1	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	The auditor confirmed with the Project & Environmental Coordinator that during the audit period, there were no proposals for major works and no directions from the Minister As this has not occurred in the audit period and would be a rare event, no specific procedures have been put in place.	NP	NR
41	Section 147(4)	Clause 4.1.1	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	Refer obligation 40 above.	NP	NR
42	Section 151(1)	Clause 4.1.1	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	The auditor confirmed with the Project & Environmental Coordinator and by review of Aquasol's Annual Reports, that during the audit period, there were no general works undertaken to the Scheme. The overall procedures are stated in the Asset Management Plan.	A	NR
43	Section 151(2)	Clause 4.1.1	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	Refer obligation 42 above.	A	NR
44	Section 152(3)	Clause 4.1.1	The licensee must have regard to an objection or submission lodged by the date specified in the notice given under section 151(2).	4	Refer obligation 42 above.	A	NR
45	Section 153(3)	Clause 4.1.1	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	4	Refer obligation 42 above.	A	NR

No <sup>4</sup>	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
			who is likely to be adversely affected by those alterations.				
46	Section 166(5)	Clause 4.1.1	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	The auditor confirmed with the Project & Environmental Coordinator that during the audit period, there was no advice from the Minister to acquire an interest in land.  As this has not occurred in the audit period and would be a rare event, no specific procedures have been put in place.	NP	NR
47	Section 166(6)	Clause 4.1.1	Any costs incurred in taking an interest in land are to be paid by the licensee.	4	Refer obligation 46 above.	NP	NR
48	Section 170	Clause 4.1.1	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	The auditor confirmed with the Project & Environmental Coordinator that during the audit period, there were no sales of interest in lands for the Scheme.  As this has not occurred in the audit period and would be a rare event, no specific procedures have been put in place.	NP	NR
49	Section 173(4)	Clause 4.1.1	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	The auditor confirmed with the Site Manager that, during the audit period, no entry was made to a place for exercising a works power under the Act. Thus, it was not necessary for Aquasol to give at least 48 hours' notice of proposed entry to the occupier or owner of a place.  The CEO and the Site Manager confirmed that during the audit period, Aquasol only provided sewerages services and: <ul style="list-style-type: none"> <li>All its sewerage works were located on the designated property; and</li> <li>Property owners were responsible to maintain the sewerage works on their properties (for example: by using an independent plumber).</li> </ul>	A	NR

No <sup>4</sup>	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
					Thus, Aquasol would require entering a property only in exceptional circumstances. The Customer Supply Agreement for sewer services states that 7 days' written notice will be given of any planned entry to premises and will set out the purpose of the entry.		
50	Section 174(1)	Clause 4.1.1	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	Refer obligation 49 above.	A	NR
51	Section 174(3)	Clause 4.1.1	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	Refer obligation 49 above.	A	NR
52	Section 175(2)	Clause 4.1.1	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	Refer obligation 49 above.	A	NR
53	Section 175(5)	Clause 4.1.1	If the licensee enters a dwelling that is unoccupied, the licensee must leave a notice, which includes the prescribed information, or a copy of the warrant (as applicable) in a prominent position in the dwelling before leaving the dwelling.	4	Refer obligation 49 above.	A	NR
54	Section 176(1)	Clause 4.1.1	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	4	Refer obligation 49 above.	A	NR

No <sup>4</sup>	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
			owner or occupier has refused or withdrawn their consent.				
55	Section 176(3)	Clause 4.1.1	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	Refer obligation 49 above. Any personnel entering premises are required to have identification, as stated in the Customer Supply Agreement for sewer services.	A	NR
56	Section 176(4)	Clause 4.1.1	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	Refer obligation 55 above.	A	NR
57	Section 181	Clause 4.1.1	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	Refer obligation 55 above.	A	NR
58	Section 186	Clause 4.1.1	If the licensee applies for a warrant, the application must contain the prescribed information.	4	The auditor confirmed with the Project & Environmental Coordinator that during the audit period, there were no applications for a warrant. As this has not occurred in the audit period and would be a rare event, no specific procedures have been put in place.	NP	NR
59	Sections 187(1) – (3)	Clause 4.1.1	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	Refer obligation 58 above.	NP	NR
60	Section 190(4)	Clause 4.1.1	Unless required to give a copy of the warrant, the licensee executing the warrant must produce the warrant for	4	Refer obligation 58 above.	NP	NR

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			inspection by the occupier of the place concerned on entry (if practicable), and if requested to do so.				
61	Section 190(5)	Clause 4.1.1	On completing the execution of a warrant the licensee must record the prescribed information on that warrant.	4	Refer obligation 58 above.	NP	NR
62	Section 210(5)	Clause 4.1.1	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	The auditor confirmed with the Project & Environmental Coordinator that during the audit period, there were no persons designated as an inspector or compliance officer.  As this has not occurred in the audit period and would be a rare event, no specific procedures have been put in place.	NP	NR
63	Section 218(2)	Clause 4.1.1	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	The auditor confirmed with the Project & Environmental Coordinator that during the audit period, they did not exercise any power under the Act to enter any property. If they were to, the obligations to minimise any obstructions or damage would be complied with. .  This obligation is stated in the Customer Supply Agreement for sewer services.	A	NR
64	Section 218(3)	Clause 4.1.1	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	The auditor confirmed with the Project & Environmental Coordinator and the Site Manager that during the audit period, there was no physical damage in the exercise of any works power or entry.  This obligation is stated in the Customer Supply Agreement for sewer services.	A	1

No <sup>4</sup>	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
<b>Water Services Regulations 2013</b>							
65	Regulation 23(2)	Clause 4.1.1	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	The auditor confirmed with the Project & Environmental Coordinator that, during the audit period, Aquasol only provided sewerage services. As Aquasol did not use meters in respect of the water services it provided to customers during the audit period, this obligation is not applicable.	N/A	N/A
66	Regulation 24(4)	Clause 4.1.1	If the licensee gives a compliance notice to a person in respect of access to meters, the notice must specify the specified information.	4	Refer obligation 65 above.	N/A	N/A
67	Regulations 26(3)	Clause 4.1.1	If the owner or occupier requests the licensee to test a meter and pays the charge (if any) for testing that type of meter, the licensee must test the meter in accordance with a procedure approved by the CEO for the purpose of this regulation.	4	Refer obligation 65 above.	N/A	N/A
68	Regulation 26(5)	Clause 4.1.1	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	Refer obligation 65 above.	N/A	N/A
69	Regulation 29(1)	Clause 4.1.1	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	The auditor confirmed with the Project & Environmental Coordinator that during the audit period, there were no infrastructure contributions required from a developer. Any property developments are external to the infrastructure property for the Water Treatment Plant.	NP	NR



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					As this has not occurred in the audit period and would be a rare event, no specific procedures have been put in place.		
70	Regulation 42(2)	Clause 4.1.1	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	The auditor confirmed with the Project & Environmental Coordinator that during the audit period, there were no orders issued for the installation of backflow devices for the scheme.  As this has not occurred in the audit period and would be a rare event, no specific procedures have been put in place.	NP	NR
71	Regulation 43(3)	Clause 4.1.1	The compliance notice given by the licensee to the owner or occupier of land must specify that the backflow prevention device be tested or maintained in accordance with the standard and the date by which the testing or maintenance is required to be done (which must be at least 7 days after the day the notice is given to the owner or occupier).	4	Refer obligation 70 above.	NP	NR
72	Regulation 43(6)	Clause 4.1.1	The compliance notice requiring the owner or occupier of land to have their backflow prevention device made good as specified in the notice must include the work that is required to be done, the manner in which the work is to be done and the date by which the work is to be done (which must be at least 7 days after the notice is given)	4	Refer obligation 70 above.	NP	NR
74	Regulation 60(2)	Clause 4.1.1	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	4	The auditor confirmed with the Project & Environmental Coordinator that, during the audit period, no works power was exercised in a road which necessitated altering the position of infrastructure.	NP	NR

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			person make the alterations within the time specified in the notice.		As this has not occurred in the audit period and would be a rare event, no specific procedures have been put in place.		
75	Regulation 63	Clause 4.1.1	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	The auditor confirmed with the Project & Environmental Coordinator that, during the audit period, Aquasol did not open or break up a road. As this has not occurred in the audit period and would be a rare event, no specific procedures have been put in place.	NP	NR
89	Regulation 85	Clause 4.1.1	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	The auditor confirmed with the Project & Environmental Coordinator that during the audit period, there were no compliance notices issued. As this has not occurred in the audit period and would be a rare event, no specific procedures have been put in place.	NP	NR
<b>Water Services Code of Conduct (Customer Service Standards) 2018</b>							
92	8(1)-(3)	Clause 4.1.1	The licensee must have written information for customers about the prescribed matters regarding connections and the information must be publicly available.  <i>(Note: the information required by clause 8(2)(a) applies to the Water Corporation, Bunbury Water Corporation and Busselton Water Corporation only and the information required by clause 8(2)(g) applies only to licensees that supply potable water).</i>  <i>Previous obligation until April 2020 - the licensee must have written information for customers about the prescribed matters regarding connections and the</i>	4	The auditor confirmed with the Project & Environmental Coordinator that, during the audit period, customers employed independent plumbers to connect to Aquasol's sewerage infrastructure.  The information stipulated in the Code of Conduct about services available and connection, is included in the Customer Supply Agreement for sewer services.	A	1

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			<p>information must be available on the licensee's website and a hardcopy provided to a customer upon request at no charge.</p> <p><i>*Footnote – with the supply of non-potable water the customer is responsible for treating the water to make it fit for humans to drink. (Applied to all obligations in the Water Services Code of Conduct (Customer Service Standards) 2018.</i></p>				
94	10(2)	Clause 4.1.1	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>The auditor confirmed with the Project &amp; Environmental Coordinator and by review of a sample of Sewer Account Bills issued in the audit period that a bill for the fixed charge for the sewerage services is issued every six months. Residents are individually invoiced and the invoices are also sent directly to the strata manager for payment, as agent for the property owner.</p> <p>This obligation is included in the Aquasol Standard Terms and Conditions – Provision of Sewer Services.</p>	A	1
95	11(2)	Clause 4.1.1	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	The auditor confirmed with the Project & Environmental Coordinator that, during the audit period, there were no quantity charges as this is not applicable to sewerage services. Thus, this compliance obligation was not applicable to Aquasol's operations during the audit period.	N/A	N/A
96	11(3)	Clause 4.1.1	A bill for usage must be based on a meter reading to ascertain the quantity supplied or discharged.		The auditor confirmed with the Project & Environmental Coordinator that, during the audit period, there were no bills for usage issued as this is not applicable to sewerage services. Thus, this compliance obligation was not applicable to Aquasol's operations during the audit period.	N/A	N/A

No <sup>4</sup>	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
97	11(4)	Clause 4.1.1	If an accurate meter reading is not possible, a bill for usage must be based on an estimate, in accordance with the prescribed regulations (if any), of the quantity of water supplied or wastewater discharged. (Note: The Water Services Regulations 2013 did not address the estimation of bills at the time this Reporting Manual was published).	4	Refer obligation 96 above.	N/A	N/A
98	11(5)	Clause 4.1.1	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	Refer obligation 96 above.	N/A	N/A
98A	11(6)	Clause 4.1.1	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	Refer obligation 96 above.	N/A	N/A
99	12	Clause 4.1.1	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	The auditor confirmed with the Project & Environmental Coordinator and by review of a sample of Sewer Account Bills issued in the audit period that bills are sent to the property address unless another address is nominated.  This obligation is included in the Aquasol Standard Terms and Conditions – Provision of Sewer Services.	A	1
100	13(1)	Clause 4.1.1	Each bill must contain the prescribed information.		From review of a sample of Sewer Account Bills issued in 2019/20 (first billing period) and 2020/21, the auditor found that the Sewer Account Bills included the prescribed information except for: <ul style="list-style-type: none"> <li>The nature and amount of any applicable concession, discount or rebate.</li> </ul>	B	2

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					This information is included in the Aquasol Standard Terms and Conditions – Provision of Sewer Services.  <b><u>Recommendation 1/2021</u></b> <i>The Sewer Account Bills should be updated to include the nature and amount of any applicable concession, discount or rebate.</i>		
100A	13(3)	Clause 4.1.1	A bill issued for 2 or more water services must specify the charge payable for each water service.	4	The auditor confirmed with the Project & Environmental Coordinator that, during the audit period, there were no bills issued for 2 or more water services as this is not applicable to sewerage services. Thus, this compliance obligation was not applicable to Aquasol's operations during the audit period.	N/A	N/A
101	13(4)	Clause 4.1.1	Each bill for usage for a metered water service must contain the specified information.	4	The auditor confirmed with the Project & Environmental Coordinator that, during the audit period, there were no bills for usage issued as this is not applicable to sewerage services. Thus, this compliance obligation was not applicable to Aquasol's operations during the audit period.	N/A	N/A
101A	13(5)	Clause 4.1.1	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	Refer obligation 101 above.	N/A	N/A
102A	13(6)	Clause 4.1.1	Each bill must contain the prescribed information.	4	From review of a sample of Sewer Account Bills issued in 2019/20 and 2020/21, the audit found the Sewer Account Bills include the prescribed information per Section 13(6) of the Code of Conduct.  This information is included in the Aquasol Standard Terms and Conditions – Provision of Sewer Services.	A	1
103	14(1)	Clause 4.1.1	If a bill is based on an estimate, the licensee must tell the customer on	4	The auditor confirmed with the Project & Environmental Coordinator that, during the audit	N/A	N/A

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			request the basis of the estimate and the reason for the estimate.		period, there were no bills based on estimates as this is not applicable to sewerage services. Thus, this compliance obligation was not applicable to Aquasol's operations during the audit period.		
104	14(2)	Clause 4.1.1	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	Refer obligation 103 above.	N/A	N/A
104A	15(3)	Clause 4.1.1	Each bill for usage to which clause 15 applies must, in addition to the requirements of clause 13, contain the prescribed information.	4	The auditor confirmed with the Project & Environmental Coordinator that, during the audit period, there were no bills for usage issued as this is not applicable to sewerage services. Thus, this compliance obligation was not applicable to Aquasol's operations during the audit period.	N/A	N/A
105	16(1)	Clause 4.1.1	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	Refer obligation 104A above.	N/A	N/A
106	17(2) and (3)	Clause 4.1.1	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	Refer obligation 104A above.	N/A	N/A
107	18(2)	Clause 4.1.1	The licensee cannot recover an undercharged amount from a customer	4	The auditor confirmed with the Project & Environmental Coordinator that, during the audit	A	NR

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			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.		period, there were no under-charged amounts for sewerage services. This obligation is included in the Aquasol Standard Terms and Conditions – Provision of Sewer Services.		
108	18(3)	Clause 4.1.1	An undercharged amount must be the subject of, and explained in, a special bill or a separate item in the next bill.	4	Refer obligation 107 above.	A	NR
109	18(4)	Clause 4.1.1	The licensee must not charge interest or late payment fees on an undercharged amount.	4	Refer obligation 107 above.	A	NR
110	18(5)	Clause 4.1.1	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	Refer obligation 107 above.	A	NR
111A	19(2)	Clause 4.1.1	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	The auditor confirmed with the Project & Environmental Coordinator that, during the audit period, there were no over-charged amounts for sewerage services. This obligation is included in the Standard Terms and Conditions – Provision of Sewer Services.	A	NR
112A	19(3)	Clause 4.1.1	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	Refer obligation 111A above.	A	NR

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			account within 15 business days of the licensee receiving the instructions.				
112B	19(4)	Clause 4.1.1	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 the customer's account before the end of the period of the next 15 business days.	4	Refer obligation 111A above.	A	NR
112C	19(5)	Clause 4.1.1	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	Refer obligation 111A above.	A	NR
113	20(1)	Clause 4.1.1	The licensee must review a bill on the customer's request.	4	The auditor confirmed with the Project & Environmental Coordinator that, during the audit period, there were no requests for review of the sewerage charges.  From review of a sample of Sewer Account Bills issued in 2019/20 and 2020/21, the audit found the bills included a statement that the charges can be reviewed in accordance with Aquasol's review procedure.  This information is included in the Customer Supply Agreement – Sewer Services.	A	NR
114	20(2)	Clause 4.1.1	The license must have a written procedure for the review of a bill on the customer's request.	4	The Customer Supply Agreement – Sewer Services includes a bill review procedure that complies with the Code of Conduct and is available on Aquasol's website or in hardcopy upon request at no charge.	A	1



No <sup>4</sup>	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
115	20(3) and (6)	Clause 4.1.1	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	The Customer Supply Agreement – Sewer Services includes a bill review procedure that complies with the Code of Conduct.	A	1
116	20(4)	Clause 4.1.1	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	The Customer Supply Agreement – Sewer Services includes a bill review procedure that complies with the Code of Conduct.	A	1
117	20(5)	Clause 4.1.1	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	The auditor confirmed with the Project & Environmental Coordinator that, during the audit period, there were no requests for review of the sewerage charges. The Customer Supply Agreement – Sewer Services includes a bill review procedure that complies with the Code of Conduct.	A	NR
117A	21	Clause 4.1.1	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	The auditor confirmed with the Project & Environmental Coordinator and by review of a sample of Sewer Account Bills issued in the audit period that change in the rate for sewerage services is advised in the bills. This obligation is included in the Customer Supply Agreement – Sewer Services with notification on the first billing after the change.	A	1
118	23	Clause 4.1.1	The time set by the licensee for the payment of a bill must be after 14 days from when the bill is issued.	4	The auditor confirmed with the Project & Environmental Coordinator and by review of a sample of Sewer Account Bills issued in the audit period that the bill is sent to the resident for	A	1

No <sup>4</sup>	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
					information only and payment is covered by the Strata Manager as their development agent. As stated in the Customer Supply Agreement – Sewer Services, the bills are issued on 15 <sup>th</sup> June and 15 <sup>th</sup> December and are due by for payment by the Strata Manager the end of the month which is after 14 days from when the bill is issued.		
119	24(1)	Clause 4.1.1	The licensee must allow a customer to pay a bill using any of the prescribed methods selected by the customer.	4	The auditor confirmed with the Project & Environmental Coordinator that during the Audit Period, Aquasol did allow the strata manager to pay bills using any of the applicable prescribed methods. The payment methods are stated in the Customer Supply Agreement – Sewer Services.	A	1
120	24(2)	Clause 4.1.1	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	The payment methods are stated in Customer Supply Agreement – Sewer Services. There are no additional fees and charges.	A	1
121	25(1)	Clause 4.1.1	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	The auditor confirmed with the Project & Environmental Coordinator that during the Audit Period, Aquasol obtained the agreement of the strata manager prior to any direct debits. The Customer Supply Agreement – Sewer Services states that direct debits are processed in accordance with a previous agreement.	A	1
122	26(1)	Clause 4.1.1	The licensee must accept payment in advance from a customer on a customer's request.	4	The auditor confirmed with the Project & Environmental Coordinator that there were no requests for payment in advance. As this has not occurred in the audit period and would be a rare event, no specific procedures have been put in place.	NP	NR

No <sup>4</sup>	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
123	27	Clause 4.1.1	The licensee must on request and at no charge redirect a customer's bills because of the customer's absence or illness.	4	The auditor confirmed with the Project & Environmental Coordinator that there were no requests to redirect a customer's bill. The customer bill states that bills are sent to the strata manager so any redirection would be a rare event, no specific procedures have been put in place.	NP	NR
124A	28(2)	Clause 4.1.1	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	The auditor confirmed with the Project & Environmental Coordinator that there were no customers experiencing payment difficulty, as payment is made by the strata manager. As this has not occurred in the audit period and would be a rare event, no specific procedures have been put in place.	NP	NR
124B	28(3)	Clause 4.1.1	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	The auditor confirmed with the Project & Environmental Coordinator that there were no requests for payment plans in the audit period. The auditor confirmed with the Project & Environmental Coordinator that where it assessed the customer as experiencing financial hardship, the customer's capacity to pay would be taken into account. Previous water usage is not applicable for sewerage charges. This obligation is documented in the Financial Hardship Policy included in the Customer Supply Agreement – Sewer Services	A	NR
124C	28(4)	Clause 4.1.1	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	The auditor confirmed with the Project & Environmental Coordinator that where it assessed the customer as experiencing financial hardship, all payment plans are interest-free and fee-free. This obligation is included in the Customer Supply Agreement – Sewer Services.	A	NR

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125	29(1) and (2)	Clause 4.1.1	The licensee must have a written policy in relation to financial hardship that is approved by the ERA.	4	The Financial Hardship Policy for Water Services (December 2018) was approved by the ERA and is included in the Customer Supply Agreement – Sewer Services and on the website. .	NP	1
126A	29(3)	Clause 4.1.1	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	The Financial Hardship Policy for Water Services (December 2018) was approved by the ERA.	NP	1
126B	29(4)	Clause 4.1.1	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	The Financial Hardship Policy (December 2018) was approved by the ERA. The auditor confirmed there have been no amendments.	NP	1
127	29(5)	Clause 4.1.1	The licensee's financial hardship policy must be in effect within 6 months of the day of the grant of the license.	4	Aquasol's Water Services Licence commenced on 5 February 2013. As such, it was in place before the commencement of the Act. Section 27 of the Act took effect on 18 November 2013. As such, Aquasol's Financial Hardship Policy must have been finalised by 17 May 2014. Aquasol's initial Financial Hardship Policy is dated February 2013. Thus, Aquasol complied with clause 26(3) in the Code of Conduct.  This compliance obligation was a one-off requirement and does not require any systems, processes and controls on a continuing basis.	NP	1
128	29(6)	Clause 4.1.1	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	The auditor confirmed with the Project & Environmental Coordinator that the policy is available in hardcopy upon request and the auditor sighted the policy on the Aquasol website.  This obligation is included in the Customer Supply Agreement – Sewer Services.	A	1

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129A	29(7)	Clause 4.1.1	The licensee must review its financial hardship policy at least once in every 5-year period.	4	The audit confirmed Aquasol's Financial Hardship Policy for Water Services complies with the ERA guidelines. The policy was revised in December 2018 and approved by the ERA. The next review date is 1 December 2023  The Financial Hardship Policy for Water Services states "We will review our policy at least every five years to ensure it remains up-to-date and relevant."	A	1
129B	29(8)	Clause 4.1.1	The licensee must review its financial hardship policy if directed to do so by the ERA.	4	The audit confirmed with the Project & Environmental Coordinator that there have been no requests from the ERA to review the financial hardship policy.	NP	NR
129C	29(9)	Clause 4.1.1	The licensee must consult with relevant consumer organisations when formulating or reviewing its financial hardship policy.	4	The audit confirmed Aquasol's Financial Hardship Policy for Water Services was reviewed in 2018 and included consultation with relevant consumer organisations.	A	1
130A	Clause 30(2)	Clause 4.1.1	The licensee must advise a customer who has been assessed as experiencing financial hardship that they have a right to pay the bill under an interest-free and fee-free payment plan or other arrangement under which the customer is given more time to pay the bill or arrears, and the licensee must offer to enter into an appropriate plan or arrangement with the customer.	4	The audit confirmed with the Project & Environmental Coordinator that there were no requests in the audit period from customers experiencing financial hardship.  The auditor confirmed with the Project & Environmental Coordinator that if any requests are received and Aquasol assessed the customer as experiencing financial hardship, the customers' capacity to pay is taken into account and customers are allowed more time to pay bills or to pay arrears.. They also consider reducing the amount paid. There is no interest or fees charged.  Previous water usage is not applicable for sewerage charges.	A	NR

No <sup>4</sup>	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
					This obligation is included in the Customer Supply Agreement – Sewer Services and the Financial Hardship Policy for Water Services.		
130B	30(3)	Clause 4.1.1	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	Refer obligation 130A above.	A	NR
131A	30(4)(a)	Clause 4.1.1	The licensee must consider reducing the amount owing by the customer.	4	Refer obligation 130A above.	A	NR
131B	30(4)(b)	Clause 4.1.1	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	The auditor confirmed with the Project & Environmental Coordinator that if any requests are received and it assessed the customer as experiencing financial hardship, Aquasol would review and revise any payment arrangement. This obligation is included in the Customer Supply Agreement – Sewer Services and the Financial Hardship Policy for Water Services.	A	NR
131C	30(4)(c)	Clause 4.1.1	The licensee must provide the specified written information to a customer.	4	The audit confirmed the information regarding the payment schemes and other options is documented in the Financial Hardship Policy for Water Services. This is available on Aquasol's website or as a hardcopy upon request. This is available to customers upon request.	A	NR
133	31(4) and (5)	Clause 4.1.1	The licensee must have written information regarding the payment schemes and other assistance that is available to customers. The information	4	The audit confirmed the information regarding the payment schemes and other options is documented in the Financial Hardship Policy for Water Services.	A	NR

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			must be available on the licensee's website and a hardcopy provided to a customer upon request at no charge.		This is available on Aquasol's website or as a hardcopy upon request. This obligation is included in the Customer Supply Agreement – Sewer Services and the Financial Hardship Policy for Water Services.		
133A	32	Clause 4.1.1	The licensee must not charge interest or fees for late payment of a bill by a customer in the specified circumstances.	4	Refer obligation 130A above.	A	NR
134	33(1)(a)-(c)	Clause 4.1.1	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	The auditor confirmed with the Project & Environmental Coordinator that no action to recover a debt had been taken against any customer on a payment arrangement in the audit period. This obligation is included in the Customer Supply Agreement – Sewer Services and the Financial Hardship Policy for Water Services.	A	NR
134A	33(1)(d)-(e)	Clause 4.1.1	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	The auditor confirmed with the Project & Environmental Coordinator that no action to recover a debt had been taken against any customer and there were no customers on a payment arrangement in the audit period. This obligation is included in the Customer Supply Agreement – Sewer Services and the Financial Hardship Policy for Water Services.	A	NR
135	40(1)	Clause 4.1.1	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	The auditor confirmed with the Project & Environmental Coordinator that no action has been taken to cut off or reduce the water flow in the audit period. This obligation is included in the Customer Supply Agreement – Sewer Services and the Financial Hardship Policy for Water Services.	A	NR

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136	40(2)	Clause 4.1.1	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	Refer obligation 135 above.	A	NR
137A	36(1)	Clause 4.1.1	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	Refer obligation 135 above.	A	NR
137B	36(2)	Clause 4.1.1	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	Refer obligation 135 above.	A	NR
137C	36(3)	Clause 4.1.1	The restriction notice must include the specified information.	4	Refer obligation 135 above.	A	NR
138	37(1)(a)-(e) and (h)	Clause 4.1.1	The licensee must not start a water supply restriction if the specified circumstances apply.	4	Refer obligation 135 above.	A	NR
138A	37(1)(f)-(g)	Clause 4.1.1	The licensee must not start a water supply restriction if the specified circumstances apply.	4	The auditor confirmed with the Project & Environmental Coordinator that there were no complaints received in the audit period and none were recorded in the Complaints Register for the Scheme.  This obligation is documented in the Customer Supply Agreement – Sewer Services	A	NR



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138B	38	Clause 4.1.1	The licensee must not start a water supply restriction on or during the specified times.	4	The auditor confirmed with the Project & Environmental Coordinator that during the audit period, there were no restrictions to the water services. This obligation is stated in the Customer Supply Agreement – Sewer Services.	A	NR
139	39	Clause 4.1.1	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	Refer obligation 138B above..	A	NR
142	41(4)	Clause 4.1.1	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	The auditor confirmed with the Project & Environmental Coordinator that during the audit period, there were no interruptions to the water services. This obligation is stated in the Customer Supply Agreement – Sewer Services which states that for unplanned situations, Aquasol will respond within 2 hours and undertake repairs within 24 hours.	A	NR
144	41(6)	Clause 4.1.1	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	Refer obligation 142 above.	A	1
144A	43(1)	Clause 4.1.1	The licensee must give notice of any planned service interruption to each customer that will be affected by the service interruption.	4	The auditor confirmed with the Project & Environmental Coordinator that during the audit period, there were no interruptions to the water services. This obligation is included in the Customer Supply Agreement – Sewer Services which states that for planned interruptions, 48 hours' notice will be given.	A	NR

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144B	43(2)	Clause 4.1.1	The notice of any planned service interruption must be given within the prescribed timeframes.	4	As per obligation 144A above.	A	NR
144C	44(1)	Clause 4.1.1	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>The Customer Supply Agreement – Sewer Services states that “for unplanned situations, Aquasol will respond within 2 hours and undertake repairs and fix problem in no longer than 24 hours to clean up from flooding or overflows if it is caused by the failure in the system”.</p> <p>The auditor also sighted the Aquasol Contingency Plan &amp; Risks Identification document which includes dealing with any bursts, leaks or blockages in the sewerage system. There is also a “Policies, practices and procedures for dealing with and minimizing the impact of a burst, leak or blockage in sewer works”.</p> <p>The lack of a written policy was reported in the June 2020 Compliance Report to the ERA. As this has been resolved by December 2020, no further recommendation is made.</p>	A	2
144D	44(2)	Clause 4.1.1	The policies, practices and procedures under clause 44(1) must deal with the prescribed matters.	4	As per obligation 144C.	A	2
144E	45	Clause 4.1.1	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	The auditor confirmed that Aquasol maintains a 24 hour emergency contact service for emergency events such as an overflow from a sewer. The emergency contact number is included in the Customer Supply Agreement – Sewer Services which is on Aquasol’s website and is stated on the six-monthly Sewer Account Bill.	A	1
145	46(1)	Clause 4.1.1	The licensee must have a written complaints procedure in relation to investigating and dealing with	4	The complaints procedure is documented in the Customer Supply Agreement – Sewer Services.	A	1

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			complaints of customers about the provision of water services by the licensee or a failure by the licensee to provide a water service.		The requirements of the Code are also documented in the procedure.		
146	46(2)	Clause 4.1.1	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	The Customer Supply Agreement – Sewer Services includes a complaints procedure that complies with the relevant provisions of AS/NZS 10002-2014.	A	1
147	46(3)	Clause 4.1.1	The licensee's complaints procedure must provide for the matters specified in relation to lodgment of complaints, responding to complaints, dispute resolution arrangements and resolving complaints.	4	The complaints procedure in the Customer Supply Agreement – Sewer Services includes the matters stipulated in Clause 46 of the Code of Conduct. The requirements of the Code are also documented in the procedure.	A	1
148A	46(4)	Clause 4.1.1	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	The complaints procedure includes procedures for a review or appeal to Aquasol and/or the water services ombudsman. The control is the documented procedure in the Customer Supply Agreement – Sewer Services.	A	1
149	46(5)	Clause 4.1.1	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	The auditor confirmed the Complaints procedure in the Customer Supply Agreement – Sewer Services is available on Aquasol's website and if requested, in hardcopy at no charge.	A	1
149A	47	Clause 4.1.1	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	4	From review of the Customer Complaints Register in the audit period, there were two recorded informal complaints re odour control. Customers are advised they have the right to apply to the water services ombudsman.	A	1

No <sup>4</sup>	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
			ombudsman for a review of the complaint, and provide a Freecall telephone number for the water services ombudsman.		This obligation is included in the Complaints procedure in the Customer Supply Agreement – Sewer Services.		
150	48(1)	Clause 4.1.1	The licensee must provide a customer with the specified services on request and at no charge.	4	The auditor confirmed that the required services are available on request and at no charge. That is: <ul style="list-style-type: none"> <li>• services for account, payment and general enquiries for use by customers with hearing or speech impairment;</li> <li>• interpreter services for account, payment and general enquiries;</li> <li>• a large-print version of any of the licensee's publicly available documents.</li> </ul> This obligation is stated on the six monthly Sewer Account Bills and the Customer Supply Agreement – Sewer Services.	A	1
152	48(2)	Clause 4.1.1	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	The auditor confirmed with the Project & Environmental Coordinator that the customers' personal account information is available upon request and at no charge. This obligation is included in the Customer Supply Agreement – Sewer Services.	A	1
153	49(1)	Clause 4.1.1	The licensee must make the prescribed information publicly available. <i>Previous obligation until April 2020 – the licensee must make the prescribed information publicly available on the licensee's website and a hardcopy provided to a customer upon request at no charge.</i>	4	The auditor confirmed the prescribed information is available on Aquasol's website and in hardcopy upon request and at no charge. This obligation is stated on the six monthly Sewer Account Bills and the Customer Supply Agreement – Sewer Services.	A	1

No <sup>4</sup>	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
154	49(2)	Clause 4.1.1	The licensee must ensure that the specified information about bills may be obtained from its website.	4	The auditor reviewed a sample of Sewer Account Bills issued during the audit period and found that customers' personal account information including information about the previous billing was disclosed thereon. Information about previous bills is also available by enquiry to Aquasol office upon request and at no charge.  This information is included in the Customer Supply Agreement – Sewer Services available on the Aquasol website.	A	1
154A	49(3)	Clause 4.1.1	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	The auditor confirmed the Aquasol website includes a link to the Code of Conduct.  The absence of a website link to the Code of Conduct was reported in the June 2020 Compliance Report to the ERA. As this was not resolved until August 2020, this is a minor non-compliance and no further recommendation is made.	NP	2
154B	51(1) and (3)	Clause 4.1.1	The licensee must maintain an up-to-date preserved supply register for the purposes of Part 9 of the Code if the licensee meets the criteria in clause 51(2). The register must record the prescribed information in clause 51(3) if the criteria in clause 51(2) applies to the licensee.  <i>Note: Changes in Italics were made to the obligation in May 2020.</i>	4	As Aquasol only provides sewerage services and no water for special needs, this obligation is not applicable.	N/A	N/A
154C	52	Clause 4.1.1	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.	4	As per obligation 154B above.	N/A	N/A

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154D	53	Clause 4.1.1	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	As per obligation 154B above.	N/A	N/A
<b>Other Licence conditions</b>							
155	<i>Water Services Act</i> Section 12	Clause 4.2.1	The licensee must pay the applicable fees and charges in accordance with the Economic Regulation Authority (Licensing Funding) Regulation 2014.	4	The auditor sighted confirmation of the fees paid in April 2019, July 2020 and April 2021 for the annual fee and standing charges. The Compliance Reports provided to the ERA for the audit period did not indicate any non-compliance re payment of fees.  Fees are paid upon invoice via the normal payments process.. However, there is no reminder in the ERA Lakelands Commitments to Follow Register. Also, the Register does not show the person responsible and the date completed each year (Opportunity for improvement referred to Aquasol).	B	1
159	<i>Water Services Act</i> Section 12	Clause 4.1.2	The licensee must comply with a direction from the ERA in relation to a breach of applicable legislation.	4	The auditor confirmed with the Project & Environmental Coordinator that there had been no breaches they were aware of in the audit period, that were subject to directions from the ERA.  As this has not occurred in the audit period and would be a rare event, no specific procedures have been put in place.	NP	NR
159A	<i>Water Services Act</i> Section 12 (Applicable until April 2020)	Clause 4.1.3	The licensee must comply with the terms and conditions of the licence.	4	Aquasol's compliance with the terms and conditions of the licence is covered within this report. Aquasol complies with the terms and conditions of the licence.	A	1

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160	<i>Water Services Act</i> Section 12	Clause 4.6.1	The licensee and any related body corporate must maintain accounting records that comply with standards issued by the Australian Accounting Standards Board or equivalent International Accounting Standards.	4	The auditor sighted the Annual Report for Aquasol for 2017/18 and noted the Director's confirmation of compliance with accounting standards.  The auditor confirmed with the Project & Environmental Coordinator that the accounting records are being maintained in accordance with the accounting standards.  This obligation is stated in the ERA Lakelands – Commitments to Follow Register.	A	1
161	<i>Water Services Act</i> Section 12	Clause 5.2.1	The licensee must comply with any individual performance standards prescribed by the ERA.	4	There were no specific performance standards included in the licences applicable in the audit period.  This obligation is stated in the ERA Lakelands – Commitments to Follow Register.	A	NR
162	<i>Water Services Act</i> Section 12	Clause 5.3.4	The licensee must cooperate with the independent expert and comply with the ERA's audit and review guidelines dealing with the operational audit.	4	Aquasol has fully cooperated with the auditor and this audit complies with the ERA audit and review guidelines.  This obligation is stated in the ERA Lakelands – Commitments to Follow Register.	A	1
163	<i>Water Services Act</i> Section 12	Clause 4.7.1(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 change in the circumstances upon which the licence was granted which may affect a licensee's ability to meet its obligations.	4	The auditor confirmed with the Project & Environmental Coordinator that there have been no changes in circumstances which may affect Aquasol's ability to meet its obligations.  This obligation is stated in the ERA Lakelands – Commitments to Follow Register.	A	NR
165	<i>Water Services Act</i> Section 12	Clause 4.8.1	The licensee must provide the ERA specified information relevant to the operation of the licence or the licensing scheme, or the performance of the ERA's function under the Act in the manner and form specified by the ERA.	4	The auditor confirmed with the Project & Environmental Coordinator that the information required by the ERA during the audit period had been submitted.  The obligations to provide information in the manner and form specified by the ERA is included in the ERA Lakelands – Commitments to Follow Register.	A	1

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166	<i>Water Services Act</i> Section 12 (Applicable until April 2020)	Clause 3.8.2	The licensee must comply with any information reporting requirements prescribed by the ERA, including but not limited to the provisions of the <i>Water Compliance Reporting Manual</i> that apply to the licensee.	4	The auditor reviewed the Compliance Reports submitted to the ERA for 2017/18, 2018/19 and 2019/20. The 2019/20 reported three “low impact” non-compliances re obligations 144C, 154A and 184A. This audit has confirmed these non-compliance have been rectified.  The auditor reviewed the reports and is satisfied the information reporting complies with the ERA’s requirements.  The obligations to provide compliance and performance reports by 31 August each year is included in the ERA Lakelands – Commitments to Follow Register.	A	1
167	<i>Water Services Act</i> Section 12	Clause 4.8.2	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 <i>National Performance Framework</i> that apply to the licensee.	4	The auditor confirmed by review of the performance data on the ERA’s website that the Performance Reports to the ERA for 2017/18, 2018/19 and 2019/20 had been submitted. Aquasol provided copies of the reports and the ERA acknowledgments.  The obligations to provide performance reports by 31 August each year is included in the ERA Lakelands – Commitments to Follow Register.	A	1
168	<i>Water Services Act</i> Section 12	Clause 3.8.1 and 3.8.2	Subject to clause 3.8.3, the licensee must publish within the specified timeframe any information that the ERA has directed the licensee to publish under clause 3.8.1.	4	The auditor confirmed with the Project & Environmental Coordinator that the ERA did not direct Aquasol to publish any information under this clause.  This obligation is stated in the ERA Lakelands – Commitments to Follow Register.	A	NR
169	<i>Water Services Act</i> Section 12	Clause 3.7.1	Unless otherwise specified, all notices must be in writing.	4	The auditor noted that notices were given in writing during the audit period.  This obligation is stated in the ERA Lakelands – Commitments to Follow Register.	A	1



No <sup>4</sup>	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
170A	<i>Water Services Act</i> Section 12 (Applicable from May 2020)	Clause 5.1.1(a) and (b)	The licensee must notify the ERA of the details of the asset management system within five business days from the later of: a) the commencement date; or b) the completion of construction of the licensee's water service works.	4	The auditor confirmed with the Project & Environmental Coordinator that, the Shire had previously notified the ERA of the details of the asset management system in accordance with this obligation. This obligation is stated in the ERA Lakelands – Commitments to Follow Register.	A	1
171	<i>Water Services Act</i> Section 12	Clause 5.1.3	The licensee must notify the ERA of any material change to the asset management system within 10 business days of the change.	4	The auditor confirmed with the Project & Environmental Coordinator that, during the audit period, there were no changes to its asset management system. This obligation is stated in the ERA Lakelands – Commitments to Follow Register.	A	NR
172	<i>Water Services Act</i> Section 12	Clause 5.1.7	The licensee must cooperate with the independent expert and comply with the ERA's audit and review guidelines dealing with the asset management system review.	4	The previous audit and review report was provided to the ERA in September 2018. The next review is the subject of this report. The auditor confirmed that Aquasol has fully co-operated with this review. This obligation is stated in the ERA Lakelands – Commitments to Follow Register.	A	1
172A	<i>Water Services Act</i> Section 12 (Applicable from May 2020)	Clause 6.1.1	If the ERA considers that one or more of a licensee's standard terms and conditions of service is no longer in the public interest, the ERA may direct the licensee: a) to amend: i) the standard term or condition of service; or ii) the standard term or condition of service in accordance with a term proposed by the ERA; and b) to do so within a specified period.	4	The auditor confirmed with the Project & Environmental Coordinator that there were no directions from the ERA to amend the standard contract. There were no new contracts entered into during the audit period to provide sewerage services. This obligation is stated in the ERA Lakelands – Commitments to Follow Register.	A	NR

No <sup>4</sup>	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
172B	Water Services Act Section 12 (Applicable from May 2020)	Clause 6.1.2	The licensee must comply with a direction given to the licensee under clause 6.1.1.	4	Refer obligation 172A above.	A	NR
173	<i>Water Services Act</i> Section 12 (Applicable until April 2020)	Clause 5.5.1	The licensee must not supply water service to customers unless the licensee is a member of and bound by the water services ombudsman scheme.	4	The auditor confirmed with the Project & Environmental Coordinator that during the audit period, Aquasol was a member of the water services ombudsman scheme and was bound by the scheme and would comply with any directions. The membership was also confirmed by the ombudsman website.  This obligation is stated in the ERA Lakelands – Commitments to Follow Register.	A	1
175	<i>Water Services Act</i> Section 12 (Applicable until April 2020)	Clause 5.1.1	If directed by the ERA, the licensee must submit a draft customer contract for approval.	4	Refer obligation 172A above.	A	NR
176	<i>Water Services Act</i> Section 12 (Applicable until April 2020)	Clause 5.1.2	The licensee must comply with any Customer Contract Guidelines that apply to the licensee.	4	Refer obligation 172A above.	A	NR
177	<i>Water Services Act</i> Section 12 (Applicable until April 2020)	Clause 5.1.3	The licensee may only amend the customer contract with the ERA's approval.	4	Refer obligation 172A above.	A	NR

No <sup>4</sup>	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
178	<i>Water Services Act</i> Section 12 (Applicable until April 2020)	Clause 5.1.5	The licensee must comply with any direction by the ERA to amend the customer contract.	4	Refer obligation 172A above.	A	NR
179	<i>Water Services Act</i> Section 12 (Applicable until April 2020)	Clause 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 license or the requirements of the <i>Code of Conduct</i> without the prior approval of the ERA.	4	The auditor confirmed with the Project & Environmental Coordinator that there were no contracts entered into in the audit period for sewerage services.  The agreement is with the developer (property owner agent). As this has not occurred in the audit period and would be a rare event, no specific procedures have been put in place.	NP	NR
180	<i>Water Services Act</i> Section 12 (Applicable until April 2020)	Clause 5.3.4	If the licensee enters into an agreement that excludes, modifies or restricts the terms and conditions of the license or the requirements of the <i>Code of Conduct</i> , the licensee must publish an annual report containing the information specified.	4	Refer obligation 179 above.	NP	NR
181	<i>Water Services Act</i> Section 12	Clause 6.3.1	If the licensee is appointed as the supplier of last resort for a designated area in relation to the provision of a particular water service, the licensee must perform the functions of a supplier of last resort, comply with the duties imposed by the Act and carry out its operations under or for the purpose of the last resort plan in accordance with the Act.	4	The auditor confirmed with the Project & Environmental Coordinator that during the audit period, Aquasol was not a supplier of last resort.	N/A	N/A
182	<i>Water Services Act</i>	Clause 4.4.1(b)	If the licensee provides a water service outside of the operating area the licensee must apply to amend the	4	The auditor confirmed with the Project & Environmental Coordinator that no water services were provided outside the operating area . This	A	NR

No <sup>4</sup>	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
	Section 12		licence unless otherwise notified by the ERA.		would be a rare event and formal procedures and controls are not expected to be put in place. This obligation is stated in the ERA Lakelands – Commitments to Follow Register.		
183	<i>Water Services Act</i> Section 12 (Applicable until April 2020)	Clause 5.4.3	The licensee must comply with the ERA's Financial Hardship Policy Guidelines as they apply to the licensee.	4	The audit confirmed Aquasol's Financial Hardship Policy for Water Services complies with the ERA guidelines. The policy was revised in December 2018 and approved by the ERA and is on the Aquasol website. This obligation is stated in the ERA Lakelands – Commitments to Follow Register.	A	1
184A	<i>Water Services Act</i> Section 12 (Applicable from May 2020)	Clause 7.1.2	Where the licensee provides sewerage services, 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	The auditor confirmed with the Project & Environmental Coordinator that there is a licence from the Department of Health for recycled water provided to the Lakelands Country Club Golf Course from 15 August 2019. As this is a one-off requirement, no continuing procedures are required.	NP	1
184B	<i>Water Services Act</i> Section 12 (Applicable from May 2020)	Clause 7.1.3	If the licensee provides both potable water and sewerage services, the licensee must enter into a separate Memorandum of Understanding with the Department of Health in respect of each of the potable water service and sewerage service.	4	Refer obligation 184A re the sewerage service. Aquasol do not provide potable water services.	NP	1
185	<i>Water Services Act</i> Section 12	Clause 6.1.3	The licensee must comply with the terms of a Memorandum of Understanding.	4	The Department of Health approved the recycled water scheme (non-potable water supply) on 15 August 2019 as published on the Aquasol website. Annual Reports are required to be sent to the Department of Health by 30 September each year. The auditor sighted the Annual Report for 2019/20 after the sewerage service commenced in December 2019. The report states that the scheme	A	1

No <sup>4</sup>	Legislative Reference	Licence Condition	Description	Audit Priority	Systems, Processes, Controls in Place to Comply with Licence (including any recommendations)	Adequacy of Controls Rating <sup>5</sup>	Compliance Rating <sup>6</sup>
					<p>complied with the requirements with the exception of several months, where the turbidity was above the guidelines and chlorine was measured below the low limit. This was attributed to the plant being designed for up to 290 properties with only 43 connected at 30 June 2020.</p> <p>There is also required to be an internal audit every 2 years and an external audit every 5 years.</p> <p>There is a DOH Follow-up Register that records the obligations to DOH.</p>		
186	<i>Water Services Act</i> Section 12	Clause 7.1.6	The licensee must publish in the form agreed with the Department of Health, a Memorandum of Understanding and any amendments to a Memorandum of Understanding within one month of signing or making the amendment.	4	The Department of Health approved the recycled water scheme (non-potable water supply) on 15 August 2019 as published on the Aquasol website. There is a DOH Follow-up Register that records the obligations to DOH.	A	1
187	<i>Water Services Act</i> Section 12	Clause 7.1.7	The licensee must publish the audit report on compliance with its obligations under a Memorandum of Understanding on its website within one month of the completion of the audit.	4	As the approval commenced 15 August 2019, the first audit report (internal audit) is not due until 15 August 2021 (outside this audit period). The obligation is recorded in the DOH Follow-up Register.	A	NR
188	<i>Water Services Act</i> Section 12	Clause 7.1.8	The licensee must publish, in a form agreed with the Department of Health, any other reports required by the Department of Health or required by a Memorandum of Understanding on the licensee's website, at a reporting frequency specified by the Department of Health.	4	The auditor confirmed with the Project & Environmental Coordinator that no reports have been required to be published in this audit period.  The obligation is recorded in the DOH Follow-up Register.	A	NR
190	<i>Water Services Act</i> Section 12	Schedule 2	The licensee must comply with the standards set out in Schedule 2 of the licence.	4	There were no specific performance standards included in the licences applicable in the audit period.  This obligation is stated in the ERA Lakelands – Commitments to Follow Register.	A	NR

3.6 Audit Recommendations

**Table of Current Audit Non- Compliances and Recommendations**

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

<b>B. Unresolved at end of current audit period</b>			
<b>Recommendation (no./year)</b>	<b>Non-Compliance/Controls Improvement (Rating/Licence obligation ref. and obligation/Non-compliance or inadequacy of control)</b>	<b>Auditor's Recommendation</b>	<b>Action taken by the licensee by end of audit period</b>
1/2021	<p><b>B2</b>  <b>Obligation 100</b>  <i>Water Services Code of Conduct (Customer Service Standards) 2018 - Clause 13(1)</i></p> <p><b>Information on Sewer Account Bills</b>            Each bill must contain the prescribed information.            From review of a sample of Sewer Account Bills issued in 2019/20 (first billing period) and 2020/21, the auditor found that the Sewer Account Bills included the prescribed information except for:</p> <ul style="list-style-type: none"> <li>The nature and amount of any applicable concession, discount or rebate.</li> </ul> <p>This information is included in the Aquasol Standard Terms and Conditions – Provision of Sewer Services.</p>	<p>The Sewer Account Bills should be updated to include the nature and amount of any applicable concession, discount or rebate.</p>	<p>Nil</p>

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## 4. Asset Management System Review

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### 4.1 Description of Infrastructure

Aquasol has a Water Services Licence, issued by the Economic Regulation Authority ('ERA') under the *Water Services Act 2012* ('Act'), for the provision of sewerage and non-potable water supplies in the operating area that is centred on the Lakelands Golfview Estate Retirement Village in Gngalara ('Lakelands') as specified in the licence.

Under the Act, water services' licensees are required to provide reports on an operational audit ('audit') and an effectiveness review of their asset management system ('review') once every 24 months, or another period that has been specified by the ERA.

The audit and review approach is based on the compliance obligations set out in the Licence, applicable legislation, regulatory guidelines (Water Compliance Reporting Manual 2020 and previous versions 2018 and 2017) and the 2019 Audit and Review Guidelines: Water Licences.

### 4.2 Objectives and Scope

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

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

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

The highest priority asset component based on inherent risk was:

- Asset management planning (high inherent risk);

This review covered the period from 1 February 2018 to 31 January 2021. The previous review was from 1 February 2015 to 31 January 2018.

As Aquasol has not been responsible for the Lancelin South Development since 23 April 2018, this review does not include this operating area in the audit scope and there is no follow-up of the previous review recommendations that were specific to this operating area. The previous review was also conducted in June 2018 so it effectively covered the period to 22 April 2018.

### 4.3 Asset Management Process and Performance Rating Scales

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

## Asset Management Process and Policy Definition - Adequacy ratings

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

## Asset Management Performance Ratings

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



#### 4.4 Summary of Asset Management System Effectiveness Ratings

The review's assessment of the asset management system process and policy definitions and their effectiveness, based on the ratings scale in Section 4.4, is shown in the table below.

Section 4.7 provides further details of the current rating results for each process in the asset management system.

#### Summary of Asset Management Performance Ratings

Process and Policy Definition – Adequacy Rating	Performance Rating for Effectiveness Criteria					
	Rating	1 Performing effectively	2 Opportunity for improvement	3 Corrective action required	4 Some action required	Total
	A -Adequately defined	54				54
	B – Requires some improvement	2	1			3
	C – Requires significant improvement		1			1
	D – Inadequate					-
<b>Total</b>	<b>56</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>58</b>	

#### Asset Management System Performance Ratings

ASSET MANAGEMENT SYSTEM COMPONENT & EFFECTIVENESS CRITERIA	Process and Policy rating				Performance rating				
	Adequately defined	Requires some improvement	Requires significant improvement	Inadequate	Performing effectively	Opportunity for improvement	Corrective action required	Serious action required	Not Rated
	A	B	C	D	1	2	3	4	NR
<b>1. Asset planning</b>	✓				✓				
1.1 Asset management plan covers the processes in this table.	✓				✓				
1.2 Planning process and objectives reflect the needs of all stakeholders and are integrated with business planning.	✓				✓				
1.3 Service levels are defined in the asset management plan	✓				✓				
1.4 Non-asset options (e.g. demand management) are considered.	✓				✓				

ASSET MANAGEMENT SYSTEM COMPONENT & EFFECTIVENESS CRITERIA	Process and Policy rating				Performance rating				
	Adequately defined	Requires some improvement	Requires significant improvement	Inadequate	Performing effectively	Opportunity for improvement	Corrective action required	Serious action required	Not Rated
	A	B	C	D	1	2	3	4	NR
1.5 Lifecycle costs of owning and operating assets are assessed.	✓				✓				
1.6 Funding options are evaluated.	✓				✓				
1.7 Costs are justified and cost drivers identified.	✓				✓				
1.8 Likelihood and consequences of asset failure are predicted.	✓				✓				
1.9 Asset management plan is regularly reviewed and updated.	✓				✓				
<b>2. Asset creation/ acquisition</b>	✓				✓				
2.1 Full project evaluations are undertaken for new assets, including comparative assessment of non-asset solutions.	✓				✓				
2.2 Evaluations include all life-cycle costs.	✓				✓				
2.3 Projects reflect sound engineering and business decisions.	✓				✓				
2.4 Commissioning tests are documented and completed.	✓				✓				
2.5 Ongoing legal/environmental/safety obligations of the asset owner are assigned and understood.	✓				✓				
<b>3. Asset disposal</b>	✓				✓				
3.1 Under-utilised and under-performing assets are identified as part of a regular systematic review process.	✓				✓				
3.2 The reasons for under-utilisation or poor performance are critically examined and corrective action or disposal undertaken.	✓				✓				
3.3 Disposal alternatives are evaluated.	✓				✓				
3.4 There is a replacement strategy for assets.	✓				✓				
<b>4. Environmental analysis</b>			✓			✓			
4.1 Opportunities and threats in the asset management system environment are assessed.	✓				✓				
4.2 Performance standards (availability of service, capacity, continuity, emergency response, etc) are measured and achieved.	✓				✓				
4.3 Compliance with statutory and regulatory requirements.			✓			✓			

ASSET MANAGEMENT SYSTEM COMPONENT & EFFECTIVENESS CRITERIA	Process and Policy rating				Performance rating				
	Adequately defined	Requires some improvement	Requires significant improvement	Inadequate	Performing effectively	Opportunity for improvement	Corrective action required	Serious action required	Not Rated
	A	B	C	D	1	2	3	4	NR
4.4 Service standard (customer service levels etc) are measured and achieved.	✓				✓				
<b>5. Asset operations</b>		✓			✓				
5.1 Operational policies and procedures are documented and linked to service levels required.	✓				✓				
5.2 Risk management is applied to prioritise operations tasks.	✓				✓				
5.3 Assets are documented in an Asset Register including asset type, location, material, plans of components, and an assessment of assets' physical/structural condition..	✓				✓				
5.4 Accounting data is documented for assets	✓				✓				
5.5 Operational costs are measured and monitored.	✓				✓				
5.6 Staff resources are adequate and staff receive training commensurate with their responsibilities.		✓			✓				
<b>6. Asset maintenance</b>		✓			✓				
6.1 Maintenance policies and procedures are documented and linked to service levels required.		✓			✓				
6.2 Regular inspections are undertaken of asset performance and condition.	✓				✓				
6.3 Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule.	✓				✓				
6.4 Failures are analysed and operational/maintenance plans adjusted where necessary.	✓				✓				
6.5 Risk management is applied to prioritise maintenance tasks.	✓				✓				
6.6 Maintenance costs are measured and monitored.	✓				✓				
<b>7. Asset Management Information System</b>		✓				✓			
7.1 Adequate system documentation for users and IT operators.	✓				✓				
7.2 Input controls include appropriate verification and validation of data entered into the system.	✓				✓				
7.3 Security access controls appear adequate, such as passwords.	✓				✓				

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

ASSET MANAGEMENT SYSTEM COMPONENT & EFFECTIVENESS CRITERIA	Process and Policy rating				Performance rating				
	Adequately defined	Requires some improvement	Requires significant improvement	Inadequate	Performing effectively	Opportunity for improvement	Corrective action required	Serious action required	Not Rated
	A	B	C	D	1	2	3	4	NR
10.6 Large variances in actual/budget income and expenses are identified and corrective action taken where necessary.	✓				✓				
<b>11. Capital expenditure planning</b>	✓				✓				
11.1 There is a capital expenditure plan covering works to be undertaken, actions proposed, responsibilities and dates.	✓				✓				
11.2 The capital expenditure plan provides reasons for capital expenditure and timing of expenditure.	✓				✓				
11.3 The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan.	✓				✓				
11.4 There is an adequate process to ensure that the capital expenditure plan is regularly updated and implemented.	✓				✓				
<b>12. Review of asset management system</b>	✓				✓				
12.1 A review process is in place to ensure that the asset management plan and the asset management system described in it remain current.	✓				✓				
12.2 Independent reviews (e.g. internal audit) are performed of the asset management system.	✓				✓				

#### 4.5 Detailed Review Observations

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)		
1	<b>ASSET PLANNING</b>		<b>A</b>	<b>1</b>
1.1	Asset management plan covers the processes in this table	The important parts of the Asset Management System for this Waste Water Treatment Plant ('WWTP') scheme are the compliance aspects, and the operations and maintenance activities to ensure continuity of service (avoiding overflows, managing odours and ensuring treated wastewater achieves performance requirements for the disposal by irrigation at the golf course). The Environmental Analysis, Asset Operations / Asset Maintenance are the key areas of the AMP. Asset Disposal and Asset Creation are lesser focus areas for this scheme/licence.		
1.2	Planning processes and objectives reflect the needs of all stakeholders and are integrated with business planning	The roles and responsibilities between the Strata Company (operating the sewer network) Aquasol (operating the WWTP and the Golf Course (disposing the treated wastewater vis re-use/grounds irrigation) are set out in the Department of Water and Environmental Regulation licence. The responsibilities are also stated in the Aquasol Standard terms and Conditions – Provision of Sewer Services.		
1.3	Service levels are defined in the asset management plan	Service levels are defined in Section 2.1 of the AMP. These include specific customer service standards for availability, capacity, continuity, odour control, emergency response and customer complaints. The Levels of Service requirements for customers are also detailed in the Aquasol Customer Supply Agreement. The Agreement includes the service commitment "Aquasol values all of its customers/residents and is committed to provide sustainable, high quality wastewater treatment".		
1.4	Non-asset options (e.g. demand management) are considered	Non-asset options are not relevant as the WWTP has the capacity for 290 properties with 43 connected as at 30 June 2020.		
1.5	Lifecycle costs of owning and operating assets are assessed	The AMP notes that the developer of Lakelands agreed to fund the capital cost of the project as well as supply the necessary land at no charge. The asset replacement program is included in the AMP Appendix C – Lifecycle Cost Model. The analysis assumes that assets will be replaced at the end of their standard economic life.		
1.6	Funding options are evaluated	The AMP notes that the developer of Lakelands agreed to fund the capital cost of the project as well as supply the necessary land at no charge. The asset replacement program is included in the AMP Appendix C – Lifecycle Cost Model. The analysis assumes that assets will be replaced at the end of their standard economic life.		

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
1.7	Costs are justified and cost drivers identified	<p>Section 4.3 of the AMP states “Operational costs are measured and monitored”.</p> <p>The cashflow spreadsheet Cashflows for WWTP “Total Opex Tab” includes annual operating costs for 2020.</p> <p>The operating costs are reviewed/monitored in the monthly financial reporting process and annual summaries are provided of actual and budget costs in the Cashflows for WWTP – Dec 2020 reporting.</p>			
1.8	Likelihood and consequences of asset failure are predicted	<p>The probability and consequences of the risks of the WWTP are documented and assessed with incident responses, in the Contingency Plan and Risk Identification document.</p>			
1.9	Asset management plan is regularly reviewed and updated	<p>The Asset Management Plan (Lakelands Gngara WWTRS 12.2020v1.5) was reviewed in December 2020. The Plan states that the Asset Management Plan is reviewed annually and reissued when changes occur to the current systems, processes and procedures. The maintenance and capital investment plans are revised annually.</p>			
<b>2</b>	<b>ASSET CREATION/ ACQUISITION</b>	Process Rating	<b>A</b>	Performance Rating	<b>1</b>
2.1	Full project evaluations are undertaken for new assets, including comparative assessment of non-asset solutions.	<p>The Asset Management Plan (Lakelands Gngara WWTRS 12.2020v1.5) makes brief reference to New Asset Creation, mostly referencing the project management approach to new asset creation.</p> <p>Forecast cashflows (Cashflows for WWTP – Dec 2020) shows provision for asset replacements.</p> <p>A record of asset creations (Asset Creations, acquisitions, disposal list.xls) shows items replaced in the treatment plant commencing November 2019, as part of plant servicing.</p> <p>There are no procedures detailing the evaluation process for new assets. However, as expansion of the scheme is not anticipated and the asset acquisitions are for existing plant component replacement, this criterion has limited relevance.</p>			
2.2	Evaluations include all life-cycle costs.	<p>The cashflows and asset replacement spreadsheet provided demonstrate forecasting of operating, maintenance and replacement costs for the WWTP.</p>			
2.3	Projects reflect sound engineering and business decisions.	<p>The site visit to the treatment plant indicated the site was tidy and the infrastructure appeared to be in good condition (as expected with the plant in the order of three years old). Some corrosion of tank access hatches was noted and planning for replacement was underway. The condition of the tank roofs will need to be monitored.</p> <p>Initial project decisions by the strata company (property owner’s agent) have led to the WWTP being in close proximity to houses. This will likely prove challenging in managing odour impacts at all times (including during maintenance activities). A greater separation distance would have been wise. Some odour emissions were noted during the site visit. There have been two complaints about odour and some works and changed operating practices have been undertaken to address these. A complaint about a vibration issue from a neighbouring property is currently being addressed by changing to variable speed pump control.</p>			

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
		Having three parties involved in the operation of this overall system requires a good level of coordination - wastewater collection and pumping to the WWTP (strata company), wastewater treatment and pumping to the re-use tanks (Aquasol) and pumping for treated wastewater irrigation (Lakelands Country Club golf course). The responsibilities of Aquasol, the property owner and residents/golf course are set out in the Aquasol Standard Terms and Conditions – Provision of Sewer Services available on the Aquasol website.			
2.4	Commissioning tests are documented and completed.	The original plant commissioning was completed. As extension of the scheme is not foreseen, there will not be additional commissioning activities, apart from minor equipment replacement. The project management steps described in section 4.6 of the AMP include the commissioning activity as part of asset creation.			
2.5	Ongoing legal/environmental/safety obligations of the asset owner are assigned and understood.	<p>Section 2.3 of the Asset Management Plan lists legislative requirements which include:</p> <ul style="list-style-type: none"> <li>• <i>Water Services Act 2012</i></li> <li>• Environmental – Department of Water and Environmental Regulation (DEWR) approval for the WWTP</li> <li>• Health - Occupational Health and Safety and Department of Health Approval of the water recycling.</li> <li>• Site regulatory approval – Western Australian Planning Commission.</li> <li>• ERA Operating Licence</li> </ul> <p>Aquasol maintain the ERA Lakelands Commitments to Follow Register and the DOH Follow-up Lakelands – Commitments to Follow listing the compliance obligations.</p>			
<b>3</b>	<b>ASSET DISPOSAL</b>	Process Rating	<b>A</b>	Performance Rating	<b>1</b>
3.1	Under-utilised and under-performing assets are identified as part of a regular systematic review process.	<p>Section 4.7 of the Asset Management Plan overviews the approach to asset disposal. Reasons for disposal listed include end of life, under-utilised and malfunction. Aquasol apply this approach to components within the WWTP, so this relates more to asset replacement and process improvement.</p> <p>The AMP outlines that maintenance and scheduled service support decisions are based on asset disposal (and replacement) and this is implemented in a practical way through the use of service books which provide a service and maintenance record.</p>			
3.2	The reasons for under-utilisation or poor performance are critically examined and corrective action or disposal undertaken.	<p>Aquasol describes in section 4.7 of the AMP, the following activities before disposal of an asset:</p> <ul style="list-style-type: none"> <li>• Identifying rationale for disposal;</li> <li>• Costing and evaluation of disposal alternatives; and</li> <li>• Engagement of experts to assist in valuation and disposal.</li> </ul> <p>At the cost and scale of the equipment involved, it is accepted that this may not be a fully documented process. The process should remain fit for purpose (relating to component replacement with the WWTP).</p>			
3.3	Disposal alternatives are evaluated.	Listed disposal alternatives (unless at end of life or malfunctioned) listed in the AMP section 4.7 are:			



Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)		
		<ul style="list-style-type: none"> <li>• Transfer of assets to another project; or</li> <li>• Kept on stock for future use.</li> </ul>		
3.4	There is a replacement strategy for assets.	Forecast cashflows (Cashflows for WWTP – Dec 2020.xls) shows the provision made for asset replacements.		
<b>4</b>	<b>ENVIRONMENTAL ANALYSIS</b>		<b>C</b>	<b>2</b>
4.1	Opportunities and threats in the asset management system environment are assessed	Section 3.7 of the AMP provides an environmental risk assessment. The Contingency Plan & Risks Identification document includes a detailed risk assessment of the opportunities and threats in the environment and the procedures to be applied to any incidents.		
4.2	Performance standards (availability of service, capacity, continuity, emergency response, etc.) are measured and achieved	<p>During the site visit, the treated wastewater performance levels were discussed.</p> <p>The measurements against the performance targets are provided in the annual report to the Department of Health. Annual Reports are required to be sent to the Department of Health by 30 September each year. The auditor sighted the Annual Report for 2019/20 after the sewerage service commenced in December 2019. The report states that the scheme complied with the requirements with the exception of several months, where the turbidity was above the guidelines and chlorine was measured below the low limit. This was attributed to the plant being designed for up to 290 properties with only 43 connected at 30 June 2020.</p>		
4.3	Compliance with statutory and regulatory requirements	<p>The DWER licence for the WWTP (and associated conditions) was not provided. Performance/monitoring and reporting requirements are not referenced in the AMP. A Works Approval (W6034/2017/1) for the project was located via the DWER website – this contains performance and monitoring requirements, operational controls and other environmental risks which should be referenced in the Asset Management documentation.</p> <p>Aquasol hold the Department of Health ('DoH') approval for the recycling scheme and the Nutrient and Irrigation Management plan. The conditions of the DoH approval should be referenced by the AMP along with any performance and monitoring requirements.</p> <p>Details of formal agreement between Aquasol and the Strata Company for managing the wastewater collection into the WWTP and between Aquasol and the Lakelands Country Club golf course for ongoing disposal/re-use of the treated wastewater should be referenced by the AMP. The responsibilities of Aquasol, the property owner and residents/golf course are set out in the Aquasol Standard Terms and Conditions – Provision of Sewer Services available on the Aquasol website.</p> <p><b><u>Recommendation 2/2021</u></b></p> <p>a) <i>The Asset Management Plan should be updated to include references to:</i></p> <ul style="list-style-type: none"> <li>• <i>the DWER licence conditions of approval and performance and monitoring requirements;</i></li> <li>• <i>the DoH Licence conditions of approval and the performance and monitoring requirements; and.</i></li> </ul>		

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
		<ul style="list-style-type: none"> <li>• Details of the formal agreements between Aquasol, the Strata Company and the Lakelands Country Club golf course.</li> <li>b) The ERA Lakelands – Commitments to Follow Register and the DOH Lakelands – Commitments to Follow Register should be updated to include the DWER and DoH licence requirements, in the form of a calendar of the annual reporting and compliance activities assigned to specific roles.</li> </ul>			
4.4	Service standard (customer service levels etc) are measured and achieved.	Some standards are described in section 2.1 of the AMP. The standards described at 2.1.2 and 2.1.3 about the sewer network capacity and continuity appear not to be applicable to the service Aquasol is providing, as during the site visit it was described that the Strata Company own and operate the sewer collection system and pump station. The remaining standards at 2.1.4 (odour control), 2.1.5 (emergency response) and 2.1.6 (customer complaints) are appropriate to the WWTP.			
<b>5</b>	<b>ASSET OPERATIONS</b>	Process Rating	<b>B</b>	Performance Rating	<b>1</b>
5.1	Operational policies and procedures are documented and linked to service levels required.	Customer service standards are listed in the Asset Management Plan section 2.1. Section 4.3 of the AMP states “operational policies and procedures are documented and linked to service levels required”. There is a Routine Maintenance Summary checklist that is completed monthly at the site. There are also detailed procedures for incident responses and customer complaints.			
5.2	Risk management is applied to prioritise operations tasks.	Section 4.3 of the AMP states “Risk management is applied to prioritise operations tasks”. There is a detailed Risk Management Policy and Procedure. There is also a Routine Maintenance Summary checklist that is completed monthly at the site.			
5.3	Assets are documented in an Asset Register including asset type, location, material, plans of components, and an assessment of assets’ physical/structural condition.	Appendix 14 provides the asset register that includes asset type, location (reference to drawing # and street), material, replacement value. The asset register includes the sewers and pump station which were described during the site visit as being owned and operated by the Fairways Village Strata Company, as well as the WWTP owned and operated by Aquasol. The condition of the assets is checked in the Routine Maintenance Summary checklist that is completed monthly at the site. This is scanned and filed.			
5.4	Accounting data is documented for assets	The income and expenses for the WWTP are documented in the Aquasol financial system. The Asset Register also includes the depreciation and replacement values. Cashflow reporting for the WWTP includes updates for actual costs compared to budget and any significant variances are investigated.			

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
5.5	Operational costs are measured and monitored.	<p>Section 4.3 of the AMP states “Operational costs are measured and monitored”.</p> <p>The cashflow spreadsheet Cashflows for WWTP “Total Opex Tab” includes annual operating costs for 2020.</p> <p>The operating costs are reviewed/monitored in the monthly financial reporting process and annual summaries are provided of actual and budget costs in the Cashflows for WWTP – Dec 2020 reporting.</p>			
5.6	Staff resources are adequate and staff receive training commensurate with their responsibilities.	<p>Section 4.3 of the AMP states “staff receive training commensurate with their responsibilities.” The existing staff are experienced technical and plant operators.</p> <p>A formal list of training required and the progress of staff in achieving the training is required, including considering backup arrangements such as contractors on call. (Opportunity for improvement)</p> <p>Completion of the routine maintenance sheet provides some evidence of the staffing level being adequate.</p> <p>It is noted that the plant is not monitored remotely, so there is reliance on weekly site visits and any reported complaints.</p>			
<b>6</b>	<b>ASSET MAINTENANCE</b>	Process Rating	<b>B</b>	Performance Rating	<b>1</b>
6.1	Maintenance policies and procedures are documented and linked to service levels required.	<p>Section 4.4.2 indicates a Maintenance Manual is kept on the premises for use if necessary. All other docs will be available online and onsite including the Safety Call Procedure, and Aquasol contact list. The Contingency Plans and Risk Identification document sets out the call out procedures and contact list.</p> <p>The regular checks listed in section 4.4.2 of the Asset Management Plan are different to the routine maintenance checklist – the two sources should be reviewed/aligned (opportunity for improvement).</p>			
6.2	Regular inspections are undertaken of asset performance and condition.	<p>The Routine Maintenance Checklist refers to tasks “at each visit”. The Site Manager confirmed this checklist is completed monthly and there are also weekly site visits, particularly to clear the inlet screen.</p>			
6.3	Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule.	<p>The Asset Management Plan section 4.4 describes Unforeseen Maintenance (instigated by a call-out to the supervisor who attends site to assess and arrange follow-up) and Routine Maintenance (with the document listing regular checks). Completion of the site service book and the routine maintenance log provide the documentation.</p>			
6.4	Failures are analysed and operational/maintenance plans adjusted where necessary.	<p>This is not a formal documented process for this small facility. However, the increased Operations and Maintenance activity of frequently clearing the inlet screen demonstrates the adjustment of the planned maintenance. Similarly additional activities have been introduced to address where odour emissions have been occurring – topping up water seals on tank overflow pipework and dosing with chlorine.</p>			

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)		
6.5	Risk management is applied to prioritise maintenance tasks.	This is demonstrated by reference to the routine maintenance checklist and the priority or frequency of listed tasks. (Operations and maintenance tasks effectively merge together for the WWTP which operates automatically – being attended to for maintenance or call outs).		
6.6	Maintenance costs are measured and monitored.	Section 4.3 of the AMP states “Operational costs are measured and monitored”. This includes maintenance costs. The cashflow spreadsheet (Appendix 21) “Total Opex Tab” includes annual operating costs for 2020. The operating costs are reviewed/monitored in the monthly financial reporting process and annual summaries are provided of actual and budget costs in the Cashflows for WWTP – Dec 2020 reporting.		
<b>7</b>	<b>ASSET MANAGEMENT INFORMATION SYSTEM</b>		<b>B</b>	<b>2</b>
7.1	Adequate system documentation for users and IT operators.	The asset system documentation is maintained using Microsoft Word and Excel. At present, Aquasol manages billing services manually. Invoices are generated in accordance with Aquasol's internal system and the “H Analysis” report. Payments and receipts data is kept for internal records using QuickBooks software.		
7.2	Input controls include suitable verification and validation of data entered into the system.	Input controls are basically staff review of data entered into MS Word and Excel. Considered adequate given the low risk nature of the asset management system (low reliance on systems).		
7.3	Security access controls appear adequate, such as passwords.	Logical security controls including passwords for access to the internal network appear adequate given the low risk nature of the asset management system (low reliance on systems).		
7.4	Physical security access controls appear adequate.	Physical security controls include restricted access to the Aquasol offices appear adequate given the low risk nature of the asset management system (low reliance on systems).		
7.5	Data backup procedures appear adequate and backups are tested.	Data backup controls appear adequate given the low risk nature of the asset management system (low reliance on systems).		
7.6	Computations for licensee performance reporting are accurate.	The audit confirmed that key computations in performance reporting to the ERA are materially accurate.		
7.7	Management reports appear adequate for the licensee to monitor licence obligations.	From review of reports and documentation provided in this review, the management reporting is considered adequate to monitor the licence obligations with several exceptions as noted in the audit. <b>Refer recommendation 1/2021</b>		

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)		
7.8	Adequate measures to protect asset management data from unauthorised access or theft by persons outside the organisation.	Logical security controls including passwords for access to the internal network appear adequate given the low risk nature of the asset management system (low reliance).		
<b>8</b>	<b>RISK MANAGEMENT</b>		<b>A</b>	<b>1</b>
8.1	Risk management policies and procedures exist and are being applied to minimise internal and external risks	Section 4.3 of the AMP states "Risk management is applied to prioritise operations tasks". There is a detailed Risk Management Policy and Procedure. There is also a Routine Maintenance Summary checklist that is completed monthly at the site.		
8.2	Risks are documented in a risk register and treatment plans are implemented and monitored.	The risks of the WWTP are documented and assessed with incident responses, in the Contingency Plan and Risk Identification document.		
8.3	Probability and consequences of asset failure are regularly assessed.	The probability and consequences of the risks of the WWTP are documented and assessed with incident responses, in the Contingency Plan and Risk Identification document.		
<b>9</b>	<b>CONTINGENCY PLANNING</b>		<b>A</b>	<b>1</b>
9.1	Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks.	<p>The contingency plans are well-documented in the Contingency Plan and Risk Identification document. The Project &amp; Environmental Coordinator confirmed the document was reviewed in December 2020. The Contingency Plan and Risk Identification is required to be reviewed at least every three years and in response to</p> <ul style="list-style-type: none"> <li>• any alterations to processes and infrastructure that may result in increased risk of environmental harm issues identified from process monitoring or testing</li> <li>• environmental incidents or serious complaints.</li> </ul> <p>With an experienced Site Manager and the documented plans, the contingency plans are considered adequate for the risks.</p>		
<b>10</b>	<b>FINANCIAL PLANNING</b>		<b>A</b>	<b>1</b>
10.1	The financial plan states the financial objectives and identifies strategies and actions to achieve those.	<p>The Asset Management Plan (Lakelands Gngara WWTRS 12.2020v1.5) includes a Financial Summary with the financial objectives, strategies and actions to achieve these objectives.</p> <p>Aquasol provides the required wastewater treatment service for up to 290 lots which is adequate for any additional connections with 43 connections at June 2020.</p>		

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)
10.2	The financial plan identifies the source of funds for capital expenditure and recurrent costs.	<p>The developer funded the capital cost of the infrastructure and also lease the land required for the plant to Aquasol at no cost. The AMP advises that the developer agreed to fund/reimburse the operational net losses to Aquasol incurred on the project until the net cash flow breaks even or starts making an operational profit.</p> <p>The price for the wastewater treatment service is an annual fixed charge of \$760 per dwelling (may be indexed for inflation in future years).</p> <p>It is intended that price is set at a fixed rate to protect revenue against demand fluctuations. This price has been developed with reference to the internal costs of operating and maintaining the infrastructure, plus the cost of administering the service. If at any time financial forecasts indicate that costs or revenues will vary significantly from initial forecasts, Aquasol will adjust prices to the extent reasonably required to meet any resulting shortfall. Service price adjustments will be subject to agreement with the developer/strata manager.</p>
10.3	The financial plan provides projections of operating statements (profit and loss) and statement of financial position (balance sheets).	The projected revenue and operating and maintenance expenditure figures for 20 years until year 2041 are included in the Cashflows for WWTP – Dec 2020.
10.4	The financial plan provides firm predictions on income for the next five years and reasonable predictions beyond this period.	The projected revenue and operating and maintenance expenditure figures for 20 years until year 2041 are included in the Cashflows for WWTP – Dec 2020.
10.5	The financial plan provides for the operations and maintenance, administration and capital expenditure requirements of the services.	<p>Forecast cashflows (Cashflows for WWTP – Dec 2020) shows provision for asset replacements.</p> <p>A record of asset creations (Asset Creations, acquisitions, disposal list.xls) shows items replaced in the treatment plant commencing November 2019, as part of plant servicing</p>
10.6	Large variances in actual/budget income and expenses are identified and corrective action taken where necessary.	The Cashflows for WWTP includes updates for actual costs compared to budget and any significant variances are investigated.
<b>11</b>	<b>CAPITAL EXPENDITURE PLANNING</b>	<b>A</b> <span style="float: right;"><b>1</b></span>
11.1	There is a capital expenditure plan covering works to be undertaken, actions proposed, responsibilities and dates.	<p>The Asset Management Plan (Lakelands Gngara WWTRS 12.2020v1.5) includes a Financial Summary with the financial objectives, strategies and actions to achieve these objectives.</p> <p>Aquasol provides the required wastewater treatment service for up to 290 lots which is adequate for any additional connections with 43 connections at June 2020.</p>

Item no.	Component and Effectiveness Criteria (refer criteria in Audit Guidelines)	Observations and results (including any potential improvements)			
11.2	The capital expenditure plan provides reasons for capital expenditure and timing of expenditure.	As noted above, the developer of Lakelands agreed to fund the capital cost of the project as well as supply the necessary land at no charge. The asset replacement program is included in the AMP Appendix C – Lifecycle Cost Model. The analysis assumes that assets will be replaced at the end of their standard economic life.			
11.3	The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan.	The forecast lifecycle asset replacement program is included in Appendix C – Lifecycle Cost Model. The analysis assumes that assets will be replaced at the end of their standard economic life. In reality, some assets will fail earlier than the standard life and some assets will remain useful beyond the standard replacement life. The Plan is adjusted as necessary.			
11.4	There is an adequate process to ensure that the capital expenditure plan is regularly updated and actioned.	The AMP including the capital expenditure plan was reviewed in December 2020 and is required to be reviewed annually and updated as necessary.			
<b>12</b>	<b>REVIEW OF ASSET MANAGEMENT SYSTEM</b>		<b>A</b>		<b>1</b>
12.1	A review process is in place to ensure that the asset management plan and the asset management system described in it remain current.	The Asset Management Plan (Lakelands Gngangara WWTRS 12.2020v1.5) was reviewed in December 2020. The Plan states that the Asset Management Plan is reviewed annually and reissued when changes occur to the current systems, processes and procedures. The maintenance and capital investment plans are revised annually.			
12.2	Independent reviews (e.g. internal audit) are performed of the asset management system.	The asset management system is subject this external review and reviews every two years or other period set by the ERA.			

## 4.6 Review Recommendations

### Table of Current Review Asset System Deficiencies and Recommendations

Note: As per the Audit and Review Guidelines, only recommendations for asset management components criteria that are rated 3 or 4, C or D, are required to be included in this report. Other Opportunities for Improvement are provided direct to the Licensee.

#### A. Resolved during current review period

Reference (no./year) Compliance rating	Asset System Deficiency (AMS Component/Effectiveness Criteria/Details)	Auditor's Recommendation	Management Action taken by end of audit period
	Nil		

#### B. Unresolved during current review period

Reference (no./year) Compliance rating	Asset System Deficiency (AMS Component/Effectiveness Criteria/Details)	Auditor's Recommendation	Management Action taken by end of audit period
2/2021	<p><b>C2</b></p> <p><b>4. Environmental Analysis</b></p> <p><i>4.3 Compliance with statutory and regulatory requirements.</i></p> <p>The DWER licence for the WWTP (and associated conditions) was not provided. Performance/monitoring and reporting requirements are not referenced in the AMP. A Works Approval (W6034/2017/1) for the project was located via the DWER website – this contains performance and monitoring requirements, operational controls and other environmental risks which should be referenced in the Asset Management documentation.</p> <p>Aquasol hold the Department of Health ('DoH') approval for the recycling scheme and the Nutrient and Irrigation Management</p>	<p>a) The Asset Management Plan should be updated to include references to:</p> <ul style="list-style-type: none"> <li>• the DWER licence conditions of approval and performance and monitoring requirements;</li> <li>• the DoH Licence conditions of approval and the performance and monitoring requirements; ad.</li> <li>• Details of the formal agreements between Aquasol, the Strata Company and the Lakelands Country Club golf course.</li> </ul> <p>b) The ERA Lakelands – Commitments to Follow Register and the DOH Lakelands – Commitments to Follow Register should be updated to include the</p>	Nil



<b>B. Unresolved during current review period</b>			
<b>Reference (no./year) Compliance rating</b>	<b>Asset System Deficiency (AMS Component/Effectiveness Criteria/Details)</b>	<b>Auditor's Recommendation</b>	<b>Management Action taken by end of audit period</b>
	<p>plan. The conditions of the DoH approval should be referenced by the AMP along with any performance and monitoring requirements.</p> <p>Details of the formal agreement between Aquasol and the Strata Company for managing the wastewater collection into the WWTP and between Aquasol and the Golf Course for ongoing disposal/re-use of the treated wastewater should be referenced by the AMP. The responsibilities of Aquasol, the property owner and residents/golf course are set out in the Aquasol Standard Terms and Conditions – Provision of Sewer Services available on the Aquasol website.</p>	DWER and DoH licence requirements, in the form of a calendar of the annual reporting and compliance activities assigned to specific roles.	

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## 5. Appendix A - Methodology

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### A1. Audit and Review Approach

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

#### ***Audit and Review Planning***

- Conduct an initial meeting with the ERA to confirm the audit/review approach and timing for the audit and review (*not required*).
- Contact the licensee to gain an understanding of the business, relevant management plans and systems that may affect the risk assessment for planning purposes (*completed*).
- Prepare a risk assessment including any specific factors or changes relevant to the licensee (in tabular form against each licence condition and asset management system component). (*completed*).
- Submit a draft **Audit and Review Plan**, including the risk assessment and proposed approach, to the ERA for review and approval.
- Send a **Pre-Visit Checklist** of information and documentation to the licensee to enable staff to prepare for the visit (and where possible, send us information prior to the site visit).

#### ***Fieldwork***

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

- **outcome compliance** – the actual performance against standards prescribed in the licence throughout the audit period.
- Update the risk assessment with any new information obtained in the course of the audit testing and, in instances of significant non-compliance, assess the licensee’s plan to ensure compliance and recommend any further improvements to achieve compliance.
- The activities in the **Asset Management System Review** will include:
  - analyse the documented procedures and processes for the planning, construction, operation and maintenance of assets to assess whether they are consistent with regulatory requirements under the licence;
  - interview key personnel to assess whether they understand and comply with the documented processes and procedures;
  - physically inspect the key assets and infrastructure; and
  - assess the effectiveness of the processes and system in place.

### ***Audit and Review Reporting***

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

## **A2. Key Documents Reviewed**

### ***Regulatory Documents and Reports***

- Water Services Act 2012
- Water Services Code of Conduct (Customer Service Standards) 2018
- Water Services Regulations 2013
- 2019 Audit and Review Guidelines: Water Licences
- Water Compliance Reporting Manual – 2017
- Water Compliance Reporting Manual – 2018
- Water Compliance Reporting Manual – 2020
- Water Services Operating WL42:
  - Version 6 (from 25 January 2018 to 22 April 2018) - amendment to include Fairways Retirement Village (Gnangara) as a new operating area (OWR-OA-312).
  - Version 7 (from 23 April 2018 to 30 April 2020) - amendment to remove Lancelin South Development operating area and plan OWR-OA-304B. Removal of the provision of potable water supply services.
  - Version 8 (From 1 May 2020 onwards) - changes from the ERA’s 2019 Water Licence Review.
- Map of Licence Operating Area – Plan OWR-OA-312
- 2017 Audit and Review Report – WL42 (18 September 2018)
- Post Audit and Review Implementation Plan – 2018
- Compliance reports to ERA for 2017/18, 2018/19 and 2019/20 (and evidence of receipt by ERA).

- Performance reports to ERA for 2017/18, 2018/19 and 2019/20 (and evidence of receipt by ERA).
- Performance reporting datasheets for 2017/18, 2018/19 and 2019/20
- Water, Sewerage and Irrigation Licence Performance Reporting Handbook – May 2019.

**Operational Audit**

- Aquasol Pty Ltd – Annual Report for 2017/18
- Energy & Water Ombudsman membership
- Relevant correspondence between the Licensee and the ERA
- Evidence of fees paid to ERA
- ERA Lakelands – Commitments to Follow Register
- Financial Hardship Policy for Water Services
- Customer Supply Agreement – Sewer Services.
- Standard Terms and Conditions – Provision of Sewer Services
- Sewer Account Bills for the audit period
- Customer Complaints Register
- Policies, practices and procedures for dealing with and minimizing the impact of a burst, leak or blockage in sewer works

**Asset Management System Review**

- Aquasol – Asset Management Plan - Lakelands Golfview Estate Retirement Village, Gnaragara - Waste Water Treatment & Recycling Scheme Version 1.5 (December 2020)
- Asset Register (Fairways)
- Asset creations, acquisition, disposal list
- Routine Maintenance Summary Checklist - Lakelands 2020
- Risk Management Policy and Procedure
- Asset Risk Register – Assessment
- Contingency Plan and Risk Identification
- Cashflows for WWTP – Dec. 2020
- Department of Health – Recycled Water Licence
- Annual Report 2019/20 – Recycled Water Quality to Department of Health
- Water Analysis Data Sheets and subsequent quarterly reports to DOH for the audit period

**A3. Key Contacts**

The licensee’s representatives participating in the audit were:

- Paul Savage – CEO and Technical Operations Manager
- Francisca Haro – Project & Environmental Co-ordinator
- Bo Peng – Site Manager

**A4. Consultants**

NAME AND POSITION	BUDGET HOURS
Geoff White - Director	35
Geoff Hughes – Principal Planning Engineer	25
<b>TOTAL</b>	<b>60</b>

END OF REPORT