

Aqwest – Bunbury Water

Final Audit Report

Operational Audit

October 2007



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Executive Summary

1.1 Introduction

Stamfords Advisors Consultants (Stamfords) have conducted an operational audit of Aqwest's Operating Licence.

The objective of the operational audit was to provide an assessment of the effectiveness of measures taken by Aqwest to maintain the quality and performance standards referred to in the Bunbury Water Board Water Supply Services Operating Licence (Operating Licence).

1.2 Background

The Economic Regulation Authority (ERA) has issued an Operating License to Aqwest – The Bunbury Water Board (Aqwest) for the provision of potable water services.

The main operating system that has been audited is MAINPAC. MAINPAC is an "Asset Maintenance Management System" designed to capture important information such as asset details, as well as the types of jobs reported and completed. Examples of these reported jobs include:

- Burst Mains;
- Capital Works;
- Poor Pressure/Flow; and
- Preventative Maintenance.

There have been no major changes/upgrades since the previous audit.

1.3 Summary of Results

Overall, the Operational Audit identified an acceptable level of compliance with Operating License requirements, and indicates that Aqwest has taken the necessary measures to maintain those quality and performance standards referred to in Aqwest’s Operating Licence.

The following table summarises the results of the assessment of the relevant standards, outputs and outcomes:

Licence Conditions	Standard	Compliance Rating	Issue	Recommendation	Post Audit Action Plan
Clause 2 / Schedule 1	Operating Areas	5	N/A	N/A	N/A
Clause 3 / Schedule 2	Customer Complaints and Investigation, Conciliation and Arbitration	4	A central process for receiving, recording, managing and resolving both administrative and operational-type complaints has still not been implemented.	In the absence of a central system, all complaints information (both operational and administrative) should be reconciled to both: <ul style="list-style-type: none"> Supporting documentation; and Monthly Board/ERA Reports. This reconciliation process should be: <ul style="list-style-type: none"> Performed by an officer who is independent to the complaint recording, management and resolution process; and Should be performed on a monthly basis. 	Recommendation has been implemented with further development of information systems occurring as part of Aqwest’s 5 year IT strategy
Clause 3 / Schedule 3	Customer Charter	4	The version number on the Customer Charter and Charter Summary needs to be formalised	A formal version number still needs to be introduced.	Version number will be formalised
Clause 3 / Schedule 4	Customer Consultation	5	N/A	N/A	N/A
Clause 3 / Schedule	Water Services	5	N/A	N/A	N/A

5	Provision				
Clause 3 / Schedule 6	Information	4	The number of written complaints successfully resolved within 21 days is reported, however not the number of written complaints resolved in greater than 21 days.	Revise the reporting format provided to the Authority to add statistics on written complaints resolved in greater than 21 days.	Aqwest has a Five Year IT Strategy part of which includes funding to further develop the Corporate reporting system. This development will include reporting on complaints and the resolution of them.
Clause 4 / Schedule 7	Standards and Principles for the Provision of Water Services	4	The Engineer Water Supply has data integrity and manipulation concerns regarding the use of spreadsheets and considers using the Crystal reporting function to provide reports generated from MAINPAC sourced information.	Assess the potential to use the Crystal reporting mechanism to provide the necessary information seamlessly from MAINPAC.	Aqwest has a Five Year IT Strategy part of which includes funding to further develop the Corporate reporting system. This development will include reporting on complaints and the resolution of them.
Clause 4 / Schedule 8	Levels of Service Standards, Performance Indicators and Reporting Requirements	5	N/A	N/A	N/A
Clause 5	Amendment to Licence	N/A	N/A	N/A	N/A
Clause 6	Contracting	5	N/A	N/A	N/A

Operational/performance compliance rating scale

Compliance status	Rating	Description of compliance
COMPLIANT	5	Compliant with no further action required to maintain compliance
COMPLIANT	4	Compliant apart from minor or immaterial recommendations to improve the strength internal controls to maintain compliance

COMPLIANT	3	Compliant with major or material recommendations to improve the strength of internal controls to maintain compliance
NON-COMPLIANT	2	Does not meet minimum requirements
SIGNIFICANTLY NON COMPLIANT	1	Significant weaknesses and/or serious action required

1.4 Summary of Control Environment

Stamfords concludes that Aqwest's control environment is satisfactory.

There are satisfactory controls in place to ensure:

- The data collected is both accurate and complete;
- The monthly reports prepared for both the Board and the Authority, is both accurate and complete; and that
- Appropriate mechanisms are in place to promptly detect, and report, any non compliance, should they occur.

1.5 Overall Assessment

Stamfords' overall assessment of Aqwest (including the integrity of the Licensee's reporting to the Authority) is "Compliant" with very few minor/immaterial actions required to improve internal control.

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Audit Scope & Methodology

2.1 Objective

The objective of the operational audit was to provide an assessment of the effectiveness of measures taken by Aqwest to maintain the quality and performance standards referred to in the Bunbury Water Board Water Supply Services Operating Licence (Operating Licence).

2.2 Scope

This operational audit covered the period 1st November 2004 to 21st September 2007. This operational audit commenced on the 10th September 2007 and was completed on the 30th October 2007.

2.3 Methodology

In consultation with Aqwest senior management we completed a Risk Assessment by assessing the risks posed by non-compliance with License Standards, and the adequacy of internal controls. Refer to Appendix 1 for the Risk Assessment.

Having established the risks and identified the internal controls, we identified high inherent risk areas to concentrate our efforts, with an additional focus and sample testing undertaken on the identified areas.

We assessed the systems and the effectiveness of processes used to ensure compliance with the standards, outputs and outcomes which refer to and are applied to Aqwest's Operating License.

2.4 Previous Operational Audit

The previous operational audit covered the period 31st October 2002 to 30th October 2004. This previous operational audit was completed in January 2005.

2.5 Licensee’s Representatives

Details of the licensee’s representatives who participated in the 2007 audit are as follows:

- Gary Hallsworth – Manager Water Services;
- Addy Menzies – Engineering Technical Officer; and
- Brian Granville – Chief Finance Officer.

2.6 Key Documents Examined

Key documents and other information sources examined by Stamfords during the course of the audit include:

- Monthly Board Reports;
- Statistical data from MAINPAC;
- Samples of water quality results;
- Volume and Flow Readings; and
- Documentation, such as “Incident Management Plans”, “Disaster Recovery Plans”, “Water Quality Incident Plans” etc.

2.7 Audit Team

Details of the audit team, and hours utilised, is detailed in the table below:

Staff	Hours Utilised
Jacob Rechner – Associate Director, Stamfords	<ul style="list-style-type: none"> ▪ Preliminary Planning – 16 hours ▪ Audit Fieldwork – 66 hours ▪ Audit Report – 23 hours

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Review of Previous Audit Recommendations

Licence Condition	Recommendation	Action Taken	Any further action needed to address the issues identified in recommendations that have not been satisfactorily resolved
Clause 3 / Schedule 2 - Customer Complaints and Investigation, Conciliation and Arbitration	<ul style="list-style-type: none"> ▪ Define what a complaint is (from what are operational faults and general queries). Refer to the Australian Standard on Complaints Handling AS4269, and the Economic Regulation Authority (Authority) for guidance. ▪ Implement a central process for receiving, recording, managing and resolving both administrative and operational-type complaints. Develop an interface between MAINPAC and TRIM to ensure all operational complaints are captured. ▪ Establish a formal close out process for complaints ▪ Establish a communication log within TRIM to capture all complaints-type communication between Aqwest officers and customers. ▪ Update Policy 4.22 Customer Complaint Procedure to reflect these changes. 	<p>A complaint is defined in Aqwest's Complaints Handling Manual (refer section 3).</p> <p>Operational complaints are still recorded and managed by the Customer Service Officer. These are still recorded in MAINPAC, generating a work order which may lead to an inspection or repair job/task.</p> <p>Another Aqwest officer handles administrative type complaints, which are recorded in the TRIM record management system.</p> <p>The administrative and operational complaints processes still operate independently of each other. Although there is still no link/interface between</p>	<p>In the absence of a central system, all complaints information (both operational and administrative) should be reconciled to both:</p> <ul style="list-style-type: none"> ▪ Supporting documentation; and ▪ Monthly Board/ERA Reports. <p>This reconciliation process should be:</p> <ul style="list-style-type: none"> ▪ Performed by an officer who is independent to the complaint recording, management and resolution process; and ▪ Should be performed on a monthly basis.

Licence Condition	Recommendation	Action Taken	Any further action needed to address the issues identified in recommendations that have not been satisfactorily resolved
		<p>MAINPAC and TRIM, no instances were noted (during audit sampling) where such complaints were, not appropriately tracked, nor reported.</p> <p>A formal close out process for complaints has been established.</p> <p>A communication log within TRIM has been established.</p> <p>The Complaints Handling Manual is currently up-to-date.</p>	<p>This process will ensure all operational complaints are captured and appropriately reported.</p>
<p>Clause 3 / Schedule 2 - Customer Complaints and Investigation, Conciliation and Arbitration</p>	<ul style="list-style-type: none"> ▪ Establish designated officers for dealing with customer complaints. Ensure these officers receive the required training. ▪ Establish a formally documented protocol for resolving customer complaints within 21 days. Incorporate a process that allows the complaints to be escalated to a more senior officer or if necessary the board. 	<p>The Customer Service Officer is responsible for all customer service type complaints.</p> <p>Account Officers are responsible for all account enquiries.</p> <p>Other complaints are formally recorded on a "Register of Compliant" form and formally assigned a responsible officer.</p> <p>All unresolved complaints greater than 21 days are reported to both the Board and the Authority.</p>	<p>No further action required.</p>

Licence Condition	Recommendation	Action Taken	Any further action needed to address the issues identified in recommendations that have not been satisfactorily resolved
Clause 3 / Schedule 3 - Customer Charter	<ul style="list-style-type: none"> The updated Customer Charter and Charter Summary should include a version number and date 	The Customer Charter and Charter Summary now include a date. However there is still no formal version number.	A formal version number still needs to be introduced.
Clause 3 / Schedule 6 - Information	<ul style="list-style-type: none"> Revise the reporting format to add statistics on complaints not resolved (as per license requirement). Revise the reporting format provided to the Authority to add statistics on written complaints resolved in greater than 21 days. 	<p>Both “Unresolved Complaints” and “Unresolved Written Complaints” are disclosed in the monthly Board/ Authority Report.</p> <p>The reporting format does not separately classify those complaints that apply to “legal action” or “appeal” as such complaints have never yet been received.</p> <p>The number of written complaints resolved in greater than 21 days, although not separately disclosed, can be determined.</p>	The reporting format should incorporate the number of written complaints resolved in greater than 21 days.
Clause 4 / Schedule 7 - Standards and Principles for the Provision of Water Services	<ul style="list-style-type: none"> Assess the potential to use the Crystal reporting mechanism to provide the necessary information seamlessly from MAINPAC. 	No action has been taken	Management should still assess the potential to use the Crystal reporting mechanism.

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Performance Summary

Operational/performance compliance rating scale

Compliance status	Rating	Description of compliance
COMPLIANT	5	Compliant with no further action required to maintain compliance
COMPLIANT	4	Compliant apart from minor or immaterial recommendations to improve the strength internal controls to maintain compliance
COMPLIANT	3	Compliant with major or material recommendations to improve the strength of internal controls to maintain compliance
NON-COMPLIANT	2	Does not meet minimum requirements
SIGNIFICANTLY NON COMPLIANT	1	Significant weaknesses and/or serious action required

Operational/performance audit compliance summary

Operating Area	Operating Licence Reference	Consequence 1=minor 2=moderate 3=major	Likelihood A=Likely B=probable C=unlikely	Inherent Risk Low Medium High	Adequacy of existing controls S=Strong M=Moderate W=Weak	Compliance Rating (Refer to 5 point rating scale)
Operating Area	Clause 2 / Schedule 1	2	C	Low/Medium	S	5
Customer Complaints Process	Clause 3 / Schedule 2	3	C	Medium	S	4
Customer Charter	Clause 3 / Schedule 3	2	C	Low / Medium	S	4
Customer Consultation	Clause 3 / Schedule 4	2	C	Low / Medium	S	5
Water Services Provision	Clause 3 / Schedule 5	2	C	Low / Medium	S	5
Information	Clause 3 / Schedule 6	3	C	Medium	S	4
Standards and Principles for the Provision of Water Services	Clause 4 / Schedule 7	3	C	Medium	S	4
Levels of Service Standards, Performance Indicators and Reporting Requirements	Clause 4 / Schedule 8	3	C	Medium	S	5
Amendment to Licence	Clause 5	3	C	Medium	N/A	N/A
Contracting	Clause 6	3	C	Medium	S	5

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Observations

Clause 2/ Schedule 1 - Licence to Operate

Item No	Licence Obligation	System Established by Aqwest to Comply with Licence Obligations	Compliance Scale
Cl.2/S1	Determine whether Aqwest provides water services only to that area designated by reference to Plan Number OWR-OA-084/4(C) which refers to the plan of the operating area.		
S1	<p><i>The Licensee may provide the water services respectively indicated in this Schedule to, and within, those areas designed by reference to a plan number, which number refers to the plan of the relevant operating area, or located described below, approved by the Authority for the purposes of the provision of the indicated water service</i></p> <p>Plan No.: OWR-OA-084/4(C)</p>	<p>The designed Operating Area for the provision of Potable Water Supply Services is described on Plan Number OWR-OA-084/4(C).</p> <p>The plan boundaries are loaded into the Micro-station (a CAD design) system, ensuring that planned works do not fall outside the Operating Plan. This primary mechanism ensures that Aqwest operates within its boundaries.</p>	5

Clause 3 / Schedule 2 – Customer Complaints and Investigation, Conciliation and Arbitration

Item No	Licence Obligation	System Established by Aqwest to Comply with Licence Obligations	Compliance Scale
CL.3/S2	Determine whether Aqwest has in place a customer complaints and investigation, conciliation and arbitration process.		
S2.1.1	<i>The Licensee shall have in place, and properly resource, a process for effectively receiving, recording, managing and, (where possible), resolving customer complaints within a timeframe of 21 days.</i>	A separate “Complaints Handling Manual” has been developed.	5
S2.1.2	<p><i>To ensure the effectiveness of such a process, the Licensee shall, as a minimum:</i></p> <p><i>(a) establish a system of providing each aggrieved customer with a unique identifying complaint number;</i></p> <p><i>(b) provide an appropriate number of designated officers who are trained to deal with customer complaints and who are authorised to, or who have ready access to officers who are authorised to, make the necessary decisions to settle customer complaints or disputes, including, where applicable, approving the payment of monetary compensation;</i></p> <p><i>(c) establish a complaint resolution protocol which is designed to resolve the customers complaint or dispute within 21 days of being notified of its existence</i></p> <p><i>(d) provide a system of accuracy monitoring and recording the number, nature and outcome of complaints in order to fulfil the</i></p>	<p>(a) Complaints recorded in TRIM are assigned individual record numbers (or complaint numbers). Complaints recorded in MAINPAC are assigned individual Work Orders.</p> <p>(b) The Customer Service Officer is responsible for all customer service type complaints. The officer currently performing this function has been employed by Aqwest for several years and therefore is appropriately trained. The Aqwest Officer responsible for the management and reporting of administrative type complaints is also well experienced (and well trained) in this area.</p> <p>(c) An appropriate complaint resolution protocol has now been established. The number of unresolved complaints greater than 21 days, although not separately disclosed, can be</p>	4

Item No	Licence Obligation	System Established by Aqwest to Comply with Licence Obligations	Compliance Scale
	<i>requirement to provide information set out in this clause and in the Licence.</i>	determined. (d) The complaints handling system is operating satisfactorily. However this is still no link/interface between MAINPAC and TRIM, therefore reliance is placed on the Records Officer to ensure the correct number of administrative complaints is continually reported.	
S2.2	<i>Via discussion with Aqwest representatives, determine if any customer complaints remained unresolved, within 21 days of notifying Aqwest, if all requirements in Schedule 2.1 to 2.3 of the Licence have been met.</i>	A review of the Complaints Register for the audit period revealed 6 complaints in which resolution was not effected within 21 days of notification to Aqwest The testing of these complaints against the requirements of Schedules 2.1-2.2 revealed no issues.	5

Clause 3 / Schedule 3 – Customer Charter

Item No	Licence Obligation	System Established by Aqwest to Comply with Licence Obligations	Compliance Scale
Cl.3/S3	Determine whether Aqwest has prepared a customer service charter setting out the principles, terms and conditions under which it intends to provide water services.		
S3.1	<i>The Licensee must set out in writing the principles, terms and conditions upon which it intends to provide water services to its customers('the Customer Charter').</i>	Aqwest has in place a Customer Service Charter (Customer Charter). The Charter was last updated May 2007.	5
S3.2	<p><i>The customer charter:</i></p> <p><i>(a) should be drafted in 'plain English'; and</i></p> <p><i>(b) should address all of the service issues that are reasonably likely to be of concern to its customers</i></p>	<p>The Customer Service Charter is of a convenient size, in clear bold font and easy to read.</p> <p>It includes all likely services required by Aqwest customers.</p>	5
S3.3	<i>Different parts of the Customer Charter may be expressed to apply to different classes of customers</i>	The Customer Charter makes no distinction between different classes of customers.	N/A
S3.4	<i>Any proposed amendment to the customer charter must be forwarded to the Authority for approval.</i>		N/A
S3.5	<p><i>The Licensee must make the customer charter available to its customers in the following ways:</i></p> <p><i>(a) by prominently displaying it in those parts of the Licensee's offices to which customers regularly have access;</i></p> <p><i>(b) by providing a copy, upon request, and at no charge, to the customer; and</i></p> <p><i>(c) by sending a current copy, or a summary document approved by the Authority, to all</i></p>	<p>Aqwest has made its summarised version of the Customer Charter available to its customers in a brochure-format titled Customer Service Charter Summary (Charter Summary). It is appropriately displayed in its administration office and customers are provided a copy, upon request, and at no charge.</p> <p>A copy of the approved Charter Summary is sent to all customers with their annual</p>	5

Item No	Licence Obligation	System Established by Aqwest to Comply with Licence Obligations	Compliance Scale
	<i>customers at least once in every two year period or as agreed with the Authority.</i>	water rates notice in October.	
S3.6	<i>The charter is to be reviewed by the Licensee at least once in every two year period or as agreed with the Authority.</i>	The Charter was last reviewed and updated in May 2007. However, a formal version number still needs to be introduced.	4
S3.7	<i>It is a condition of the Licence that the Licensee provides services in a way which is consistent with its customer charter.</i>	Aqwest provides services which are consistent with its customer charter.	5

Clause 3 / Schedule 4 – Customer Consultation

Item No	Licence Obligation	System Established by Aqwest to Comply with Licence Obligations	Compliance Scale
Cl.3/S4	Determine whether Aqwest has established ongoing customer consultation processes which both inform customers and pro-actively solicit customer opinion on Aqwest’s operations and delivery of its services.		
S4.1	<p><i>Determine whether Aqwest has established:</i></p> <ul style="list-style-type: none"> ▪ <i>a “Customer Council”; or</i> ▪ <i>Other consultative processes;</i> <p><i>Which provide customers with the opportunity to be informed on, or to provide their opinion on Aqwest’s operations and the delivery of its services.</i></p>	<p>Aqwest has not established a ‘Customer Council’; rather other consultative processes were established to facilitate ongoing customer consultation.</p> <p>The ‘community-based’ Board comprises of members elected from Aqwest’s customer base.</p> <p>Aqwest through their marketing research consultant (Strahan Research) conducts annual customer surveys to gauge customer opinion on Aqwest’s operation.</p>	5
S4.2	<p><i>Institute at least two of the following processes:</i></p> <p>(i) <i>Publish, as least six monthly, a simple newsletter for customers providing basic information about, for example, the Licensee’s operations, maintenance, current, new and future works, staffing costs etc. The document may be issued as a separate newsletter to customers or be published in a local newspaper, as considered appropriate;</i></p> <p>(ii) <i>Establish at community gatherings, such as agricultural shows, an informative display together with explanatory material which informs customers of the matters</i></p>	<p>Aqwest has initiated two of the four consultative processes which provide customers with the opportunity to be informed on, or to provide their opinion on Aqwest’s operations and the delivery of its services. These processes include:</p> <ul style="list-style-type: none"> i) Publishing an informative tri-annual four-page newsletter ‘On Tap’ that is delivered to all customers with their January/February, May/June and October/November rates notices; and ii) Customer Satisfaction Surveys. 	5

Item No	Licence Obligation	System Established by Aqwest to Comply with Licence Obligations	Compliance Scale
	<p><i>described in sub-paragraph (i) (above) and which provides an opportunity for customers to state or record their approval or disapproval and/or make other comments on the delivery of the Licensee's services;</i></p> <p><i>(iii) Conduct, either through the mail, by telephone, or local press, surveys seeking customer input or opinions on general or specific aspects of the Licensee's service delivery or proposed changes to the nature of the services delivered; or</i></p> <p><i>(iv) Institute other procedures (not described in sub-paragraphs (i) to (iii)) to inform its customers and obtain their views in a proactive consultative manner.</i></p>		
S4.3	<i>The Authority shall be consulted with respect to the constitution and membership of the Customer Council.</i>	Aqwest has not established a Customer Council.	N/A
S4.4	<i>The Licensee may, or at the request of the Authority, shall, establish other forums of consultation, to enable community involvement in issues relevant to the exercise of the Licensee's obligations under the licence.</i>	Monthly and annual Aqwest meetings are open to the public.	5

Clause 3 / Schedule 5 - Water Services Provision

Item No	Licence Obligation	System Established by Aqwest to Comply with Licence Obligations	Compliance Scale
Cl.3/S5	Determine whether Aqwest has established methods and principles for the provision of water service provision.		
S5.1	<i>The Licensee shall set out in writing its 'conditions for connection' and make that information available to all applicants for connection and to people inquiring about connection.</i>	<p>Aqwest's 'condition for connection' are incorporated into its Customer Charter (both the current and revised versions).</p> <p>The Charter Summary provides a brief reference to the new connections process.</p> <p>Aqwest's Water Service Application form (required to be completed for all applications to a water service) also details the Conditions of Service Connection.</p> <p>A Head-Works Contributions document is also available for developers involved in sub-divisions and/or building developments.</p>	5
S5.2	<i>The Licensee shall ensure that its services are available for connection on request to any land situated in the Operating Areas, subject to the applicant meeting any conditions the Licensee may determine to ensure safe reliable and financially viable supply of services to landing the Operating Areas in accordance with this Licence and any Water Acts. Statutory compliance with the conditions of connection is to be taken as forming an essential requirement of gaining approval to connections to the Licensee's schemes.</i>	<p><i>Policy 3.4 Water Supply Connections</i> provides procedural guidance in relation to the connection of water supplies to customers.</p> <p>Aqwest processes completed application form for water services together with the appropriate application charge. The attached work orders (generated from MAIN PAC) demonstrate that the connection has occurred and that Aqwest has fulfilled its connection obligations.</p>	5

Item No	Licence Obligation	System Established by Aqwest to Comply with Licence Obligations	Compliance Scale
S5.3	<i>The Licensee may, with the written agreement of the property owner, disconnect a service to a property where the servicing of the property is not commercially viable.</i>	A discontinuation of service for commercial viability reasons did not occur within the audit period.	N/A

Clause 3 / Schedule 6 - Information

Item No	Licence Obligation	System Established by Aqwest to Comply with Licence Obligations	Compliance Scale
Cl.3/S6	Determine whether Aqwest has been providing the Authority the reporting requirements required in Schedule 6 of the Licence		
S6.1.1	<p><i>(a) The Licensee shall advise the Authority of the total number of complaints received during the preceding six month period. The Licensee shall also advise of the number of complaints that could be classified into one of the following categories:</i></p> <ul style="list-style-type: none"> <i>(i) Water quality;</i> <i>(ii) Water continuity interruptions;</i> <i>(iii) Pressure and flow; and</i> <i>(iv) Accounts.</i> 	<p>Monthly reports are sent to the Authority advising on the number of complaints received in the preceding period.</p> <p>The structure of the report complies with the categorisation requirements required by the authority.</p>	5
	<p><i>(b) of those complaints successfully resolved during the preceding six month period, the relevant numbers of complaints which can be classified under the following descriptions;</i></p> <ul style="list-style-type: none"> <i>(i) those resolved by simple explanation;</i> <i>(ii) those resolved by an apology (formal or informal) from the Licensee;</i> <i>(iii) those resolved by the use of mediation or the involvement of an independent third party;</i> <i>(v) Those resolved by the payment of monetary compensation (including discounted charges for services</i> 	<p>The monthly reports have classified complaints into the six classifications as detailed in the licence.</p>	5

Item No	Licence Obligation	System Established by Aqwest to Comply with Licence Obligations	Compliance Scale
	<p><i>rendered by the Licensee);</i></p> <p><i>(vi) Those resolved by routine business processes;</i></p> <p><i>(vii) Those resolved by other means (not described in paragraphs (i) to (v) above).</i></p>		
	<p><i>(c) of those complaints which were not resolved, the relevant numbers of complaints which can be classified under the following descriptions:</i></p> <p><i>(i) those complaints for which legal action was threatened by the customer;</i></p> <p><i>(ii) those complaints for which legal action was formally commenced by the customer and the outcome of the action, or its progress, as at the date of the report;</i></p> <p><i>(iii) Those complaints which the Licensee believes became the subject of appeal to another lawful authority (for example, the Minister).</i></p>	<p>The reporting format does not separately classify those complaints that apply to “legal action” or “appeal” as such complaints have never yet been received.</p> <p>The number of written complaints resolved in greater than 21 days, although not separately disclosed, can be determined.</p>	4
	<p><i>(d) The Licensee shall advise the Authority of the total number of written complaints received during the preceding six month period. The Licensee shall also advise of the number of complaints:</i></p> <p><i>(i) successfully resolved by the Licensee within 21 days;</i></p> <p><i>(ii) The number of those complaints</i></p>	<p>The number of written complaints successfully resolved within 21 days is reported, however not the number of written complaints resolved in greater than 21 days.</p> <p>Recommendation - revise the reporting format provided to the Authority to add statistics on written complaints resolved in</p>	4

Item No	Licence Obligation	System Established by Aqwest to Comply with Licence Obligations	Compliance Scale
	<i>successfully resolved by the Licensee in greater than 21 days.</i>	greater than 21 days.	
S6.1.2	<i>Not more frequently than every 12 months, the Authority may require the Licensee to provide the names and addresses of the persons referred to in this schedule who have made complaints in relation to the Licensee's service.</i>	Noted	N/A
S6.1.3	<i>Not more frequently than every 12 months, the Authority may require the Licensee to commission an independent customer survey which shall address, and conform to, the conditions and parameters set out in writing by the Authority.</i>	Customer surveys are undertaken annually by Strahan Research.	5
S6.2.1	<p><i>The Licensee shall inform the Authority of the occurrence of following events within five days:</i></p> <p><i>(a) Non-compliance with water quality (health related) standards - Authority to be informed of location and nature of significant or major incidents in the Licensee's Incident Management Process, number of services effected and action to be taken by the Licensee to rectify;</i></p> <p><i>(b) Interruptions to water services greater than one hour, whether planned or unplanned, affecting more than 300 connected properties - Authority to be informed of the reasons why the interruption was required, the dates of the interruption, the numbers of customers affected, the nature and extent of the interruption, the steps (if any) the Licensee</i></p>	N/A	N/A

Item No	Licence Obligation	System Established by Aqwest to Comply with Licence Obligations	Compliance Scale
	<p><i>intends to take to minimise the risk of such an event or interruption recurring.</i></p> <p><i>The Authority may require a detailed report on these events to be provided within 14 days of the request.</i></p>		
S6.3.1	<p><i>The Licensee will provide the Authority with data required for performance monitoring purposes as set out in the National Performance Framework. The data will cover the previous financial year to June 30 and be provided by 31 October each year.</i></p>	<p>The data required for performance monitoring purposes is illustrated in the monthly reports provided to the Authority.</p>	5
S6.3.2	<p><i>The data supplied to the Authority pursuant to clause 3.1 above must be audited in accordance with clause 6 and schedule 3 of the Deed by 31 October 2007 and then at least once every 36 months (or other such period as determined by the Authority).</i></p>	<p>List of performance indicators has been provided by the Authority.</p>	5

Clause 4/ Schedule 7 – Standards and Principles for the Provision of Water Services

Item No	Licence Obligation	System Established by Aqwest to Comply with Licence Obligations	Compliance Scale
CL.4	<i>Determine whether Aqwest has complied with the minimum technical standards published in the Government Gazette which relates to the Water Industry.</i>	There is no evidence of technical standards being published in the Government Gazette for the audit period. Aqwest has resolved to adopt Water Services Association Australia (WSAA) standards, such as WSAA 03 Guidelines for Water Supply.	N/A
S7.1.1	<i>Emergency Response</i> <i>The Licensee shall provide an emergency telephone advice system such that customers need make only one telephone call to report an emergency and that within one hour the customer shall be advised of the nature and timing of the action to be undertaken by the Licensee.</i>	Aqwest has a 24-hour emergency telephone advice system in place. The contact number is featured on the Charter Summary that is distributed to all customers. The Charter Summary states that the customer will be advised of what action will be taken within an hour of reporting the emergency.	5
S7.2.1	<i>Drinking Water System – Quality</i> <i>The Licensee is required to supply water, designated as drinking water that is safe for human consumption. The Health Department of Western Australia has confirmed that water will be safe for human consumption if it complies with directions made by the Minister for Health. The current direction from the Minister for Health is listed in section 3 of this schedule.</i>	The Memorandum of Understanding (MOU) between the Department of Health (DOH) and Aqwest sets leading practice water quality standards, and defines rigorous rules for the water sample-testing regime. Aqwest has established a mechanism for measuring compliance with the DOH MOU directives, which embodies the 1996 Guidelines for Drinking Water Quality in Australia. A risk-based approach is used when determining that type of sample and	5

Item No	Licence Obligation	System Established by Aqwest to Comply with Licence Obligations	Compliance Scale						
		<p>the frequency of the testing program. The DOH is provided with a Quarterly Water Quality MOU report, illustrating the results of the sample-testing program.</p> <p>Such water samples are taken by the City of Bunbury and an appropriate "Chain of Custody" process is in place.</p>							
S7.2.2	<p><i>Drinking Water System - Pressure and Flow</i></p> <p><i>Subject to customers complying with Licensee requirements the Licensee shall ensure that over each 12 month period subsequent to the granting of this Licence at least 99.8% of customers connected to its water systems shall have, at the outlet of the water meter to their property, water pressure and flow as listed in the following table:</i></p> <table border="1" data-bbox="617 997 1127 1203"> <thead> <tr> <th data-bbox="617 997 787 1117">Minimum Static Pressure (metres of water)</th> <th data-bbox="787 997 957 1117">Maximum Static Pressure (metres of water)</th> <th data-bbox="957 997 1127 1117">Minimum Flow</th> </tr> </thead> <tbody> <tr> <td data-bbox="617 1117 787 1203">15</td> <td data-bbox="787 1117 957 1203">100</td> <td data-bbox="957 1117 1127 1203">20 litres per minute</td> </tr> </tbody> </table>	Minimum Static Pressure (metres of water)	Maximum Static Pressure (metres of water)	Minimum Flow	15	100	20 litres per minute	<p>Aqwest has an extensive monitoring program in place to ensure an adequate water flow and pressure to its customers.</p> <p>Network modelling and SCADA system data is used to design extensions, to augment the existing network and to check on potential low-pressure areas.</p> <p>Consumers in high-level areas are supplied via variable speed pumps set to maintain a minimum pressure. This design is able to offer good control of pressures and flows in the system.</p> <p>Features of the system used to monitor compliance with the licence include:</p> <ul style="list-style-type: none"> ▪ Alarms linked to bores, reservoirs and variable speed pumps to inform operations staff of lost production, low levels or pump failure respectively. ▪ The use of four data loggers coupled to pressure transducers at selected sites in the supply system during periods of high demand to confirm assumptions 	5
Minimum Static Pressure (metres of water)	Maximum Static Pressure (metres of water)	Minimum Flow							
15	100	20 litres per minute							

Item No	Licence Obligation	System Established by Aqwest to Comply with Licence Obligations	Compliance Scale
		in the digital mode.	
S7.2.3/4	<p>Drinking Water System – Continuity</p> <p><i>From the 1 January 1998, the Licensee shall make every endeavour to ensure that over each subsequent 12 month period at least 75% of connected shall not experience a complete interruption of supply (no flow), exceeding 1 hour, to the supply standard set out in section 2.2.</i></p> <p><i>In addition no connected properties shall experience more than three interruptions which exceed 1 hour each in any 1 year. Compliance with this requirement may be monitored by using complaints data.</i></p>	<p>Supply stoppages occur through both planned and unplanned activities. Aqwest has developed an effective system of reporting loss of supply (continuity) for either occurrence. Planned and unplanned outages are entered into MAINPAC by the Customer Service Officer (CSO) which generates Work Orders for both activities.</p> <p>Completed Work Orders, including the time in total that water supply was disrupted, are then entered into an Excel spreadsheet titled Continuity Rolling Year Month XX – Month XX.xls (Continuity Spreadsheet). The file is then printed out and placed on the Continuity File.</p> <p>The Engineer Water Supply has data integrity and manipulation concerns regarding the use of spreadsheets and considers using the Crystal reporting function to provide reports generated from MAINPAC sourced information.</p> <p>Recommendation – assess the potential to use the Crystal reporting mechanism to provide the necessary information seamlessly from MAINPAC.</p>	4
S7.2.5	<p>Drinking Water System – Drought response standards</p> <p><i>Subject to section 2.3 the Licensee shall ensure that during conditions that necessitate</i></p>	<p>There has not been any need to restrict water use during the audit period due to sufficient supply.</p> <p>Aqwest’s annual allocation of groundwater</p>	5

Item No	Licence Obligation	System Established by Aqwest to Comply with Licence Obligations	Compliance Scale
	<i>restrictions on water use, including drought, sufficient water will be available to meet essential in-house demand.</i>	from the aquifer is currently set at 9.2 GL per year, whilst its annual consumption is around 6.5 GL per year.	
S7.4	<i>Agreements varying drinking water system standards and major consumer agreements</i>	The Board has no non-standard services	N/A

Clause 4 / Schedule 8 – Levels of Service Standards, Performance Indicators and Reporting Requirements

Item No	Licence Obligation	System Established by Aqwest to Comply with Licence Obligations	Compliance Scale
Cl.4/S8	Determine whether Aqwest complies with the Standards set out in Schedule 8 and reports to the Authority on the respective levels of service and performance at the intervals indicated in Schedule 8.		
S8	<p><i>The Licensee must comply with the standards set out in this schedule and report to the Authority on the respective levels of service and performance at the intervals indicated in this schedule.</i></p> <p><i>For the purposes of this schedule the reporting intervals are to be measured from 1 July 1996.</i></p> <p><i>The reports are due within 30 days of the end of each quarter.</i></p>		
S8/1a	<i>Drinking Water – Health and Non Health Related Quality</i>	<p>For each of the Levels of Service listed at Schedule 8, Aqwest reports to the Authority , the following information in the manner specified in Schedule 8, at the frequency specified in Schedule 8:</p> <ul style="list-style-type: none"> ▪ The relevant standard being measured; ▪ The methodology used for measuring performance against the standard; ▪ Performance Indicators / Targets used; 	5
S8/1b	<i>Drinking Water – Pressure and Flow</i>		5
S8/1c	<i>Drinking Water – no interruptions (continuity)</i>		5
S8/1d	<i>Drinking Water – Drought Response</i>		5
S8/1e	<i>Water Supply Services – Leaks and bursts per 100 km of main</i>		5
S8/1f	<i>Services provided by agreement are documented</i>		5
S8/1g	<i>Telephone Answering – emergency response</i>		5
S8/1h	<i>Customer Complaints – responsiveness to customer complaints</i>		5

Clause 5 – Amendment to Licence

Item No	Licence Obligation	System Established by Aqwest to Comply with Licence Obligations	Compliance Scale
CI5.1	<i>Any term, condition or requirement contained with the Licence, or its scope, may be amended by the determination of the Authority.</i>	No amendments occurred within the review period.	N/A
CI5.2	<p><i>The Authority shall:</i></p> <p><i>(a) provide a minimum of 28 days written notice to the Licensee of the amendments under consideration by the Authority;</i></p> <p><i>(b) receive, within that 28 day period, or such longer period as the Authority deems appropriate, the relevant comments and/or submissions made by the Licensee; and</i></p> <p><i>(c) take into consideration those comments and/or submissions,</i></p> <p><i>before making any determination in relation to the Licence</i></p>	No amendments occurred within the review period.	N/A
CI5.3	<i>The licensee may appeal to the Minister against the decision of the Authority to amend the licence within 30 days after receiving notice in writing of the decision from the Authority.</i>	Aqwest did not initiate action during the audit period to appeal against amendments to the licence proposed by the Authority.	N/A
CI5.4	<i>The clause also applies to the substitution of a new licence for the existing Licence.</i>		N/A

Clause 6 – Contracting

Item No	Licence Obligation	System Established by Aqwest to Comply with Licence Obligations	Compliance Scale
Cl.6	Determines whether Aqwest has ensured that all water services, provided by persons engaged to do so on its behalf are provided in compliance with Aqwest’s licence conditions and legislation		
Cl6.1	<i>The Licensee may engage persons to provide water services which are the subject of the Licence.</i>	Aqwest outsource their micro biological water sampling to the Bunbury Health Department. Controls are assessed as adequate, as a “Chain of Custody Process” is in place.	5
Cl6.2	<i>Notwithstanding the engagement of any person or persons to provide water services on its behalf, the Licensee remains responsible to ensure those services comply with the terms and conditions of the Licence and with the relevant legislation.</i>	As above	5

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Recommendations

No non compliances were identified during the audit.

The recommendations noted in the report relate to “Process Improvement Opportunities”. A summary of these are as follows:

Licence Condition	Compliance Rating	Issue	Recommendation
Clause 3 / Schedule 2	4	A central process for receiving, recording, managing and resolving both administrative and operational-type complaints has still not been implemented.	In the absence of a central system, all complaints information (both operational and administrative) should be reconciled to both: <ul style="list-style-type: none"> Supporting documentation; and Monthly Board/ERA Reports. This reconciliation process should be: <ul style="list-style-type: none"> Performed by an officer who is independent to the complaint recording, management and resolution process; and Should be performed on a monthly basis.
Clause 3 / Schedule 3	4	The version number on the Customer Charter and Charter Summary needs to be formalised	A formal version number still needs to be introduced.
Clause 3 / Schedule 6	4	The number of written complaints successfully resolved within 21 days is reported, however not the number of written complaints resolved in greater than 21 days.	Revise the reporting format provided to the Authority to add statistics on written complaints resolved in greater than 21 days.

Clause 4 / Schedule 7	4	The Engineer Water Supply has data integrity and manipulation concerns regarding the use of spreadsheets and considers using the Crystal reporting function to provide reports generated from MAINPAC sourced information.	Assess the potential to use the Crystal reporting mechanism to provide the necessary information seamlessly from MAINPAC.
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Audit Sign-Off

To the best of my knowledge, this report is based on true representation of the audit findings and opinions.

Jacob Rechner
Associate Director - Audit & Risk Management

Stamfords,
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WA 6000

Date: 30 October 2007

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Post-Audit Implementation Plan

Recommendation	Proposed Action	Owner	Date
<p>In the absence of a central system, all complaints information (both operational and administrative) should be reconciled to both:</p> <ul style="list-style-type: none"> ▪ Supporting documentation; and ▪ Monthly Board/ERA Reports. <p>This reconciliation process should be:</p> <ul style="list-style-type: none"> ▪ Performed by an officer who is independent to the complaint recording, management and resolution process; and ▪ Should be performed on a monthly basis. 	<p>Recommendation has been implemented with further development of information systems occurring as part of Aqwest's 5 year IT strategy.</p>	<p>Manager Water Services</p>	<p>30th June 2008</p>
<p>A formal version number still needs to be introduced.</p>	<p>A formal version number still needs to be introduced.</p>	<p>Manager Water Services</p>	<p>30th June 2008</p>
<p>Revise the reporting format provided to the Authority to add statistics on written complaints resolved in greater than 21 days.</p>	<p>Aqwest has a Five Year IT Strategy part of which includes funding to further develop the Corporate reporting system. This development will include reporting on complaints and the resolution of them.</p>	<p>Manager Water Services</p>	<p>30th June 2008</p>
<p>Assess the potential to use the Crystal reporting mechanism to provide the necessary information seamlessly from MAINPAC.</p>	<p>Aqwest has a Five Year IT Strategy part of which includes funding to further develop the Corporate reporting system. This development will include reporting on complaints and the resolution of them.</p>	<p>Manager Water Services</p>	<p>30th June 2008</p>

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Appendix 1 – Preliminary Risk Assessment

Preliminary Risk Assessment

License Conditions	Type of Risk	Likelihood	Consequence	Inherent Risk Rating	Control Rating	Audit Priority 1 – Minor 5 - Major
Schedule 1 – Operating Area	Operating outside operating area	Low	Medium	Low / Medium	Strong Systems linked to Intra Maps	1
Schedule 2 - Customer Complaints Process	Complaints not received, recorded, managed or resolved	Low	High	Medium	Strong All quality/pressure complaints recorded in Main Pac which generates a work order Account complaints in separate register & TRIM	3
Schedule 3 - Established Customer Charter	Charter inaccurate, incomplete and/or not followed	Low	Medium	Low / Medium	Strong Updated copy provided to ERA recently Annual requirement on Corporate Planning Callander	3
Schedule 4 - Customer Consultation Process	Process fails to comply with Schedule 4 of Operating License	Low	Medium	Low / Medium	Strong Newsletter titled "On Tap" sent with every rates account quarterly Customer Survey just completed No community gatherings – has been tried before	2
Schedule 5 – Water Services	Services not available for	Low	Medium	Low / Medium	Strong	1

Provision	connection				Extensive network already established Head works / New Service fees Water Service Application form details such requirements	
Schedule 6 - Information	Inaccurate reporting to ERA in relation to: <ul style="list-style-type: none"> Complaints Incidents Performance Monitoring 	Low	High	Medium	Strong Water interruptions had never exceeded 300 connections Never received a failed water quality sample (health related)	3
Schedule 7 – Standards and Principles for the Provision of Water Services	<ul style="list-style-type: none"> No Emergency Response Water unsafe for human consumption Inadequate pressure and flow 	Low	High	Medium	Strong Emergency Plan in place, last updated 18 th July 2005 Emergency Management Plan (Chloride Incident) Water Quality Incident Plan Disaster Recovery Plan Flu Water sampling done weekly, monthly, bi annually, annually	4
Schedule 8 – Levels of Service Standards, Performance Indicators and Reporting Requirements	<ul style="list-style-type: none"> Non compliance with Schedule Standards Inaccurate/incomplete reporting to the Authority Untimely reporting to the Authority 	Low	High	Medium	Overall – Adequate Micro Biological water sampling (to identify harmful impurities etc) has been outsourced to the Bunbury Health Department. Testing is performed by Path West Operational water sampling (to	3

					<p>identify the content of water, i.e. % of iron etc) is performed in-house</p> <p>Water Quality Database maintained</p> <p>Pressure and Flow – flow tests are performed and reported a fault is reported</p> <p>Statistical Information reported to the Board periodically</p> <p>Main Pac Database used to collate and report on the majority of all statistical data. Appropriate data backup processes are in place</p> <p>Customer complaints – if relating to pressure/flow, then recorded in Main Pac. If relating to accounts, then recorded separately by the Accounts Officer</p>	
Clause 6 - Contracting	<ul style="list-style-type: none"> Engagement of unqualified and/or inexperienced contractors for the provision of water services Risk that the services may not comply with the terms and conditions of the Licence and/or relevant legislation 	Medium	Medium	Medium	<p>Adequate</p> <p>Aqwest outsource their Micro Biological water sampling to the Bunbury Health Department. Controls are assessed as adequate, as a "Chain of Custody Process" is in place.</p>	3