



Bunbury Water Corporation
(trading as Aqwest)

Water Services Licence

2020 Operational Audit

Report
2 February 2021

PAXON GROUP

Private Client Services
Audit and Assurance
Taxation

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1 Executive Summary

1.1 Operational Audit

Audit Objective

The operational audit (Audit) was carried out to assess Bunbury Water Corporation's level of compliance with the conditions of its licence.

The Audit covered the period from 1 October 2017 to 30 September 2020 (Audit Period).

Licence, Water Services and Major Changes

Bunbury Water Corporation (trading as Aqwest) provides water services under the provisions of a Water Services Licence (WL) issued by the Economic Regulation Authority (ERA).

The ERA granted Aqwest WL2 which commenced on 17 January 1997. WL2 authorises Aqwest to provide potable water supply services. WL2, version 10, dated 1 May 2020, was issued after the 2019 water licence review.

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

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

Aqwest's Response to Previous Audit Report Recommendations

The previous Audit was conducted by Paxon in respect of the period 1 October 2013 to 30 September 2017. The Paxon report, dated 6 March 2018, identified 18 instances of inadequate controls and/or non-compliance with individual obligations.

Paxon found 2 of the 18 identified instances of inadequate controls and/or non-compliance with individual obligations are still unresolved. Comprehensive details of these 2 instances are provided in Table 4 entitled: "*Previous Audit: Inadequate Controls, Non-Compliances and Recommendations (Part B)*" as included in section 3.1 of this Report.

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

Aqwest was assessed to have:

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

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

- A summary of ratings for both controls and compliance per individual obligation is disclosed in Table 9 entitled: “*Audit: Obligation Ratings Summary*” as included in section 4.2 of this Report; and
- A detailed assessment of both controls and compliance per individual obligation, including recommendations for findings of inadequate controls or non-compliance, is disclosed in Table 7 entitled: “*Audit Observations and Recommendations*” as included in section 4.3 of this Report.

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

Auditor’s Opinion on the Control Environment

Aqwest was assessed to have had strong controls during the Audit Period to help ensure compliance with its WL2 obligations.

Auditor’s Opinion on Compliance

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

- 18 obligations as being non-compliant – minor effect on customers or third parties; and
- 3 obligation as being non-compliant – moderate effect on customers or third parties.

Where deemed necessary, recommendations were made for these instances of non-compliance. The recommendations are recorded in Table 8 entitled: “*Current Audit: Inadequate Controls, Non-Compliances and Recommendations*” as included in section 4.4 of this Report.

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

		Compliance Rating						
		1	2	3	4	NR	NA	Total
Controls Rating	A	124	18	3		72		217
	B							
	C							
	D							
	NP							
	NA						4	4
	Total	124	18	3		72	4	221

Table 1: Summary of Audit Ratings

2 Scope of Work

2.1 Audit Objectives

The objective of the Audit was to assess the effectiveness of measures taken by Aqwest to meet the quality and performance standards required by WL2 in relation to the provision of the water services authorised by WL2.

The Audit was performed as a reasonable assurance engagement.

This Audit Report identifies areas where improvement is required and recommends corrective action (see Table 8 entitled: “*Current Audit: Inadequate Controls, Non-Compliances and Recommendations*” as included in section 4.4 of this Report).

2.2 Audit Scope

The Audit focused on the systems and effectiveness of processes used to ensure compliance with the standards, outputs and outcomes required by WL2. The Audit considered:

- **Process compliance** – the effectiveness of systems and procedures in place throughout the Audit Period, including the adequacy of internal controls;
- **Outcome compliance** – the actual performance against standards prescribed in WL2 throughout the Audit Period;
- **Output compliance** – the existence of output from systems and procedures throughout the Audit Period (that is, proper records exist to provide assurance that procedures are being consistently followed and controls are being maintained);
- **Integrity of reporting** – the completeness and accuracy of the compliance and performance reports provided to the ERA during the Audit Period; and
- **Compliance with any individual licence conditions** – the requirements imposed on Aqwest during the Audit Period by the ERA or specific issues advised by the ERA.

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

2.3 Audit Methodology

2.3.1 Audit Plan

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

2.3.2 Fieldwork

The Audit fieldwork consisted of the following steps:

- Conducted an initial meeting with relevant staff at Aqwest and reviewed processes to obtain an understanding of procedures, systems and controls which were in place to ensure compliance with license conditions;

- Evaluated the adequacy of the controls to cover the identified risks and performed more extensive testing of higher risk areas to provide sufficient assurance and confirmed lower risk areas by discussion and observation;
- Assessed compliance with WL2 over the Audit Period as well as at the time of the Audit;
- Researched instances of inadequate controls and non-compliances with WL2 obligations as identified; and
- Developed appropriate recommendations for improvement for discussion with management.

2.3.3 Audit Reporting

The Audit reporting consisted of the following steps:

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

The ERA will procure the post-Audit implementation plan from Aqwest.

2.4 Time Interval Covered in Audit

The Audit covered the period from 1 October 2017 to 30 September 2020.

2.5 Audit Dates

The Audit fieldwork was conducted during November 2020.

2.6 Licensee's Representatives

Aqwest representatives who participated in the Audit are as follows:

Aqwest Representative	Position
Gary Hallsworth	CEO
Adam Gornall	Coordinator: Water Distribution
Cristiano Carvalho	Principal: Asset Strategy and Risk
Chris McDonnell	General Manager: Financial Services
Amanda Caunt	Coordinator: Risk and Compliance
Deb Owens	Accounts Supervisor
Tanya Berghofer	Records Administrator

Aqwest Representative	Position
Ron Jeakes	Water Quality Supervisor
Clare Thompson	Executive Assistant/Records Administrator
Claire Anderson	General Manager of Business Services

Table 2: Licensee's Representatives

2.7 Key Documents and Other Information Sources

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

- Water Services Act 2012;
- Water Services Code of Conduct (Customer Service Standards) 2018;
- Water Services Code of Conduct (Customer Service Standards) 2013 (repealed);
- Water Services Regulations 2013;
- ERA: Water Services Licence –Aqwest - WL2, version 9, 1 July 2016;
- ERA: Water Services Licence –Aqwest - WL2, version 10, 1 May 2020;
- ERA: 2019 Audit and Review Guidelines - Water Licences – March 2019;
- Paxon report: Aqwest - Operational Audit and Asset Management System Effectiveness Review - dated 6 March 2018;
- ERA: Water Compliance Reporting Manual – Water Services Act 2012 – October 2017;
- ERA: Water Compliance Reporting Manual – Water Services Act 2012 – May 2018;
- ERA: Water Compliance Reporting Manual – Water Services Act 2012 – May 2020;
- Compliance reports for 2017-2018, 2018-2019 and 2019-2020;
- Performance reporting datasheets for 2017-2018, 2018-2019 and 2019-2020;
- Sample of quarterly reports dealing with water distribution operations and water quality operations;
- Information relating to major works and general works;
- Several samples of financial data including tax invoices, account review correspondence, consumption overcharges correspondence, consumption undercharges correspondence, letters regarding inadequate meter access, payment plans, final reminder notices and water supply restriction notices;
- Financial Hardship Policy for Water Services – November 2018;
- Compliance register;
- Sample of minutes of the Water Quality Committee; and
- Memorandum of Understanding between the Department of Health and Bunbury Water Corporation for Drinking Water dated December 2019.

2.8 Audit Team Members and Hours Utilised

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

Audit Team Member	Hours
Cameron Palassis – Executive Director	7
Anton Prinsloo – Senior Consultant	71
TOTAL	78

Table 3: Audit Team Members and Hours Utilised

3 Licensee's Response to Previous Recommendations

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

Previous Audit: Inadequate Controls, Non-Compliances and Recommendations				
A. Resolved During Current Audit Period				
Recommendation Reference (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	Date Resolved	Further Action Required (FAR) (Yes/No/Not Applicable)
	Controls and Compliance Rating			Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
	Legislative Obligation			
	Details of Inadequate Controls and/or Non-Compliance			
43 (1/2017)	<ul style="list-style-type: none"> • Ratings: A 2; • Obligations: Act – section 151(2) and Water Services Licence (“WSL”) – clause 3.1.1; and • Detail: <ul style="list-style-type: none"> ○ Aqwest has stated it did give notice of general works setting out the matters referred to in section 151(3) of the Act to the persons and agencies specified; ○ Paxon examined a document entitled: “Aqwest – Caltex Gelorup Main Extension”. Paxon also examined a sample of letters written to stakeholders. Paxon noted none of the letters included in the sample were signed by the author; and ○ Paxon noted that neither the document entitled: “Aqwest – Caltex Gelorup Main Extension” nor the above-mentioned cover 	<ul style="list-style-type: none"> • Aqwest should comply with its obligations in terms of section 151(3)(d) of the Act in respect of general works as defined in the Act; and • Aqwest should keep properly completed records (letters) to proof compliance with its obligations. 	20/09/2018	<ul style="list-style-type: none"> • FAR: no; and • Details: not applicable.

Previous Audit: Inadequate Controls, Non-Compliances and Recommendations				
A. Resolved During Current Audit Period				
Recommendation Reference (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	Date Resolved	Further Action Required (FAR) (Yes/No/Not Applicable)
	Controls and Compliance Rating			Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
	Legislative Obligation			
	Details of Inadequate Controls and/or Non-Compliance			
43 (1/2017) (continued)	letters indicated the times when, and the places at which, the plans and details could have been inspected.			
57 (2/2017)	<ul style="list-style-type: none"> • Ratings: D NR; • Obligations: Water Services Act 2012 – section 181 and Water Services Licence (“WSL”) – clause 3.1.1; and • Detail: 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. Paxon has noted Aqwest’s “Water Services Act Obligations Register” does not list this compliance obligation. 	Aqwest should include an appropriate reference to compliance obligation 57 as included in the ERA’s “Water Compliance Reporting Manual – Water Services Act 2012 - July 2016” in its “Water Services Act Obligations Register”.	20/12/2017	<ul style="list-style-type: none"> • FAR: no; and • Details: not applicable.
67 (3/2017)	<ul style="list-style-type: none"> • Ratings: B 1; • Obligations: Water Services Regulations 2013 – clause 26(3) and WSL – clause 3.1.1; and • Details: 	The CEO should approve Aqwest’s “Meter Testing Procedure” document as stipulated in regulation 26(3) of the Water Services Regulations 2013.	20/09/2018	<ul style="list-style-type: none"> • FAR: no; and • Details: not applicable.

Previous Audit: Inadequate Controls, Non-Compliances and Recommendations				
A. Resolved During Current Audit Period				
Recommendation Reference (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	Date Resolved	Further Action Required (FAR) (Yes/No/Not Applicable)
	Controls and Compliance Rating			Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
	Legislative Obligation			
	Details of Inadequate Controls and/or Non-Compliance			
67 3/2017 (continued)	Paxon has examined a “Meter Testing Procedure” document. Paxon notes this document discloses the identity of the author but does not record whether the CEO approved it as stipulated in clause 26(3)			
72 (4/2017)	<ul style="list-style-type: none">• Ratings: A 2;• Obligations: Water Services Regulations 2013 – clause 43(6) and WSL – clause 3.1.1; and• Detail:• Aqwest has stated compliance notices issued during the Audit Period which required the owner or occupier of land to have their backflow prevention device made good did contain the stipulated information. However, Aqwest has stated at present it communicates requests to repair backflow prevention device per e-mail or verbally.	Aqwest should design and implement an appropriate compliance notice to require the owner of occupier of land to repair (make good) backflow prevention devices. This compliance notice should comply with the stipulations of regulation 43(6) of the Water Services Regulations 2013.	20/09/2018	<ul style="list-style-type: none">• FAR: no; and• Details: not applicable.
84-87 (5/2017)	<ul style="list-style-type: none">• Ratings: D NR;• Obligations: Water Services Regulations 2013 – clauses 69(3), 70(2), 74(1) and 74(2)	The Aqwest “Water Services Regulations 2013” obligations spread sheet should record these obligations as a management	20/12/2017	<ul style="list-style-type: none">• FAR: no; and• Details: not applicable.

Previous Audit: Inadequate Controls, Non-Compliances and Recommendations				
A. Resolved During Current Audit Period				
Recommendation Reference (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	Date Resolved	Further Action Required (FAR) (Yes/No/Not Applicable)
	Controls and Compliance Rating			Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
	Legislative Obligation			
	Details of Inadequate Controls and/or Non-Compliance			
84-87 (5/2017) (continued)	<p>and WSL – clause 3.1.1; and</p> <ul style="list-style-type: none"> Details: <ul style="list-style-type: none"> Aqwest has stated no objections were lodged to the land records it maintained during the Audit Period; and Aqwest's "Water Services Regulations 2013" obligations spread sheet records that this obligation is not relevant as it refers to property valuations. However, Aqwest has stated land records were the base for the annual supply charges it levied during the Audit Period. Thus, regulations 69(3), 70(2), 74(1) and 74(2) were applicable to Aqwest's operations during the Audit Period. 	responsibility and list controls therefore.		
93 (7/2017)	<ul style="list-style-type: none"> Ratings: A 2; Obligations: Code of Conduct – clause 8 and WSL – clause 3.1.1; and Details: <ul style="list-style-type: none"> Aqwest has stated all connections made during the Audit Period were completed within 10 business days from when the 	Aqwest should comply with its obligations in terms of the stipulations of clause 8 of the Water Services Code of Conduct (Customer Service Standards) 2013.	20/09/2018	<ul style="list-style-type: none"> FAR: no; and Details: not applicable.

Previous Audit: Inadequate Controls, Non-Compliances and Recommendations				
A. Resolved During Current Audit Period				
Recommendation Reference (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	Date Resolved	Further Action Required (FAR) (Yes/No/Not Applicable)
	Controls and Compliance Rating			Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
	Legislative Obligation			
	Details of Inadequate Controls and/or Non-Compliance			
93 (7/2017) (continued)	<p>customers complied with their obligations; and</p> <ul style="list-style-type: none"> ○ Paxon examined a document entitled: <i>"Connections made during the 12-month period from 01/01/2015 to 31/12/2015"</i>. Based on the <i>"Start Date"</i> and <i>"End Date"</i> included in this document, less than 90% of connections were completed before the end of 10 business days, starting on the day on which the customer paid the relevant fees and complied with the relevant requirements. 			
100 (8/2017)	<ul style="list-style-type: none"> • Ratings: A 2; • Obligations: Code of Conduct – clause 12(1) and WSL – clause 3.1.1; and • Details: <p>Paxon examined a sample of <i>"Supply and Water Consumption Notices"</i> issued after this date and found these notices, with one exception, complied with the stipulations of regulation 12(1). The notices did not state the website contains information about</p>	Aqwest should ensure that bills refer to the fact the website contains information about estimates, meter readings and complaints.	09/03/2018	<ul style="list-style-type: none"> • FAR: no; and • Details: not applicable.

Previous Audit: Inadequate Controls, Non-Compliances and Recommendations				
A. Resolved During Current Audit Period				
Recommendation Reference (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	Date Resolved	Further Action Required (FAR) (Yes/No/Not Applicable)
	Controls and Compliance Rating			Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
	Legislative Obligation			
	Details of Inadequate Controls and/or Non-Compliance			
100 (8/2017) (continued)	estimates, meter readings and complaints (regulation 12(1)(p)).			
103 (10/2017)	<ul style="list-style-type: none"> • Ratings: D 1; • Obligations: Code of Conduct – clause 13(1) and WSL – clause 3.1.1; and • Details: If a bill is based on an estimate, the licensee must tell the customer on request the basis of the estimate and the reason for the estimate. Aqwest's "Water Services Code of Conduct (Customer Service Standards) 2013" obligations spread sheet records this obligation but does not list a control therefore. 	Aqwest should develop and implement controls to ensure compliance with clause 13(1) of the Water Services Code of Conduct (Customer Service Standards) 2013.	20/09/2018	<ul style="list-style-type: none"> • FAR: no; and • Details: not applicable.
104 (11/2017)	<ul style="list-style-type: none"> • Ratings: D 1; • Obligations: Code of Conduct – clause 13(2) and WSL – clause 3.1.1; and • Details: Paxon examined Aqwest policy number 1.17 entitled: "Water Meters – Out of Commission". 	Aqwest should consider amending policy number 1.17 to take account of the stipulations of clause 13(2) of the Water Services Code of Conduct (Customer Service Standards) 2013.	20/09/2018	<ul style="list-style-type: none"> • FAR: no; and • Details: not applicable.

Previous Audit: Inadequate Controls, Non-Compliances and Recommendations				
A. Resolved During Current Audit Period				
Recommendation Reference (no./year)	Licence Obligation Reference Number	Auditor’s Recommendation	Date Resolved	Further Action Required (FAR) (Yes/No/Not Applicable)
	Controls and Compliance Rating			Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
	Legislative Obligation			
	Details of Inadequate Controls and/or Non-Compliance			
104 (11/2017) (continued)	This policy document provides detail as to the method of calculation and period of estimates. However, policy number 1.17 does not address an adjustment 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.			
105 (12/2017)	<ul style="list-style-type: none">• Ratings: D 1;• Obligations: Code of Conduct – clause 14(1) and WSL – clause 3.1.1; and• Details:<ul style="list-style-type: none">◦ Paxon examined Aqwest policy number 1.15 entitled: “Water Consumption Charges for Incoming Tenants”. However, as the title indicates, its application is limited to incoming tenants and not customers in general; and◦ Aqwest’s “Water Services Code of Conduct (Customer Service Standards) 2013” obligations spread sheet records this	Aqwest should develop and implement controls to ensure compliance with clause 14(1) of the Water Services Code of Conduct (Customer Service Standards) 2013.	20/09/2018	<ul style="list-style-type: none">• FAR: no; and• Details: not applicable.

Previous Audit: Inadequate Controls, Non-Compliances and Recommendations				
A. Resolved During Current Audit Period				
Recommendation Reference (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	Date Resolved	Further Action Required (FAR) (Yes/No/Not Applicable)
	Controls and Compliance Rating			Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
	Legislative Obligation			
	Details of Inadequate Controls and/or Non-Compliance			
105 (12/2017) (continued)	obligation but does not list a control therefore.			
110 (13/2017)	<ul style="list-style-type: none"> • Ratings: A 2; • Obligations: Code of Conduct – clause 16(5) and WSL – clause 3.1.1; and • Details: <ul style="list-style-type: none"> ○ Aqwest has stated it did allow customers to pay undercharged amounts by way of a repayment plan during the Audit Period. Aqwest continued such plans were for the shorter of the prescribed periods; ○ Paxon examined Aqwest's accounting records and found the undercharged amounts were paid as follows: <ul style="list-style-type: none"> • Unit 1: 5 months later; and • Unit 2; more than 2 months later. ○ These periods are shorter than the 12 months stipulated. Notwithstanding a specific request, Aqwest did not provide Paxon with copies of the payment plans 	Aqwest should ensure it keeps proper records to proof it complies with clause 16(5) of the Water Services Code of Conduct (Customer Service Standards) 2013.	20/09/2018	<ul style="list-style-type: none"> • FAR: no; and • Details: not applicable.

Previous Audit: Inadequate Controls, Non-Compliances and Recommendations				
A. Resolved During Current Audit Period				
Recommendation Reference (no./year)	Licence Obligation Reference Number	Auditor’s Recommendation	Date Resolved	Further Action Required (FAR) (Yes/No/Not Applicable)
	Controls and Compliance Rating			Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
	Legislative Obligation			
	Details of Inadequate Controls and/or Non-Compliance			
110 (13/2017) (continued)	entered with the customer in respect of the undercharges. Thus, Paxon could not determine whether the customers’ payments followed a payment plan or not.			
111 (14/2017)	<ul style="list-style-type: none">• Ratings: A 2;• Obligations: Code of Conduct – clause 17(1) and WSL – clause 3.1.1; and• Details:<ul style="list-style-type: none">○ Aqwest has stated instances occurred where customers were overcharged during the Audit Period. Aqwest continued in such instances, customers’ accounts were credited, and customers were informed of the overcharging and recommended options for refunding or crediting the overcharged amount; and○ Paxon examined details of the overcharging, as provided by Aqwest, and found only two such instances occurred during the Audit Period. Paxon found in both cases:	Aqwest should ensure it informs overcharged customers of options for refunding or crediting overcharged amounts in compliance with clause 17(1) of the Water Services Code of Conduct (Customer Service Standards) 2013.	20/09/2018	<ul style="list-style-type: none">• FAR: no; and• Details: not applicable.

Previous Audit: Inadequate Controls, Non-Compliances and Recommendations				
A. Resolved During Current Audit Period				
Recommendation Reference (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	Date Resolved	Further Action Required (FAR) (Yes/No/Not Applicable)
	Controls and Compliance Rating			Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
	Legislative Obligation			
	Details of Inadequate Controls and/or Non-Compliance			
111 (14/2017) (continued)	<ul style="list-style-type: none"> Letters were written to the customers to inform them of the overcharging; and Amended assessments were issued. <p>However, these letters did not inform the customers of options for refunding or crediting the overcharged amounts.</p>			
116 (15/2017)	<ul style="list-style-type: none"> Ratings: D 2; Obligations: Code of Conduct – clause 18(4) and WSL – clause 3.1.1; and Details: <ul style="list-style-type: none"> The Aqwest website does contain a document entitled: “Aqwest – Customer Account Reviews” which states: <i>“If the matter still has not been resolved to your satisfaction within 15 business days, you can refer the matter to the Energy and Water Ombudsman, Western Australia”</i> Thus, the document does not explicitly state the customer has the option to apply to the water services ombudsman - it 	The document entitled: “Aqwest – Customer Account Reviews” should explicitly disclose the customer’s options in respect of the review of a bill as stipulated in regulation 18(4).	31/10/2018	<ul style="list-style-type: none"> FAR: no; and Details: not applicable.

Previous Audit: Inadequate Controls, Non-Compliances and Recommendations				
A. Resolved During Current Audit Period				
Recommendation Reference (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	Date Resolved	Further Action Required (FAR) (Yes/No/Not Applicable)
	Controls and Compliance Rating			Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
	Legislative Obligation			
	Details of Inadequate Controls and/or Non-Compliance			
116 (15/2017) (continued)	makes such an application dependent on the customer first approaching Aqwest.			
132 (16/2017)	<ul style="list-style-type: none"> • Ratings: A 2; • Obligations: Code of Conduct – clause 28(1) and WSL – clause 3.1.1; and • Details: <ul style="list-style-type: none"> ○ Aqwest has stated, during the Audit Period, it did ensure the owner was aware of proposed payment plans or arrangements prior to entering such instruments with customers who were not the owners of the land in respect of which the water service was provided; and ○ Paxon has examined a sample of payment plans entered with tenants during the Audit Period. Aqwest has stated copies of these plans were provided to landowners. However, Paxon could not determine from the information provided how and when the landowners were made aware of the payment plans entered with their tenants. 	Aqwest should keep adequate records to proof its compliance with clause 28(1) of the Water Services Code of Conduct (Customer Service Standards) 2013.	20/09/2018	<ul style="list-style-type: none"> • FAR: no; and • Details: not applicable.

Previous Audit: Inadequate Controls, Non-Compliances and Recommendations				
A. Resolved During Current Audit Period				
Recommendation Reference (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	Date Resolved	Further Action Required (FAR) (Yes/No/Not Applicable)
	Controls and Compliance Rating			Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
	Legislative Obligation			
	Details of Inadequate Controls and/or Non-Compliance			
144 (17/2017)	<ul style="list-style-type: none"> • Ratings: B 1; • Obligations: Code of Conduct – clause 34(6) and WSL – clause 3.1.1; and • Details: <ul style="list-style-type: none"> ◦ Aqwest has stated during the Audit Period, it did achieve a 90% compliance rate with clause 34(4) in all 12-month periods ending on 30 June; and • Paxon examined an Excel spread sheet which discloses payment dates and water service restoration dates for a period of approximately 11 months during the Audit Period. Paxon found this record indicates in more than 90% of cases, services were restored on the actual payment date or before that date if the customer entered a payment plan with Aqwest (and made payments thereafter). However, as stated this record was only provided for a period of approximately 11 months during the Audit Period. 	Aqwest should keep records to proof its compliance with clause 34(6) of the Code of Conduct across the whole Audit Period (and not only a portion thereof).	20/09/2018	<ul style="list-style-type: none"> • FAR: no; and • Details: not applicable.

Previous Audit: Inadequate Controls, Non-Compliances and Recommendations				
A. Resolved During Current Audit Period				
Recommendation Reference (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	Date Resolved	Further Action Required (FAR) (Yes/No/Not Applicable)
	Controls and Compliance Rating			Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
	Legislative Obligation			
	Details of Inadequate Controls and/or Non-Compliance			
166 (18/2017)	<ul style="list-style-type: none"> • Ratings: A 2; • Obligations: Water Services Act 2012 – section 12 and WSL – clause 3.8.2; and • Details: Compliance reports for the period 2013-2014 to 2016-2017 refer to the “Water Services Licensing Act 1995” and not the Water Services Act 2012. 	Aqwest should refer to the Water Services Act 2012 in the Compliance Reports it provides to the ERA.	20/09/2018	<ul style="list-style-type: none"> • FAR: no; and • Details: not applicable.

Table 4: Previous Audit: Inadequate Controls, Non-Compliances and Recommendations (Part A)

Previous Audit: Inadequate Controls, Non-Compliances and Recommendations					
B. Unresolved at End of Current Audit Period					
Recommendation Reference (no./year)	Licence Number	Obligation	Reference	Auditor’s Recommendation	Further Action Required (FAR) (Yes/No/Not Applicable)
	Controls and Compliance Rating				Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
	Legislative Obligation				
	Details of Inadequate Controls and/or Non-Compliance				
92 (6/2017)	<ul style="list-style-type: none">• Ratings: D 2;• Obligations: Water Services Code of Conduct (Customer Service Standards) 2013 (“Code of Conduct”) – clause 7 and WSL – clause 3.1.1; and• Details:<ul style="list-style-type: none">○ The Aqwest document entitled: “Commitment to Customers – January 2017” states: “We will: Supply drinking water that is safe to all of our customers.”Paxon does not regard this statement as indicative of persons’ entitlement to services under the Act as stipulated in section 73 of the Act;○ The Aqwest document entitled: “Commitment to Customers – January 2017” states: “We will: Install or activate a standard water service within 10 business days, or on an agreed day, once the conditions for			Aqwest should provide written information to customers in respect of the stipulations of the clauses 2(a)(i) and 2(d), 2 (e) and 2(f) of the Water Services Code of Conduct (Customer Service Standards) 2013.	<ul style="list-style-type: none">• FAR: yes;• Details: Paxon could not find any reference on the Aqwest website to the following stipulations of clause 8(2) of the 2018 Code of Conduct:<ul style="list-style-type: none">○ Entitlements under section 73 of the Act to the provision of water supply services; and○ Aqwest’s functions under section 21(1)(a) and (b) concerning the provision of water supply services.• Current recommendation reference: 2/2020.

Previous Audit: Inadequate Controls, Non-Compliances and Recommendations					
B. Unresolved at End of Current Audit Period					
Recommendation Reference (no./year)	Licence Number	Obligation	Reference	Auditor’s Recommendation	Further Action Required (FAR) (Yes/No/Not Applicable)
	Controls and Compliance Rating				Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
	Legislative Obligation				
	Details of Inadequate Controls and/or Non-Compliance				
92 (6/2017) (continued)	<p>connection (including fees and charges) have been met.”;</p> <ul style="list-style-type: none">○ However, the Aqwest document entitled: “Commitment to Customers – January 2017” does not disclose:<ul style="list-style-type: none">• How to apply for a connection;• The things that a customer must do, and the things that must be complied with, before a connection is made; and• The fees that apply in relation to connections and when the fees are payable.○ Aqwest’s “Water Services Code of Conduct (Customer Service Standards) 2013” obligations spread sheet records this obligation but does not list a control therefore.				
102 (9/2017)	<ul style="list-style-type: none">• Ratings: A 2;• Obligations: Code of Conduct – clause 12(3) and WSL – clause 3.1.1; and• Details:			Aqwest should ensure that bills refer to the fact complaints about the provision of a water service by the licensee or a failure by the licensee to provide a water service can be made in	<ul style="list-style-type: none">• FAR: yes;• Details:<p>Paxon examined a sample of tax invoices issued during the Audit Period, prior to 30/06/2018. The sampled tax invoices contain the information referred to in clause 12(3) of the 2013</p>

Previous Audit: Inadequate Controls, Non-Compliances and Recommendations					
B. Unresolved at End of Current Audit Period					
Recommendation Reference (no./year)	Licence Number	Obligation	Reference	Auditor's Recommendation	Further Action Required (FAR) (Yes/No/Not Applicable)
	Controls and Compliance Rating				
	Legislative Obligation				
	Details of Inadequate Controls and/or Non-Compliance				Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
102 (9/2017) (continued)	Paxon examined a sample of “Supply and Water Consumption Notices” issued after this date and found these notices, with one exception, complied with the stipulations of regulation 12(3). The notices did not state complaints about the provision of a water service by the licensee or a failure by the licensee to provide a water service can be made in accordance with the licensee’s complaints procedure.			accordance with the licensee’s complaints procedure.	Code of Conduct, excluding references to clause 12(3)(f) – making a complaint in accordance with Aqwest’s complaints procedure; and <ul style="list-style-type: none">• Current recommendation reference: 3/2020.

Table 4: Previous Audit: Inadequate Controls, Non-Compliances and Recommendations (Part B)

4 Operational Audit: Comprehensive Report

4.1 Audit: Controls and Compliance Rating Scales

The controls and compliance ratings allocated to each obligation are set out in Table 6 - taken from the ERA's document entitled: "2019 Audit and Review Guidelines - Water Licences – March 2019" (ERA's Guidelines, Table 6).

Controls and Compliance Rating Scales (Audits)					
Controls Rating			Compliance Rating		
Rating	Description		Rating	Description	
A	Adequate controls – no improvement needed		1	Compliant	
B	Generally adequate controls – improvement needed		2	Non-compliant – minor effect on customers or third parties	
C	Inadequate controls – significant improvement required		3	Non-compliant – moderate effect on customers or third parties	
D	No controls evident		4	Non-compliant – major effect on customers or third parties	
NP	Not performed – a controls rating was not required		NR	Not rated - no activity took place during the Audit Period	
NA	Obligation identified as not applicable during the Audit Period		NA	Obligation identified as not applicable during the Audit Period	

Table 5: Audit: Controls and Compliance Rating Scales

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

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

4.2 Audit: Obligation Ratings Summary

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Rating: (1 = High to 5 = Low)	Controls Rating (Refer to the 6-point rating scale in Table 5 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 5 for details)					
	Water Services Act 2012	Water Services Licence – Version 10			A	B	C	D	NP	NA	1	2	3	4	NR	NA
1	21(1)(a)	4.3.1(a)	Duty to provide services and do works	4	✓						✓					
2	21(1)(b)	4.3.1(b)		4	✓										✓	
3	21(1)(c)	4.1.1		4	✓						✓					
4	22	4.4.1(a)	Provision of water services outside operating areas	4	✓										✓	
5	23	4.5.1	Works holding arrangements	4	✓						✓					
6	24(1)(a) & 24(2)	5.1.1	Asset management system	4	✓						✓					
7	24(1)(b)	5.1.2 & 5.1.3		4	✓										✓	
8	24(1)(c)	5.1.4		4	✓										✓	
9	25	5.3.1	Operational audit	4	✓						✓					
11*	27	3.1.1	Compliance with applicable legislation	4	✓							✓				
12*	29	3.1.1		4	✓							✓				
13	36	4.1.1	Duty to perform functions of supplier of last resort	4	✓										✓	
14	60	6.3.1	Perform functions of supplier of last resort	4	✓										✓	

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Rating: (1 = High to 5 = Low)	Controls Rating						Compliance Rating					
	Water Services Act 2012	Water Services Licence – Version 10			(Refer to the 6-point rating scale in Table 5 for details)						(Refer to the 6-point rating scale in Table 5 for details)					
	Section Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
15	70(2)	6.2.1	Membership of approved scheme	4	✓						✓					
16	77(3)	4.1.1	Interruption of water services generally	4	✓						✓					
17	82(4) & (5)	4.1.1	Notification of and requirements as to building work	4	✓						✓					
18	84(2)	4.1.1	Ensuring water service works are done	4	✓										✓	
19	87(2)	4.1.1	Review of decisions under or relating to this Division	4	✓										✓	
20	90(7)	4.1.1	Construction etc over or in vicinity of water service works of licensee	5	✓										✓	
21	95(3)	4.1.1	Disconnection or reduction in rate of flow etc	2	✓						✓					
22	96(1)	4.1.1	Fire hydrants	4	✓						✓					
23	96(5)	4.1.1		5	✓										✓	
28	119(2)	4.1.1	Compliance notice	4	✓										✓	
29	122(2)	4.1.1	Review of decisions relating to giving compliance notices	4	✓										✓	
30	125(2)	4.1.1	Supplying groups of dwellings	4	✓										✓	
31	128(4)	4.1.1	Prohibition on dealings in land	4	✓										✓	
32	129(5)	4.1.1	Reading meters etc and routine inspection and maintenance	4	✓										✓	

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Rating: (1 = High to 5 = Low)	Controls Rating						Compliance Rating					
	Water Services Act 2012	Water Services Licence – Version 10			(Refer to the 6-point rating scale in Table 5 for details)						(Refer to the 6-point rating scale in Table 5 for details)					
	Section Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
33	139(3)	4.1.1	Ancillary works power	5	✓										✓	
34	141(1)	4.1.1	Special provisions applicable to road works	4	✓						✓					
35	142	4.1.1	Prerequisites to provision of major works	4	✓						✓					
36	143(2)	4.1.1	Licensee to prepare plans and publish and give notice of major works	4	✓						✓					
37	143(3)	4.1.1		4	✓						✓					
38	144(3)	4.1.1	Objections and submissions	4	✓										✓	
39	145(2)	4.1.1	Licensee may amend proposal	4	✓										✓	
40	147(3)	4.1.1	Powers of Minister in respect of proposal	4	✓										✓	
41	147(4)	4.1.1		4	✓										✓	
42	151(1)	4.1.1	Licensee to prepare plans and give notice of general works	4	✓						✓					
43	151(2)	4.1.1		4	✓						✓					
44	152(3)	4.1.1	Objections and submissions	4	✓										✓	
45	153(3)	4.1.1	Licensee may amend proposal	4	✓										✓	
46	166(5)	4.1.1	Taking of interest in land for purposes of licensee	4	✓										✓	

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Rating: (1 = High to 5 = Low)	Controls Rating						Compliance Rating					
	Water Services Act 2012	Water Services Licence – Version 10			(Refer to the 6-point rating scale in Table 5 for details)						(Refer to the 6-point rating scale in Table 5 for details)					
	Section Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
47	166(6)	4.1.1	Taking of interest in land for purposes of licensee	4	✓						✓					
48	170	4.1.1	Sale of land	4	✓										✓	
49	173(4)	4.1.1	Entry with consent or under notice or warrant	4	✓										✓	
50	174(1)	4.1.1	Notice of entry	4	✓										✓	
51	174(3)	4.1.1		4	✓										✓	
52	175(2)	4.1.1	Rights of occupier of dwelling	4	✓										✓	
53	175(5)	4.1.1		4	✓										✓	
54	176(1)	4.1.1	When authorised person must leave etc.	4	✓										✓	
55	176(3)	4.1.1		4	✓						✓					
56	176(4)	4.1.1		4	✓						✓					
57	181	4.1.1	Actions of authorised persons and others	5	✓						✓					
58	186	4.1.1	Contents of application	4	✓										✓	
59	187(1) – (3)	4.1.1	How application to be made	4	✓										✓	
60	190(4)	4.1.1	Execution of warrant	4	✓										✓	

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Rating: (1 = High to 5 = Low)	Controls Rating						Compliance Rating					
	Water Services Act 2012	Water Services Licence – Version 10			(Refer to the 6-point rating scale in Table 5 for details)						(Refer to the 6-point rating scale in Table 5 for details)					
	Section Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
61	190(5)	4.1.1	Execution of warrant	4	✓										✓	
62	210(5)	4.1.1	Designation of inspectors and compliance officers	4	✓										✓	
63	218(2)	4.1.1	Liability of certain persons for damage caused in exercise of powers	5	✓						✓					
64	218(3)	4.1.1		4	✓						✓					

Table 6: Audit: Obligation Ratings Summary

[Obligations as per the ERA's: "Water Compliance Reporting Manual – Water Services Act 2012 - May 2020" (numbers 1 to 64, numbers 11 and 12 excluded)]

[*Obligations as per the ERA's: "Water Compliance Reporting Manual – Water Services Act 2012 – May 2018" (numbers 11 and 12)]

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Rating: (1 = High to 5 = Low)	Controls Rating						Compliance Rating					
	Water Services Regulations 2013	Water Services Licence – Version 10			(Refer to the 6-point rating scale in Table 5 for details)						(Refer to the 6-point rating scale in Table 5 for details)					
	Regulation Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
65	23(2)	4.1.1	Meters in multi-unit developments	4	✓										✓	
66	24(4)	4.1.1	Access to meters and their associated fittings	4	✓						✓					
67	26(3)	4.1.1	Testing water meters	4	✓						✓					
68	26(5)	4.1.1		4	✓										✓	
69	29(1)	4.1.1	Subdivision: deferring infrastructure contributions	4	✓										✓	
70	42(2)	4.1.1	Backflow prevention devices: installation	4	✓						✓					
71	43(3)	4.1.1	Backflow prevention devices: testing and maintenance	4	✓						✓					
72	43(6)	4.1.1		4	✓						✓					
74	60(2)	4.1.1	Altering position of service infrastructure in roads	4	✓						✓					
75	63	4.1.1	Roads broken up to be reinstated	4	✓						✓					
76	65(1)	4.1.1	Records	4	✓						✓					
77	65(2)	4.1.1		4	✓						✓					
78	65(4)	4.1.1		4	✓						✓					
79	67	4.1.1	Records to be basis for water service charges	4	✓						✓					
80	68(5)	4.1.1	Objections to entries in records	5	✓										✓	

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Rating: (1 = High to 5 = Low)	Controls Rating						Compliance Rating					
	Water Services Regulations 2013	Water Services Licence – Version 10			(Refer to the 6-point rating scale in Table 5 for details)						(Refer to the 6-point rating scale in Table 5 for details)					
	Regulation Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
81	68(6)	4.1.1		4	✓										✓	
82	68(7)	4.1.1		4	✓										✓	
83	68(8)	4.1.1	Objections to entries in records	4	✓										✓	
84	69(3)	4.1.1	SAT review of licensee’s decision on objection	4	✓										✓	
85	70(2)	4.1.1	SAT review of licensee’s decision not to extend time for objection or review	4	✓										✓	
86	74(1)	4.1.1	Amending records after objection or review	4	✓										✓	
87	74(2)	4.1.1		4	✓										✓	
88	75(1)	4.1.1	Certain information to be available to tenants and others	4	✓						✓					
88A	80H	4.1.1	Approval of water efficiency management plan	4	✓										✓	
89	85	4.1.1	Compliance notices	4	✓								✓			
90	86(6)	4.1.1	Infringement notices	4	✓										✓	
91	86(9)	4.1.1		4	✓										✓	

Table 6: Audit: Obligation Ratings Summary

[Obligations as per the ERA’s: “Water Compliance Reporting Manual – Water Services Act 2012 - May 2020” (numbers 65 to 91)]

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Rating: (1 = High to 5 = Low)	Controls Rating						Compliance Rating					
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10			(Refer to the 6-point rating scale in Table 5 for details)						(Refer to the 6-point rating scale in Table 5 for details)					
	Clause Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
92	8(1) – (3)	4.1.1	Information about connections	4	✓							✓				
93	9(2) & (4)	4.1.1	Minimum performance standards: standard supply connections	4	✓						✓					
94	10(2)	4.1.1	Bills other than for quantities supplied or discharged	4	✓						✓					
95	11(2)	4.1.1	Bills for quantities supplied or discharged	3	✓							✓				
96	11(3)	4.1.1		4	✓						✓					
97	11(4)	4.1.1		4	✓						✓					
98	11(5)	4.1.1		4	✓						✓					
98A	11(6)	4.1.1		4	✓						✓					
99	12	4.1.1	Sending bills	4	✓						✓					
100	13(1)	4.1.1	Information on bills	4	✓						✓					
100A	13(3)	4.1.1		4	✓						✓					
101	13(4)	4.1.1		4	✓						✓					

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Rating: (1 = High to 5 = Low)	Controls Rating						Compliance Rating					
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10			(Refer to the 6-point rating scale in Table 5 for details)						(Refer to the 6-point rating scale in Table 5 for details)					
	Clause Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
101A	13(5)	4.1.1		4	✓							✓				
102*	12(3)	3.1.1	Information on bills	4	✓							✓				
102A	13(6)	4.1.1		4	✓							✓				
103	14(1)	4.1.1	Estimates: Licensee's obligations	4	✓										✓	
104	14(2)	4.1.1		4	✓										✓	
104A	15(3)	4.1.1	Information on bills if charge per kL varies depending on volume supplied	4	✓							✓				
105	16(1)	4.1.1	Requested meter readings, revised bills: licensee's obligations	4	✓						✓					
106	17(2) & (3)	4.1.1	Leaks	4	✓						✓					
107	18(2)	4.1.1		4	✓							✓				
108	18(3)	4.1.1	Undercharging in bills	4	✓						✓					
109	18(4)	4.1.1		4	✓						✓					
110	18(5)	4.1.1		4	✓						✓					

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Rating: (1 = High to 5 = Low)	Controls Rating						Compliance Rating					
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10			(Refer to the 6-point rating scale in Table 5 for details)						(Refer to the 6-point rating scale in Table 5 for details)					
	Clause Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
111*	17(1)	3.1.1	Overcharging in bills	4	✓						✓					
111A	19(2)	4.1.1		4	✓						✓					
112*	17(2)	3.1.1		4	✓						✓					
112A	19(3)	4.1.1		4	✓						✓					
112B	19(4)	4.1.1		4	✓						✓					
112C	19(5)	4.1.1		4	✓						✓					
113	20(1)	4.1.1	Review of bills	4	✓						✓					
114	20(2)	4.1.1		4	✓						✓					
115	20(3) & (6)	4.1.1		4	✓						✓					
116	20(4)	4.1.1		4	✓							✓				
117	20(5)	4.1.1		4	✓						✓					
117A	21	4.1.1	Notice of alterations to charges	4	✓						✓					
118	23	4.1.1	When payment due	4	✓						✓					

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Rating: (1 = High to 5 = Low)	Controls Rating						Compliance Rating					
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10			(Refer to the 6-point rating scale in Table 5 for details)						(Refer to the 6-point rating scale in Table 5 for details)					
	Clause Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
119	24(1)	4.1.1	Payment methods	4	✓						✓					
120	24(2)	4.1.1		4	✓										✓	
121	25(1)	4.1.1	Consent for direct debits	4	✓						✓					
122	26(1)	4.1.1	Payment in advance	4	✓						✓					
123	27	4.1.1	Free redirection in case of absence or illness	4	✓						✓					
124*	25	3.1.1	Assistance for customers experiencing payment difficulties	4	✓						✓					
124A	28(2)	4.1.1		4	✓						✓					
124B	28(3)	4.1.1		4	✓						✓					
124C	28(4)	4.1.1		4	✓						✓					
125	29(1) & (2)	4.1.1 & Sch. 3, Cl. 1.1.1		4	✓						✓					
126*	26(3)	3.1.1	Financial hardship policy	4						✓						✓
126A	29(3)	4.1.1		4	✓						✓					

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Rating: (1 = High to 5 = Low)	Controls Rating (Refer to the 6-point rating scale in Table 5 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 5 for details)					
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10														
	Clause Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
126B	29(4)	4.1.1	Financial hardship policy	4	✓						✓					
127	29(5)	4.1.1		4						✓						✓
128	29(6)	4.1.1		4	✓						✓					
129*	26(6)	3.1.1		4						✓						✓
129A	29(7)	4.1.1		4	✓						✓					
129B	29(8)	4.1.1		4	✓						✓					
129C	29(9)	4.1.1		4	✓						✓					
130*	27(2)	3.1.1	Assistance for customers experiencing financial hardship	4	✓							✓				
130A	30(2)	4.1.1		4	✓							✓				
130B	30(3)	4.1.1		4	✓						✓					
131*	27(3)	3.1.1		4	✓						✓					
131A	30(4)(a)	4.1.1		4	✓						✓					
131B	30(4)(b)	4.1.1		4	✓						✓					

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Rating: (1 = High to 5 = Low)	Controls Rating						Compliance Rating					
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10			(Refer to the 6-point rating scale in Table 5 for details)						(Refer to the 6-point rating scale in Table 5 for details)					
	Clause Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
131C	30(4)(c)	4.1.1		4	✓						✓					
132*	28(1)	3.1.1	Matters relating to customers experiencing payment difficulties or financial hardship	4	✓										✓	
133	31(4) & (5)	4.1.1		4	✓						✓					
133A	32	4.1.1	No interest or charges for late payment in certain cases	4	✓						✓					
134	33(1)(a)- (c)	4.1.1	No debt collection in certain cases	4	✓						✓					
134A	33(1)(d)- (e)	4.1.1		4	✓						✓					
135	40(1)	4.1.1	Restoration of water supply	4	✓						✓					
136	40(2)	4.1.1		4	✓						✓					
137*	31	3.1.1	Preliminary action	4	✓						✓					
137A	36(1)	4.1.1	Notice of water supply restriction	4	✓						✓					
137B	36(2)	4.1.1		4	✓						✓					
137C	36(3)	4.1.1	Notice of water supply restriction	4	✓								✓			

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Rating: (1 = High to 5 = Low)	Controls Rating						Compliance Rating					
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10			(Refer to the 6-point rating scale in Table 5 for details)						(Refer to the 6-point rating scale in Table 5 for details)					
	Clause Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
138	37(1)(a)-(e) & (h)	4.1.1	No water supply restriction in certain cases	4	✓						✓					
138 A	37(1)(f) – (g)	4.1.1		4	✓						✓					
138B	38	4.1.1	No water supply restriction at certain times	4	✓						✓					
139	39	4.1.1	Water flow not to be reduced below minimum rate	4	✓						✓					
142	41(4)	4.1.1	Minimum performance standards for restoration of water supply	4	✓						✓					
144	41(6)	4.1.1		4	✓						✓					
144A	43(1)	4.1.1	Notice of matters that will affect a water supply service	4	✓						✓					
144B	43(2)	4.1.1		4	✓						✓					
144C	44(1)	4.1.1	Bursts, leaks, blockages and spills	4	✓						✓					
144D	44(2)	4.1.1		4	✓						✓					
144E	45	4.1.1	Licensee to have 24-hour information line	4	✓						✓					
145	46(1)	4.1.1		4	✓						✓					

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Rating: (1 = High to 5 = Low)	Controls Rating						Compliance Rating					
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10			(Refer to the 6-point rating scale in Table 5 for details)						(Refer to the 6-point rating scale in Table 5 for details)					
	Clause Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
146	46(2)	4.1.1	Procedure for dealing with complaints about water services	4	✓							✓				
147	46(3)	4.1.1		4	✓						✓					
148*	35(4)	3.1.1	Procedure for dealing with complaints about water services	4	✓							✓				
148A	46(4)	4.1.1		4	✓							✓				
149	46(5)	4.1.1	Procedure for dealing with complaints about water services	4	✓						✓					
149A	47	4.1.1	Licensee to advise customer of right to apply to Water Services Ombudsman for review of complaint	4	✓						✓					
150	48(1)	4.1.1	Services to be provided without charge	4	✓						✓					
151	36(1)	3.1.1		4	✓						✓					
152	48(2)	4.1.1		4	✓						✓					
153	49(1)	4.1.1		4	✓						✓					
154	49(2)	4.1.1		4	✓							✓				
154A	49(3)	4.1.1	Information to be publicly available - bills	4	✓						✓					

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Rating: (1 = High to 5 = Low)	Controls Rating (Refer to the 6-point rating scale in Table 5 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 5 for details)					
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10														
	Clause Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
154B	51(1) & (3)	4.1.1	Preserved supply register	4	✓										✓	
154C	52	4.1.1	No reduction of supply	4	✓										✓	
154D	53	4.1.1	Notice under clause 43 must be send by post or delivered	4	✓										✓	

Table 6: Audit: Obligation Ratings Summary

[Obligations as per the ERA's: "Water Compliance Reporting Manual – Water Services Act 2012 - May 2020" (numbers 92 to 154D, except as indicated below)]

[*Obligations as per the ERA's: "Water Compliance Reporting Manual – Water Services Act 2012 – October 2017" (numbers 102, 111-2, 124, 126, 129, 130-2, 137, 148 and 151)]

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Rating: (1 = High to 5 = Low)	Controls Rating						Compliance Rating					
	Water Services Act 2012	Water Services Licence – Version 10			(Refer to the 6-point rating scale in Table 5 for details)						(Refer to the 6-point rating scale in Table 5 for details)					
	Section Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
155	12	4.2.1	Fees	4	✓						✓					
156*	12	3.1.1	Compliance with applicable legislation	4	✓							✓				
159	12	4.1.2	Compliance with applicable legislation and licence conditions	4	✓										✓	
160	12	4.6.1	Accounting records	4	✓						✓					
161	12	5.2.1	Individual performance standards	4	✓						✓					
162	12	5.3.4	Operational audit	4	✓						✓					
163	12	4.7.1(a), (b), (c)	Reporting a change in circumstances	4	✓										✓	
165	12	4.8.1	Provision of information	4	✓							✓				
166*	12	3.8.2		4	✓						✓					
167	12	4.8.2		4	✓						✓					
168	12	3.8.1 and 3.8.2	Publishing information	4	✓										✓	
169	12	3.7.1	Notices	4	✓						✓					
170A	12	5.1.2 (a) & (b)	Asset management system	4						✓						✓
171	12	5.1.3		4	✓										✓	

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Rating: (1 = High to 5 = Low)	Controls Rating						Compliance Rating					
	Water Services Act 2012	Water Services Licence – Version 10			(Refer to the 6-point rating scale in Table 5 for details)						(Refer to the 6-point rating scale in Table 5 for details)					
	Section Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
172	12	5.1.7	Asset management system	4	✓										✓	
172A	12	6.1.1	Standard terms and conditions of service	4	✓										✓	
172B	12	6.1.2		4	✓										✓	
173*	12	5.5.1	Water services ombudsman scheme	4	✓						✓					
175*	12	5.1.1	Customer contract	4	✓										✓	
176*	12	5.1.2		4	✓										✓	
177*	12	5.1.3		4	✓										✓	
178*	12	5.1.5		4	✓										✓	
179*	12	5.3.1 & 5.3.2	Non-standard terms and conditions of service	4	✓										✓	
180*	12	5.3.4		4	✓										✓	
181	12	6.3.1	Supplier of last resort	4	✓										✓	
182	12	4.4.1(b)	Provision of water services outside operating area	4	✓										✓	
183*	12	5.4.3	Hardship policy	4	✓						✓					
184	12	7.1.1	Memorandum of understanding	4	✓						✓					

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Rating: (1 = High to 5 = Low)	Controls Rating						Compliance Rating					
	Water Services Act 2012	Water Services Licence – Version 10			(Refer to the 6-point rating scale in Table 5 for details)						(Refer to the 6-point rating scale in Table 5 for details)					
	Section Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
185	12	7.1.4	Memorandum of understanding	4	✓						✓					
186	12	7.1.5		4	✓						✓					
187	12	7.1.6		4	✓								✓			
188	12	7.1.7		4	✓										✓	
189	12	7.1.8		4	✓						✓					
190	12	Schedule 2	Performance standards	4	✓						✓					

Table 6: Audit: Obligation Ratings Summary

[Obligations as per the ERA's: "Water Compliance Reporting Manual – Water Services Act 2012 - May 2020" (numbers 155 to 190, except as indicated below)]

[*Obligations as per the ERA's: "Water Compliance Reporting Manual – Water Services Act 2012 – May 2018" (numbers 156, 166, 173, 175-180 and 183)]

4.3 Audit Observations and Recommendations

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 10				Controls	Compliance
1	21(1)(a)	4.3.1(a)	The licensee must provide a water service authorised by the licence to persons entitled to the service under the Act, except to the extent otherwise provided for by the Act.	4	Controls: <ul style="list-style-type: none"> Paxon examined a compliance register for Aqwest (Compliance Register) which records: <ul style="list-style-type: none"> Water Compliance Reporting Manual reference number; Risk Wizard reference number; Description of the obligation; Relevant legislative instrument (for example: Water Services Regulations 2013); Task owner; and Responsible area. Paxon found the Compliance Register acknowledges the obligation recorded in section 21(1)(a) of the Act; and Paxon was informed by the Coordinator: Risk and Compliance a compliance register is kept in Risk Wizard for all obligations across all legislation applicable to Aqwest's operations. Risk Wizard records details of controls per reference number, including: <ul style="list-style-type: none"> Description of the control (for example: "Asset Management Manual"); 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 10				Controls	Compliance
1 (cont.)					<ul style="list-style-type: none"> Effectiveness rating (for example: “<i>substantially effective</i>”); and Failure rating (for example: “<i>monitor</i>”). <p>Compliance:</p> <p>Paxon confirmed by interview of Aqwest’s Coordinator: Water Distribution that, during the Audit Period, Aqwest provided potable water supply services authorised by the licence to persons entitled to the service under the Act.</p>		
2	21(1)(b)	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	<p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in section 21(1)(b) of the Act.</p> <p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of Aqwest’s Coordinator: Water Distribution that, during the Audit Period, Aqwest was not requested to provide potable water supply services to any other person (not covered by section 21(1)(a) of the Act) within the operating area of the licence; and Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 21(1)(b) of the Act. 	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 10				Controls	Compliance
3	21(1)(c)	4.1.1	The licensee must provide, operate and maintain the water service works specified by the ERA in the licence for the purposes of section 11(3).	4	Controls: <ul style="list-style-type: none"> Paxon found the Compliance Register acknowledges the obligation recorded in section 21(1)(c) of the Act; and Paxon examined the “Aqwest – Asset Management Strategy – June 2017” which includes the following management strategy objective: <i>“It (Aqwest) has developed this Asset Management Strategy to:</i> <ul style="list-style-type: none"> <i>Provide guidance to improve the management of assets throughout whole lifecycle from planning and acquisition through to operation, maintenance and disposal, to meet current and future service levels and expectations”.</i> Compliance: <ul style="list-style-type: none"> Paxon examined a sample of quarterly reports issued during the Audit Period regarding asset management. The sampled reports were in respect of: <ul style="list-style-type: none"> Water distribution operations; and Water treatment operations. Paxon is satisfied the sampled reports are indicative of the provision, operation and maintenance of Aqwest’s water service works; 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 10				Controls	Compliance
3 (cont.)					<ul style="list-style-type: none"> Paxon examined an Aqwest “Request for Proposal” (RFP), issued on 3/04/2020. The RFP records the “Purpose of the Works/Services” as being: <i>“...to review and update Aqwest’s strategic asset management documentation in preparation for ISO 55000 certification. Aqwest’s goal is to achieve certification as minimum maturity of its asset management system and practices, within the next 6 to 18 months.”</i>; and Paxon examined an e-mail dated 1/07/2020 regarding the award of a relevant contract. 		
4	22	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	<p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in section 22 of the Act.</p> <p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of Aqwest’s Chief Executive Officer that, during the Audit Period, Aqwest did not provide the potable water supply services outside of the operating area of the licence; and Paxon examined a map dated 6/03/2018 which discloses the location of Aqwest’s “current water supply assets”. This map contains an insert of plan 	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 10				Controls	Compliance
4 (cont.)					OWR-OA-084/4(F) which confirms all such assets are located within the licenced operating area.		
5	23	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	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in section 23 of the Act. Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of Aqwest's Principal: Asset Strategy and Risk that, during the Audit Period, Aqwest owned all assets it used in the provision of the potable water supply services; and Paxon examined Aqwest's audited financial reports for the 2018, 2019 and 2020 financial years. Paxon could not find any recorded expenditure which relates to works holding arrangements. 	A	1
6	24(1)(a) & 24(2)	5.1.1	The licensee must provide for an asset management system in respect of the licensee's water service works.	4	Controls Paxon found the Compliance Register acknowledges the obligations recorded in sections 24(1)(a) and 24(2) of the Act. Compliance: See the compliance observations for obligation number 3 above.	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 10				Controls	Compliance
7	24(1)(b)	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	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in section 24(1)(b) of the Act. Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of Aqwest's Principal: Asset Strategy and Risk that, during the Audit Period, Aqwest made no changes to the asset management system; and Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 21(1)(b) of the Act. 	A	NR
8	24(1)(c)	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	Controls: Paxon found Aqwest's Risk Wizard system acknowledges the obligation recorded in section 24(1)(c) of the Act - see the controls observations for obligation number 1 above for more detail. Compliance: <ul style="list-style-type: none"> Paxon examined an ERA notice, dated 10 April 2018 which addresses the 2017 Audit and asset management system review. The notice states: <i>"The review found Aqwest has a very effective asset management system. The ERA has decided to retain the period covered by the next review at 48 months. The next review will cover 1 October 2017 to 30</i> 	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 10				Controls	Compliance
8 (cont.)					<p>September 2021, with the report due by 30 December 2021.”;</p> <ul style="list-style-type: none"> • Paxon notes the previous asset management system review covered the period from 1/10/2013 to 30/11/2017; and • Thus, no asset management system review was conducted during the Audit Period and Paxon was unable to test compliance with section 24(1)(c) of the Act. 		
9	25	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	<p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in section 25 of the Act.</p> <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon undertook an “operational audit” of Aqwest for the period 1/10/2013 to 30/11/2017 and issued a report dated 6 March 2018; and • Paxon was appointed by the ERA to conduct an operational audit of Aqwest for the period 1/10/2017 to 30/09/2020. 	A	1
11*	27	3.1.1	The licensee must comply with the code of conduct that may be made by the ERA to the extent to which it applies to the licensee and is not inconsistent with the licence.	4	<p>Controls</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in section 25 of the Act.</p>	A	2

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 10				Controls	Compliance
11 (cont.)					Compliance: <ul style="list-style-type: none"> An assessment of compliance with the code of conduct is included in this Report - see the compliance observations for obligation numbers 92 to 154D below; and Recommendations were made for instances of non-compliance with the code of conduct, as identified by the Audit. These recommendations are disclosed in the: <ul style="list-style-type: none"> ‘Observations and Recommendations’ section of this Table, at the relevant individual obligations; and Table 8 below entitled: ‘Current Audit: Inadequate Controls, Non-Compliances and Recommendations’. 		
12*	29	3.1.1	The licensee must comply with the duties imposed on it by the Act in relation to its licence and must carry out its operations in respect of the licence in accordance with the Act.	4	Controls Paxon found the Compliance Register acknowledges the obligation recorded in section 29 of the Act. Compliance: <ul style="list-style-type: none"> An assessment of compliance with the Act is included in this Report - see the compliance observations for obligation numbers 1 to 64 and 155 to 190 above and below; and 	A	2

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 10				Controls	Compliance
12 (cont.)					<ul style="list-style-type: none"> Recommendations were made for instances of non-compliance with the Act, as identified by the Audit. These recommendations are disclosed in the: <ul style="list-style-type: none"> ‘Observations and Recommendations’ section of this Table, at the relevant individual obligations; and Table 8 below entitled: ‘Current Audit: Inadequate Controls, Non-Compliances and Recommendations’. 		
13	36	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	<p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in section 36 of the Act.</p> <p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of Aqwest’s Principal: Asset Strategy and Risk that, during the Audit Period, Aqwest did not cease to provide a water service in an area; and Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 36 of the Act. 	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 10				Controls	Compliance
	Section Number	Clause Number					
14	60	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	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in section 60 of the Act. Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of Aqwest's Chief Executive Officer that, during the Audit Period, Aqwest was not the supplier of last resort for a designated area; and Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 60 of the Act. 	A	NR
15	70(2)	6.2.1	The licensee must not supply water services to customers unless the licensee: <ul style="list-style-type: none"> is a member of the water services ombudsman scheme; and is bound by the scheme; and will comply with any decision or direction of the water services ombudsman under the scheme. 	4	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in section 70(2) of the Act. Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of Aqwest's Coordinator: Risk and Compliance that, during the Audit Period, Aqwest: <ul style="list-style-type: none"> Was a member of the water services ombudsman scheme; and Complied with decisions and directions of the water services ombudsman under the scheme. 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 10				Controls	Compliance
15 (cont.)					<ul style="list-style-type: none"> Paxon examined a tax invoice issued by the Energy and Water Ombudsman (WA) Ltd regarding the annual levy for 2020/2021 payable by Aqwest. 		
16	77(3)	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	<p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in section 77(3) of the Act.</p> <p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of Aqwest's Coordinator: Water Distribution that, during the Audit Period: <ul style="list-style-type: none"> Interruptions of water services took place; and Aqwest took appropriate steps to minimise the extent or duration of such interruptions. Paxon examined a document entitled: "Aqwest Performance Indicators 2019-20". This document discloses: Average frequency of an unplanned interruption (per 1000 properties). A target of < 250 was set and achieved every month during the 2019/2020 year; and Average duration of an unplanned interruption (mins.) (per property, interrupted, per annum). A 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 10				Controls	Compliance
16 (cont.)					target of < 60 minutes was set and achieved every month during the 2019/2020 year.		
17	82(4) and (5)	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	Controls: <ul style="list-style-type: none"> Paxon found the Compliance Register acknowledges the obligation recorded in section 82(4) of the Act; and Paxon confirmed by interview of Aqwest's Coordinator: Water Distribution that Aqwest does not charge any fees for dealing with the notifications received. Thus, the Compliance Register does not need to include a reference to section 82(5) of the Act. Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of Aqwest's Coordinator: Risk and Compliance that, during the Audit Period, Aqwest was notified by persons regarding building work on a service connection or disconnection form. These forms: <ul style="list-style-type: none"> Included written directions about the proposed building work; Were accompanied by electronic copies of plans and specifications - sometimes drawn onto the form and sometimes attached to the form; and 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 10				Controls	Compliance
17 (cont.)					<ul style="list-style-type: none"> ○ Stated Aqwest would inform the person of service fees payable. Consequently, Aqwest: ○ Did not need to return electronic copies of plans and specifications received; and ○ Seven days reply part of obligation number 17 was not applicable - written directions were included on the service connection or disconnection form which preceded the payment of fees if applicable. • Paxon examined a sample of “<i>Water Service Applications</i>” which were received during the Audit Period. These applications: <ul style="list-style-type: none"> ○ Included written directions about the proposed building work; and ○ Stated Aqwest would inform the person of service fees payable. <p>Paxon notes electronic copies of plans were received together with the application forms.</p>		
18	84(2)	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	<p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in section 84(2) of the Act.</p>	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 10				Controls	Compliance
18 (cont.)					Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of Aqwest's Coordinator: Water Distribution that, during the Audit Period, Aqwest did not issue notices under section 83(3)(a) of the Act; and Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 84(2) of the Act. 		
19	87(2)	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 the application has been finally dealt with, except in limited circumstances.	4	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in section 87(2) of the Act. Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of Aqwest's Coordinator: Water Distribution that he does not recall any application made with the State Administrative Tribunal, during the Audit Period, for a review of a decision in respect of Aqwest providing additional water services; and Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 87(2) of the Act. 	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 10				Controls	Compliance
	Section Number	Clause Number					
20	90(7)	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.	5	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in section 90(7) of the Act. Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of Aqwest's Coordinator: Water Distribution that, during the Audit Period, Aqwest did not issue compliance notices regarding construction or similar works been carried out in the vicinity of water service works; and Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 90(7) of the Act. 	A	NR
21	95(3)	4.1.1	The licensee cannot cut off the supply of water to an occupied dwelling unless the occupier agrees to that.	2	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in section 95(3) of the Act. Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of Aqwest's Coordinator: Water Distribution that, during the Audit Period, Aqwest: <ul style="list-style-type: none"> Did cut off the supply of water to occupied dwellings after agreement with the occupier; 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 10				Controls	Compliance
21 (cont.)					and <ul style="list-style-type: none"> ○ Provided temporary water supplies on request. • Paxon examined a sample of templates used to inform the “Householder” of the water supply interruption. The sampled templates record the date of the interruption, the period thereof and the reason therefor. 		
22	96(1)	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.	4	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in section 96(1) of the Act. Compliance: <ul style="list-style-type: none"> • Paxon confirmed by interview of Aqwest’s Coordinator: Water Distribution that: <ul style="list-style-type: none"> ○ Aqwest entered into a memorandum of understanding (MOU) with the Department of Fire and Emergency Services (DFES); and ○ During the Audit Period, Aqwest: <ul style="list-style-type: none"> • Provided water supply reticulation works; and • Checked the location and type of fire hydrant to be installed against the MOU. 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 10				Controls	Compliance
22 (cont.)					<ul style="list-style-type: none"> Paxon examined the MOU entered between Aqwest and DFES. Paxon found section 3 of the MOU entitled: “MOU Objectives” states: <i>“To establish specific responsibilities with respect to the installation, maintenance and servicing of fire hydrants in Fire Districts on Aqwest’s water service network (excluding downstream privately-owned hydrants), in particular regarding:</i> <ul style="list-style-type: none"> <i>documenting the joint understanding between the parties of the requirements of section 96 (1-6) of the Water Services Act 2012;</i> <i>establishing an agreed approach for servicing, installation, maintenance, repair and replacement of fire hydrants on reticulated water supply networks; and ensuring consistent fire hydrant coverage.”</i> 		
23	96(5)	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.	5	<p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in section 96(5) of the Act.</p> <p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of Aqwest’s Coordinator: Water Distribution that, during the Audit Period, Aqwest was not requested by a local government to install, remove, repair or 	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 10				Controls	Compliance
23 (cont.)					maintain a fire hydrant in an area which is not a fire district; and • Compliance with section 96(3) of the Act - see the compliance observations for obligation number 22 above.		
28	119(2)	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	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in section 119(2) of the Act. Compliance: • Paxon confirmed by interview of Aqwest's Coordinator: Water Distribution that, during the Audit Period, Aqwest did not give a compliance notice given in relation to the matters set out in section 119(1) of the Act; and • Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 119(1) of the Act.	A	NR
29	122(2)	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	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in section 122(2) of the Act. Compliance: • Paxon confirmed by interview of Aqwest's	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 10				Controls	Compliance
29 (cont.)					Coordinator: Water Distribution that he does not recall any application made to the State Administrative Tribunal, during the Audit Period, under section 122(1) of the Act; and • Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 122(2) of the Act.		
30	125(2)	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 apportion fees. The licensee cannot apportion fees to the extent inconsistent with any agreement related to such a provision of services, or section 66 of the <i>Strata Titles Act 1985</i> .	4	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in section 125(2) of the Act. Compliance: • Paxon confirmed by interview of Aqwest's Accounts Supervisor that, during the Audit Period, Aqwest did not apportion fees; and • Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 125(2) of the Act.	A	NR
31	128(4)	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	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in section 128(4) of the Act. Compliance: • Paxon confirmed by interview of Aqwest's	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 10				Controls	Compliance
31 (cont.)					Accounts Supervisor that, during the Audit Period, Aqwest did not lodge a withdrawal of memorial with the Registrar; and • Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 128(4) of the Act.		
32	129(5)	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	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in section 129(5) of the Act. Compliance: • Paxon was informed by Aqwest's Executive Assistant/Records Administrator that: ○ Aqwest does not need to gain entry to a place to conduct routine inspections or maintenance as all water meters and assets are inspected and maintained from the property boundary; and ○ During the Audit period, no entry was made to a place for purposes of routine inspection or maintenance. • Paxon examined an Aqwest "Water Service Application" form which includes the following condition: <i>"Service connection will only be provided within 1.2 metres of the side boundary and not on the same side</i>	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 10				Controls	Compliance
32 (cont.)					<p>as the vehicle crossover”;</p> <ul style="list-style-type: none"> Paxon examined Aqwest’s “commitment to customers” brochure which states regarding service installation: <i>“WE WILL: ...Maintain the water service up to and including the meter outlet on the property”</i>; and Paxon is satisfied there was no need for Aqwest to gain entry to a place to conduct routine inspections or maintenance during the Audit Period. 		
33	139(3)	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.	5	<p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in section 139(3) of the Act.</p> <p>Compliance:</p> <p>Paxon confirmed by interview of Aqwest’s Coordinator: Risk and Compliance that, during the Audit Period, Aqwest did not remove or erect a fence or gate when exercising a works power conferred by the Act.</p>	A	NR
34	141(1)	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 of the power involves opening or breaking up the surface of the road, or would cause a major	4	<p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in section 141(1) of the Act.</p>	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 10				Controls	Compliance
34 (cont.)			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.		Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of Aqwest's Coordinator: Water Distribution that, during the Audit Period, regarding the obligation stipulated in section 141(1) of the Act, Aqwest: <ul style="list-style-type: none"> Did not give any prior notice to anyone in the case of emergencies; and Gave at least 48 hours' notice to the public authority that has control or management of the road in other cases. Paxon notes in terms of section 135(1)(b) of the Act the maintenance or repair of existing water service works is regarded as "exempt works". Paxon notes in terms of section 156 of the Act a licensee may provide exempt works without any requirement for giving or publishing notice of those works. Thus, Aqwest did not need to give any prior notice to anyone when performing emergency work on existing water service works; and Paxon requested supporting documentation to confirm the above-mentioned statements made by Aqwest. Paxon was provided with a single letter, dated 3/06/2020 which Aqwest wrote to the City of Bunbury regarding the "Stockley Road Stage 3 Mains Augmentation". This letter recorded 		

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 10				Controls	Compliance
34 (cont.)					a scheduled starting date for the above-mentioned works as being 8/06/2020.		
35	142	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	<p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in section 142 of the Act.</p> <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon confirmed by interview of Aqwest's Coordinator: Risk and Compliance that, during the Audit Period, Aqwest undertook major works, being the construction of the Glen Iris water treatment plant; • Paxon examined documents regarding the construction of the Glen Iris water treatment plant, being: <ul style="list-style-type: none"> ◦ A map dated 4/12/2018; ◦ Template letter dated 8/03/2019 sent to street addresses; ◦ Notice which appeared in the Bunbury Herald on 2/04/2019; and ◦ Notice which appeared in the Government Gazette on 15/03/2019. <p>(Collectively hereinafter referred to as the Information Documents Set.); and</p>	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 10				Controls	Compliance
35 (cont.)					<ul style="list-style-type: none"> See the compliance observations for obligations number 36, 37 and 38 below. 		
36	143(2)	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	<p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in section 143(2) of the Act.</p> <p>Compliance:</p> <ul style="list-style-type: none"> Paxon examined a plan dated 4/12/2018 which indicates both the location for the construction of the Glen Iris water treatment plant and details of those works; Paxon examined Aqwest's website and found a dedicated webpage entitled: "<i>Ngoora Moolinap water treatment plant (Glen Iris)</i>"; and See the compliance observations for obligation number 37 directly below regarding compliance with section 143(2)(c). 	A	1
37	143(3)	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	<p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in section 143(3) of the Act.</p> <p>Compliance:</p> <ul style="list-style-type: none"> Paxon was informed by Aqwest's Executive Assistant/Records Administrator that plans and 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 10				Controls	Compliance
37 (cont.)					<p>details were placed on the Aqwest website on 11/03/2019;</p> <ul style="list-style-type: none"> • Paxon examined documents which show notice of the construction of the Glen Iris water treatment plant was given by means of: <ul style="list-style-type: none"> ◦ Template letter dated 8/03/2019 sent to street addresses; ◦ Notice which appeared in the Government Gazette on 15/03/2019 (which is four days after the plans and details were published on Aqwest's website); and ◦ Notice which appeared in the Bunbury Herald on 2/04/2019. • Paxon notes the Information Documents Set provides: <ul style="list-style-type: none"> ◦ A description of the works; ◦ Area where the works are to be located; ◦ Purposes for which those works are required; ◦ Times when, and the places at which, the plans and details may be inspected; and ◦ Information as to how, where and by when an objection to or submission in relation to the proposal may be lodged. 		

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 10				Controls	Compliance
38	144(3)	4.1.1	The licensee must have regard to an objection or submission lodged within the relevant period.	4	<p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in section 144(3) of the Act.</p> <p>Compliance:</p> <p>Paxon was informed by Aqwest's General Manager of Business Services that no objections or submissions were lodged within the relevant period regarding the construction of the Glen Iris water treatment plant.</p>	A	NR
39	145(2)	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	<p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in section 144(3) of the Act.</p> <p>Compliance:</p> <p>Paxon confirmed by interview of Aqwest's Coordinator: Risk and Compliance that no alterations were made to the plans or details regarding the construction of the Glen Iris water treatment plant.</p>	A	NR
40	147(3)	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	<p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in section 147(3) of the Act.</p>	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 10				Controls	Compliance
40 (cont.)					Compliance: Paxon confirmed by interview of Aqwest's Coordinator: Risk and Compliance that, during the Audit Period, no ministerial direction was received in respect of the proposal to construct the Glen Iris water treatment plant.		
41	147(4)	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	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in section 147(4) of the Act. Compliance: Paxon confirmed by interview of Aqwest's Coordinator: Risk and Compliance that, during the Audit Period, no ministerial direction was received regarding giving further notices in relation to the construction of the Glen Iris water treatment plant.	A	NR
42	151(1)	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	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in section 151(1) of the Act Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of Aqwest's Coordinator: Risk and Compliance that, during the Audit Period, Aqwest undertook general 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 10				Controls	Compliance
42 (cont.)					<p>works, which included the Roberts Reservoir slope stability works;</p> <ul style="list-style-type: none"> • Paxon examined documents regarding the Roberts Reservoir slope stability works, being: <ul style="list-style-type: none"> ○ A map dated 25/09/2019; ○ Set of five detailed design drawings for release to customers; and ○ Letter dated 26/09/2019 issued to an individual (which refers to an attached plan). (Collectively hereinafter referred to as the Information Documents Set.); • Paxon was informed by Aqwest's General Manager of Business Services that design drawings were published and made available for inspection by customers as requested. • The map dated 25/09/2019 states: <p><i>"Plans may be inspected at Aqwest, 5 Mackinnon Way, Bunbury between 91m and 4.30 pm weekdays";</i></p> and • See the compliance observations for obligation number 43 directly below regarding the details provided. 		

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 10				Controls	Compliance
43	151(2)	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	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in section 151(2) of the Act Compliance: <ul style="list-style-type: none"> • Paxon was informed by Aqwest's Executive Assistant/Records Administrator that, during the Audit period, Aqwest: <ul style="list-style-type: none"> ○ Provided notices of general works to Local Government; and ○ Was not required to provide notice to the Western Australian Planning Commission. • Paxon examined a letter Aqwest wrote to the City of Bunbury, dated 3/06/2020 (Bunbury letter) regarding the <i>"Stockley Road Stage 3 Mains Augmentation"</i>. Paxon notes the letter provides: <ul style="list-style-type: none"> ○ A description of those works; ○ Area where those works are to be located; ○ Purposes for which those works are required; and ○ Name, position title, e-mail and telephone number of an Awest representative for comments or information relevant to the proposed works. 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 10				Controls	Compliance
43 (cont.)					<ul style="list-style-type: none"> • Paxon notes the Bunbury letter refers to an attached “Notice of Proposal” plan which was sighted. • Paxon notes the Information Documents Set (Roberts Reservoir slope stability works) provides: <ul style="list-style-type: none"> ○ A description of those works; ○ Area where those works are to be located; ○ Purposes for which those works are required; ○ Times when, and the places at which, the plans and details may be inspected; ○ Information as to how and where an objection to or submission in relation to the proposal may be lodged; and ○ Date by which any objections to or submissions in relation to the proposal are to be received by the licensee, which was at least 21 days after the day on which the notice was given. 		
44	152(3)	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	<p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in section 152(3) of the Act.</p> <p>Compliance:</p> <p>Paxon confirmed by interview of Aqwest’s Coordinator: Risk and Compliance that regarding</p>	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 10				Controls	Compliance
44 (cont.)					the Roberts Reservoir slope stability works, no objections were lodged by the specified date.		
45	153(3)	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 who is likely to be adversely affected by those alterations.	4	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in section 153(3) of the Act. Compliance: Paxon confirmed by interview of Aqwest's Coordinator: Risk and Compliance that no alterations were made to the plans or details regarding the Roberts Reservoir slope stability works.	A	NR
46	166(5)	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	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in section 166(5) of the Act. Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of Aqwest's General Manager: Financial Services that, during the Audit Period, the Minister did not advise Aqwest to acquire an interest in land; and Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 166(5) of the Act. 	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 10				Controls	Compliance
47	166(6)	4.1.1	Any costs incurred in taking an interest in land are to be paid by the licensee.	4	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in section 166(6) of the Act. Compliance: <ul style="list-style-type: none"> • Paxon confirmed by interview of Aqwest's General Manager: Financial Services that, during the Audit Period, Aqwest: <ul style="list-style-type: none"> ○ Acquired an interest in land (not on Ministerial advice); and ○ Paid the costs incurred in taking an interest in land. 	A	1
48	170	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	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in section 170 of the Act. Compliance: <ul style="list-style-type: none"> • Paxon confirmed by interview of Aqwest's General Manager: Financial Services that, during the Audit Period, Aqwest did not sell an interest in land which resulted in the purchaser holding 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>; and 	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 10				Controls	Compliance
48 (cont.)					<ul style="list-style-type: none"> Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 170 of the Act. 		
49	173(4)	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	<p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in section 170 of the Act.</p> <p>Compliance:</p> <p>See the compliance observations for obligation number 32 above.</p>	A	NR
50	174(1)	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	<p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in section 174(1) of the Act.</p> <p>Compliance:</p> <ul style="list-style-type: none"> Paxon was informed by Aqwest's Executive Assistant/Records Administrator that, during the Audit Period, Aqwest: <ul style="list-style-type: none"> Did not enter properties other than at the explicit invitation of the occupier; and No instances occurred where Aqwest needed to propose entry to a place. In addition, see the compliance observations for obligation number 32 above. 	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 10				Controls	Compliance
51	174(3)	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	<p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in section 174(3) of the Act.</p> <p>Compliance:</p> <p>Paxon was informed by Aqwest's General Manager of Business Services that, during the Audit Period, no instances occurred where Aqwest had to enter a place.</p>	A	NR
52	175(2)	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	<p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in section 175(2) of the Act.</p> <p>Compliance:</p> <ul style="list-style-type: none"> See the compliance observations for obligation number 50 above. 	A	NR
53	175(5)	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	<p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in section 175(5) of the Act.</p> <p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of Aqwest's Coordinator: Water Distribution that, during the 	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 10				Controls	Compliance
53 (cont.)					Audit Period, Aqwest representatives did not enter an unoccupied dwelling; and • Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 175(5) of the Act.		
54	176(1)	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 owner or occupier has refused or withdrawn their consent.	4	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in section 176(1) of the Act. Compliance: • Paxon confirmed by interview of Aqwest's Coordinator: Water Distribution that he does not recall any incident, during the Audit Period, where the owner or occupier refused or withdrawn their consent for an Aqwest representative to be present within a place; and • Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 176(1) of the Act.	A	NR
55	176(3)	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	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in section 176(3) of the Act.	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 10				Controls	Compliance
55 (cont.)					Compliance: Paxon was informed by Aqwest’s General Manager of Business Services that, during the Audit Period, no instances occurred where Aqwest representatives were asked to produce their certificates of authority.		
56	176(4)	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	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in section 176(4) of the Act. Compliance: See the compliance observations for obligation number 55 above.	A	1
57	181	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.	5	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in section 181 of the Act. Compliance: Paxon confirmed by interview of Aqwest’s Coordinator: Water Distribution that, during the Audit Period, Aqwest representatives complied with reasonable request from the owner or occupier intended to limit interference with the lawful activities of the owner or occupier.	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 10				Controls	Compliance
58	186	4.1.1	If the licensee applies for a warrant, the application must contain the prescribed information.	4	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in section 186 of the Act. Compliance: <ul style="list-style-type: none"> • Paxon confirmed by interview of Aqwest's Coordinator: Water Distribution that, during the Audit Period, Aqwest did not apply for nor execute a warrant; and • Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with sections 186, 187(1)-(3), 190(4) and 190(5) of the Act. 	A	NR
59	187(1) – (3)	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	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in section 187(1)-(3) of the Act. Compliance: See the compliance observations for obligation number 58 above.	A	NR
60	190(4)	4.1.1	Unless required to give a copy of the warrant, the licensee executing the warrant must produce the warrant for inspection by the occupier of the place	4	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in section 190(4) of the Act.	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 10				Controls	Compliance
60 (cont.)			concerned on entry (if practicable), and if requested to do so.		Compliance: See the compliance observations for obligation number 58 above.		
61	190(5)	4.1.1	On completing the execution of a warrant the licensee must record the prescribed information on that warrant.	4	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in section 190(5) of the Act. Compliance: See the compliance observations for obligation number 58 above.	A	NR
62	210(5)	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	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in section 210(5) of the Act. Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of Aqwest's Coordinator: Water Distribution that, during the Audit Period, Aqwest did not designate a person as an inspector or compliance officer; and Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 210(5) of the Act. 	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 10				Controls	Compliance
63	218(2)	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.	5	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in section 218(2) of the Act. Compliance: Paxon confirmed by interview of Aqwest's Coordinator: Water Distribution that, during the Audit Period, Aqwest to the extent practicable, ensured the free use of any place was not obstructed, and that as little damage, harm or inconvenience was caused as was possible.	A	1
64	218(3)	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	Controls: <ul style="list-style-type: none"> Paxon found the Compliance Register acknowledges the obligation recorded in section 218(3) of the Act. Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of Aqwest's Coordinator: Water Distribution that, during the Audit Period, Aqwest: <ul style="list-style-type: none"> Caused physical damage in the exercise of a works power or a power of entry; and Made good the damage. Paxon examined a sample of "Incident Notification" records regarding physical damage 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Act 2012	Water Services Licence – Version 10				Controls	Compliance
64 (cont.)					caused in the exercise of a works power. The sampled records provide details as to the actions taken to report the incidents and repair the damage caused.		

Table 7: Audit Observations and Recommendations

[Obligations as per the ERA's: *"Water Compliance Reporting Manual – Water Services Act 2012 - May 2020"* (numbers 1 to 64, numbers 11 and 12 excluded)]

[*Obligations as per the ERA's: *"Water Compliance Reporting Manual – Water Services Act 2012 – May 2018"* (numbers 11 and 12)]

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Regulations 2013	Water Services Licence – Version 10				Controls	Compliance
	Regulation Number	Clause Number					
65	23(2)	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	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in regulation 23(2) of the Water Services Regulations 2013 (Regulations). Compliance: <ul style="list-style-type: none"> • Paxon confirmed by interview of Aqwest's Coordinator: Water Distribution that, during the Audit Period, Aqwest was not requested by an owner or a strata company to perform a meter test; and • Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with regulation 23(2) of the Regulations. 	A	NR
66	24(4)	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	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in regulation 24(4) of the Regulations. Compliance: <ul style="list-style-type: none"> • Paxon confirmed by interview of Aqwest's Coordinator: Water Distribution that, during the Audit Period, Aqwest gave compliance notices to persons in respect of access to 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Regulations 2013	Water Services Licence – Version 10				Controls	Compliance
66 (cont.)					<p>meters; and</p> <ul style="list-style-type: none"> Paxon examined a sample of compliance notices issued in respect of access to meters during the Audit Period. The sampled notices specify: <ul style="list-style-type: none"> The person given the notice has failed to comply with regulation 24(1) of the Regulations and the reason for that assessment; What the person given the notice must do to remedy the failure to comply; and 10 Working days grace is provided to correct the failure. 		
67	26(3)	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	<p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in regulation 26(3) of the Regulations.</p> <p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of Aqwest's Coordinator: Water Distribution that, during the Audit Period, Aqwest tested meters in accordance with a procedure approved by the CEO; and 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Regulations 2013	Water Services Licence – Version 10				Controls	Compliance
67 (cont.)					<ul style="list-style-type: none"> Paxon examined a document entitled: “Meter Testing Guide” which was approved by the CEO for the purpose of meter tests. 		
68	26(5)	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	<p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in regulation 26(5) of the Regulations.</p> <p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of Aqwest’s Accounts Supervisor that, during the Audit Period, Aqwest: <ul style="list-style-type: none"> Tested meters; and Did not find any tested meter which was outside the prescribed tolerance applicable. Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with regulation 26(5) of the Regulations. 	A	NR
69	29(1)	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	<p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in regulation 29(1) of the Regulations.</p> <p>Compliance:</p> <p>Paxon confirmed by interview of Aqwest’s</p>	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Regulations 2013	Water Services Licence – Version 10				Controls	Compliance
69 (cont.)					Coordinator: Risk and Compliance that, during the Audit Period, Aqwest did not receive a request for the deferral of an infrastructure contribution.		
70	42(2)	4.1.1	The written order requiring the owner or occupier of land to install a backflow prevention device must set out the date by which the device must be installed and tested (which must be at least 7 days after the day on which the order is given to the owner or occupier).	4	<p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in regulation 42(2) of the Regulations.</p> <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon confirmed by interview of Aqwest's Coordinator: Risk and Compliance that, during the Audit Period, Aqwest did not issue written orders requiring the owner or occupier of land to install a backflow prevention device. The Coordinator: Risk and Compliance stated: <ul style="list-style-type: none"> ◦ Backflow devices are installed only once at each property and most devices were installed before the commencement of the Audit period; and ◦ Most devices installed during the Audit period were installed by plumbers, who advises Aqwest of the installation (to enable registration of the device and consequently monitoring of annual testing and maintenance). 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Regulations 2013	Water Services Licence – Version 10				Controls	Compliance
70 (cont.)					<ul style="list-style-type: none"> Paxon examined a “Water Service Application” which states: “Backflow Requirements <i>a) Residential Services – All services with a diameter greater than 25mm shall require a level of backflow prevention.</i> <i>b) Non-Residential – All services shall require a level of backflow prevention.</i> <i>c) Fire-Fighting Services – all services shall require a medium level of backflow prevention</i> <i>The level of backflow prevention for each type of service above is as determined by Appendix E, Table E1 to E3, to be installed by a licensed plumber as outlined in AS/NZS 3500.1.2.2010 National Plumbing & Drainage Code. All Backflow Prevention Devices shall be tested annually by a licensed plumber and compliance certificates sent to Aqwest.”</i> 		
71	43(3)	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	4	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in regulation 43(3) of the Regulations. Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of Aqwest’s 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Regulations 2013	Water Services Licence – Version 10				Controls	Compliance
71 (cont.)			days after the day the notice is given to the owner or occupier).		<p>Coordinator: Water Distribution that, during the Audit Period, Aqwest issued compliance notices regarding the testing of backflow prevention devices; and</p> <ul style="list-style-type: none"> • Paxon examined a sample of compliance notices issued by Aqwest during the Audit Period regarding the testing of backflow prevention devices. Paxon confirmed these compliance notices recorded: <ul style="list-style-type: none"> ○ Issue dates of the compliance notices; ○ Due dates for the testing of backflow prevention devices which were at least 7 days after the issue dates of the compliance notices; and ○ Details of the standard for testing. 		
72	43(6)	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 day the notice is given to the owner or occupier).	4	<p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in regulation 43(6) of the Regulations.</p> <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon confirmed by interview of Aqwest's Coordinator: Water Distribution that, during the Audit Period, Aqwest issued compliance notices regarding making good backflow prevention devices; and 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Regulations 2013	Water Services Licence – Version 10				Controls	Compliance
72 (cont.)					<ul style="list-style-type: none"> Paxon examined a sample of compliance notes issued by Aqwest during the Audit Period regarding the maintenance of backflow prevention devices. Paxton confirmed these compliance notes recorded: <ul style="list-style-type: none"> The work that was required to be done (being maintenance or replacement); The manner in which the work was to be done (being in accordance with AS2845.3 – 2010); and The date by which the work was to be done which were at least 7 days after the issue dates of the compliance notes. 		
74	60(2)	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 person make the alterations within the time specified in the notice.	4	<p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in regulation 60(2) of the Regulations.</p> <p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of Aqwest's Coordinator: Water Distribution that, during the Audit Period, Aqwest modified a drainage pit at the side of a road; and Paxon examined e-mail communication, dated 9/06/2020 between the City of Bunbury and Aqwest regarding a water main crossing. The 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Regulations 2013	Water Services Licence – Version 10				Controls	Compliance
74 (cont.)					communication included a detailed plan for the “proposed DN1500 RC pit” for the water main crossing.		
75	63	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	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in regulation 63 of the Regulations. Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of Aqwest’s Coordinator: Water Distribution that, during the Audit Period, Aqwest: <ul style="list-style-type: none"> Opened or broke up the surface of a road; and Reinstated and made good the road. Paxon examined an Aqwest operational procedure entitled: “Water Main Repair” which includes sections entitled “Hazards” and “Quality Assurance”. Paxon is satisfied Aqwest has controls in place to help ensure proper completion of operational activities. 	A	1
76	65(1)	4.1.1	The licensee must maintain records for all land in respect of which water service charges apply.	4	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in regulation 65(1) of the Regulations.	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Regulations 2013	Water Services Licence – Version 10				Controls	Compliance
76 (cont.)					Compliance: Paxon confirmed by interview of Aqwest's Accounts Supervisor that, during the Audit Period, Aqwest <ul style="list-style-type: none"> • Maintained land records in Authority; and • Based these land records on information received from Landgate. 		
77	65(2)	4.1.1	The records for all land in respect of which water service charges apply must contain the prescribed information.	4	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in regulation 65(2) of the Regulations. Compliance: <ul style="list-style-type: none"> • Paxon confirmed by interview of Aqwest's Accounts Supervisor that, during the Audit Period, Aqwest's land records maintained the prescribed information; and • Paxon examined a sample of land records kept in Authority and found it discloses: <ul style="list-style-type: none"> ○ Description and situation of the land; ○ Name and address of the owner of the land; ○ Account number; ○ Classification of the land; and ○ Amount of any charge that is unpaid. 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Regulations – 2013	Water Services Licence – Version 10				Controls	Compliance
	Regulation Number	Clause Number					
78	65(4)	4.1.1	The licensee must make the records for all land in respect of which water service charges apply available for inspection by any person without charge, and give a copy of particular records to a person with a material interest in them, on payment of the prescribed charge.	4	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in regulation 65(4) of the Regulations. Compliance: Paxon confirmed by interview of Aqwest's Accounts Supervisor that, during the Audit Period, Aqwest's gave copies of land records to persons without charge.	A	1
79	67	4.1.1	Except as otherwise provided under the Act, the records maintained by the licensee for a period in relation to land are the basis upon which the licensee must determine the water service charges applicable for the period.	4	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in regulation 67 of the Regulations. Compliance: Paxon confirmed by interview of Aqwest's Accounts Supervisor that, during the Audit Period, Aqwest's used land records as the basis for the determination of water service charges.	A	1
80	68(5)	4.1.1	The licensee must consider an objection to the records maintained by a licensee under regulation 65 as soon as practicable.	5	Controls: Paxon found the Compliance Register acknowledges the obligations recorded in regulations 68(5) – (8), 69(3), 70(2), and 74(1) – (2) of the Regulations.	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Regulations 2013	Water Services Licence – Version 10				Controls	Compliance
80 (cont.)					Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of Aqwest's Accounts Supervisor that, during the Audit Period, no objection to land records maintained by Aqwest under regulation 65 was lodged; and Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with regulations 68(5) – (8), 69(3), 70(2), and 74(1) – (2) of the Regulations. 		
81	68(6)	4.1.1	The licensee must give the person by whom the objection was made written notice of the licensee's decision on the objection together with a brief statement of the licensee's reasons for the decision.	4	Controls: See the controls observations for obligation number 80 above. Compliance: See the compliance observations for obligation number 80 above.	A	NR
82	68(7)	4.1.1	If the licensee allows an objection, wholly or in part, to entries in the records maintained by a licensee under regulation 65, the licensee must advise the person who objected of any consequent amendment of the records.	4	Controls: See the controls observations for obligation number 80 above. Compliance: See the compliance observations for obligation number 80 above.	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Regulations 2013	Water Services Licence – Version 10				Controls	Compliance
	Regulation Number	Clause Number					
83	68(8)	4.1.1	If the licensee disallows an objection, wholly or in part, to entries in the records maintained by a licensee under regulation 65, the licensee must advise the person of the time within which and the manner in which a review of the decision may be sought.	4	Controls: See the controls observations for obligation number 80 above. Compliance: See the compliance observations for obligation number 80 above.	A	NR
84	69(3)	4.1.1	Upon receipt of a notice from a person dissatisfied with a decision of the licensee on an objection, the licensee must promptly refer the relevant records to the State Administrative Tribunal for a review.	4	Controls: See the controls observations for obligation number 80 above. Compliance: See the compliance observations for obligation number 80 above.	A	NR
85	70(2)	4.1.1	Upon receipt of a notice from a person dissatisfied with a decision of the licensee to refuse to extend the time for giving an objection to the licensee or a notice under regulation 69(2), the licensee must promptly refer the decision to the State Administrative Tribunal for a review.	4	Controls: See the controls observations for obligation number 80 above. Compliance: See the compliance observations for obligation number 80 above.	A	NR
86	74(1)	4.1.1	The licensee must make any amendment of the records necessary as a consequence of an allowance, wholly or in part, of an objection under the Act or the <i>Valuation of Land Act 1978</i> or	4	Controls: See the controls observations for obligation number 80 above.	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Regulations – 2013	Water Services Licence – Version 10				Controls	Compliance
86 (cont.)			as a consequence of a review by the State Administrative Tribunal.		Compliance: See the compliance observations for obligation number 80 above.		
87	74(2)	4.1.1	The licensee must, if necessary as a consequence of the amendment to the records under regulation 74(1), determine or re-determine any water service charge; and, if necessary, provide a rebate or refund.	4	Controls: See the controls observations for obligation number 80 above. Compliance: See the compliance observations for obligation number 80 above.	A	NR
88	75(1)	4.1.1	If a person is liable, under an agreement with the owner of land, for payment of the water service charges in respect of certain land, the person is entitled to receive from the licensee all information necessary for the person to assess his or her liability under the agreement.	4	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in regulation 75(1) of the Regulations. Compliance: Paxon confirmed by interview of Aqwest's Accounts Supervisor that, during the Audit Period, Aqwest provided tenants with appropriate information to determine their liability for water service charges.	A	1
88A	80H	4.1.1	The licensee must, within 60 days after receiving a water efficiency management plan from an owner or occupier of a non-residential lot, approve the plan, request further information, or request a revised plan by written notice.	4	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in regulation 80H of the Regulations.	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Regulations 2013	Water Services Licence – Version 10				Controls	Compliance
88A (cont.)					Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of Aqwest's Coordinator: Risk and Compliance that she does not recall Aqwest receiving any water efficiency management plans during the Audit Period. 		
89	85	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	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in regulation 85 of the Regulations. Compliance: <ul style="list-style-type: none"> Paxon examined samples of compliance notices issued during the Audit Period in respect of: <ul style="list-style-type: none"> Testing or maintenance of backflow prevention devices; and Access to meters. The sampled compliance notices for the testing or maintenance of backflow prevention devices did not: <ul style="list-style-type: none"> Include a brief description of the possible consequences under the Act of not complying with the notice; nor Refer to the right of review under the Act in relation to the notice and who may apply for 	A	3

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Regulations 2013	Water Services Licence – Version 10				Controls	Compliance
89 (cont.)					<p>review.</p> <ul style="list-style-type: none"> The sampled compliance notices regarding access to meters provide a brief description of the possible consequences under the Act of not complying with the notices. However, it excludes a reference to the right of review under the Act in relation to the notice and who may apply for review. <p>Recommendation 1/2020:</p> <p>Aqwest must ensure compliance notices comply with regulation 85 of the Regulations by:</p> <ul style="list-style-type: none"> Including a brief description of the possible consequences under the Act of not complying with the notice; and Referring to the right of review under the Act in relation to the notice and who may apply for review. 		
90	86(6)	4.1.1	If the licensee appoints an employee as an authorised or approved officer for the purposes of the <i>Criminal Procedure Act 2004</i> Part 2, the licensee must issue the officer a certificate, badge or identity card identifying the officer as a person authorised to issue infringement notices.	4	<p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in regulation 86(6) of the Regulations.</p> <p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of Aqwest's Coordinator: Water Distribution that, during the Audit Period, Aqwest did not appoint an 	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Regulations 2013	Water Services Licence – Version 10				Controls	Compliance
90 (cont.)					<p>employee as an authorised or approved officer for the purposes of the <i>Criminal Procedure Act 2004</i> Part 2; and</p> <ul style="list-style-type: none"> Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with regulation 86(6) and 86(9) of the Regulations. 		
91	86(9)	4.1.1	The licensee must maintain a list of persons appointed to be authorised officers or approved officers for the purposes of the <i>Criminal Procedure Act 2004</i> Part 2, and must, on request, give a copy of the list to the CEO or to the chief executive officer of the Public Services principally assisting in the administration of the <i>Criminal Procedure Act 2004</i> .	4	<p>Controls:</p> <ul style="list-style-type: none"> Paxon found the Compliance Register acknowledges the obligation recorded in regulation 86(9) of the Regulations. <p>Compliance:</p> <ul style="list-style-type: none"> See the compliance observations for obligation number 90 above. 	A	NR

Table 7: Audit Observations and Recommendations

[Obligations as per the ERA's: "Water Compliance Reporting Manual – Water Services Act 2012 - May 2020" (numbers 65 to 91)]

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
92	8(1) – (3)	4.1.1	The licensee must have written information for customers about the prescribed matters regarding connections and the information must be publicly available. (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).	4	Controls: Paxon found the Compliance Register acknowledges the obligations recorded in clauses 8(1)-(3) of the Water Services Code of Conduct (Customer Service Standards) 2018 (2018 Code of Conduct). Compliance: <ul style="list-style-type: none"> Paxon examined Aqwest’s website and found: <ul style="list-style-type: none"> Dedicated webpage entitled: “<i>Service connections</i>”; Link to a “<i>Water Service Application</i>” form; Reference within the “<i>Water Service Application</i>” form to: <ul style="list-style-type: none"> Stipulated “<i>Conditions</i>”; Fact fees are payable prior to work commencing (applicant to be provided with an Aqwest quote for the service fees and infrastructure contributions if required); and Fact work will be completed within ten (10) business days (or an agreed date) of 	A	2

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
92 (cont.)					<p>fees being paid in full and all conditions being met.</p> <ul style="list-style-type: none"> o Dedicated webpage for “Backflow” which refers to the need for the installation, maintenance and testing of backflow prevention devices. • Paxon could not find any reference on the Aqwest website to the following stipulations of clause 8(2)(a) and (b) of the 2018 Code of Conduct: <ul style="list-style-type: none"> o Entitlements under section 73 of the Act to the provision of water supply services; and o Aqwest’s functions under section 21 concerning the provision of water supply services. <p>Recommendation 2/2020:</p> <p>Aqwest must publicly make available appropriate reference to the following stipulations of clause 8(2)(a) and (b) of the 2018 Code of Conduct:</p> <ul style="list-style-type: none"> • Entitlements under section 73 of the Act to the provision of water supply services; and 		

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
92 (cont.)					<ul style="list-style-type: none"> Aqwest's functions under section 21 concerning the provision of water supply services. 		
93	9(2) & (4)	4.1.1	The licensee must ensure that, in any 12-month period, 90% of water supply service connections are completed before the end of 10 business days, starting on the day on which the customer has paid the relevant fees and complied with the relevant requirements.	4	<p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligations recorded in clauses 9(2) and (4) of the 2018 Code of Conduct.</p> <p>Compliance:</p> <p>Paxon examined an Excel spreadsheet which records details of water supply service connections made during the period 1/07/2017 and 30/06/2020. This spreadsheet records that during:</p> <ul style="list-style-type: none"> 2018 financial year: 90 applications for water supply service connections were received, which were all completed within 10 business days; 2019 financial year: 61 applications for water supply service connections were received, which were all completed within 10 business days; and 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
93 (cont.)					<ul style="list-style-type: none"> 2020 financial year: 76 applications for water supply service connections were received, which were all completed within 10 business days. 		
94	10(2)	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>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in clause 10(2) of the 2018 Code of Conduct.</p> <p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of Aqwest's Accounts Supervisor that, during the Audit Period, Aqwest issued bills for fixed charge to customers on an annual basis; and Paxon examined a sample of tax invoices issued across the Audit Period, which record annual charges. The sampled tax invoices confirm Aqwest issued bills for fixed charge to customers on an annual basis. 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
95	11(2)	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.	3	<p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in clause 11(2) of the 2018 Code of Conduct.</p> <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon confirmed by interview of Aqwest's Accounts Supervisor that, during the Audit Period, Aqwest issued bills for quantity charges as follows: <ul style="list-style-type: none"> ◦ Prior to the 2019/2020 financial year - approximately once every 4 months; and ◦ As from the 2019/2020 financial year – on a quarterly basis. • Paxon examined Aqwest's compliance report for 2018-2019 which records <ul style="list-style-type: none"> ◦ A failure to issue a quantity charge to each customer at least once in every 4-month period; and ◦ This failure was rectified as from 1/07/2019 by changing the meter reading frequency from 4 months to 3 months. 	A	2

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
95 (cont.)					<ul style="list-style-type: none"> Paxon examined a sample of tax invoices issued across the Audit Period, which record consumption charges. The sampled tax invoices confirm Aqwest issued bills for quantity charges: <ul style="list-style-type: none"> At least once in every 4-month period prior to the 2019/2020 financial year; and On a quarterly basis as from 1/07/2019. Due to the change in the meter reading frequency from 4 months to 3 months, as from 1/07/2019, no recommendation has been made. 		
96	11(3)	4.1.1	A bill for usage must be based on a meter reading to ascertain the quantity supplied or discharged.	4	<p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in clause 11(3) of the 2018 Code of Conduct.</p> <p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of Aqwest's Accounts Supervisor that, during the Audit Period, Aqwest issued bills for quantity charges based on meter readings; and Paxon examined a sample of tax invoices issued across the Audit Period, which record 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
96 (cont.)					consumption charges. The sampled tax invoices record meter readings at the start and end of the consumption period (to ascertain the quantity of water supplied).		
97	11(4)	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.	4	<p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in clause 11(4) of the 2018 Code of Conduct.</p> <p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of Aqwest's Accounts Supervisor that, during the Audit Period, Aqwest estimated bills with reference to daily consumption across a three-year period; and Paxon examined a sample of tax invoices issued across the Audit Period, which record consumption charges. The sampled tax invoices clearly record the fact consumption is estimated. 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
98	11(5)	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	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clause 11(5) of the 2018 Code of Conduct. Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of Aqwest's Accounts Supervisor that, during the Audit Period, Aqwest estimated bills with reference to daily consumption across a three-year period; and Paxon examined a sample of spread sheet calculations which support tax invoices recording estimated consumption. The sampled spread sheet calculations confirm estimated consumption was calculated based on average consumption across at least a three-year period. 	A	1
98A	11(6)	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	Applicable period: This obligation was introduced by the Water Services Code of Conduct (Customer Service Standards) 2018 (2018 Code of Conduct) which came into operation on 1/07/2018. Thus, it was	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
98A (cont.)					only applicable from 1/07/2018 to 30/09/2020 during the Audit period. Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clause 11(6) of the 2018 Code of Conduct. Compliance: See the compliance observations for obligation number 95 above.		
99	12	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	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clause 12 of the 2018 Code of Conduct. Compliance: • Paxon confirmed by interview of Aqwest's Accounts Supervisor that, during the Audit Period, Aqwest sent bills: <ul style="list-style-type: none"> ○ To the address of the place where the water service was provided; or ○ Nominated address. 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
99 (cont.)					<ul style="list-style-type: none"> Paxon examined a sample of tax invoices issued across the Audit Period. The sampled tax invoices record: <ul style="list-style-type: none"> the address of the place where the water service was provided; or Nominated address. 		
100	13(1)	4.1.1	Each bill must contain the prescribed information.	4	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clause 13(1) of the 2018 Code of Conduct. Compliance: Paxon examined samples of tax invoices issued across the Audit Period for consumption charges and annual charges, respectively. The sampled tax invoices contain the information referred to in clause 13(1) of the 2018 Code of Conduct.	A	1
100A	13(3)	4.1.1	A bill issued for 2 or more water services must specify the charge payable for each water service.	4	Applicable period: This obligation was introduced by the 2018 Code of Conduct which came into operation on 1/07/2018. Thus, it was only applicable from 1/07/2018 to 30/09/2020 during the Audit period.	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
100A (cont.)					Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clause 13(3) of the 2018 Code of Conduct. Compliance: Paxon examined a sample of tax invoices issued after 30/06/2018 which record both consumption charges and annual charges. The sampled tax invoices records charges payable for consumption charges and annual charges separately.		
101	13(4)	4.1.1	Each bill for usage for a metered water service must contain the specified information.	4	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clause 13(4) of the 2018 Code of Conduct. Compliance: Paxon examined a sample of tax invoices issued across the Audit Period, which record consumption charges based on meter readings. The sampled tax invoices contain the information referred to in clause 13(4) of the 2018 Code of Conduct.	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
101A	13(5)	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	<p>Applicable period:</p> <p>This obligation was introduced by the 2018 Code of Conduct which came into operation on 1/07/2018. Thus, it was only applicable from 1/07/2018 to 30/09/2020 during the Audit period.</p> <p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in clause 13(5) of the 2018 Code of Conduct.</p> <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon confirmed by interview of Aqwest's Accounts Supervisor that, during the Audit Period, Aqwest provided customers with copies of calculations to support tax invoices recording estimated consumption; • Paxon examined a sample of spread sheet calculations which support tax invoices, issued after 30/06/2018 recording estimated consumption. The sampled spread sheet calculations confirm estimated consumption was calculated based on average consumption across at least a three-year period; 	A	2

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
101A (cont.)					<ul style="list-style-type: none"> Paxon examined a sample of tax invoices issued after 30/06/2018, which record consumption charges based on estimated meter readings. With one exception, the sampled tax invoices explicitly record the reason for the estimate; Paxon found one sampled tax invoice which records consumption charges based on estimated meter readings did not explicitly: <ul style="list-style-type: none"> Record the reason for the estimate; nor Inform the customer that Aqwest would tell the customer the reason for the estimate on request. (non-complying estimation invoice); and However, sampled tax invoices recording consumption charges based on estimated meter readings issued after the non-complying estimation invoice explicitly record the reason for the estimate. Thus, Paxon does not make a recommendation for this isolated instance of non-compliance with clause 13(5)(b) of the 2018 Code of Conduct. 		

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
102*	12(3)	3.1.1	Each bill must inform the customer of the specified information and where further details can be obtained.	4	<p>Applicable period:</p> <p>The Water Services Code of Conduct (Customer Service Standards) 2013 (2013 Code of Conduct) was repealed by the 2018 Code of Conduct as at 1/07/2018. As this Audit period is from 1/10/2017 to 30/09/2020, Aqwest's compliance with clause 12(3) of the 2013 Code of Conduct was applicable during a portion of the Audit period (being from 1/10/2017 to 30/06/2018).</p> <p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in clause 12(3) of the Water Services Code of Conduct (Customer Service Standards) 2013 (2013 Code of Conduct).</p> <p>Compliance:</p> <ul style="list-style-type: none"> Paxon examined a sample of tax invoices issued during the Audit Period, prior to 30/06/2018. The sampled tax invoices contain the information referred to in clause 12(3) of the 2013 Code of Conduct, excluding 	A	2

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
102* (cont.)					<p>references to clause 12(3)(d) – testing a meter; and</p> <ul style="list-style-type: none"> Paxon found tax invoices issued after 30/06/2018 refer to testing a meter. Paxon does not make a recommendation for these instances of non-compliance with clause 12(3)(d) of the 2013 Code of Conduct which were corrected after 30/06/2018. 		
102A	13(6)	4.1.1	Each bill must contain the prescribed information.	4	<p>Applicable period:</p> <p>This obligation was introduced by the 2018 Code of Conduct which came into operation on 1/07/2018. Thus, it was only applicable from 1/07/2018 to 30/09/2020 during the Audit period.</p> <p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in clause 13(6) of the 2018 Code of Conduct.</p> <p>Compliance:</p> <ul style="list-style-type: none"> Paxon examined samples of tax invoices issued after 30/06/2018 for consumption charges and annual charges, respectively. The sampled tax invoices contain the information referred to in 	A	2

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
102A (cont.)					<p>clause 13(6) of the 2018 Code of Conduct, excluding references to clauses:</p> <ul style="list-style-type: none"> o 13(6)(h) – website contains information about complaints; and o 13(6)(i) – statement that bill can be reviewed in accordance with the licensee’s review procedure mentioned in clause 20 of the 2018 Code of Conduct (the sampled tax invoices merely state the website contains further information regarding the review of accounts). <p>Recommendation 3/2020:</p> <p>Aqwest must ensure tax invoices comply with clauses 13(6)(h) and 13(6)(i) of the 2018 Code of Conduct respectively by stating:</p> <ul style="list-style-type: none"> • Website contains information about complaints; and • Bill can be reviewed in accordance with the licensee’s review procedure mentioned in clause 20 of the 2018 Code of Conduct. 		

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
103	14(1)	4.1.1	If a bill is based on an estimate, the licensee must tell the customer on request the basis of the estimate and the reason for the estimate.	4	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clause 14(1) of the 2018 Code of Conduct. Compliance: Paxon was informed by Aqwest's Executive Assistant/Records Administrator that, during the Audit period, no requests were received from customers regarding estimates.	A	NR
104	14(2)	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	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clause 14(2) of the 2018 Code of Conduct. Compliance: <ul style="list-style-type: none"> • Paxon confirmed by interview of Aqwest's Accounts Supervisor that she does not recall any unreasonable estimates made during the Audit Period; and • Thus, as no activity took place during the Audit Period, Paxon was unable to test 	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
104 (cont.)					compliance with clause 14(2) of the 2018 Code of Conduct.		
104A	15(3)	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	<p>Applicable period:</p> <p>This obligation was introduced by the 2018 Code of Conduct which came into operation on 1/07/2018. Thus, it was only applicable from 1/07/2018 to 30/09/2020 during the Audit period.</p> <p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in clause 15(3) of the 2018 Code of Conduct.</p> <p>Compliance:</p> <ul style="list-style-type: none"> Paxon examined a sample of tax invoices issued after 30/06/2018 for consumption charges. The sampled tax invoices contain the information referred to in clause 15(3) of the 2018 Code of Conduct, excluding references to clause 15(3)(b) – how much more water the customer can be supplied with before supply will start to be in the next volumetric range); and 	A	2

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
104A (cont.)					<ul style="list-style-type: none"> However, Paxon found sampled tax invoices issued in the 2020 calendar year does contain the information referred to in clause 15(3)(b) of the 2018 Code of Conduct. Thus, Paxon does not make a recommendation for these instances of non-compliance with clause 15(3)(b) of the 2018 Code of Conduct which were corrected in later sampled tax invoices. 		
105	16(1)	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	<p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in clause 16(1) of the 2018 Code of Conduct.</p> <p>Compliance:</p> <p>Paxon examined a sample of tax invoices issued during the Audit Period for outstanding charges outside of the usual bill cycle. The sampled tax invoices record the reason for the read, for example:</p> <ul style="list-style-type: none"> “Vacate read as per request”; and “Special read as per request”. 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
106	17(2) & (3)	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	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clause 15(3) of the 2018 Code of Conduct. Compliance: Paxon examined Aqwest's website and found: <ul style="list-style-type: none"> • Dedicated webpage entitled: "Water leaks"; • "Leak Allowances Policy" which states: <i>"If you have had a leak at the property, this will affect the amount of water you have used. If the leak has been repaired by a licenced plumber, then you may be eligible for an allowance to offset a portion of the water used."</i>; and • Paxon was provided with a single Aqwest letter to a customer, dated 13/09/2019 regarding a leak allowance equal to 50% of the estimated water loss at the property. 	A	1
107	18(2)	4.1.1	The licensee cannot recover an undercharged amount from a customer unless it is for water services provided in the 12-month period ending	4	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clause 18(2) of the 2018 Code of Conduct.	A	2

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
107 (cont.)			on the day on which the licensee informed the customer of the undercharging.		<p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of Aqwest's Accounts Supervisor that, during the Audit Period, Aqwest limited the recovery of undercharged amounts to the stipulated 12-month period; and Paxon examined a sample of tax invoices and supporting letters issued during the Audit Period regarding undercharged amounts. Paxon found one sampled set of documents shows Aqwest recovered an undercharged amount for a period more than 12 months back from the day Aqwest informed the customers of the undercharging. Both the sampled letter and tax invoice dated 6/06/2019 includes charges for a read dated 6/5/2018. <p>Recommendation 4/2020:</p> <p>Aqwest must ensure it complies with clause 18(2) of the 2018 Code of Conduct. Aqwest must limit the recovery of undercharged amounts from customers to water services provided in the 12-month period ending on the day Aqwest informs the customer of the undercharging.</p>		

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
108	18(3)	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	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clause 18(3) of the 2018 Code of Conduct. Compliance: Paxon examined a sample of tax invoices issued during the Audit Period regarding undercharged amounts. The sampled tax invoices include a narration which explicitly refers to the undercharge.	A	1
109	18(4)	4.1.1	The licensee must not charge interest or late payment fees on an undercharged amount.	4	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clause 18(4) of the 2018 Code of Conduct. Compliance: Paxon examined a sample of tax invoices and supporting letters issued during the Audit Period regarding undercharged amounts. The sampled tax invoices did not include charges for interest and/or late payment. The sampled supporting letters includes a standard phrase which states:	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
109 (cont.)					<i>"Aqwest will not charge any interest or late payment fees on this undercharge amount for 12 months."</i>		
110	18(5)	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	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clause 18(5) of the 2018 Code of Conduct. Compliance: Paxon examined a sample of tax invoices and supporting letters issued during the Audit Period regarding undercharged amounts. The sampled supporting letters offered the customer a: <i>"12-month interest free payment arrangement if required".</i> The underpayment in the sampled instances related to a period of 12-months or greater.	A	1
111*	17(1)	3.1.1	If the licensee overcharges a customer, the licensee must credit the customer's account and must immediately afterwards notify the customer, or inform the customer of the	4	Applicable period: The 2013 Code of Conduct was repealed by the 2018 Code of Conduct as at 1/07/2018. Thus, it	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
111* (cont.)			overcharging and recommended options for refunding or crediting the overcharged amount.		<p>was only applicable from 1/10/2017 to 30/06/2018 during the Audit period.</p> <p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in clause 17(1) of the 2013 Code of Conduct.</p> <p>Compliance:</p> <p>Paxon was provided with a letter regarding a single incident of overcharging which occurred during the period 1/10/2017 to 30/06/2018. This letter referred to:</p> <ul style="list-style-type: none"> • Fact an overcharge occurred; • Crediting the customer's account; and • Refunding the overcharged amount. 		
111A	19(2)	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	4	<p>Applicable period:</p> <p>This obligation was introduced by the 2018 Code of Conduct which came into operation on 1/07/2018. Thus, it was only applicable from 1/07/2018 to 30/09/2020 during the Audit period.</p> <p>Controls:</p> <p>Paxon found the Compliance Register</p>	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
111A (cont.)			amount may be refunded or credited to the customer's account.		<p>acknowledges the obligation recorded in clause 19(2) of the 2018 Code of Conduct.</p> <p>Compliance:</p> <ul style="list-style-type: none"> Paxon was provided with a letter regarding a single incident of overcharging which occurred during the period 1/07/2018 to 30/09/2020. This letter referred to: <ul style="list-style-type: none"> Fact an overcharge occurred; and Crediting the customer's account. <p>The letter stated the overcharged amount being \$6.23 would be deducted from the next consumption account; and</p> Paxon was informed by Aqwest's General Manager of Business Services that: <ul style="list-style-type: none"> Aqwest initiated contact with the customer detailing the overcharge, requesting the customer to provide bank details (discretionary option); and The customer provided bank details and the refund was processed within 15 business days. 		

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
112*	17(2)	3.1.1	The licensee must, in accordance with the customer's instructions, refund or credit the customer's account within 15 business days from starting on the day the licensee receives the instructions.	4	<p>Applicable period:</p> <p>The 2013 Code of Conduct was repealed by the 2018 Code of Conduct as at 1/07/2018. Thus, it was only applicable from 1/10/2017 to 30/06/2018 during the Audit period.</p> <p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in clause 17(2) of the 2013 Code of Conduct.</p> <p>Compliance:</p> <p>Paxon was provided with a letter dated 30/05/2018 regarding a single incident of overcharging which occurred during the period 1/07/2018 to 30/09/2020. Paxon confirmed by interview of Aqwest's Accounts Supervisor that the overcharged amount was credited to the customer's account on 31/05/2018.</p>	A	1
112A	19(3)	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	4	<p>Applicable period:</p> <p>This obligation was introduced by the 2018 Code of Conduct which came into operation on</p>	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
112A (cont.)			the overcharged amount to the customer's account within 15 business days of the licensee receiving the instructions.		1/07/2018. Thus, it was only applicable from 1/07/2018 to 30/09/2020 during the Audit period. Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clause 19(3) of the 2018 Code of Conduct. Compliance: See the compliance observations for obligation number 111A above.		
112B	19(4)	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	Applicable period: This obligation was introduced by the 2018 Code of Conduct which came into operation on 1/07/2018. Thus, it was only applicable from 1/07/2018 to 30/09/2020 during the Audit period. Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clause 19(4) of the 2018 Code of Conduct. Compliance: See the compliance observation for obligation number 111A above.	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
112C	19(5)	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	<p>Applicable period:</p> <p>This obligation was introduced by the 2018 Code of Conduct which came into operation on 1/07/2018. Thus, it was only applicable from 1/07/2018 to 30/09/2020 during the Audit period.</p> <p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in clause 19(5) of the 2018 Code of Conduct.</p> <p>Compliance:</p> <p>See the compliance observation for obligation number 111A above.</p>	A	1
113	20(1)	4.1.1	The licensee must review a bill on the customer's request.	4	<p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in clause 20(1) of the 2018 Code of Conduct.</p> <p>Compliance:</p> <p>Paxon examined a sample of e-mail messages consisting of customer requests for bill reviews and Aqwest review responses thereto. Paxon is</p>	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
113 (cont.)					satisfied Aqwest reviews responses were comprehensive.		
114	20(2)	4.1.1	The license must have a written procedure for the review of a bill on the customer's request.	4	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clause 20(1) of the 2018 Code of Conduct. Compliance: Paxon examined Aqwest's website and found: <ul style="list-style-type: none"> • Dedicated webpage entitled: "Review my bill"; and • Link to a "Bill Review" statement which describes the bill review process and consequential bill adjustments if necessary. 	A	1
115	20(3) & (6)	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	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clauses 20(3) and (6) of the 2018 Code of Conduct. Compliance: <ul style="list-style-type: none"> • Paxon examined the "Bill Review" statement as available on the Aqwest website and found it included appropriate references to: 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
115 (cont.)					<ul style="list-style-type: none"> ○ Requesting the testing of a meter; ○ Identified undercharging or overcharging; and ○ What the customer can do if unsatisfied with the outcome of the review. • Paxon was informed by Aqwest's General Manager of Business Services that a hardcopy of Aqwest's bill review procedure would be provided to a customer upon request at no charge. 		
116	20(4)	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	<p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligations recorded in clause 20(4) of the 2018 Code of Conduct.</p> <p>Compliance:</p> <p>Paxon examined the "Bill Review" statement which refers to applying to the water services ombudsman. However, this document does not refer to making an appeal from, or applying for a review of, the decision under regulations mentioned in section 222(2)(k) of the Act (which</p>	A	2

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
116 (cont.)					includes applications to be made to the State Administrative Tribunal. Recommendation 5/2020: Aqwest must update its “ <i>Bill Review</i> ” statement to include an appropriate reference to making an appeal from, or applying for a review of, the decision under regulations mentioned in section 222(2)(k) of the Act.		
117	20(5)	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	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clause 20(5) of the 2018 Code of Conduct. Compliance: Paxon examined a sample of e-mail messages consisting of customer requests for bill reviews and Aqwest review responses thereto. The sampled Aqwest review responses were in all cases dated less than 15 business days from the day the customer’s review requests were received.	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
117A	21	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	<p>Applicable period:</p> <p>This obligation was introduced by the 2018 Code of Conduct which came into operation on 1/07/2018. Thus, it was only applicable from 1/07/2018 to 30/09/2020 during the Audit period.</p> <p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in clause 21 of the 2018 Code of Conduct.</p> <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon confirmed by interview of Aqwest's Accounts Supervisor that, during the period 1/07/2018 to 30/09/2020, changes to the amount or rate of a water service charges were published in government gazettes; and • Paxon examined a Western Australian government gazette dated 26/06/2020 which recorded in schedule 1, both service charges and consumption charges for Aqwest regarding the 2020/2021 financial year. 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
118	23	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	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clause 23 of the 2018 Code of Conduct. Compliance: Paxon examined samples of tax invoices issued across the Audit Period for consumption charges and annual charges, respectively. The sampled tax invoices provided for payment of charges at least 28 days after the recorded issue date.	A	1
119	24(1)	4.1.1	The licensee must allow a customer to pay a bill using any of the prescribed methods selected by the customer.	4	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clause 24(1) of the 2018 Code of Conduct. Compliance: Paxon examined samples of tax invoices issued across the Audit Period for consumption charges and annual charges, respectively. The sampled tax invoices provided for payment of charges by means of: <ul style="list-style-type: none"> • BPay; 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
119 (cont.)					<ul style="list-style-type: none"> • BPoint; • Centrepay; • By mail; • Direct debit; and • In person 		
120	24(2)	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	<p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in clause 24(2) of the 2018 Code of Conduct.</p> <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon confirmed by interview of Aqwest's Accounts Supervisor that, during the Audit Period, Aqwest did not levy any associated fees or charges for different bill payment methods; and • Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with clause 24(2) of the Code of Conduct. 	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
121	25(1)	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	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clause 25(1) of the 2018 Code of Conduct. Compliance: Paxon confirmed by interview of Aqwest's Accounts Supervisor that, during the Audit Period, Aqwest obtained appropriate express consent prior to accepting payment by direct debit. Due to the sensitivity of such records, Paxon did not examine it.	A	1
122	26(1)	4.1.1	The licensee must accept payment in advance from a customer on a customer's request.	4	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clause 26(1) of the 2018 Code of Conduct. Compliance: Paxon confirmed by interview of Aqwest's Accounts Supervisor that, during the Audit Period, Aqwest accepted payment in advance from customers at their request.	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
123	27	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	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clause 27 of the 2018 Code of Conduct. Compliance: Paxon confirmed by interview of Aqwest's Accounts Supervisor that, during the Audit Period, Aqwest redirected customers' bills for free because of the customers' absence or illness.	A	1
124*	25	3.1.1	The licensee must allow a customer to pay a bill under a payment plan or other arrangement under which the customer is given more time to pay the bill or to pay arrears if the customer is assessed by the licensee as experiencing payment difficulties.	4	Applicable period: The 2013 Code of Conduct was repealed by the 2018 Code of Conduct as at 1/07/2018. Thus, it was only applicable from 1/10/2017 to 30/06/2018 during the Audit period. Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clause 25 of the 2013 Code of Conduct. Compliance: Paxon examined a payment plan entered into with a customer in May 2018 under which more	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
124* (cont.)					time was provided for the payment of bills and arrears.		
124A	28(2)	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	<p>Applicable period:</p> <p>This obligation was introduced by the 2018 Code of Conduct which came into operation on 1/07/2018. Thus, it was only applicable from 1/07/2018 to 30/09/2020 during the Audit period.</p> <p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in clause 28(2) of the 2013 Code of Conduct.</p> <p>Compliance:</p> <p>Paxon examined a sample of payment plans entered into with customers after 3/06/2018 under which more time was provided for the payment of bills and arrears.</p>	A	1
124B	28(3)	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	4	<p>Applicable period:</p> <p>This obligation was introduced by the 2018 Code of Conduct which came into operation on 1/07/2018. Thus, it was only applicable from 1/07/2018 to 30/09/2020 during the Audit period.</p>	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
124B (cont.)			usage, the licensee must also take into account how much water has been supplied or wastewater has been discharged in previous billing periods.		Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clause 28(3) of the 2018 Code of Conduct. Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of Aqwest's Accounts Supervisor that, during the period 1/07/2018 to 30/09/2020, Aqwest negotiated achievable payment plans with customers; and Paxon examined a sample of payment plans entered into with customers after 30/06/2018. The sampled payment plans differed from each other as to the: <ul style="list-style-type: none"> Frequency of payment (weekly, fortnightly, and monthly; and Amounts to be paid. Paxon is satisfied the agreed payment plans considered customers' capacity to pay.		
124C	28(4)	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	4	Applicable period: This obligation was introduced by the 2018 Code of Conduct which came into operation on	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
124C (cont.)			experiencing payment difficulties should be interest-free, or fee-free, or both.		<p>1/07/2018. Thus, it was only applicable from 1/07/2018 to 30/09/2020 during the Audit period.</p> <p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in clause 28(4) of the 2018 Code of Conduct.</p> <p>Compliance:</p> <ul style="list-style-type: none"> Paxon examined a sample of payment plans entered into with customers after 30/06/2018. The sampled payment plans with one exception all state: <i>“Please note that an interest penalty calculated daily applies to all overdue amounts.”</i> However, Paxon was informed by Aqwest’s General Manager of Business Services that no customer experiencing difficulties or in financial hardship was charged interest once the customer has been assessed. Paxon was provided with an extract of interest -free payment plans entered into with customers experiencing payment difficulties; and 		

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
124C (cont.)					<ul style="list-style-type: none"> The sampled payment plans, and the statement made by Aqwest's General Manager of Business Services is contradictory. However, Paxon is satisfied payment plans entered into after 30/06/2018 with customers experiencing payment difficulties considered interest charges. 		
125	29(1) & (2)	4.1.1 & Sch. 3, Cl. 1.1.1	The licensee must have a written policy in relation to financial hardship that is approved by the ERA.	4	<p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligations recorded in clauses 29(1) and (2) of the 2018 Code of Conduct.</p> <p>Compliance:</p> <ul style="list-style-type: none"> Paxon examined Aqwest's "Financial Hardship Policy for Water Services", dated November 2018; and Paxon examined an ERA letter, dated 18/12/2018 in which the ERA approved Aqwest's amended financial hardship policy. 	A	1
126*	26(3)	3.1.1	If the licensee's licence was in place before the commencement of the Act, the licensee must have a financial hardship policy before the end of	4	<p>Applicable period:</p> <p>The 2013 Code of Conduct was repealed by the 2018 Code of Conduct as at 1/07/2018. Thus, it</p>	NA	NA

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
126* (cont.)			the 6-month period starting on the day on which section 27 of the Act comes into effect.		was only applicable from 1/10/2017 to 30/06/2018 during the Audit period. Controls and Compliance: Section 27 of the Act addresses the Code of Conduct. The 2013 Code of Conduct was gazetted on 26/07/2013 and took effect on 18/11/2013. As such, Aqwest's financial hardship policy must have been finalised by 17/05/2014. This date precedes the period 1/10/2017 to 30/06/2018. Thus, Aqwest did not need to comply with obligation number 126.		
126A	29(3)	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	Applicable period: This obligation was introduced by the 2018 Code of Conduct which came into operation on 1/07/2018. Thus, it was only applicable from 1/07/2018 to 30/09/2020 during the Audit period. Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clause 29(3) of the 2018 Code of Conduct.	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
126A (cont.)					Compliance: <ul style="list-style-type: none"> Paxon notes the ERA has published a document entitled: “<i>Financial Hardship Policy Guidelines for Water Services</i>”, dated June 2018; and Paxon examined an ERA letter, dated 18/12/2018 in which the ERA approved Aqwest’s amended financial hardship policy. 		
126B	29(4)	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	Applicable period: This obligation was introduced by the 2018 Code of Conduct which came into operation on 1/07/2018. Thus, it was only applicable from 1/07/2018 to 30/09/2020 during the Audit period. Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clause 29(4) of the 2018 Code of Conduct. Compliance: See the compliance observation for obligation number 126A above.	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
127	29(5)	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	Controls and Compliance: Aqwest's water services licence commenced on 17/01/1997. The 2013 Code of Conduct which creates the obligation for Aqwest to have a financial hardship policy, was gazetted on 26/07/2013 and took effect on 18/11/2013. As such, Aqwest's financial hardship policy must have been finalised by 17/05/2014. This date precedes the current Audit Period. Thus, Aqwest did not need to comply with obligation number 127.	NA	NA
128	29(6)	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	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clause 29(6) of the 2018 Code of Conduct. Compliance: Paxon examined Aqwest's website and found: <ul style="list-style-type: none"> • Dedicated webpage entitled: "Financial support"; and • Link to Aqwest's "Financial Hardship Policy for Water Services", dated November 2018. 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
129*	26(6)	3.1.1	The licensee must review its financial hardship policy at least once in every 5 year period and, as part of the review process, consult with relevant consumer organisations.	4	<p>Applicable period:</p> <p>The 2013 Code of Conduct was repealed by the 2018 Code of Conduct as at 1/07/2018. Thus, it was only applicable from 1/10/2017 to 30/06/2018 during the Audit period.</p> <p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in clause 26(6) of the 2013 Code of Conduct.</p> <p>Compliance:</p> <p>Paxon examined an Aqwest document entitled: “Financial Hardship Policy Guidelines”, dated May 2014. Thus, the earliest obligation date for Aqwest to review its financial hardship policy was May 2019. This date is after the period 1/10/2017 to 30/06/2018. Thus, Aqwest did not need to comply with obligation number 129.</p>	NA	NA
129A	29(7)	4.1.1	The licensee must review its financial hardship policy at least once in every 5-year period.	4	<p>Applicable period:</p> <p>This obligation was introduced by the 2018 Code of Conduct which came into operation on 1/07/2018. Thus, it was only applicable from</p>	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
129A (cont.)					1/07/2018 to 30/09/2020 during the Audit period. Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clause 29(7) of the 2018 Code of Conduct. Compliance: Paxon examined an Aqwest document entitled: “Financial Hardship Policy Guidelines”, dated May 2014. Thus, the earliest obligation date for Aqwest to review its financial hardship policy was May 2019. Paxon examined Aqwest’s “Financial Hardship Policy for Water Services”, dated November 2018 which means the policy was reviewed within the renewal window.		
129B	29(8)	4.1.1	The licensee must review its financial hardship policy if directed to do so by the ERA.	4	Applicable period: This obligation was introduced by the 2018 Code of Conduct which came into operation on 1/07/2018. Thus, it was only applicable from 1/07/2018 to 30/09/2020 during the Audit period. Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clause	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
129B (cont.)					29(8) of the 2018 Code of Conduct. Compliance: <ul style="list-style-type: none"> The ERA directed Aqwest to review its Financial hardship policy on 02/08/2018, following an update to the ERA's financial hardship policy guidelines; and Paxon was informed by Aqwest's General Manager of Business Services that Aqwest did review its financial hardship policy as directed by the ERA. 		
129C	29(9)	4.1.1	The licensee must consult with relevant consumer organisations when formulating or reviewing its financial hardship policy.	4	Applicable period: This obligation was introduced by the 2018 Code of Conduct which came into operation on 1/07/2018. Thus, it was only applicable from 1/07/2018 to 30/09/2020 during the Audit period. Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clause 29(9) of the 2018 Code of Conduct. Compliance: Aqwest consulted with relevant consumer organisations when it reviewed its "Financial	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
129C (cont.)					<p><i>Hardship Policy for Water Services</i>", dated November 2018. Paxon examined e-mails Aqwest received regarding the contents of the draft policy from:</p> <ul style="list-style-type: none"> • Anglicare WA dated 26/11/2018; and • Financial Counsellors Association of Western Australia dated 29/11/2018. 		
130*	27(2)	3.1.1	The licensee must allow a customer experiencing financial hardship to pay a bill under an interest-free or fee-free payment plan or other arrangement under which the customer is given more time to pay the bill or to pay arrears.	4	<p>Applicable period:</p> <p>The 2013 Code of Conduct was repealed by the 2018 Code of Conduct as at 1/07/2018. Thus, it was only applicable from 1/10/2017 to 30/06/2018 during the Audit period.</p> <p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in clause 27(2) of the 2013 Code of Conduct.</p> <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon examined a payment plan entered into with a customer, dated 14/05/2018. The sampled payment plan states: 	A	2

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
130* (cont.)					<p><i>"Please note that an interest penalty calculated daily applies to all overdue amounts.";</i></p> <ul style="list-style-type: none"> The sampled plan does not explicitly state whether it was entered into due to an assessment of: <ul style="list-style-type: none"> Payment difficulties; or Financial hardship. However, Paxon was informed by Aqwest's General Manager of Business Services that no customer experiencing difficulties or in financial hardship was charged interest once the customer has been assessed; Paxon was provided with an Aqwest letter to a customer regarding the renewal of a payment plan, dated 9/01/2018 which refer to <i>"financial hardship"</i> and <i>"interest-free"</i> terms; and Paxon believes the actual payment plans entered into with customers should distinguish between assessments based on payment difficulties (on which interest can be charged) and financial hardship (on which no interest can be charged). Such important information should not be provided to customers at a later 		

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
130* (cont.)					stage as evidenced by the e-mails and letter referred to above (see obligation number 130A below for recommendation 6/2020).		
130A	30(2)	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	<p>Applicable period:</p> <p>This obligation was introduced by the 2018 Code of Conduct which came into operation on 1/07/2018. Thus, it was only applicable from 1/07/2018 to 30/09/2020 during the Audit period.</p> <p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in clause 30(2) of the 2018 Code of Conduct.</p> <p>Compliance:</p> <ul style="list-style-type: none"> Aqwest's "Financial Hardship Policy for Water Services", dated November 2018 (Hardship Policy) defines financial hardship as: <p><i>"You will be considered to be in financial hardship if paying your water bill will affect your ability to meet your basic living needs – in short, if you have the intention but not the financial capacity to pay."</i></p>	A	2

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
130A (cont.)					<ul style="list-style-type: none"> ○ Aqwest's Hardship Policy states regarding payment plans: <i>"If we determine that you are in financial hardship, we will offer you a payment plan. We will not charge you any fees or interest as part of your payment plan."</i>; • Paxon examined a sample of payment plans entered into with customers after 30/06/2018, The sampled payment plans, with one exception, states: <i>"Please note that an interest penalty calculated daily applies to all overdue amounts."</i>; • The sampled plan does not explicitly state whether it was entered into due to an assessment of: <ul style="list-style-type: none"> ○ Payment difficulties; or ○ Financial hardship. • However, Paxon was informed by Aqwest's General Manager of Business Services that no customer experiencing difficulties or in financial hardship was charged interest once the customer has been assessed; 		

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
130A (cont.)					<ul style="list-style-type: none"> Paxon was provided with an e-mail chain between Aqwest and a customer with a current payment arrangement regarding outstanding fortnightly payments (dated from 25/02/2019 to 1/03/2019). This e-mail chain refers to a “<i>HARDSHIP payment plan</i>” and the non-accrual of interest; Paxon was also provided with an Aqwest letter to a customer regarding renewal of a payment plan, dated 12/09/2018 which refers to “<i>hardship</i>” and “<i>interest-free</i>” terms; Paxon was provided with a single Aqwest e-mail to a customer, dated 20/02/2019 regarding setting up a payment plan due to a “<i>hardship situation</i>” without charging interest; and Paxon believes the actual payment plans entered into with customers should distinguish between assessments based on payment difficulties (on which interest can be charged) and financial hardship (on which no interest can be charged). Such important information should not be provided to customers at a later 		

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
130A (cont.)					<p>stage as evidenced by the e-mails and letter referred to above.</p> <p>Recommendation 6/2020:</p> <p>Aqwest should clearly record in its payment plans whether such plans are entered into due to an assessment of:</p> <ul style="list-style-type: none"> • Payment difficulties; or • Financial hardship. <p>This distinction is vital as the levy of interest and fees are:</p> <ul style="list-style-type: none"> • Discretionary for payment plans based on assessed payment difficulties; and • Prohibited for payment plans based on assessed financial hardship. 		
130B	30(3)	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	4	<p>Applicable period:</p> <p>This obligation was introduced by the 2018 Code of Conduct which came into operation on 1/07/2018. Thus, it was only applicable from 1/07/2018 to 30/09/2020 during the Audit period.</p> <p>Controls:</p> <p>Paxon found the Compliance Register</p>	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
130B (cont.)			much water has been supplied or wastewater has been discharged in previous billing periods.		acknowledges the obligation recorded in clause 30(3) of the 2018 Code of Conduct. Compliance: See the compliance observations for obligations number 124B above.		
131*	27(3)	3.1.1	The licensee must also consider reducing the amount owed, review and revise, if appropriate, how a customer is paying a bill under clause 27(2) and provide the specified written information to a customer.	4	Applicable period: The 2013 Code of Conduct was repealed by the 2018 Code of Conduct as at 1/07/2018. Thus, it was only applicable from 1/10/2017 to 30/06/2018 during the Audit period. Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clause 27(3) of the 2013 Code of Conduct. Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of Aqwest's Accounts Supervisor that, during the period 1/10/2017 to 30/06/2018, Aqwest's practice was to cancel accumulated interests incurred on accounts prior to the date of entering into payment arrangements regarding financial 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
131* (cont.)					<p>hardship;</p> <ul style="list-style-type: none"> Aqwest's Hardship Policy states regarding payment plans: <ul style="list-style-type: none"> "If you are in financial hardship, we will consider reducing the amount you owe us."; and "If you ask us, we will review your payment plan. If our review indicates that you are unable to meet your obligations under the plan, we will revise it."; and Paxon examined Aqwest's Hardship Policy which includes appropriate references to: <ul style="list-style-type: none"> Redirection of water bills; Bill payment options provided by Aqwest; Concessions and other financial relief and assistance including (Hardship Utility Grant Scheme – HUGS); and Financial counselling. 		
131A	30(4)(a)	4.1.1	The licensee must consider reducing the amount owing by the customer.	4	<p>Applicable period:</p> <p>This obligation was introduced by the 2018 Code of Conduct which came into operation on 1/07/2018. Thus, it was only applicable from</p>	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
131A (cont.)					<p>1/07/2018 to 30/09/2020 during the Audit period.</p> <p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in clause 30(4)(a) of the 2018 Code of Conduct.</p> <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon confirmed by interview of Aqwest's Accounts Supervisor that, during the period 1/10/2017 to 30/06/2018, Aqwest's practice was to cancel accumulated interests incurred on accounts prior to the date of entering into payment arrangements regarding financial hardship; • Paxon was provided with a single Aqwest letter to a customer, dated 17/06/2020 in which accumulated interest was cancelled due to the customer being deemed to be in financial hardship; • Paxon was informed by Aqwest's General Manager of Business Services that Aqwest did consider reducing amounts owing, most 		

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
131A (cont.)					commonly by considering requests for leak allowance; and • Paxon was provided with a single Aqwest letter to a customer, dated 13/09/2019 regarding a leak allowance equal to 50% of the estimated water loss at the property.		
131B	30(4)(b)	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	<p>Applicable period:</p> <p>This obligation was introduced by the 2018 Code of Conduct which came into operation on 1/07/2018. Thus, it was only applicable from 1/07/2018 to 30/09/2020 during the Audit period</p> <p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in clause 30(4)(b) of the 2018 Code of Conduct.</p> <p>Compliance:</p> <p>Paxon was informed by Aqwest's General Manager of Business Services that, during the period 1/07/2018 to 30/09/2020, Aqwest did revise payment plans on request from customers.</p>	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
131C	30(4)(c)	4.1.1	The licensee must provide the specified written information to a customer.	4	<p>Applicable period:</p> <p>This obligation was introduced by the 2018 Code of Conduct which came into operation on 1/07/2018. Thus, it was only applicable from 1/07/2018 to 30/09/2020 during the Audit period</p> <p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in clause 30(4)(c) of the 2018 Code of Conduct.</p> <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon examined Aqwest's Financial Hardship Policy for Water Services – November 2018 which states: <ul style="list-style-type: none"> ○ <i>“Redirection of water bill</i> <i>We will advise you of your right to have your water bill redirected to another person free of charge if you are absent or ill.”;</i> ○ <i>“Payment options</i> <i>You may pay your water bill by Direct Debit, Centrepay, internet, telephone or post. Centrepay</i> 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
131C (cont.)					<p>is only available to customers who receive Centrelink payments.”;</p> <ul style="list-style-type: none"> ○ “Concessions and other financial relief and assistance You may be eligible for Pensioner and Senior Concession(s) and/or financial relief (HUGS - Hardship Utilities Grant Scheme).”; ○ “Financial counselling We will advise you of any financial counselling services or other organisations that may be available to you. Financial counsellors offer free, independent information to help you take control of your financial situation. The National Debt Helpline can be contacted on 1800 007 007 or alternatively you can go to the website, www.financialcounsellors.org locate your closest financial counselling service.” ● Paxon was informed by Aqwest’s General Manager of Business Services that, during the period 1/07/2018 to 30/09/2020, Aqwest did provide the information referred to above to 		

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
131C (cont.)					customers in financial hardship, including an Anglicare flyer.		
132*	28(1)	3.1.1	Before the licensee enters into a payment plan or other similar arrangement with a customer who is not the owner of the land in respect of which the water service is provided, the licensee must ensure that the owner is aware of the proposed plan or arrangement.	4	<p>Applicable period:</p> <p>The 2013 Code of Conduct was repealed by the 2018 Code of Conduct as at 1/07/2018. Thus, it was only applicable from 1/10/2017 to 30/06/2018 during the Audit period.</p> <p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in clause 28(1) of the 2013 Code of Conduct.</p> <p>Compliance:</p> <ul style="list-style-type: none"> Aqwest's Hardship Policy states regarding payment plans: <i>"If you are a tenant, we must make sure that the land owner is aware of us giving you an extension or entering into a payment plan with you before we do so. We can agree that you notify the landowner of the proposed extension or payment plan (and provide us with evidence that you have done so), or you can give us permission to notify the landowner."</i>; and 	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
132* (cont.)					<ul style="list-style-type: none"> However, Paxon confirmed by interview of Aqwest's Accounts Supervisor that, during the period 1/10/2017 to 30/06/2018, Aqwest entered into payment plans with property owners only. 		
133	31(4) & (5)	4.1.1	The licensee must have written information regarding the payment schemes and other assistance that is available to customers. The information must be available on the licensee's website and a hardcopy provided to a customer upon request at no charge.	4	<p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligations recorded in clauses 31(4) and (5) of the 2018 Code of Conduct.</p> <p>Compliance:</p> <p>Paxon examined Aqwest's website and found:</p> <ul style="list-style-type: none"> Dedicated webpage entitled: "Financial support"; and Link to Aqwest's "Financial Hardship Policy for Water Services", dated November 2018. 	A	1
133A	32	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	<p>Applicable period:</p> <p>This obligation was introduced by the 2018 Code of Conduct which came into operation on 1/07/2018. Thus, it was only applicable from 1/07/2018 to 30/09/2020 during the Audit period,</p> <p>Controls:</p> <p>Paxon found the Compliance Register</p>	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
133A (cont.)					acknowledges the obligation recorded in clause 32 of the 2018 Code of Conduct. Compliance: Paxon confirmed by interview of Aqwest's Accounts Supervisor that, during the period 1/07/2018 to 30/09/2020, Aqwest did not charge interest or fees for late payment of a bill by a customer in the specified circumstances.		
134	33(1)(a)-(c)	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	Controls: Paxon found the Compliance Register acknowledges the obligations recorded in clauses 33(1)(a)-(c) of the 2018 Code of Conduct. Compliance: • Paxon confirmed by interview of Aqwest's Accounts Supervisor that, during the Audit Period, Aqwest abstained from debt recovery proceeding in the specified circumstances; and • Aqwest's Hardship Policy states regarding payment plans <i>"We will also not commence or continue proceedings to recover your debt:</i>	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
134 (cont.)					<ul style="list-style-type: none"> while we are assessing whether or not you are in financial hardship; or if you are complying with your payment plan or another payment arrangement you have with us." 		
134A	33(1)(d)-(e)	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	<p>Applicable period:</p> <p>This obligation was introduced by the 2018 Code of Conduct which came into operation on 1/07/2018. Thus, it was only applicable from 1/07/2018 to 30/09/2020 during the Audit period.</p> <p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligations recorded in clauses 33(1)(d)-(e) of the 2018 Code of Conduct.</p> <p>Compliance:</p> <p>Paxon confirmed by interview of Aqwest's Accounts Supervisor that, during the period 1/07/2018 to 30/09/2020, Aqwest withheld proceedings to recover a debt from a customer whilst their complaint was been determined by the water services ombudsman.</p>	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
135	40(1)	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	<p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in clause 40(1) of the 2018 Code of Conduct.</p> <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon confirmed by interview of Aqwest's Accounts Supervisor that, during the Audit Period, Aqwest did not cut off the flow of water to land but reduced the rate of flow; • Paxon examined an Aqwest record which records the current status of instances where the flow of water to land was reduced during the Audit Period. This record discloses that Aqwest restored the supply of water: <ul style="list-style-type: none"> ◦ On payment of outstanding charges; and ◦ On entering into payments arrangements. • The Aqwest record also states all water flow reductions were removed (water flow was restored) from 24/03/2019 due to Covide-19. 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
136	40(2)	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	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clause 40(2) of the 2018 Code of Conduct. Compliance: See the compliance observations for obligation number 135 above.	A	1
137*	31	3.1.1	The licensee must not, under section 95(1)(b) of the Act, reduce the rate of flow of drinking water to a customer without having first used its best endeavours to inform the customer in person of its intention to do so if the amount owing is not paid.	4	Applicable period: The 2013 Code of Conduct was repealed by the 2018 Code of Conduct as at 1/07/2018. Thus, it was only applicable from 1/10/2017 to 30/06/2018 during the Audit period. Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clause 31 of the 2013 Code of Conduct. Compliance Paxon examined a sample of restriction letters Aqwest issued to customers prior to 30/06/2018. The restriction letters provided the customers	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
137* (cont.)					with at least 14 days' notice of the restriction of water supply to the identified properties.		
137A	36(1)	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	<p>Applicable period:</p> <p>This obligation was introduced by the 2018 Code of Conduct which came into operation on 1/07/2018. Thus, it was only applicable from 1/07/2018 to 30/09/2020 during the Audit period.</p> <p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in clause 36(1) of the 2018 Code of Conduct.</p> <p>Compliance:</p> <ul style="list-style-type: none"> Paxon was provided with an example of a "Reminder Notice" Aqwest issued to a customer dated 17/09/2019. This notice recorded: <ul style="list-style-type: none"> The amount of the unpaid water service charge and the date on which it became due; Aqwest's telephone number for account, payment and general enquiries; and 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
137A (cont.)					<ul style="list-style-type: none"> ○ That Aqwest can be contacted for assistance if the customer is experiencing payment difficulties. • Paxon examined a sample of “<i>Final Reminder</i>” letters issued during the Audit Period. The sampled letters contain the information referred to in clause 35(a) of the 2018 Code of Conduct, excluding indicating the date on which the unpaid water service charge became due; • Paxon examined a sample of “<i>Intention to Restrict Water Supply</i>” notices issued subsequently to the “<i>Final Reminder</i>” letters; and • Paxon examined a sample of restriction letters issued during the Audit period. These letters refer to the fact that despite repeated follow up action, a significant balance remains outstanding against the referenced properties. 		

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
137B	36(2)	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	<p>Applicable period:</p> <p>This obligation was introduced by the 2018 Code of Conduct which came into operation on 1/07/2018. Thus, it was only applicable from 1/07/2018 to 30/09/2020 during the Audit period.</p> <p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in clause 36(2) of the 2018 Code of Conduct.</p> <p>Compliance:</p> <p>Paxon examined a restriction letter Aqwest issued to a customer, dated 19/09/2018. The restriction letter provided the customer with at least 10 days' notice of the restriction of water supply to the identified property.</p>	A	1
137C	36(3)	4.1.1	The restriction notice must include the specified information.	4	<p>Applicable period:</p> <p>This obligation was introduced by the 2018 Code of Conduct which came into operation on 1/07/2018. Thus, it was only applicable from 1/07/2018 to 30/09/2020 during the Audit period.</p>	A	3

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
137C (cont.)					<p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in clause 36(3) of the 2018 Code of Conduct.</p> <p>Compliance:</p> <p>Paxon examined a sample of restriction letters Aqwest issued to customers after 30/06/2018. The sample of restriction notices does not:</p> <ul style="list-style-type: none"> • inform the customer of the existence and operation of the licensee's complaints procedure mentioned in clause 46; • inform the customer of the procedures available to the customer under the Act as to applying to the water services ombudsman under a scheme approved under section 65 and provide a Freecall telephone number for the office of the water services ombudsman; and • inform the customer of the applicable procedures for the restoration of the water supply if the water supply restriction is started. 		

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
137C (cont.)					Recommendation 7/2020: Aqwest must include appropriate references in its restriction notices to the following stipulations of clause 36(3) of the 2018 Code of Conduct: <ul style="list-style-type: none"> • Existence and operation of the licensee's complaints procedure mentioned in clause 46; • Procedures available to the customer under the Act as to applying to the water services ombudsman under a scheme approved under section 65, including providing a Freecall telephone number for the office of the water services ombudsman; and • Applicable procedures for the restoration of the water supply once the water supply restriction has started. 		
138	37(1)(a)-(e) & (h)	4.1.1	The licensee must not start a water supply restriction if the specified circumstances apply.	4	Controls: Paxon found the Compliance Register acknowledges the obligations recorded in clauses 37(1)(a) - (e) & (h) of the 2018 Code of Conduct. Compliance: Paxon confirmed by interview of Aqwest's Accounts Supervisor that, during the Audit	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
138 (cont.)					Period, Aqwest did not start a water supply restriction if the specified circumstances applied.		
138A	37(1)(f) –(g)	4.1.1	The licensee must not start a water supply restriction if the specified circumstances apply.	4	<p>Applicable period:</p> <p>This obligation was introduced by the 2018 Code of Conduct which came into operation on 1/07/2018. Thus, it was only applicable from 1/07/2018 to 30/09/2020 during the Audit period.</p> <p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligations recorded in clauses 37(1)(f) –(g) of the 2018 Code of Conduct.</p> <p>Compliance:</p> <p>Paxon confirmed by interview of Aqwest's Accounts Supervisor that, during the period 1/07/2018 to 30/09/2020, Aqwest did not start a water supply restriction if the specified circumstances applied.</p>	A	1
138B	38	4.1.1	The licensee must not start a water supply restriction on or during the specified times.	4	<p>Applicable period:</p> <p>This obligation was introduced by the 2018 Code of Conduct which came into operation on</p>	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
138B (cont.)					1/07/2018. Thus, it was only applicable from 1/07/2018 to 30/09/2020 during the Audit period. Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clause 38 of the 2018 Code of Conduct. Compliance: Paxon confirmed by interview of Aqwest's Accounts Supervisor that, during the period 1/07/2018 to 30/09/2020, Aqwest did not start a water supply restriction on or during the specified times.		
139	39	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	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clause 39 of the 2018 Code of Conduct. Compliance: Paxon examined a sample of restriction notices issued during the Audit Period. The sampled restriction notices state:	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
139 (cont.)					<i>“The effect of restriction of water supply to your property will be to reduce the water flow to approximately 2.3 litres per minute.”</i>		
142	41(4)	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	<p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in clause 41(4) of the 2018 Code of Conduct.</p> <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon confirmed by interview of Aqwest’s Coordinator: Water Distribution that, during the Audit Period, Aqwest restored water supply to land within the specified timeframe unless the licensee and customer expressly agreed otherwise; and • Paxon examined yearly summaries of properties restricted for 2018-2019 and 2019-2020. These summaries record, amongst others: <ul style="list-style-type: none"> ◦ Date installed; ◦ Date of payment; ◦ Date removed; and ◦ General comments. 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
142 (cont.)					<p>These yearly summaries indicate:</p> <ul style="list-style-type: none"> • The restoration of water supply to land after payment; and • A 90% compliance rate with clause 41(4) of the 2018 Code of Conduct during 2018-2019 and 2019-2020. <p>Paxon notes all restrictors were removed on 24/03/2020 due to Covid-19.</p>		
144	41(6)	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	<p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in clause 41(6) of the 2018 Code of Conduct.</p> <p>Compliance:</p> <p>See the compliance observations for obligation number 142 above.</p>	A	1
144A	43(1)	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	<p>Applicable period:</p> <p>This obligation was introduced by the 2018 Code of Conduct which came into operation on 1/07/2018. Thus, it was only applicable from 1/07/2018 to 30/09/2020 during the Audit period.</p>	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
144A (cont.)					Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clause 43(1) of the 2018 Code of Conduct. Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of Aqwest's Coordinator: Water Distribution that, during the period 1/07/2018 to 30/09/2020, Aqwest gave notice of planned service interruptions to affected customers; and Paxon examined a sample of templates used to inform the "Householder" of the water supply interruption. The sampled templates record the date of the interruption, the period thereof and the reason therefor. Aqwest's Coordinator: Water Distribution stated the same templates are also used regarding interruptions of water supply to commercial and industrial premises. 		
144B	43(2)	4.1.1	The notice of any planned service interruption must be given within the prescribed timeframes.	4	Applicable period: This obligation was introduced by the 2018 Code of Conduct which came into operation on	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
144B (cont.)					<p>1/07/2018. Thus, it was only applicable from 1/07/2018 to 30/09/2020 during the Audit period.</p> <p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in clause 43(2) of the 2018 Code of Conduct.</p> <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon confirmed by interview of Aqwest's Coordinator: Water Distribution that, during the period 1/07/2018 to 30/09/2020, Aqwest did not keep a separate record to proof notice of any planned service interruption was given within the prescribed timeframes; and • However, Paxon examined a sample of "Distribution Works Reports" dated after 30/06/2018. These reports indicate not less than 48 hours' notice was given of planned service interruptions. 		
144C	44(1)	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>Applicable period:</p> <p>This obligation was introduced by the 2018 Code of Conduct which came into operation on</p>	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
144C (cont.)					1/07/2018. Thus, it was only applicable from 1/07/2018 to 30/09/2020 during the Audit period. Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clause 44(1) of the 2018 Code of Conduct. Compliance: Paxon examined three Aqwest operational procedures entitled: “Water Main Repair” and “Leaking Service”.		
144D	44(2)	4.1.1	The policies, practices and procedures under clause 44(1) must deal with the prescribed matters.	4	Applicable period: This obligation was introduced by the 2018 Code of Conduct which came into operation on 1/07/2018. Thus, it was only applicable from 1/07/2018 to 30/09/2020 during the Audit period. Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clause 44(2) of the 2018 Code of Conduct.	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
144D (cont.)					Compliance: Paxon examined three Aqwest operational procedures entitled: “Water Main Repair” and “Leaking Service”. Paxon found these operational procedures refer to: <ul style="list-style-type: none"> • The Helpdesk conducting a preliminary risk assessment when receiving the service call and giving it a priority status; • The identification of hazards; • The actual procedure; and • Quality assurance. 		
144E	45	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	Applicable period: This obligation was introduced by the 2018 Code of Conduct which came into operation on 1/07/2018. Thus, it was only applicable from 1/07/2018 to 30/09/2020 during the Audit period. Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clause 45 of the 2018 Code of Conduct.	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
144E (cont.)					Compliance: Paxon examined Aqwest’s website and found a dedicated webpage entitled: "Fault forms" which states: <i>"For faults that need to be attended to immediately, call us anytime of the day or night on 9780 9500."</i>		
145	46(1)	4.1.1	The licensee must have a written complaints procedure in relation to investigating and dealing with complaints of customers about the provision of water services by the licensee or a failure by the licensee to provide a water service.	4	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clause 46(1) of the 2018 Code of Conduct. Compliance: <ul style="list-style-type: none"> Paxon examined Aqwest’s website and found: <ul style="list-style-type: none"> Dedicated webpage entitled: "Help and feedback" which includes a section entitled: "Make a complaint"; and Link to a "Water and Energy Ombudsman Process" within the "Make a complaint" section. Paxon found the "Make a complaint" section deals with investigating and dealing with customer complaints. 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
146	46(2)	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	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clause 46(2) of the 2018 Code of Conduct. Compliance: Paxon was informed by Aqwest's General Manager of Business Services that: <ul style="list-style-type: none"> • Aqwest recently undertook a review of the Complaints Procedure using AS/NZS 10002-2014 and ERA guidelines; and • The review detailed compliance against the standard and identified shortcomings in the Aqwest complaints procedure document. Recommendation 8/2020: Aqwest should update its complaints procedure to ensure it complies with AS/NZS 10002-2014.	A	2
147	46(3)	4.1.1	The licensee's complaints procedure must provide for the matters specified in relation to lodgement of complaints, responding to complaints, dispute resolution arrangements and resolving complaints.	4	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clause 46(3) of the 2018 Code of Conduct.	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
147 (cont.)					Compliance: Paxon examined the “ <i>Make a complaint</i> ” section on the Aqwest webpage entitled: “ <i>Help and feedback</i> ” and found it recorded: <ul style="list-style-type: none"> • How complaints are to be lodged and recorded; • Time limits and methods for responding to complaints; • Dispute resolution arrangements; and • Resolving a complaint before the end of the period of 15 business days starting on the day the complaint was received. 		
148*	35(4)	3.1.1	The licensee's complaints procedure must inform the customer that they do not have to use the licensee's complaints procedure, provide details of procedures under the Act, and set out the costs and benefits to the customer if the use the complaint resolution procedure or instead of the procedures under the Act.	4	Applicable period: The 2013 Code of Conduct was repealed by the 2018 Code of Conduct as at 1/07/2018. Thus, it was only applicable from 1/10/2017 to 30/06/2018 during the Audit period. Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clause 35(4) of the 2013 Code of Conduct.	A	2

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
148* (cont.)					Compliance: Paxon examined Aqwest's "Complaints Handling Manual – Revision 6 – January 2018" and found it does not: <ul style="list-style-type: none"> Record an alternative complaints resolution procedure. The reference to the Water Services Ombudsman is presented as a step to be taken if a customer is dissatisfied with Aqwest's complaints resolution; and Set out the costs and benefits to the customer in using Aqwest's complaint resolution procedure instead of the procedures under the Act. As the 2013 Code of Conduct has been replaced by the 2018 Code of Conduct, no recommendation is made.		
148A	46(4)	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	4	Applicable period: This obligation was introduced by the 2018 Code of Conduct which came into operation on 1/07/2018. Thus, it was only applicable from 1/07/2018 to 30/09/2020 during the Audit period.	A	2

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
148A (cont.)			available under regulations mentioned in section 222(2)(k).		<p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in clause 46(4) of the 2018 Code of Conduct.</p> <p>Compliance:</p> <p>Paxon examined the “<i>Make a complaint</i>” section on the Aqwest webpage entitled: “<i>Help and feedback</i>” and found it does not list the procedures available to the customer under the Act:</p> <ul style="list-style-type: none"> • As to applying to the Water Services Ombudsman. The reference to the Water Services Ombudsman is presented as a step to be taken for review of a complaint Aqwest regards as resolved. However, sections 65(1)(b) and (c) of the Act provides for direct interaction between the customer and the Water Services Ombudsman; and • For making an appeal from, or applying for a review of, the decision that gave rise to the complaint, if an appeal or review is available under regulations mentioned in section 222(2)(k) of the Act. 		

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
148A (cont.)					Recommendation 9/2020: Aqwest's complaints procedure, as available on the internet, must list the procedures available to the customer under the Act as to: <ul style="list-style-type: none"> • Applying directly 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) of the Act. 		
149	46(5)	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	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clause 46(5) of the 2018 Code of Conduct. Compliance: <ul style="list-style-type: none"> • Paxon examined Aqwest's website and found: <ul style="list-style-type: none"> ◦ Dedicated webpage entitled: "Help and feedback" which includes a section entitled: "Make a complaint"; and 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
149 (cont.)					<ul style="list-style-type: none"> ○ Link to a “Water and Energy Ombudsman Process” within the “Make a complaint” section. • Paxon was informed by Aqwest’s General Manager of Business Services that: <ul style="list-style-type: none"> ○ Aqwest’s brochure entitled: “commitment to customers” refers to information on complaints; ○ Hardcopy brochures are displayed in Aqwest’s reception area; and ○ A full hardcopy of the complaint’s procedure will be printed and provided on request. 		
149A	47	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 ombudsman for a review of the complaint, and provide a Freecall telephone number for the water services ombudsman.	4	<p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in clause 47 of the 2018 Code of Conduct.</p> <p>Compliance:</p> <p>Paxon examined the “Make a complaint” section on the Aqwest webpage entitled: “Help and feedback” and found it:</p>	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
149A (cont.)					<ul style="list-style-type: none"> • Advises the customer that a complaint has been resolved; • Informs the customer of his/her right to apply to the Energy and Water Ombudsman for a review of the complaint; and • Provides a free call number for the Energy and Water Ombudsman. 		
150	48(1)	4.1.1	The licensee must provide a customer with the specified services on request and at no charge.	4	<p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligations recorded in clause 36(1) of the 2013 Code of Conduct and clause 48(1) of the 2018 Code of Conduct.</p> <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon confirmed by interview of Aqwest's Accounts Supervisor that she does not recall any instance, during the Audit Period, of a customer requesting a large-print version of any of the licensee's publicly available documents; and • Paxon examined samples of tax invoices issued across the Audit Period for consumption charges and annual charges, respectively. The 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
150 (cont.)					sampled tax invoices contain the information referred to in clauses 48(1)(a) and (b) of the 2018 Code of Conduct.		
151*	36(1)	3.1.1	The licensee must provide a customer with the specified services on request and at no charge.	4	<p>Applicable period:</p> <p>The 2013 Code of Conduct was repealed by the 2018 Code of Conduct as at 1/07/2018. Thus, it was only applicable from 1/10/2017 to 30/06/2018 during the Audit period.</p> <p>Controls and Compliance:</p> <p>See the controls observations and compliance observations for obligation number 150 above.</p>	A	1
152	48(2)	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	<p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in clause 48(2) of the 2018 Code of Conduct.</p> <p>Compliance:</p> <ul style="list-style-type: none"> Paxon examined a sample of tax invoices issued across the Audit Period for consumption charges. The sampled tax invoices contain the information referred to in clause 48(2) of the 2018 Code of Conduct. 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
153	49(1)	4.1.1	The licensee must make the prescribed information publicly available.	4	<p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in clause 49(1) of the 2018 Code of Conduct.</p> <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon examined the Aqwest website and found it provides details of: <ul style="list-style-type: none"> ○ Fees and charges that will be imposed and collected by Aqwest; ○ Aqwest's bill payment method options; ○ Concessions available to customers; ○ Services provided by Aqwest under clause 48 of the 2018 Code of Conduct; ○ Obligations of customers under the regulations to ensure access to a meter is available; ○ Quality of water and its management; ○ Sustainable use of water; and ○ Planned and unplanned interruptions of water supply or other incidents that may 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
153 (cont.)					<p>significantly affect the provision of water services to customers.</p> <ul style="list-style-type: none"> Paxon examined Aqwest's brochure entitled: "<i>commitment to customers</i>" which includes references to: <ul style="list-style-type: none"> Entry to a property to read a water meter; Restriction of water supply if a water service charge remains unpaid for 30 days after it becomes due; and Restriction of a water supply in case of non-compliance with a payment plan or other arrangement. Paxon confirmed by interview of Aqwest's Accounts Supervisor that, during the Audit Period, Aqwest did not cut off the flow of water to land but reduced the rate of flow 		
154	49(2)	4.1.1	The licensee must ensure that the specified information about bills may be obtained from its website.	4	<p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in clause 49(2) of the 2018 Code of Conduct.</p>	A	2

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
154 (cont.)					Compliance: <ul style="list-style-type: none"> Paxon examined the Aqwest website and found it includes references to: <ul style="list-style-type: none"> Making complaints about the provision of a water service by the licensee or a failure by the licensee to provide a water service in accordance with Aqwest's complaints procedure mentioned in clause 46; and Making an application to test a meter, the fees that apply and reimbursement of the fees. Paxon examined Aqwest's brochure entitled: "<i>commitment to customers</i>" which includes references to: <ul style="list-style-type: none"> Informing the customer, in instances where a bill is based on an estimate, regarding: <ul style="list-style-type: none"> The basis of the estimate; and The reason for the estimate. Requesting a meter reading and bill to determine the outstanding charge for a period that is not the same as the usual billing cycle; and 		

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
154 (cont.)					<ul style="list-style-type: none"> ○ Reviewing a bill. • However, Paxon could not find any specific reference to disputed estimates on Aqwest's website. <p>Recommendation 10/2020:</p> <p>Aqwest must ensure that its website contains information stating that in the case where a customer disputes an estimate on which a bill is based, the customer may request a meter reading (if the water service is metered and the meter is operable) and in any event a revised bill and that if the customer so requests, information about the fees that apply.</p>		
154A	49(3)	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	<p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in clause 49(3) of the 2018 Code of Conduct.</p> <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon examined Aqwest's website and found: <ul style="list-style-type: none"> ○ Dedicated webpage entitled: "<i>Water industry regulation</i>"; and 	A	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
154A (cont.)					<ul style="list-style-type: none"> Link to a Department of Justice WA webpage from where an electronic version of the 2018 Code of Conduct can be accessed. 		
154B	51(1) & (3)	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.	4	<p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligations recorded in clauses 51(1) and (3) of the 2018 Code of Conduct.</p> <p>Compliance:</p> <p>Paxon confirmed by interview of Aqwest's Accounts Supervisor that, during the Audit Period, no person within the operating area of WL2 met the criteria in clause 51(2) of the 2018 Code of Conduct. Consequently, Aqwest was not obligated in terms of clause 51(3) of the 2018 Code of Conduct to record any information in a preserved supply register.</p>	A	NR
154C	52	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	<p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in clause 52 of the 2018 Code of Conduct.</p>	A	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 10				Controls	Compliance
154C (cont.)					Compliance: See the compliance observations for obligation number 154B above.		
154D	53	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	Controls: Paxon found the Compliance Register acknowledges the obligations recorded in clauses 53 of the 2018 Code of Conduct. Compliance: See the compliance observations for obligation number 154B above.	A	NR

Table 7: Audit Observations and Recommendations

[Obligations as per the ERA's: "Water Compliance Reporting Manual – Water Services Act 2012 - May 2020" (numbers 92 to 154D, except as indicated below)]

[*Obligations as per the ERA's: "Water Compliance Reporting Manual – Water Services Act 2012 – October 2017" (numbers 102, 111-2, 124, 126, 129, 130-2, 137, 148 and 151)]

No.	Obligation Under: Water Services Licence - Version 10 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
					Controls	Compliance
155	4.2.1	The licensee must pay the applicable fees and charges in accordance with the <i>Economic Regulation Authority (Licensing Funding) Regulation 2014</i> .	4	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clause 4.2.1 of WL2, version 10. Compliance: <ul style="list-style-type: none"> • Paxon examined a general ledger printout which details invoices and payments made regarding: <ul style="list-style-type: none"> ◦ Quarterly ERA standing charges; and ◦ Annual licence charges. • Paxon was able to locate invoices and payments for all the above-mentioned transactions which took place during the Audit Period. 	A	1
156*	3.1.1	Subject to any modifications or exemptions granted pursuant to the Act and this licence, the licensee must comply with any applicable legislation.	4	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clause 3.1.1 of WL2, version 10. Compliance: <ul style="list-style-type: none"> • Aqwest's compliance during the Audit Period, with the following legislative 	A	2

No.	Obligation Under: Water Services Licence - Version 10 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
					Controls	Compliance
156* (cont.)				<p>instruments is specifically addressed within this Report:</p> <ul style="list-style-type: none"> ○ Water Services Act 2012 (see obligation numbers within the range from 1 to 64 and 155 to 190); ○ Water Services Regulations 2013 (see obligation numbers within the range from 65 to 91); ○ 2018 Code of Conduct and 2013 Code of Conduct (see obligation numbers within the range from 92 to 154D); and ○ Water Services Licence, WL2 versions 9 and 10 (see obligation numbers within the range from 155 to 190). <p>• Recommendations for individual obligations, as considered appropriate, were made and are disclosed within this Report.</p>		

No.	Obligation Under: Water Services Licence - Version 10 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
					Controls	Compliance
159	4.1.2	The licensee must comply with a direction from the ERA in relation to a breach of applicable legislation.	4	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clause 4.1.2 of WL2, version 10. Compliance: <ul style="list-style-type: none"> • Paxon confirmed by interview of Aqwest's CEO that, during the Audit Period, Aqwest did not receive any direction from the ERA in relation to a breach of applicable legislation; and • Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with clause 4.1.2 of WL2, version 10. 	A	NR
160	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	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clause 4.6.1 of WL2, version 10. Compliance: Paxon examined the Auditor-General's report for the 2017-2018, 2018-2019 and 2019-2020	A	1

No.	Obligation Under: Water Services Licence - Version 10 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
					Controls	Compliance
160 (cont.)				financial years. The Auditor-General's report across all three these financial years stated the financial report complied with Australian Accounting Standards.		
161	5.2.1	The licensee must comply with any individual performance standards prescribed by the ERA.	4	<p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in clause 5.2.1 of WL2, version 10.</p> <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon examined Aqwest's performance reports for the 2017-2018, 2018-2019 and 2019-2020 financial years. Paxon found all three these reports record 100 percent of connected properties were supplied at a pressure and flow that met the standards set out in the licence; and • Paxon found Aqwest's performance reports for the 2017-2018 and 2019-2020 financial years provides details of restrictions applied in accordance with the Water Services Regulations 2013 to a potable water supply. 	A	1

No.	Obligation Under: Water Services Licence - Version 10 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
					Controls	Compliance
162	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	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clause 5.3.4 of WL2, version 10. Compliance: Aqwest cooperated with Paxon during the performance of the operational audit.	A	1
163	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	Controls: Paxon found the Compliance Register acknowledges the obligations recorded in clauses 4.7.1(a), (b) and (c) of WL2, version 10. Compliance: <ul style="list-style-type: none"> • Paxon confirmed by interview of Aqwest's CEO that, during the Audit Period, Aqwest: <ul style="list-style-type: none"> ◦ Was not under external administration; nor ◦ Was there is a change in the circumstances upon which its licence was granted which affected its ability to meet its obligations. • Thus, as no activity took place during the Audit Period, Paxon was unable to test 	A	NR

No.	Obligation Under: Water Services Licence - Version 10 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
					Controls	Compliance
163 (cont.)				compliance with clauses 4.7.1(a), (b) and (c) of WL2, version 10.		
165	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	<p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in clause 4.8.1 of WL2, version 10.</p> <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon confirmed by interview of Aqwest's Coordinator: Risk and Compliance that, during the Audit Period, Aqwest was requested to provide: • Compliance reports - see the observations for obligation number 166 below; • Performance data - see the observations for obligation number 167 below; and • The total number of customer accounts. <p>Paxon notes the Aqwest compliance report for 2018-2019 refers to an instance of non-compliance regarding the late reporting of customer numbers after the due date of 30/09/2018. The compliance report for 2019-2020</p>	A	2

No.	Obligation Under: Water Services Licence - Version 10 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
					Controls	Compliance
165 (cont.)				did not include a repeat non-compliance regarding the late reporting of customer numbers after the due date. Thus, Paxon does not make a recommendation for this isolated instance of non-compliance with clause 4.8.1 of WL2 version 10.		
166	3.8.2*	The licensee must comply with any information reporting requirements prescribed by the ERA, including but not limited to the provisions of the <i>Water Compliance Reporting Manual</i> that apply to the licensee.	4	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clause 3.8.2 of WL2, version 9. Compliance: <ul style="list-style-type: none"> Paxon examined Aqwest's compliance report for 2017-2018 which records several instances of non-compliance. All the reported instances of non-compliance relate to the operational audit performed by Paxon for the period 1/10/2013 to 30/11/2017. This compliance report was submitted to the ERA by e-mail on 30/8/2018; Paxon examined Aqwest's compliance report for 2018-2019 which records two instances of 	A	1

No.	Obligation Under: Water Services Licence - Version 10 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
					Controls	Compliance
166 (cont.)				<p>non-compliance. The reported non-compliances relate to:</p> <ul style="list-style-type: none"> ○ The late reporting of the number of customer accounts; and ○ Failure to issue a quantity charge to each customer at least once in every 4-month period. <p>This compliance report was submitted to the ERA by e-mail on 30/08/2019; and</p> <ul style="list-style-type: none"> • Paxon examined Aqwest's updated compliance report for 2019-2020 which records a single instance of non-compliance. The reported non-compliance relates to the late update of the Aqwest website with the new Memorandum of Understanding entered into with the Department of Health. The original compliance report was submitted to the ERA by e-mail on 31/08/2020 and the updated compliance report was submitted to the ERA on 1/9/2020. 		

No.	Obligation Under: Water Services Licence - Version 10 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
					Controls	Compliance
167	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 National Performance Framework that apply to the licensee.	4	Controls: Paxon found the Compliance Register acknowledges the obligations recorded in clause 4.8.2 of WL2, version 10. Compliance: <ul style="list-style-type: none"> • See the compliance observations for obligation number 161 above; • The ERA acknowledged receipt of the 2017-2018 performance data by e-mail on 15/10/2018; • The 2018-2019 performance data was submitted to the ERA by e-mail on 27/09/2019; and • The 2019-2020 performance data was submitted to the ERA by e-mail on 1/10/2020. 	A	1
168	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	Controls: Paxon found the Compliance Register acknowledges the obligations recorded in clauses 3.8.1 and 3.8.2 of WL2, version 10.	A	NR

No.	Obligation Under: Water Services Licence - Version 10 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
					Controls	Compliance
168 (cont.)				Compliance: Paxon confirmed by interview of Aqwest's Coordinator: Risk and Compliance that, during the Audit Period, Aqwest was not directed by the ERA to publish any information under clause 3.8.1.		
169	3.7.1	Unless otherwise specified, all notices must be in writing.	4	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clause 3.7.1 of WL2, version 10. Compliance: Paxon found notices were given in writing during the Audit Period. Numerous examples, as referred to throughout this Audit Report, were sighted to support this statement.	A	1
170A	5.1.2 (a) & (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	Controls and compliance: Paxon examined WL2, version 10 which records that clause 5.1.2 is " <i>not used</i> ".	NA	NA

No.	Obligation Under: Water Services Licence - Version 10 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
					Controls	Compliance
171	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	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clause 5.1.3 of WL2, version 10. Compliance: See the compliance observations for obligation number 7 above.	A	NR
172	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	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clause 5.1.7 of WL2, version 10. Compliance: <ul style="list-style-type: none"> • Paxon confirmed by interview of Aqwest's CEO that, during the Audit Period, no asset management system review was performed for Aqwest as it is currently on a 4-year review cycle; and • Paxon performed the previous asset management system review which covered the period 1/10/2013 to 30/11/2017. 	A	NR

No.	Obligation Under: Water Services Licence - Version 10 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
					Controls	Compliance
172A	6.1.1	<p>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:</p> <p>a) to amend:</p> <p>i) the standard term or condition of service; or</p> <p>ii) the standard term or condition of service in accordance with a term proposed by the ERA; and</p> <p>b) to do so within a specified period.</p>	4	<p>Applicable period:</p> <p>This obligation was introduced by WL10 dated 1/05/2020. Thus, it was only applicable from 1/05/2020 to 30/09/2020 during the Audit period.</p> <p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in clause 6.1.1 of WL2, version 10.</p> <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon confirmed by interview of Aqwest's General Manager: Financial Services that, during the period 1/05/2020 to 30/09/2020, the ERA did not direct Aqwest to amend a standard term or condition of service; and • Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with clause 6.1.1 of WL2, version 10. 	A	NR

No.	Obligation Under: Water Services Licence - Version 10 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
					Controls	Compliance
172B	6.1.2	The licensee must comply with a direction given to the licensee under clause 6.1.1.	4	<p>Applicable period:</p> <p>This obligation was introduced by WL10 dated 1/05/2020. Thus, it was only applicable from 1/05/2020 to 30/09/2020 during the Audit period.</p> <p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in clause 6.1.2 of WL2, version 10.</p> <p>Compliance:</p> <p>See the compliance observations for obligation number 172A above.</p>	A	NR
173*	5.5.1	The licensee must not supply water services to customers unless the licensee is a member of and bound by the water services ombudsman scheme.	4	<p>Applicable period:</p> <p>The ERA's "Water Compliance Reporting Manual – Water Services Act 2012 – May 2020" records this obligation is "Not used". Thus, it was only applicable from 1/10/2017 to 30/04/2020 during the Audit period.</p> <p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in clause 5.5.1 of WL2, version 10.</p>	A	1

No.	Obligation Under: Water Services Licence - Version 10 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
					Controls	Compliance
173* (cont.)				Compliance: See the compliance observations for obligation number 15 above.		
175*	5.1.1	If directed by the ERA, the licensee must submit a draft customer contract for approval	4	Applicable period: Obligations 175 to 180 are not included in WL10, dated 1/5/2020. Thus, it was only applicable from 1/10/2017 to 30/04/2020 during the Audit period. Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clause 5.1.1 of WL2, version 10. Compliance: <ul style="list-style-type: none"> • Paxon confirmed by interview of Aqwest's Accounts Supervisor that, during the period 1/10/2017 to 30/04/2020, Aqwest did not enter or maintain any customer contracts; and • Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with clauses 5.1.1, 5.1.2, 5.1.3 and 5.1.5 of WL2, version 10. 	A	NR

No.	Obligation Under: Water Services Licence - Version 10 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
					Controls	Compliance
176*	5.1.2	The licensee must comply with any <i>Customer Contract Guidelines</i> that apply to the licensee.	4	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clause 5.1.2 of WL2, version 10. Compliance: See the compliance observations for obligation number 175 above.	A	NR
177*	5.1.3	The licensee may only amend the customer contract with the ERA's approval.	4	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clause 5.1.3 of WL2, version 10. Compliance: See the compliance observations for obligation number 175 above.	A	NR
178*	5.1.5	The licensee must comply with any direction by the ERA to amend the customer contract.	4	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clause 5.1.5 of WL2, version 10.	A	NR

No.	Obligation Under: Water Services Licence - Version 10 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
					Controls	Compliance
178* (cont.)				Compliance: See the compliance observations for obligation number 175 above.		
179*	5.3.1 & 5.3.2	Unless clause 5.3.3 applies, the licensee cannot enter into an agreement with a customer to provide water services that exclude, modify or restrict the terms and conditions of the licence or the requirements of the <i>Code of Conduct</i> without the prior approval of the ERA.	4	Controls: Paxon found the Compliance Register acknowledges the obligations recorded in clauses 5.3.1 and 5.3.2 of WL2, version 10. Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of Aqwest's General Manager: Financial Services that, during the period 1/10/2017 to 30/04/2020, Aqwest did not enter into an agreement that excluded, modified or restricted the terms and conditions of WL2 or the requirements of the <i>Code of Conduct</i>; and Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with clauses 5.3.1, 5.3.2 and 5.3.4 of WL2, version 10. 	A	NR

No.	Obligation Under: Water Services Licence - Version 10 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
					Controls	Compliance
180*	5.3.4	If the licensee enters into an agreement that excludes, modifies or restricts the terms and conditions of the licence or the requirements of the <i>Code of Conduct</i> , the licensee must publish an annual report containing the information specified.	4	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clause 5.3.4 of WL2, version 10. Compliance: See the compliance observations for obligation number 179 above	A	NR
181	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	Controls Paxon found the Compliance Register acknowledges the obligation recorded in clause 6.3.1 of WL2, version 10. Compliance: See the compliance observations for obligation number 14 above.	A	NR
182	4.4.1(b)	If the licensee provides a water service outside of the operating area the licensee must apply to amend the licence unless otherwise notified by the ERA.	4	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clause 4.4.1(b) of WL2, version 10.	A	NR

No.	Obligation Under: Water Services Licence - Version 10 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
					Controls	Compliance
182 (cont.)				Compliance: See the compliance observations for obligation number 4 above.		
183*	5.4.3	The licensee must comply with the ERA's Financial Hardship Policy Guidelines as they apply to the licensee.	4	The ERA's "Water Compliance Reporting Manual – Water Services Act 2012 – May 2020" records this obligation is "Not used". Thus, it was only applicable from 1/10/2017 to 30/04/2020 during the Audit period. Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clause 5.4.3 of WL2, version 10. Compliance: See the compliance observations for obligation numbers 125 to 134 above.	A	1
184	7.1.1	Where the licensee provides potable water, 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	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clause 7.1.1 of WL2, version 10.	A	1

No.	Obligation Under: Water Services Licence - Version 10 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
					Controls	Compliance
184 (cont.)				Compliance: <ul style="list-style-type: none"> Aqwest entered a “Memorandum of Understanding” with the Department of Health dated 18 August 2011; and A new “Memorandum of Understanding” dated 23/12/2019 was entered into between Aqwest and the Department of Health. 		
185	7.1.4	A Memorandum of Understanding must comply with the specified requirements in relation to legal standing of the document and compliance audits by the Department of Health.	4	Controls: Paxon found the Compliance Register acknowledges the obligation recorded in clause 7.1.4 of WL2, version 10. Compliance: <ul style="list-style-type: none"> The “Memorandum of Understanding”, dated 23/12/2019 states in section 16.1 entitled: “Memorandum is Legally Binding”: <i>“This Memorandum is executed pursuant to the Licensee’s Operating Licence and is legally binding between the Department and Licensee.”</i>; and The “Memorandum of Understanding” addresses “Audits” in section 13 and provides for: 	A	1

No.	Obligation Under: Water Services Licence - Version 10 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
					Controls	Compliance
185 (cont.)				<ul style="list-style-type: none"> ○ Audit by suitably qualified and experienced persons approved by the Department of Health on Aqwest's compliance with the obligations imposed by the Memorandum; and ○ Provision of the audit report to the ERA. 		
186	7.1.5	The licensee must comply with the terms of a Memorandum of Understanding.	4	<p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in clause 7.1.5 of WL2, version 10.</p> <p>Compliance:</p> <p>Paxon examined a sample of <i>"Minutes – Water Quality Committee"</i> meetings, which meetings were held during the Audit Period. The sampled meetings were attended by both Aqwest representatives and Department of Health representatives. The sampled meeting included a specific item entitled: <i>"MOU Compliance Requirements"</i>.</p>	A	1

No.	Obligation Under: Water Services Licence - Version 10 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
					Controls	Compliance
187	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	<p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in clause 7.1.6 of WL2, version 10.</p> <p>Compliance:</p> <ul style="list-style-type: none"> • Paxon confirmed by interview of Aqwest's Water Quality Supervisor that, during the Audit Period, no amendments were made to the Memorandum of Understanding; • A new "Memorandum of Understanding", dated 23/12/2019 was entered into between Aqwest and the Department of Health; • Paxon was informed by Aqwest's Water Quality Supervisor that the new "Memorandum of Understanding", dated 23/12/2019 was only placed on the website on 27/02/2020; • Paxon examined Aqwest's updated compliance report for 2019-2020 which records a single instance of non-compliance. The reported non-compliance relates to the late update of the Aqwest website with the 	A	3

No.	Obligation Under: Water Services Licence - Version 10 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
					Controls	Compliance
187 (cont.)				<p>new Memorandum of Understanding entered into with the Department of Health. This compliance report states:</p> <p><i>"A formal procedure for managing changes to the MoU will be documented and include a requirement to upload the MoU onto the website once a new one has been signed."</i></p> <ul style="list-style-type: none"> Paxon examined Aqwest's website and found: <ul style="list-style-type: none"> Dedicated webpage entitled: "Water industry regulation"; and Link to the "Memorandum of Understanding", dated 23/12/2019. <p>Therefore, a recommendation has not been made.</p>		
188	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	<p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in clause 7.1.7 of WL2, version 10.</p> <p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of Aqwest's Water Quality Supervisor that, during the 	A	NR

No.	Obligation Under: Water Services Licence - Version 10 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
					Controls	Compliance
188 (cont.)				<p>Audit Period, no audit was undertaken of Aqwest's compliance with its obligations under the Memorandum of Understanding; and</p> <ul style="list-style-type: none"> Thus, as no activity took place during the Audit Period, Paxon was unable to test compliance with clause 7.1.7 of WL2, version 10. 		
189	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	<p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in clause 7.1.8 of WL2, version 10.</p> <p>Compliance:</p> <p>Paxon conducted a document search of Aqwest's website and found quarterly water quality reports for all 12 quarters during the Audit Period.</p>	A	1
190	Schedule 2	The licensee must comply with the standards set out in Schedule 2 of the licence.	4	<p>Controls:</p> <p>Paxon found the Compliance Register acknowledges the obligation recorded in clause Schedule 2 of WL2, version 10.</p>	A	1

No.	Obligation Under: Water Services Licence - Version 10 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
					Controls	Compliance
190 (cont.)				Compliance: See the compliance observations for obligation number 161 above.		

Table 7: Audit Observations and Recommendations

[Obligations as per the ERA's: *"Water Compliance Reporting Manual – Water Services Act 2012 - May 2020"* (numbers 155 to 190, except as indicated below)]

[*Obligations as per the ERA's: *"Water Compliance Reporting Manual – Water Services Act 2012 – May 2018"* (numbers 156, 166, 173, 175-180 and 183)]

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

Current Audit: Inadequate Controls, Non-Compliances and Recommendations				
A. Resolved During Current Audit Period				
Recommendation Reference (no./year)	Licence Obligation Reference Number	Date Resolved and Action Taken by Aqwest	Paxon's Comments	
	Controls and Compliance Rating			
	Legislative Obligation			
	Details of Inadequate Controls and/or Non-Compliance			
Not applicable	<ul style="list-style-type: none"> • Number: 95; • Ratings: controls – A and compliance - 2; • Obligations: 2018 Code of Conduct, clause 11(2) and WL2 version 10, clause 4.1.1; and • Details <ul style="list-style-type: none"> ○ Paxon confirmed by interview of Aqwest's Accounts Supervisor that, during the Audit Period, Aqwest issued bills for quantity charges as follows: <ul style="list-style-type: none"> • Prior to the 2019/2020 financial year - approximately once every 4 months; and • As from the 2019/2020 financial year – on a quarterly basis. ○ Paxon examined Aqwest's compliance report for 2018-2019 which records a failure to issue a quantity charge to each customer at least once in every 4-month period; and ○ Paxon examined a sample of tax invoices issued across the Audit Period, which record consumption charges. The sampled tax invoices confirm Aqwest issued bills for 	Paxon examined Aqwest's compliance report for 2018-2019 which records this failure was rectified as from 1/07/2019 by changing the meter reading frequency from 4 months to 3 months.	Paxon does not make a recommendation for this non-compliance based on: <ul style="list-style-type: none"> • Aqwest's actions to resolve it; and • Findings for the sample of tax invoices issued. 	

Current Audit: Inadequate Controls, Non-Compliances and Recommendations

A. Resolved During Current Audit Period

Recommendation Reference (no./year)	Licence Obligation Reference Number	Date Resolved and Action Taken by Aqwest	Paxon's Comments
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
	quantity charges at least once in every 4-month period.		
Not applicable	<ul style="list-style-type: none"> • Number: 101A; • Ratings: controls – A and compliance - 2; • Obligations: 2018 Code of Conduct, clause 13(5) and WL2 version 10, clause 4.1.1; and • Details: <ul style="list-style-type: none"> ○ Paxon examined a sample of tax invoices issued across the Audit Period, which record consumption charges based on estimated meter readings. With one exception, the sampled tax invoices explicitly record the reason for the estimate; and ○ Paxon found one sampled tax invoice which records consumption charges based on estimated meter readings did not explicitly record the reason for the estimate (non-complying estimation invoice). 	Sampled tax invoices recording consumption charges based on estimated meter readings issued after the non-complying estimation invoice explicitly record the reason for the estimate.	Paxon does not make a recommendation for this isolated instance of non-compliance with clause 13(5)(b) of the 2018 Code of Conduct.

Current Audit: Inadequate Controls, Non-Compliances and Recommendations

A. Resolved During Current Audit Period

Recommendation Reference (no./year)	Licence Obligation Reference Number	Date Resolved and Action Taken by Aqwest	Paxon's Comments
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
Not applicable	<ul style="list-style-type: none"> Number: 102; Ratings: controls – A and compliance - 2; Obligations: 2013 Code of Conduct, clause 12(3) and WL2 version 9, clause 3.1.1; and Details: Paxon examined a sample of tax invoices issued during the Audit Period, prior to 30/06/2018. The sampled tax invoices exclude a reference to clause 12(3)(d) – testing of a meter. 	Paxon found tax invoices issued after 30/6/2018 refer to testing a meter.	Paxon does not make a recommendation for these instances of non-compliance with clause 12(3)(d) of the 2013 Code of Conduct which were corrected after 30/06/2018.
Not applicable	<ul style="list-style-type: none"> Number: 104A; Ratings: controls – A and compliance - 2; Obligations: 2018 Code of Conduct, clause 15(3) and WL2 version 10, clause 4.1.1; and Details: <ul style="list-style-type: none"> Paxon examined a sample of tax invoices issued after 30/06/2018 for consumption charges. The sampled tax invoices contain the information referred to in clause 15(3) of the 2018 Code of Conduct, excluding references to clause 15(3)(b) – how much more water the customer can be supplied with before supply will start to be in the next volumetric range. 	Paxon found sampled tax invoices issued in the 2020 calendar year do contain the information referred to in clause 15(3)(b) of the 2018 Code of Conduct.	Paxon does not make a recommendation for these instances of non-compliance with clause 15(3)(b) of the 2018 Code of Conduct which were corrected in later sampled tax invoices.

Current Audit: Inadequate Controls, Non-Compliances and Recommendations

A. Resolved During Current Audit Period

Recommendation Reference (no./year)	Licence Obligation Reference Number	Date Resolved and Action Taken by Aqwest	Paxon's Comments
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
Not applicable	<ul style="list-style-type: none"> Number: 148; Ratings: controls – A and compliance - 2; Obligations: 2013 Code of Conduct, clause 35(4) and WL2 version 9, clause 3.1.1; and Details: Paxon examined Aqwest's <i>"Complaints Handling Manual – Revision 6 – January 2018"</i> and found it does not: <ul style="list-style-type: none"> Record an alternative complaints resolution procedure. The reference to the Water Services Ombudsman is presented as a step to be taken if a customer is dissatisfied with Aqwest's complaints resolution; and Set out the costs and benefits to the customer in using Aqwest's complaint resolution procedure instead of the procedures under the Act. 	No specific action was taken by Aqwest.	The 2013 Code of Conduct has been replaced by the 2018 Code of Conduct; therefore, no recommendation is made.
Not applicable	<ul style="list-style-type: none"> Number: 165; Ratings: controls – A and compliance - 2; Obligations: Act, section 12 and WL2 version 10, clause 4.8.1; and Details: 	The compliance report for 2019-2020 did not include a repeat non-compliance regarding the late reporting of customer numbers after the due date.	Paxon does not make a recommendation for this isolated instance of non-compliance with clause 4.8.1 of WL2 version 10.

Current Audit: Inadequate Controls, Non-Compliances and Recommendations

A. Resolved During Current Audit Period

Recommendation Reference (no./year)	Licence Obligation Reference Number	Date Resolved and Action Taken by Aqwest	Paxon's Comments
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
	<ul style="list-style-type: none"> ○ Paxon confirmed by interview of Aqwest's Coordinator: Risk and Compliance that, during the Audit Period, Aqwest was only requested to provide the total number of customer accounts; and ○ Paxon notes the Aqwest compliance report for 2018-2019 refers to an instance of non-compliance regarding the late reporting of customer numbers after the due date of 30/09/2018. 		
Not applicable	<ul style="list-style-type: none"> • Number: 187; • Ratings: controls – A and compliance - 3; • Obligations: Act, section 12 and WL2 version 10, clause 7.1.6; and • Details: <ul style="list-style-type: none"> ○ A new "Memorandum of Understanding", dated 23/12/2019 was entered into between Aqwest and the Department of Health; ○ Paxon was informed by Aqwest's Water Quality Supervisor that the new "Memorandum of Understanding", dated 23/12/2019 was only placed on the website on 	<ul style="list-style-type: none"> • Paxon examined Aqwest's updated compliance report for 2019-2020 which states: <i>"A formal procedure for managing changes to the MoU will be documented and include a requirement to upload the MoU onto the website once a new one has been signed."</i>; and • Paxon examined Aqwest's website and found: <ul style="list-style-type: none"> ○ Dedicated webpage entitled: "Water industry regulation"; and ○ Link to the "Memorandum of Understanding", dated 23/12/2019. 	Due to the action taken by Aqwest, a recommendation has not been made.

Current Audit: Inadequate Controls, Non-Compliances and Recommendations

A. Resolved During Current Audit Period

Recommendation Reference (no./year)	Licence Obligation Reference Number	Date Resolved and Action Taken by Aqwest	Paxon's Comments
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
	27/02/2020; and <ul style="list-style-type: none"> ○ Paxon examined Aqwest's updated compliance report for 2019-2020 which records a single instance of non-compliance. The reported non-compliance relates to the late update of the Aqwest website with the new Memorandum of Understanding entered into with the Department of Health. 		

Table 8: Current Audit: Inadequate Controls, Non-Compliances and Recommendations (Part A)

Current Audit: Inadequate Controls, Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

Recommendation Reference (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	Aqwest Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
1/2020	<ul style="list-style-type: none"> • Number: 89; • Ratings: controls – A and compliance -3; • Obligations: Regulations, regulation 85 and WL2 version 10, clause 4.1.1; and • Details: <ul style="list-style-type: none"> ○ Paxon examined samples of compliance notices issued during the Audit Period in respect of: <ul style="list-style-type: none"> • Testing or maintenance of backflow prevention devices; and • Access to meters. ○ The sampled compliance notices for the testing or maintenance of backflow prevention devices does not: <ul style="list-style-type: none"> • Include a brief description of the possible consequences under the Act of not complying with the notice; nor • Refer to the right of review under the Act in relation to the notice and who may apply for review. 	<p>Aqwest must ensure compliance notices comply with regulation 85 of the Regulations by:</p> <ul style="list-style-type: none"> • Including a brief description of the possible consequences under the Act of not complying with the notice; and • Referring to the right of review under the Act in relation to the notice and who may apply for review. 	Zero.

Current Audit: Inadequate Controls, Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

Recommendation Reference (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	Aqwest Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
1/2020 (continued)	<ul style="list-style-type: none">○ The sampled compliance notices regarding access to meters provide a brief description of the possible consequences under the Act of not complying with the notices. However, it excludes a reference to the right of review under the Act in relation to the notice and who may apply for review.		
2/2020	<ul style="list-style-type: none">• Number: 92;• Ratings: controls – A and compliance - 2;• Obligations: 2018 Code of Conduct, clauses 8(1) – (3) and WL2 version 10, clause 4.1.1; and• Details: Paxon could not find any reference on the Aqwest website to the following stipulations of clause 8(2) of the 2018 Code of Conduct:<ul style="list-style-type: none">• Entitlements under section 73 of the Act to the provision of water supply services; and• Aqwest's functions under section 21 concerning the provision of water supply services.	<p>Aqwest must publicly make available appropriate reference to the following stipulations of clause 8(2) of the 2018 Code of Conduct:</p> <ul style="list-style-type: none">• Entitlements under section 73 of the Act to the provision of water supply services; and• Aqwest's functions under section 21 concerning the provision of water supply services.	Zero.

Current Audit: Inadequate Controls, Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

Recommendation Reference (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	Aqwest Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
3/2020	<ul style="list-style-type: none"> • Number: 102A; • Ratings: controls – A and compliance - 2; • Obligations: 2018 Code of Conduct, clause 13(6) and WL2 version 10, clause 4.1.1; and • Details: <ul style="list-style-type: none"> ◦ Paxon examined samples of tax invoices issued after 30/06/2018 for consumption charges and annual charges, respectively. The sampled tax invoices contain the information referred to in clause 13(6) of the 2018 Code of Conduct, excluding references to clauses: <ul style="list-style-type: none"> • 13(6)(h) – website contains information about complaints; and • 13(6)(i) – statement that bill can be reviewed in accordance with the licensee's review procedure mentioned in clause 20 of the 2018 Code of Conduct (the sampled tax invoices merely state the website contains further information regarding the review of accounts). 	<p>Aqwest must ensure tax invoices comply with clauses 13(6)(h) and 13(6)(i) of the 2018 Code of Conduct respectively by stating:</p> <ul style="list-style-type: none"> • Website contains information about complaints; and • Bill can be reviewed in accordance with the licensee's review procedure mentioned in clause 20 of the 2018 Code of Conduct. 	Zero.

Current Audit: Inadequate Controls, Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

Recommendation Reference (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	Aqwest Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
4/2020	<ul style="list-style-type: none"> • Number: 107; • Ratings: controls – A and compliance - 2; • Obligations: 2018 Code of Conduct, clause 18(2) and WL2 version 10, clause 4.1.1; and • Details: Paxon examined a sample of tax invoices and supporting letters issued during the Audit Period regarding undercharged amounts. Paxon found one sampled set of documents shows Aqwest recovered an undercharged amount for a period more than 12 months back from the day Aqwest informed the customers of the undercharging. Both the sampled letter and tax invoice dated 6/06/2019 includes charges for a read dated 6/5/2018. 	Aqwest must ensure it complies with clause 18(2) of the 2018 Code of Conduct. Aqwest must limit the recovery of undercharged amounts from customers to water services provided in the 12-month period ending on the day Aqwest informs the customer of the undercharging.	Zero.
5/2020	<ul style="list-style-type: none"> • Number: 116; • Ratings: controls – A and compliance - 2; • Obligations: 2018 Code of Conduct, clause 20(4) and WL2 version 10, clause 4.1.1; and 	Aqwest must update its “Bill Review” statement to include an appropriate reference to making an appeal from, or applying for a review of, the decision under regulations mentioned in section 222(2)(k) of the Act.	Zero.

Current Audit: Inadequate Controls, Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

Recommendation Reference (no./year)	Licence Obligation Reference Number	Auditor’s Recommendation	Aqwest Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
5/2020 (continued)	<ul style="list-style-type: none">Details: Paxon examined the “<i>Bill Review</i>” statement which refers to applying to the water services ombudsman. However, this document does not refer to making an appeal from, or applying for a review of, the decision under regulations mentioned in section 222(2)(k) of the Act (which includes applications to be made to the State Administrative Tribunal.		
6/2020	<ul style="list-style-type: none">Numbers: 130 and 130A;Ratings: controls – A and compliance - 2;Obligations:<ul style="list-style-type: none">2013 Code of Conduct, clause 27 (2) and WL2 version 9, clause 3.1.1; and2018 Code of Conduct, clause 30(2) and WL2 version 10, clause 4.1.1;Details:<ul style="list-style-type: none">Aqwest’s “<i>Financial Hardship Policy for Water Services</i>”, dated November 2018 (Hardship Policy) defines financial hardship as:	<p>Aqwest should clearly record in its payment plans whether such plans are entered into due to an assessment of:</p> <ul style="list-style-type: none">Payment difficulties; orFinancial hardship. <p>This distinction is vital as the levy of interest and fees are:</p> <ul style="list-style-type: none">Discretionary for payment plans based on assessed payment difficulties; andProhibited for payment plans based on assessed financial hardship.	Zero.

Current Audit: Inadequate Controls, Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

Recommendation Reference (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	Aqwest Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
6/2020 (continued)	<p><i>“You will be considered to be in financial hardship if paying your water bill will affect your ability to meet your basic living needs – in short, if you have the intention but not the financial capacity to pay.”;</i></p> <p>○ Aqwest’s Hardship Policy states regarding payment plans:</p> <p><i>“If we determine that you are in financial hardship, we will offer you a payment plan. We will not charge you any fees or interest as part of your payment plan.”;</i></p> <p>○ Paxon examined a sample of payment plans entered into with customers after 30/06/2018, The sampled payment plans, with one exception, states:</p> <p><i>“Please note that an interest penalty calculated daily applies to all overdue amounts.”;</i></p> <p>○ The sampled plan does not explicitly state whether it was entered into due to an assessment of:</p> <ul style="list-style-type: none">• Payment difficulties; or		

Current Audit: Inadequate Controls, Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

Recommendation Reference (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	Aqwest Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
6/2020 (continued)	<ul style="list-style-type: none">• Financial hardship.<ul style="list-style-type: none">○ However, Paxon was informed by Aqwest's General Manager of Business Services that no customer experiencing difficulties or in financial hardship was charged interest once the customer has been assessed;○ Paxon was provided with an e-mail chain between Aqwest and a customer with a current payment arrangement regarding outstanding fortnightly payments (dated from 25/02/2019 to 1/03/2019). This e-mail chain refers to a "HARDSHIP payment plan" and the non-accrual of interest;○ Paxon was also provided with an Aqwest letter to a customer regarding renewal of a payment plan, dated 12/09/2018 which refers to "hardship" and "interest-free" terms; and○ Paxon was provided with a single Aqwest e-mail to a customer, dated 20/02/2019 regarding setting up a payment plan due to a "hardship situation" without charging interest.		

Current Audit: Inadequate Controls, Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

Recommendation Reference (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	Aqwest Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
6/2020 (continued)	<ul style="list-style-type: none">• Paxon believes the actual payment plans entered into with customers should distinguish between assessments based on payment difficulties (on which interest can be charged) and financial hardship (on which no interest can be charged). Such important information should not be provided to customers at a later stage as evidenced by the e-mails and letter referred to above.		
7/2020	<ul style="list-style-type: none">• Number: 137C;• Ratings: controls – A and compliance - 3;• Obligations: 2018 Code of Conduct, clause 36(3) and WL2 version 10, clause 4.1.1; and• Details: Paxon examined a sample of restriction letters Aqwest issued to customers after 30/06/2018. The sample of restriction notices does not:<ul style="list-style-type: none">• Inform the customer of the existence and operation of the licensee's complaints procedure mentioned in clause 46;	<p>Aqwest must include appropriate references in its restriction notices to the following stipulations of clause 36(3) of the 2018 Code of Conduct:</p> <ul style="list-style-type: none">• Existence and operation of the licensee's complaints procedure mentioned in clause 46;• Procedures available to the customer under the Act as to applying to the water services ombudsman under a scheme approved under section 65, including providing a Freecall telephone number for the office of the water services ombudsman; and	Zero.

Current Audit: Inadequate Controls, Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

Recommendation Reference (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	Aqwest Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
7/2020 (continued)	<ul style="list-style-type: none"> Inform the customer of the procedures available to the customer under the Act as to applying to the water services ombudsman under a scheme approved under section 65 and provide a Freecall telephone number for the office of the water services ombudsman; and Inform the customer of the applicable procedures for the restoration of the water supply if the water supply restriction is started. 	<ul style="list-style-type: none"> Applicable procedures for the restoration of the water supply once the water supply restriction has started. 	
8/2020	<ul style="list-style-type: none"> Number: 146; Ratings: controls – A and compliance - 2; Obligations: 2018 Code of Conduct, clause 46(2) and WL2 version 10, clause 4.1.1; and Details: Paxon was informed by Aqwest's General Manager of Business Services that: <ul style="list-style-type: none"> Aqwest recently undertook a review of the Complaints Procedure using AS/NZS 10002-2014 and ERA guidelines; and 	Aqwest should update its complaints procedure to ensure it complies with AS/NZS 10002-2014.	Zero.

Current Audit: Inadequate Controls, Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

Recommendation Reference (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	Aqwest Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
8/2020 (continued)	<ul style="list-style-type: none"> The review detailed compliance against the standard and identified shortcomings in the Aqwest complaints procedure document. 		
9/2020	<ul style="list-style-type: none"> Number: 148A; Ratings: controls – A and compliance - 2; Obligations: 2018 Code of Conduct, clause 46(4) and WL2 version 10, clause 4.1.1; and Details: Paxon examined the “<i>Make a complaint</i>” section on the Aqwest webpage entitled: “<i>Help and feedback</i>” and found it does not list the procedures available to the customer under the Act: As to applying to the Water Services Ombudsman. The reference to the Water Services Ombudsman is presented as a step to be taken for review of a complaint Aqwest regards as resolved. However, sections 65(1)(b) and (c) of the Act provides for direct 	<p>Aqwest’s complaints procedure, as available on the internet, must list the procedures available to the customer under the Act as to:</p> <ul style="list-style-type: none"> Applying directly 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) of the Act. 	Zero.

Current Audit: Inadequate Controls, Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

Recommendation Reference (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	Aqwest Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
9/2020 (continued)	<p>interaction between the customer and the Water Services Ombudsman; and</p> <ul style="list-style-type: none"> For making an appeal from, or applying for a review of, the decision that gave rise to the complaint, if an appeal or review is available under regulations mentioned in section 222(2)(k) of the Act. 		
10/2020	<ul style="list-style-type: none"> Number: 154; Ratings: controls – A and compliance - 2; Obligations: 2018 Code of Conduct, clause 49(2) and WL2 version 10, clause 4.1.1; and Details: However, Paxon could not find any specific reference to disputed estimates on Aqwest's website. 	Aqwest must ensure that its website contains information stating that in the case where a customer disputes an estimate on which a bill is based, the customer may request a meter reading (if the water service is metered and the meter is operable) and in any event a revised bill and that if the customer so requests, information about the fees that apply.	Zero.
Not applicable	<ul style="list-style-type: none"> Number: 11; Ratings: controls – A and compliance - 2; Obligations: Act, section 27, and WL2 version 9, clause 3.1.1; and 	Recommendations were made for instances of non-compliance with the code of conduct, as identified by the Audit. These recommendations are disclosed in this Table 8	Zero.

Current Audit: Inadequate Controls, Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

Recommendation Reference (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	Aqwest Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
	<ul style="list-style-type: none"> Details: <p>An assessment of compliance with the code of conduct is included in this Report - see the compliance observations for obligation numbers 92 to 154D as included in Table 7 entitled: <i>"Audit Observations and Recommendations"</i> above.</p>	(Part B) – recommendations 2/2020 to 10/2020 above.	
Not applicable	<ul style="list-style-type: none"> Number: 12; Ratings: controls – A and compliance - 2; Obligations: Act, section 29, and WL2 version 9, clause 3.1.1; and Details: <p>Section 29 of the Act stipulates the licensee must comply with the duties imposed on the licensee, in relation to that licence, under this Act. This is interpreted as creating the duty to comply with obligations in terms of the:</p> <ul style="list-style-type: none"> o Act; o Water Services Regulations 2013; 	Recommendations were made for instances of non-compliance with obligations recorded in the above-mentioned legislative instruments, as identified by the Audit. These recommendations are disclosed in this Table 8 (Part B) – recommendations 1/2020 to 10/2020.	Zero.

Current Audit: Inadequate Controls, Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

Recommendation Reference (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	Aqwest Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
	<ul style="list-style-type: none"> Water Services Code of Conduct (Customer Service Standards) 2013; and Aqwest's water services licence. <p>An assessment of compliance with the above-mentioned legislative instruments is included in this Report - see the compliance observations for obligation numbers 1 to 190 as included in Table 7 entitled: "Audit Observations and Recommendations" above.</p>		
Not applicable	<ul style="list-style-type: none"> Number: 156; Ratings: controls – A and compliance - 2; Obligations: Act, section 12, and WL2 version 9, clause 3.1.1; and Details: <p>Clause 3.1.1 of WL2 version 9 stipulates the licensee must comply with any applicable legislation which includes the following legislative instruments:</p> <ul style="list-style-type: none"> Act; 	Recommendations were made for instances of non-compliance with obligations recorded in the above-mentioned legislative instruments, as identified by the Audit. These recommendations are disclosed in this Table 8 (Part B) – recommendations 1/2020 to 10/2020.	Zero.

Current Audit: Inadequate Controls, Non-Compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
Recommendation Reference (no./year)	Licence Obligation Reference Number	Auditor's Recommendation	Aqwest Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
	<ul style="list-style-type: none"> o Water Services Regulations 2013; o Water Services Code of Conduct (Customer Service Standards) 2013; and o Aqwest's water services licence. <p>An assessment of compliance with the above-mentioned legislative instruments is included in this Report - see the compliance observations for obligation numbers 1 to 190 as included in Table 7 entitled: "Audit Observations and Recommendations" above.</p>		

Table 8: Current Audit: Inadequate Controls, Non-Compliances and Recommendations (Part B)

4.5 Current Audit: Compliance Obligations Found to be “Not Applicable”

Paxon identified some compliance obligations, after the approval of the audit plan by the ERA, as being ‘not applicable’:

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Licence – Version 9				Controls	Compliance
126	26(3)	3.1.1	If the licensee’s licence was in place before the commencement of the Act, the licensee must have a financial hardship policy before the end of the 6-month period starting on the day on which section 27 of the Act comes into effect.	4	<p>Applicable period:</p> <p>The 2013 Code of Conduct was repealed by the 2018 Code of Conduct as at 1/07/2018. Thus, it was only applicable from 1/10/2017 to 30/06/2018 during the Audit period.</p> <p>Controls and Compliance:</p> <p>Section 27 of the Act addresses the Code of Conduct. The 2013 Code of Conduct was gazetted on 26/07/2013 and took effect on 18/11/2013. As such, Aqwest’s financial hardship policy must have been finalised by 17/05/2014. This date precedes the period 1/10/2017 to 30/06/2018. Thus, Aqwest did not need to comply with obligation number 126.</p>	NA	NA
127	29(5)	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	<p>Controls and Compliance:</p> <p>Aqwest’s water services licence commenced on 17/01/1997. The 2013 Code of Conduct which creates the obligation for Aqwest to have a financial hardship policy, was gazetted on 26/07/2013 and took effect on 18/11/2013. As such, Aqwest’s</p>	NA	NA

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
	Water Services Code of Conduct (Customer Service Standards) 2013	Water Services Licence – Version 9				Controls	Compliance
127 (cont.)					financial hardship policy must have been finalised by 17/05/2014. This date precedes the current Audit Period. Thus, Aqwest did not need to comply with obligation number 127.		
129	26(6)	3.1.1	The licensee must review its financial hardship policy at least once in every 5-year period and, as part of the review process, consult with relevant consumer organisations.		<p>Applicable period:</p> <p>The 2013 Code of Conduct was repealed by the 2018 Code of Conduct as at 1/07/2018. Thus, it was only applicable from 1/10/2017 to 30/06/2018 during the Audit period.</p> <p>Compliance:</p> <p>Paxon examined an Aqwest document entitled: “Financial Hardship Policy Guidelines”, dated May 2014. Thus, the earliest obligation date for Aqwest to review its financial hardship policy was May 2019. This date is after the period 1/10/2017 to 30/06/2018. Thus, Aqwest did not need to comply with obligation number 129.</p>	NA	NA

Table 9: Current Audit: Compliance Obligations Found to be “Not Applicable” (Part A)

No.	Obligation Under: Water Services Licence - Version 10 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 5)	
					Controls	Compliance
170A	5.1.2 (a) & (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	Controls and Compliance: Paxon examined WL2, version 10 which records that clause 5.1.2 is " <i>not used</i> ".	NA	NA

Table 9: Current Audit: Compliance Obligations Found to be "Not Applicable" (Part B)

5 Audit Opinion

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



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