



Lancelin South Pty Ltd

Water Services Licence

Operational Audit and Asset
Management System
Review

Report
14 September 2021

PAXON GROUP

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1 Executive Summary

1.1 Operational Audit

Audit Objective

The operational audit (Audit) was carried out to assess Lancelin South Pty Ltd.'s level of compliance with the conditions of its licence.

The Audit covered the period from 1 April 2019 to 31 March 2021 (Audit Period).

Licence, Business and Major Changes

Lancelin South Pty Ltd (LSPL) provides water services under the provisions of a Water Services Licence issued by the Economic Regulation Authority (ERA).

LSPL was granted a Water Services Licence by the ERA (WL47). WL47 commenced on 10 March 2017 and authorises LSPL to provide potable water supply services, non-potable water supply services and sewerage services.

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

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

LSPL's Response to Previous Audit Report Recommendations

The previous Audit was conducted by Paxon in respect of the period from 10 March 2017 to 31 March 2019. The Paxon report, dated 16 August 2019, identified 24 instances of inadequate controls and/or non-compliance with individual obligations.

Paxon found 8 of the 24 identified instances of inadequate controls and/or non-compliance with individual WL47 obligations are still unresolved. Comprehensive details of these 8 instances are provided in Table 6 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

LSPL was assessed to have:

- Had moderate 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 the individual WL47 obligations disclosing Paxon's findings for both controls and compliance:

- A summarised assessment of both controls and compliance per individual WL47 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 WL47 obligation, including recommendations for findings of inadequate controls or non-compliance, is disclosed in Table 10 entitled: *“Audit Observations and Recommendations”* as included in section 4.3 of this Report.

Furthermore, specific detailed information as to those individual WL47 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 Control Environment

LSPL was assessed to have had moderate controls during the Audit Period to help ensure compliance with its WL47 obligations. Paxon found 10 WL47 obligations for which generally adequate controls were evident, but which needs improvement.

These 10 obligations are recorded in Table 11 entitled: *“Current Audit: Inadequate Controls, Non-Compliances and Recommendations”* as included in section 4.4 of this Report.

Licence Compliance

LSPL was assessed to have complied with the majority of the legislative obligations applicable to its activities during the Audit Period. Paxon assessed 18 WL47 obligations as being non-compliant – minor effect on customers or third parties.

Where deemed necessary, recommendations were made for these instances of non-compliance. The recommendations are recorded in Table 11 entitled: *“Current Audit: Inadequate Controls, Non-Compliances and Recommendations”* as included in section 4.4 of this Report.

Table 1 on the next page provides a summary of the Audit ratings for both controls and compliance across all WL obligations:

		Compliance Rating						
		1	2	3	4	NR	NA	Total
Controls Rating	A	1	8					9
	B		10					10
	C							
	D							
	NP	54				128		182
	NA						3	3
	Total	55	18			128	3	204

Table 1: Summary of Audit Ratings

1.2 Asset Management System Effectiveness Review

Review Objective

The Act and WL47 each require that LSPL provides for and maintains an asset management system. The system should set out the processes to be taken by LSPL to ensure the proper planning, operation, financing, maintenance, repair and renewal of its assets and for monitoring of its water services. The Act requires LSPL provides the ERA with a report by an independent expert on the effectiveness of the system.

This asset management system effectiveness review (Review) will provide the ERA with an independent opinion on whether or not LSPL has in place the appropriate systems for the planning, construction, operation and maintenance of its water services assets.

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

The Review covered the period from 1 April 2019 to 31 March 2021.

Summary of Conclusions

Following the death of the sole owner of Matthaus Pty Ltd - which owns and finances LSPL's assets and the land on which it is situated, LSPL's Directors are maintaining the services pending completion of probate procedures and sale of the land and LSPL.

Since the previous review, LSPL has made a significant improvement in the management of its potable water and non-potable water supply and sewerage facilities. LSPL has also improved the documentation and implementation associated with the care and function of its assets.

The Directors, together with their accounting, engineering and environmental consultants, supported in turn by specialist process contractors operating and maintaining the water treatment plant (WTP) and the wastewater treatment plant (WWTP) provides a competent and experienced team.

Local trades businesses provide prompt local attention being electrical, plumbing maintenance and repair.

Overall, the LSPL's administrative structure, asset management system and practises are considered adequate for the current ownership situation and the loading level of the existing assets.

The water services are provided in accordance with the requirements of the ERA, the Department of Water and Environmental Regulation and the Department of Health.

This Review awarded the highest "A1" rating to five of the twelve key processes reviewed. The second highest rating of "B1" was awarded to two processes and a rating of "B2" was awarded to four processes. One process was awarded C2

The four processes awarded "B2" includes four sub-processes in which an award of "C" was made.

Five recommendations resulted from this Review.

LSPL Actions on Previous Review Report Recommendations

The previous Review was conducted by Paxon. The 2019 Review Report, dated 16 August 2019, identified twelve issues and recommendations regarding the LSPL's asset management procedures or operations. This Review found seven of these issues/ recommendations were resolved and five partly resolved or still unresolved. Details of the issues and associated recommendations are set out in Table 7 entitled: *"Previous Review: Deficiencies and Recommendations"* as included in section 3.2 of this report.

The unresolved issues are carried over as recommendations of this Review.

Licence Compliance

Tables 9 and 10 of the ERA's: *"2019 Audit and Review Guidelines - Water Licences – March 2019"* provided the basis for the *"Asset Management Process and Policy Rating"* and *"Asset Management Performance Rating"* assessed during the Review.

The Reviewer's assessment (based on the above tables) of the effectiveness of the LSPL's asset management system is summarised in Table 2 on the next page.

Asset Management System	Process and Policy Rating				Performance Rating			
Process	Adequately Defined	Requires Some Improvement	Requires Substantial Improvement	Inadequate	Performing Effectively	Improvement Required	Corrective Action Required	Serious Action Required
	A	B	C	D	1	2	3	4
Asset Planning	✓				✓			
Asset Creation and Acquisition	✓				✓			
Asset Disposal	✓				✓			
Environmental Analysis	✓				✓			
Asset Operations		✓				✓		
Asset Maintenance		✓			✓			
Asset Management Information System	✓				✓			
Risk Management		✓				✓		
Contingency Planning			✓			✓		
Financial Planning		✓				✓		
Capital Expenditure Planning		✓				✓		
Review of Asset Management System		✓			✓			

Table 2: Summary of Review Ratings

2 Scope of Work

2.1 Objectives

2.1.1 Operational Audit

The objective of the Audit was to assess the effectiveness of measures taken by LSPL to meet its WL47 obligations.

This Audit Report identifies areas where improvement is required and recommends corrective action (see Table 11 entitled: *“Current Audit: Inadequate Controls, Non-Compliances and Recommendations”* as included in section 4.4 of this Report).

2.1.2 Asset Management System Review

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

This review will provide the ERA with an independent opinion on whether or not LSPL has in place the appropriate systems for the planning, construction, operation and maintenance of its water services assets.

This Review Report identifies areas where improvement is required and recommends corrective action (see Table 17 entitled: *“Current Review: Asset Management System Deficiencies and Recommendations”* as included in section 5.4 of this Report).

2.2 Scope

2.2.1 Operational Audit

The Audit focused on the systems and effectiveness of processes used to ensure compliance with the standards, outputs and outcomes required by WL47. The scope of the Audit included the adequacy and effectiveness of performance against the requirements of WL47 and 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 WL47 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 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 LSPL during the Audit Period by the ERA or specific issues advised by the ERA.

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

2.2.2 Asset Management System Review

The Review focused on the asset management system, including asset management plans and supporting documentation, which set out the measures taken by LSPL for the proper operation and maintenance of assets. The plans must convey LSPL's business strategies to ensure the effective management of assets over at least a five- year period.

The scope of the Review included an assessment of the adequacy and effectiveness of the asset management system by evaluation of the 12 key asset management processes mandated, being:

- Asset planning;
- Asset creation/acquisition;
- Asset disposal;
- Environmental analysis;
- Asset operations;
- Asset maintenance;
- Asset management information system;
- Risk management;
- Contingency planning;
- Financial planning;
- Capital expenditure planning; and
- Asset management system.

Further references to the Review scope are covered in detail in this section of the Report.

2.3 Audit/Review Methodology

2.3.1 Audit and Review Plan

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

2.3.2 Fieldwork

The Audit fieldwork consisted of the following steps:

- Conducted an initial meeting with relevant staff at LSPL 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 audit/review testing of higher risk areas to provide sufficient assurance and confirmed lower risk areas by discussion and observation;
- Assessed compliance with WL47 conditions over the Audit Period as well as at the time of the Audit;
- Researched the issues, weaknesses and potential improvements noted from our discussions and review of the existing processes; and

- Developed appropriate recommendations for improvement for discussion with management.

The Review fieldwork consisted of the following steps:

- In company with a Director and Consultant of LSPL inspected a selection of the water supply and sewerage reticulation, pumping and treatment facilities, together with facilities for the storage of potable and non-potable water and disposal of treated wastewater. Discussed general operational practises and strategies, process implications, production and quality monitoring;
- The adequacy or otherwise of the outputs of the system - including documentation of performance standards and statutory requirements, system opportunities and threats, review and discussion of operations manuals, maintenance schedules, together with action records, registers of the location, condition, age etc. of assets;
- The extent to which the risks associated with the system environment and/or unexpected system failures have been assessed, quantified, documented as contingency plans and reduced by specific practices - such as stocking selected spare parts or, equipment items subject to extended delivery or repair periods, additional storage etc.;
- The existence and effectiveness of systems implemented for the assessment, planning, financing and construction of new, replacement and major maintenance works and disposal of redundant assets;
- Whether or not the system has been subject to regular internal review; with systems in place to ensure plans are regularly updated to current status, provide for prior identification of new or replacement assets, their implementation; and initiatives to improve the overall effectiveness of the asset management system; and
- LSPL's response to the recommendations made in previous reviews.

2.3.3 Audit and Review Reporting

The Audit and Review reporting consisted of the following steps:

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

The ERA will procure the post-audit/review implementation plan from LSPL.

2.4 Time Interval Covered in Audit and Review

The Audit and Review both covered the period from 1 April 2019 to 31 March 2021.

2.5 Audit/Review Dates

The Audit and Review fieldwork was conducted during May 2021.

2.6 LSPL Representatives

Persons who participated in the Audit were as follows:

Person	Position
Sam Williams	LSPL Director
Anthony Raykos	LSPL Director
Blair Shackleton	Technical Consultant, GHD

Table 3: Persons Who Participated in the Audit

Persons who participated in the Review were as follows:

Person	Position
Sam Williams	LSPL Director
Anthony Raykos	LSPL Director
Blair Shackleton	Technical Consultant, GHD
Rebecca Epworth	Urbaqua Consultants

Table 4: Persons Who Participated in the Review

2.7 Key Documents and Other Information Sources

2.7.1 Operational Audit

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

- Water Services Act 2012;
- Water Services Code of Conduct (Customer Service Standards) 2018;
- Water Services Regulations 2013;
- Water Services Licence – Lancelin South Pty Ltd - WL47, Version 1, 10 March 2017;
- Water Services Licence – Lancelin South Pty Ltd - WL47, Version 2, 1 May 2020;
- 2019 Audit and Review Guidelines - Water Licences – March 2019;
- ERA's Water Compliance Reporting Manual – Water Services Act 2012 – May 2018;
- ERA's Water Compliance Reporting Manual – Water Services Act 2012 –May 2020;
- ERA's Water Compliance Reporting Manual – Water Services Act 2012 –March 2021;
- LSPL Compliance reports for 2018/2019 and 2019/2020;
- ERA's Water, Sewerage and Irrigation Licence Performance Reporting Handbook – May 2019;
- ERA's Water, sewerage and irrigation licence performance reporting datasheets for 2018/2019 and 2019/2020;

- LSPL – Asset Management Plan – September 2020;
- LSPL – Asset Management System Internal Audit Procedure;
- LSPL – Customer Contact Register;
- LSPL - Customer Complaints Procedure;
- LSPL – Customer Service Charter;
- LSPL - Regulatory Compliance Register;
- LSPL – Customer Contact Register;
- LSPL - Preserved Supply Register;
- LSPL - Financial Hardship Policy;
- LSPL – Leak Allowance Procedure;
- LSPL – Billing Enquiries Procedure;
- Memorandum of Understanding between the Department of Health and LSPL for drinking water;
- Plan number: OWR – OA – 311; and
- Correspondence with the ERA (during the Audit Period).

2.7.2 Asset Management System Effectiveness Review

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

- Water Services Licence – Lancelin South Pty Ltd - WL47, Version 2, 1 May 2020;
- 2019 Audit and Review Guidelines - Water Licences – March 2019;
- Lancelin South Pty Ltd – Water Services Licence - Operational Audit and Asset Management System Review – Report – 16 August 2019;
- LSPL - Asset Management Plan, dated September 2020;
- LSPL - Asset Register;
- LSPL - Risk Assessment and Matrix;
- LSPL - Emergency Response Plan;
- Novatron - WTP Service Agreement;
- BioMax - WWTP Service Agreement;
- DWER - Licence to Take Water & Administration Requirements;
- LSPL - 2019 and 2020 Reporting Data sheets;
- GHD Review of Water Source Protection Plan;
- LSPL - 2019 - 2020 Groundwater Compliance Report;
- LSPL - 2019 - 2020 Water Quality Report;
- LSPL - ERA Performance and Compliance Reports for 2018/2019;
- LSPL – Water Quality Reports for December 2019 to March 2021;
- LSPL - DWER annual reports for 2018/2019 and 2019/2020;
- LSPL - DOH reports for 2018/2019 and 2019/2020;
- LSPL and DOH - Memorandum of Understanding, dated 17/6/2020;
- LSPL - WWTP Water Test Results for August 2019 to January 2021;

- Urbaqua - Fortnightly Inspection Reports for 11/3/2021 and 6/5/2021;
- LSPL - Monthly Financial Estimates for January 2021 to December 2021; and
- LSPL - WTP and WWTP Drawings.

2.8 Audit and Review Team Members and Hours Utilised

The Audit and Review team for this appointment was as follows:

Team Member	Hours
Cameron Palassis – Executive Director	8
Anton Prinsloo – Senior Consultant	37
Barry Robbins - Barry Robbins Engineering and Project Management	37
TOTAL	82

Table 5: Audit and Review Team Members and Hours Utilised

3 Licensee's Response to Previous Recommendations

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

Previous Audit: Inadequate Controls, Non-Compliances and Recommendations						
A. Resolved During Current Audit Period						
Recommendation Reference (no./year)	Licence Number	Obligation	Reference	Auditor's Recommendation	Date Resolved	Further Action Required (FAR) (Yes/No/Not Applicable)
	Controls and Compliance Rating					Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
	Legislative Obligation					
	Details of Inadequate Controls and/or Non-Compliance					
1/2019		<ul style="list-style-type: none"> Number: 2; Rating: D NR; Obligation: Section 21(1)(b) of the Act and clause 3.3.1 (b) of Water Services Licence 47 (WL47); and Details: <ul style="list-style-type: none"> Paxon found the "Asset Management System Internal Audit Procedure" (AMS Procedure) references the "Economic Regulation Authority, Water Services Operating Licence, WL42". Paxon notes the ERA awarded LSPL Water Services Licence number 47; and Paxon found the "Lancelin South Water & Wastewater Services – Asset Management Plan – April 2019" (AMP) in section 1.1 entitled: "Background" 		<p>LSPL should:</p> <ul style="list-style-type: none"> Update its AMS Procedure to refer to WL47 and not WL 42; and Update its AMP to refer to the Water Services Act 2012 and not the "Water Services Licensing Act 1995". 		<ul style="list-style-type: none"> FAR: no; and Details: <ul style="list-style-type: none"> LSPL's AMS Procedure was updated to refer to WL47; and The reference to the "Water Services Licensing Act 1995" was removed from section 1.1 of the LSPL's AMP.

Previous Audit: Inadequate Controls, Non-Compliances and Recommendations						
A. Resolved During Current Audit Period						
Recommendation Reference (no./year)	Licence Number	Obligation	Reference	Auditor's Recommendation	Date Resolved	Further Action Required (FAR) (Yes/No/Not Applicable)
	Controls and Compliance Rating					Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
	Legislative Obligation					
	Details of Inadequate Controls and/or Non-Compliance					
1/2019 (continued)	refers to the "Water Services Licensing Act 1995".					
3/2019	<ul style="list-style-type: none"> • Number: 4; • Rating: NP 4; • Obligation: Section 22 of the Act and clause 3.4.1 of WL47; • Number: 182; • Rating: NP 4; • Obligation: Section 12 of the Act and clause 3.4.1(b) of WL47; and • Details: Paxon requested LSPL to provide us with a map disclosing its water services operating area during the Audit Period (being OWR-OA-311). GHD provided Paxon with map OWR-OA-304 which refers to the Licensee being "Aquasol". Thus, Paxon could not independently confirm whether LSPL, during the Audit Period, provided water services outside of the operating area of the 			LSPL should keep a copy of plan OWR-OA-311 to help ensure its actual water services operating area agrees with the defined operating area.		<ul style="list-style-type: none"> • FAR: no; and • Details: Paxon was provided with a copy of plan OWR-OA-311 which records LSPL as the licensee.

Previous Audit: Inadequate Controls, Non-Compliances and Recommendations						
A. Resolved During Current Audit Period						
Recommendation Reference (no./year)	Licence Number	Obligation	Reference	Auditor's Recommendation	Date Resolved	Further Action Required (FAR) (Yes/No/Not Applicable)
	Controls and Compliance Rating					Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
	Legislative Obligation					
	Details of Inadequate Controls and/or Non-Compliance					
3/2019 (continued)	license.					
4/2019	<ul style="list-style-type: none">Number: 32;Rating: D NR;Obligation: Section 129(5) of the Act and clause 3.1.1 of WL47; andDetails: Paxon examined LSPL's "Customer Service Charter" which states under the heading: "Entry to Your Property": "We will provide at least 48 hours' notice in advance of planned work that may require entry to your property (except meter reading and maintenance)".			LSPL should correct its "Customer Service Charter" to include an appropriate reference to the obligation to give 48 hours' notice of proposed entry to the occupants of a place if entry to a place for the purposes of doing works is likely to cause disruption to the occupants of a place.		<ul style="list-style-type: none">FAR: no; andDetails: LSPL's "Customer Service Charter" has been amended to state under the heading: "Entry to Your Property": "In the unlikely event that we need to access your property for other reasons, Lancelin South Water will:<ul style="list-style-type: none">provide at least 48 hours advance notice (Water Services Act 2012, Section 129) of all planned work that may require entry to your property..."Consequently, the previous exclusion of 48 hours' notice for maintenance work has been removed.
5/2019	<ul style="list-style-type: none">Number: 49;Rating: D NR;Obligation: Section 129(5) of the Act and clause 3.1.1 of WL47; and			LSPL should correct its "Customer Service Charter" to include an appropriate reference to the obligation to give 48 hours' notice of proposed entry to the owner of a place if entry to		<ul style="list-style-type: none">FAR: no; andDetails: LSPL's "Customer Service Charter" has been amended to state under the heading: "Entry to Your Property":

Previous Audit: Inadequate Controls, Non-Compliances and Recommendations						
A. Resolved During Current Audit Period						
Recommendation Reference (no./year)	Licence Number	Obligation	Reference	Auditor's Recommendation	Date Resolved	Further Action Required (FAR) (Yes/No/Not Applicable)
	Controls and Compliance Rating					Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
	Legislative Obligation					
	Details of Inadequate Controls and/or Non-Compliance					
5/2019 (continued)		<ul style="list-style-type: none"> Details: Paxon examined LSPL's "Customer Service Charter" which states under the heading: "Entry to Your Property": "We will provide at least 48 hours' notice in advance of planned work that may require entry to your property (except meter reading and maintenance) in an emergency event, inform you of work being undertaken or leave an information card if you are not present". 		a place for the purposes of doing works is likely to adversely affect the place.		<p>"In the unlikely event that we need to access your property for other reasons, Lancelin South Water will:</p> <ul style="list-style-type: none"> provide at least 48 hours advance notice (Water Services Act 2012, Section 129) of all planned work that may require entry to your property..." <p>Consequently, the previous exclusion of 48 hours' notice for maintenance work has been removed.</p>
6/2019		<ul style="list-style-type: none"> Number: 92; Rating: A 4; Obligation: Clauses 8(1)-(3) of the Customer Service Standards and clause 3.1.1 of WL47; and Details: Paxon was presented with an "Customer Service Charter" which was reviewed on 14/02/2019. Paxon found a "Customer 		LSPL should ensure current information about connections, as stipulated in clause 8 of the Water Services Code of Conduct (Customer Service Standards) 2018 (Customer Service Standards) are publicly available.		<ul style="list-style-type: none"> FAR: no; and Details: <ul style="list-style-type: none"> LSPL's "Customer Service Charter" as available on the LSW website: <ul style="list-style-type: none"> States under the heading: "Introduction – Company Business": "Lancelin South Pty Ltd, trading as Lancelin South Water, is a privately owned company responsible for the supply of water

Previous Audit: Inadequate Controls, Non-Compliances and Recommendations						
A. Resolved During Current Audit Period						
Recommendation Reference (no./year)	Licence Number	Obligation	Reference	Auditor's Recommendation	Date Resolved	Further Action Required (FAR) (Yes/No/Not Applicable)
	Controls and Compliance Rating					Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
	Legislative Obligation					
	Details of Inadequate Controls and/or Non-Compliance					
6/2019 (continued)	Service Charter" dated "January 2017" on the LSPL website pages for "Lancelin South Water".					<p>(potable, non-potable) and sewerage services to the Lancelin South development" (clause 8(2)(b));</p> <ul style="list-style-type: none"> Refers under the heading: "Installation of services" to form 3: entitled: "Residents Account Establishment Form" and form 6 entitled: "Residents Water Service Connection Application Form" (clauses 8(2)(c) and (d)); and States under the heading: "Installation of Services": <i>"Services will be connected upon request and within 10 business days of lodgement of the Application or as agreed."</i> (clause 8(2)(g)). <p>o The LSPL website currently includes:</p> <ul style="list-style-type: none"> Form 5 entitled: "Service Supply Connection Requirements" (clause 8(2)(e)); and Form 4 entitled: "Residential Pricing and Charges" (clause 8(2)(f)).

Previous Audit: Inadequate Controls, Non-Compliances and Recommendations						
A. Resolved During Current Audit Period						
Recommendation Reference (no./year)	Licence Number	Obligation	Reference	Auditor's Recommendation	Date Resolved	Further Action Required (FAR) (Yes/No/Not Applicable)
	Controls and Compliance Rating					Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
	Legislative Obligation					
	Details of Inadequate Controls and/or Non-Compliance					
9/2019	<ul style="list-style-type: none"> Number: 101; Rating: B 2; Obligation: Clause 13(4) of the Customer Service Standards and clause 3.1.1 of WL47; and Details: Paxon examined a sample of LSPL tax invoices issued during the LSPL Management Period and found these invoices, with some exceptions, complied with the stipulations of clause 13(4) of the Customer Service Standards. The examined tax invoices did not disclose the number of days to which the bill applies. 			LSPL should amend its tax invoices to comply with all the stipulations of clause 13(4) of the Customer Service Standards.		<ul style="list-style-type: none"> FAR: no; and Details: Paxon examined a sample of LSPL tax invoices issued during the Audit Period. These tax invoices record the number of days to which the bill applies.
11/2019	<ul style="list-style-type: none"> Number: 106; Rating: D 4; Obligation: Clauses 17(2) and (3) of the Customer Service Standards and clause 3.1.1 of WL47; Number: 115; 			LSPL should disclose the LSPL document entitled: "Leak Allowance Procedure" on its website.		<ul style="list-style-type: none"> FAR: no; and Details: The Lancelin South Water website on the webpage entitled: "Forms, Documents and Publications" includes "Form 10 – Leak Allowance Procedure".

Previous Audit: Inadequate Controls, Non-Compliances and Recommendations						
A. Resolved During Current Audit Period						
Recommendation Reference (no./year)	Licence Number	Obligation	Reference	Auditor's Recommendation	Date Resolved	Further Action Required (FAR) (Yes/No/Not Applicable)
	Controls and Compliance Rating					Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
	Legislative Obligation					
	Details of Inadequate Controls and/or Non-Compliance					
11/2019 (continued)				<ul style="list-style-type: none"> Rating: A 4; Obligation: Section 20(3) and (6) of the Customer Service Standards and clause 3.1.1 of WL47; and Details: <ul style="list-style-type: none"> Paxon examined a LSPL document entitled: <i>"Leak Allowance Procedure"</i> and found this document states: <p><i>"Lancelin South ...may grant a leak allowance of up to 1,000 kilolitres, on either their potable or non-potable (irrigation) water supply, to a customer who has experienced an increase in water consumption caused by a hidden leak or burst."</i>; and</p> Paxon searched the LSPL website pages for <i>"Lancelin South Water"</i> but could not find this procedure document. 		

Previous Audit: Inadequate Controls, Non-Compliances and Recommendations						
A. Resolved During Current Audit Period						
Recommendation Reference (no./year)	Licence Number	Obligation	Reference	Auditor's Recommendation	Date Resolved	Further Action Required (FAR) (Yes/No/Not Applicable)
	Controls and Compliance Rating					Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
	Legislative Obligation					
	Details of Inadequate Controls and/or Non-Compliance					
15/2019	<ul style="list-style-type: none"> Number: 131C; Rating: C NR; Obligation: Clause 30(4)(c) of the Customer Service Standards and clause 3.1.1 of WL47; and Details: The "Financial Hardship Policy" included no reference to applying for any other financial assistance to which the customer may be entitled including from Government-funded grant schemes. 			LSPL should update its "Financial Hardship Policy" to refer appropriately to clause 30(4)(c)(v) of the Customer Service Standards.		<ul style="list-style-type: none"> FAR: no; and Details: LSPL's "Financial Hardship Policy" includes the following sections: <ul style="list-style-type: none"> "Concessions and other financial relief and assistance" which provides a link to a government website for concessions; and "Financial Counselling" which provides contact details for: <ul style="list-style-type: none"> Financial Counsellors' Association of WA; and National Debt Helpline.
16/2019	<ul style="list-style-type: none"> Number: 133A; Rating: D NR; Obligation: Clause 32 of the Customer Service Standards and clause 3.1.1 of WL47; and Details: Paxon could not find any references to the stipulations of clauses 32(1)(b) or (c) 			LSPL should update its "Financial Hardship Policy" to refer appropriately to clauses 32(1)(b) and (c) of the Customer Service Standards.		<ul style="list-style-type: none"> FAR: no; and Details: LSPL's "Regulatory Compliance Register" addresses its obligations in terms of clauses 32(1)(b) or (c) of the Water Services Code of Conduct (Customer Service Standards) 2018 (2018 Code of Conduct).

Previous Audit: Inadequate Controls, Non-Compliances and Recommendations						
A. Resolved During Current Audit Period						
Recommendation Reference (no./year)	Licence Number	Obligation	Reference	Auditor's Recommendation	Date Resolved	Further Action Required (FAR) (Yes/No/Not Applicable)
	Controls and Compliance Rating					Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
	Legislative Obligation					
	Details of Inadequate Controls and/or Non-Compliance					
16/2019 (continued)	of the Customer Service Standards in either the LSPL's:					
	<ul style="list-style-type: none"> o "Customer Service Charter"; or o "Financial Hardship Policy". 					
17/2019	<ul style="list-style-type: none"> • Numbers: 137A, 137B and 137C; • Rating: D NR; • Obligation: Clauses 36(1) to (3) of the Customer Service Standards and clause 3.1.1 of WL47; and • Details: Paxon could not find any references to LSPL's obligations in respect of giving notices as stipulated in clauses 36(1) to (3) of the Customer Service Standards in either LSPL's: o "Customer Service Charter"; or o "Financial Hardship Policy". 			LSPL should update its "Customer Service Charter" to refer appropriately to its obligations in terms of clauses 36(1) to (3) of the Customer Service Standards.		<ul style="list-style-type: none"> • FAR: no; and • Details: LSPL's "Regulatory Compliance Register" addresses its obligations in terms of clauses 36(1) to (3) of the 2018 Code of Conduct.

Previous Audit: Inadequate Controls, Non-Compliances and Recommendations						
A. Resolved During Current Audit Period						
Recommendation Reference (no./year)	Licence Number	Obligation	Reference	Auditor's Recommendation	Date Resolved	Further Action Required (FAR) (Yes/No/Not Applicable)
	Controls and Compliance Rating					Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
	Legislative Obligation					
	Details of Inadequate Controls and/or Non-Compliance					
18/2019		<ul style="list-style-type: none"> Numbers: 138 and 138A; Rating: D NR; Obligation: Clauses 37(1)(a)–(h) of the Customer Service Standards and clause 3.1.1 of WL47; and Details: <ul style="list-style-type: none"> Paxon could not find any references to LSPL's obligations not to start a water supply restriction in terms of clauses 37(1)(a), (b), (e), (f), (g) and (h) and (h) of the Customer Service Standards in either LSPL's: <ul style="list-style-type: none"> o "Customer Service Charter"; or o "Financial Hardship Policy". 		<p>LSPL should update its "Customer Service Charter" to refer appropriately to its obligations in terms of clauses 37(1)(a), (b), (e), (f), (g) and (h) of the Customer Service Standards.</p>		<ul style="list-style-type: none"> FAR: no; and Details: <p>LSPL's "Regulatory Compliance Register" addresses its obligations in terms of clauses 37(1)(a) to (h) of the 2018 Code of Conduct.</p>
19/2019		<ul style="list-style-type: none"> Number: 138B; Rating: D NR; Obligation: Clause 38 of the Customer Service Standards and clause 3.1.1 of WL47; and Details: 		<p>LSPL should update its "Customer Service Charter" to refer appropriately to its obligations in terms of clause 38 of the Customer Service Standards.</p>		<ul style="list-style-type: none"> FAR: no; and Details: <p>LSPL's "Regulatory Compliance Register" addresses its obligations in terms of clause 38 of the 2018 Code of Conduct.</p>

Previous Audit: Inadequate Controls, Non-Compliances and Recommendations						
A. Resolved During Current Audit Period						
Recommendation Reference (no./year)	Licence Number	Obligation	Reference	Auditor's Recommendation	Date Resolved	Further Action Required (FAR) (Yes/No/Not Applicable)
	Controls and Compliance Rating					Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
	Legislative Obligation					
	Details of Inadequate Controls and/or Non-Compliance					
19/2019 (continued)	<p>Paxon could not find any references to LSPL's obligation not to start a water supply restriction in terms of clause 38 of the Customer Service Standards in either LSPL's:</p> <ul style="list-style-type: none"> o "Customer Service Charter"; or o "Financial Hardship Policy". 					
20/2019	<ul style="list-style-type: none"> • Number: 139; • Rating: D NR; • Obligation: Clause 39 of the Customer Service Standards and clause 3.1.1 of WL47; and • Details: <p>Paxon could not find any reference to LSPL's obligation not to reduce the rate of flow of water to a customer to below 2.3 litres each minute in its "Customer Service Charter".</p> 			LSPL should update its "Customer Service Charter" to refer appropriately to its obligation in terms of clause 39 of the Customer Service Standards.		<ul style="list-style-type: none"> • FAR: no; and • Details: <p>LSPL's "Regulatory Compliance Register" addresses its obligations in terms of clause 39 of the 2018 Code of Conduct.</p>

Previous Audit: Inadequate Controls, Non-Compliances and Recommendations						
A. Resolved During Current Audit Period						
Recommendation Reference (no./year)	Licence Number	Obligation	Reference	Auditor's Recommendation	Date Resolved	Further Action Required (FAR) (Yes/No/Not Applicable)
	Controls and Compliance Rating					Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
	Legislative Obligation					
	Details of Inadequate Controls and/or Non-Compliance					
21/2019	<ul style="list-style-type: none"> Numbers: 142 and 144; Rating: D NR; Obligation: Clauses 41(4) and (6) of the Customer Service Standards and clause 3.1.1 of WL47; and Details: Paxon examined both LSPL's <i>"Financial Hardship Policy"</i> and its <i>"Customer Service Charter"</i> but could find no reference to restoring a water supply to land within the specified timeframe stipulated in clause 41(4) of the Customer Service Standards. 			LSPL should update its <i>"Customer Service Charter"</i> to refer appropriately to its obligations in terms of clause 41(4) of the Customer Service Standards.		<ul style="list-style-type: none"> FAR: no; and Details: LSPL's <i>"Regulatory Compliance Register"</i> addresses its obligations in terms of clause 41(4) and (6) of the 2018 Code of Conduct.
22/2019	<ul style="list-style-type: none"> Number: 144E; Rating: D 4; Obligation: Clause 45 of the Customer Service Standards and clause 3.1.1 of WL47; and Details: <ul style="list-style-type: none"> Paxon searched the LSPL website pages for <i>"Lancelin South Water"</i> but 			LSPL should prominently disclose a contact number for the purposes stipulated in clause 45 of the Customer Service Standards on its website.		<ul style="list-style-type: none"> FAR: no; and Details: The sampled LSPL tax invoices examined lists the same number as being for: <i>"Faults & Emergencies (24/7)"</i>.

Previous Audit: Inadequate Controls, Non-Compliances and Recommendations						
A. Resolved During Current Audit Period						
Recommendation Reference (no./year)	Licence Number	Obligation	Reference	Auditor's Recommendation	Date Resolved	Further Action Required (FAR) (Yes/No/Not Applicable)
	Controls and Compliance Rating					Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
	Legislative Obligation					
	Details of Inadequate Controls and/or Non-Compliance					
22/2019 (continued)				only contact details for a Sales Manager was readily available; and		
				<ul style="list-style-type: none"> Paxon did find a link to a document referred to as a "Customer Complaint Procedure" which does provide a local line number for "enquiries concerning technical faults or water / wastewater service emergencies". 		
24/2019				<ul style="list-style-type: none"> Number: 154; Rating: D 4; Obligation: Clause 49(2) of the Customer Service Standards and clause 3.1.1 of WL47; and Details: <ul style="list-style-type: none"> LSPL's document as available on the LSPL webpages do not address estimates at all; LSPL's "Customer Service Charter", which is available on the LSPL webpages, includes information about undertaking special meter readings for a fee. However, it does 	LSPL should make all the prescribed information stipulated in clause 49(2) of the Customer Service Standards available on its website.	<ul style="list-style-type: none"> FAR: no; and Details: LSPL's website addresses its obligations in terms of clause 49(2) of the 2018 Code of Conduct.

Previous Audit: Inadequate Controls, Non-Compliances and Recommendations						
A. Resolved During Current Audit Period						
Recommendation Reference (no./year)	Licence Number	Obligation	Reference	Auditor's Recommendation	Date Resolved	Further Action Required (FAR) (Yes/No/Not Applicable)
	Controls and Compliance Rating					Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
	Legislative Obligation					
	Details of Inadequate Controls and/or Non-Compliance					
24/2019 (continued)				not specifically mention the issue of a bill to determine the outstanding charge for a period that is not the same as the usual billing cycle; and o LSPL does have a "Billing Enquiries Procedure" which addresses the stipulations of clause 49(2)(d) and (e) of the Customer Service Standards. However, the "Billing Enquiries Procedure" available on the LSPL webpages does not include this information.		

Table 6: Previous Audit: Inadequate Controls, Non-Compliances and Recommendations (Part A)

Previous Audit: Inadequate Controls, Non-Compliances and Recommendations					
B. Unresolved at End of Current Audit Period					
Recommendation Reference (no./year)	Licence Number	Obligation	Reference	Auditor’s Recommendation	Further Action Required (FAR) (Yes/No/Not Applicable)
	Controls and Compliance Rating				Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
	Legislative Obligation				
	Details of Inadequate Controls and/or Non-Compliance				
2/2019	<ul style="list-style-type: none">Numbers: 2, 5, 7, 15, 17, 18, 20, 25, 28, 30, 31, 33, 34, 35 to 41, 42 to 45, 50 to 54, 57, 58 to 61, 62, 63, 66, 67, 69, 70 to 72, 74, 75, 89, 97, 98, 101A, 103, 105, 106, 112A to C, 116, 120, 121, 122, 123, to 123, 124A to C, 129B, 129C, 134A, 136, 144C to D, 146, 150, 152, 154A to D, 155, 160, 161, 162, 163, 165, 166, 167, 168, 171, 172, 173, 175 to 180 and 190;Ratings: miscellaneous;Obligation: miscellaneous; andDetails:<ul style="list-style-type: none">Paxon found the AMS Procedure is a generic document which does not record any specific compliance obligations. The document references the following documents:<ul style="list-style-type: none">“Economic Regulation Authority, Water Services Operating Licence, WL42”;			<ul style="list-style-type: none">LSPL should consider implementing a compliance register which records all its obligations in terms of the:<ul style="list-style-type: none">Water Services Act 2012;Water Services Regulations 2013;Water Services Code of Conduct (Customer Service Standards) 2018; andWater Services Licence - LSPL - WL47, Version 1, 10 March 2017.This register should identify, per individual compliance obligation, appropriate policy and procedure documents and responsible employees. The ERA’s document entitled: “Water Compliance Reporting Manual - Water Services Act 2012 – May 2018” may help LSPL to develop its own compliance register.	<ul style="list-style-type: none">FAR: yes;Details:<p>The LSPL has implemented a “Regulatory Compliance Register” which addresses its obligations in terms of the:</p><ul style="list-style-type: none">Water Services Act 2012;Water Services Regulations 2013;Water Services Code of Conduct (Customer Service Standards) 2018; andWater Services Licence (WL), version 1.Recommendation:<p>LSPL should review its “Regulatory Compliance Register” and update it to refer to the stipulations of WL47, version 2.</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				Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
	Legislative Obligation				
	Details of Inadequate Controls and/or Non-Compliance				
2/2019 (continued)	<ul style="list-style-type: none">• “Economic Regulation Authority, Audit and Review Guidelines: Water Licences”; and• “Lancelin South Asset Management System Document Register”;○ Paxon examined LSPL’s “Document Register” but could not find any specific document which appears to address LSPL’s obligations in terms of the Act;○ Paxon found the LSPL “Internal Audit Checklist” is nothing more than an empty template; and○ Paxon could not find any specific references to LSPL’s obligations in terms of the Act in the AMP.				
7/2019	<ul style="list-style-type: none">• Number: 93;• Rating: A 2;• Obligation: Clauses 9(2) and (4) of the Customer Service Standards and clause 3.1.1 of WL47; and			<p>LSPL should keep proper records of connections made including dates on which:</p> <ul style="list-style-type: none">• Customers complied with all conditions for connection; and• Connections were completed.	<ul style="list-style-type: none">• FAR: yes;• Details: Paxon requested but LSPL did not provide any records to confirm water supply service connections were completed within the 10 business day time interval stipulated in clause 9(2) of the 2018 Code of Conduct; and

Previous Audit: Inadequate Controls, Non-Compliances and Recommendations					
B. Unresolved at End of Current Audit Period					
Recommendation Reference (no./year)	Licence Number	Obligation	Reference	Auditor's Recommendation	Further Action Required (FAR) (Yes/No/Not Applicable)
	Controls and Compliance Rating				Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
	Legislative Obligation				
	Details of Inadequate Controls and/or Non-Compliance				
7/2019 (continued)	<ul style="list-style-type: none">Details:<ul style="list-style-type: none">Paxon confirmed by interview of LSPL's Services Manager that, during the LSPL Management Period, only one customer connection was made. The Services Manager stated LSPL practice requires connections to be made within 3 days after customers paid the relevant fees and complied with the relevant requirements; andPaxon requested but LSPL did not provide any records to confirm the customer was connected within the stated time interval.				<ul style="list-style-type: none">Recommendation: LSPL should keep proper records of water supply service connections including whether:<ul style="list-style-type: none">Customers complied with all conditions for connection; andConnections were completed within the 10- business day time interval stipulated in clause 9(2) of the 2018 Code of Conduct.Keeping such records will enable LSPL to show whether it achieved a 90% compliance rate as stipulated in clause 9(4) of the 2018 Code of Conduct. (See recommendation 1/2021 as included in Table 11 entitled: "Current Audit: Inadequate Controls, Non-Compliances and Recommendations (Part B)" in section 4.4 of this Report.)
8/2019	<ul style="list-style-type: none">Number: 100;Rating: B 3;Obligation: Clause 13(1) of the Customer Service Standards and clause 3.1.1 of WL47; andDetails: Paxon examined a sample of LSPL tax invoices issued during the LSPL				LSPL should amend its tax invoices to comply with all the stipulations of clause 13(1) of the Customer Service Standards.

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)
8/2019 (continued)	Management Period and found these invoices, with some exceptions, complied with the stipulations of clause 12(1) of the Customer Service Standards. The examined tax invoices did not disclose: <ul style="list-style-type: none">o The nature and amount of any applicable concession; ando The amount of any interest or fees charged for late payment of amount outstanding from previous bills.				<ul style="list-style-type: none">• The amount of any interest or fees charged for late payment of amount outstanding from previous bills.<ul style="list-style-type: none">o A statement advising the customer that the licensee can be contacted for assistance if the customer is experiencing problems paying the bill (clause 13(1)(n)). This statement was only found on some of the sampled tax invoices.• Recommendation: LSPL should ensure its tax invoices comply with all the stipulations of clause 13(1) of the 2018 Code of Conduct. (See recommendation 2/2021 as included in Table 11 entitled: "Current Audit: Inadequate Controls, Non-Compliances and Recommendations (Part B)" in section 4.4 of this Report.)
10/2019	<ul style="list-style-type: none">• Number: 102A;• Rating: D 3;• Obligation: Clause 13(6) of the Customer Service Standards and clause 3.1.1 of WL47; and• Details: Paxon examined a sample of LSPL tax invoices issued during the LSPL Management Period and found these invoices, with some exceptions,			LSPL should amend its tax invoices to comply with all the stipulations of clause 13(6) of the Customer Service Standards.	<ul style="list-style-type: none">• FAR: yes;• Details: Paxon examined a sample of LSPL tax invoices issued during the Audit Period. These tax invoices contained the information stipulated in clause 13(6) of the 2018 Code of Conduct except for information found only on some of the sampled invoices, being:<ul style="list-style-type: none">o A telephone number for complaints;o A Freecall telephone number for the office of the water services ombudsman;

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)
10/2019 (continued)	complied with the stipulations of clause 13(6) of the Customer Service Standards. The examined tax invoices did not disclose: <ul style="list-style-type: none">o The telephone number of the 24-hour information line provided in accordance with clause 45;o National Interpreter Symbol;o A statement that the website contains information about estimates, meter reading and testing, complaints and review; ando A statement that the bill can be reviewed in accordance with the licensee's review procedure mentioned in clause 20.				<ul style="list-style-type: none">o A statement that the website contains information about estimates, meter reading and testing, complaints and review; ando A statement that the bill can be reviewed in accordance with the licensee's review procedure mentioned in clause 20. <ul style="list-style-type: none">• Recommendation: LSPL should ensure its tax invoices comply with all the stipulations of clause 13(6) of the 2018 Code of Conduct. (See recommendation 3/2021 as included in Table 11 entitled: "Current Audit: Inadequate Controls, Non-Compliances and Recommendations (Part B)" in section 4.4 of this Report.)
12/2019	<ul style="list-style-type: none">• Number: 107;• Rating: D NR;• Obligation: Clause 18(2) of the Customer Service Standards and clause 3.1.1 of WL47; and			<ul style="list-style-type: none">• LSPL's should ensure its "Customer Service Charter" and "Billing Enquiries Procedure" agrees;• LSPL should correct its "Billing Enquiries Procedure" to refer to a "12 month period ending on the day on which	<ul style="list-style-type: none">• FAR: yes; ando Details: LSPL's "Customer Service Charter" states under the heading: "Payment": "If you are accidentally undercharged, the shortfall will be included in your next account." Consequently, no undercharged recovery period limitation is applied, which differs from the undercharged recovery

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				
12/2019 (continued)	<ul style="list-style-type: none">Details:<ul style="list-style-type: none">Paxon examined LSPL’s “Customer Service Charter” which states under the heading: “Billing and Payment – Payment”: <i>“If you are accidentally undercharged, the shortfall will be included in your next account.”;</i>Paxon examined a LSPL document entitled: “Billing Enquiries Procedure” which states under the heading: “Review of Outcome – Undercharged Bill”: <i>“On conclusion of the bill review, if it is found that the customer’s bill has been under charged Lancelin South will back charge the undercharged amount up to a period of 12 months from the date of the bill review being completed. A special bill (interest free with 12 month payment terms) will be issued.”;</i> Thus, the following findings were made:<ul style="list-style-type: none">LSPL’s “Customer Service Charter” differs from its “Billing Enquiries			<p><i>the licensee informed the customer of the undercharging”; and</i></p> <ul style="list-style-type: none">LSPL should disclose the LSPL document entitled: “Billing Enquiries Procedure” on its website.	<p>period limitation as included in “Form 11 – Billing Enquiries Procedure” (Form 11);</p> <ul style="list-style-type: none">Form 11 still states: <i>“On conclusion of the bill review, if it is found that the customer’s bill has been under charged Lancelin South will back charge the undercharged amount up to a period of 12 months from the date of the bill review being completed.”</i> <i>((Form 11 differs from clause 18.2 of the 2018 Code of Conduct which refers to a: “12 month period ending on the day on which the licensee informed the customer that the customer has not been charged for the undercharged amount”.</i> ; andThe Lancelin South Water website on the webpage entitled: “Forms, Documents and Publications” includes Form 11. <ul style="list-style-type: none">Recommendations:<ul style="list-style-type: none">LSPL should correct its “Billing Enquiries Procedure” to refer to a “12 month period ending on the day on which the licensee informed the customer of the undercharging”; andLSPL’s should ensure its “Customer Service Charter” and “Billing Enquiries Procedure” agrees.

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				
12/2019 (continued)	<i>Procedure</i> regarding undercharged amounts; and <ul style="list-style-type: none">Technically, there is a difference between “12 month period ending on the day on which the licensee informed the customer of the undercharging” and “period of 12 months from the date of the bill review being completed.”Paxon searched the LSPL website pages for “Lancelin South Water” but could not find the “Billing Enquiries Procedure”.				
13/2019	<ul style="list-style-type: none">Number: 119;Rating: C 3;Obligation: Clause 24(1) of the Customer Service Standards and clause 3.1.1 of WL47; andDetails: Paxon examined a sample of LSPL tax invoices issued during the LSPL Management Period and found			LSPL should allow customers to pay bills through Centrepay.	<ul style="list-style-type: none">FAR: yes;Details: Paxon examined a sample of LSPL tax invoices issued during the Audit Period. These tax invoices provided customers with the following payment options:<ul style="list-style-type: none">Centrepay;Internet (direct deposit and BPay); andPost.

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				
13/2019 (continued)	customers were provided with the following payment options: <ul style="list-style-type: none">o Internet (direct deposit and BPay);o Mail (cheque); ando Telephone.				<ul style="list-style-type: none">• Recommendation: LSPL should add bill payments by telephone to its “Ways to Pay Your Bill” as disclosed on its tax invoices. (See recommendation 5/2021 as included in Table 11 entitled: “Current Audit: Inadequate Controls, Non-Compliances and Recommendations (Part B)” in section 4.4 of this Report.)
14/2019	<ul style="list-style-type: none">• Numbers: 129C, 144C, 144D and 146;• Rating: D 4;• Obligation: Clauses 29(9), 44(1), 44(2) and 46(2) of the Customer Service Standards and clauses 3.1.1 and 5.4.1 of WL47; and• Details:<ul style="list-style-type: none">o Paxon interviewed both the:<ul style="list-style-type: none">• LSPL’s Services Manager; and• GHD Technical Consultant.o Neither of these parties could confirm whether LSPL complied with clauses 29(9), 44(1), 44(2) and 46(2) of the Customer Service Standards during the Audit Period.			LSPL should keep proper records to prove compliance with its obligations in terms of clause 3.1.1 of its Water Services Licence.	<ul style="list-style-type: none">• FAR: yes; and• Details:<ul style="list-style-type: none">o Paxon requested but was not provided with any documentation to confirm LSPL consulted with relevant consumer organisations during the review of its “Financial Hardship Policy”;o Recommendation: LSPL should keep proper records to prove compliance with its obligations in terms of clause 29(9) of the 2018 Code of Conduct. (See recommendation 10/2021 as included in Table 11 entitled: “Current Audit: Inadequate Controls, Non-Compliances and Recommendations (Part B)” in section 4.4 of this Report.);o An LSPL director has stated:

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				
14/2019 (continued)					<p>“LSW has as-constructed drawings of the drinking water, non-potable water and sewer pipelines. Specific methodologies for repairing bursts or leaks are not documented by LSW but are left within the professional capabilities of the repair contractor, based on the standard procedures of WSAA and other industry bodies.”;</p> <p>o Recommendation:</p> <p>LSPL should develop and implement comprehensive 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 (in compliance with clauses 44(1) and (2) of the 2018 Code of Conduct.</p> <p>(See recommendation 8/2021 as included in Table 11 entitled: “Current Audit: Inadequate Controls, Non-Compliances and Recommendations (Part B)” in section 4.4 of this Report.);</p> <p>o Paxon interviewed:</p> <ul style="list-style-type: none">• Two LSPL directors; and• GHD Technical Consultant. <p>None of these parties could confirm whether the current version of LSPL’s “Customer Complaints Procedure” was developed using as minimum standards the relevant provisions of AS/NZS 10002-2014 and the ERA’s “Customer</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				Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
	Legislative Obligation				
	Details of Inadequate Controls and/or Non-Compliance				
14/2019 (continued)					<p><i>Complaints Guidelines: distinguishing customer queries from complaints – December 2016</i>";</p> <ul style="list-style-type: none">○ Paxon examined LSPL's "Customer Complaints Procedure" but could not find any evidence it was developed in compliance with clause 46(2) of the 2018 Code of Conduct; and○ Recommendation: LSPL should review its "Customer Complaints Procedure" to ensure it was developed using as minimum standards the relevant provisions of:<ul style="list-style-type: none">• AS/NZS 10002-2014; and• ERA's "Customer Complaints Guidelines: distinguishing customer queries from complaints – December 2016". <p>(See recommendation 10/2021 as included in Table 11 entitled: "Current Audit: Inadequate Controls, Non-Compliances and Recommendations (Part B)" in section 4.4 of this Report.)</p>
23/2019	<ul style="list-style-type: none">• Number: 153;• Rating: D 4;• Obligation: Clause 49(1) of the Customer Service Standards and clause 3.1.1 of WL47; and			LSPL should make all the prescribed information stipulated in clause 49(1) of the Customer Service Standards publicly available.	<ul style="list-style-type: none">• FAR: yes;• Details:<ul style="list-style-type: none">○ LSPL's "Financial Hardship Policy" in the section entitled: "Restricting and Restoring Your Water Flow" addresses LSPL's right under section 95(1)(b) of the Act to reduce the rate of

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				
23/2019 (continued)	<ul style="list-style-type: none">Details:<ul style="list-style-type: none">Paxon searched the LSPL website pages for “Lancelin South Water” and found a “Residential Pricing & Charges 2017” document;LSPL’s “Customer Service Charter” includes information about:<ul style="list-style-type: none">Payment methods (LSPL does not charge fees for different payment methods);The power of a person authorised by LSPL under section 129 to enter a place without consent, notice or warrant to read a meter connected to its water service works; andWater quality.However, the link on the LSPL webpages is to an old customer service charter; andPaxon could not find any references to the following items on the LSPL webpages:				<p>flow of a supply of water if a water service is not paid (clause 49(1)(g). However, it states:</p> <p><i>“If you cannot pay your bill by the due date, you need to contact us as soon as possible, or we may fit a device to your water meter that will reduce the supply flow.”</i></p> <p>In other words, it does not refer to the period of 30 days after the due date before a reduction/cut off is implemented as stipulated in clause 49(1)(g) of the 2018 Code of Conduct;</p> <ul style="list-style-type: none">Paxon could not find any references to the following items on the LSPL webpages:<ul style="list-style-type: none">Services provided by LSPL under clause 48(2) – clause 49(1)(d);If a customer is offered a payment plan or other arrangement giving the customer more time to pay the bill or to pay arrears, LSPL’s power as mentioned in clause 49(1)(g) can only be exercised if:<ul style="list-style-type: none">The customer has not accepted the offer within the period of 7 days after the day on which it was made; orHaving entered such a plan or other arrangement, the customer does not comply with it.(Clause 49(1)(h));Sustainable use of water (clause 49(1)(k)).

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				
23/2019 (continued)		<ul style="list-style-type: none">• Concessions available to customers;• Services provided by the licensee under clause 48;• Obligations of customers under the regulations to ensure that access to a meter is available;• LSPL’s right to cut off, or reduce the rate of flow of, a supply of water if a water service charge remains unpaid for 30 days after it becomes due. The LSPL’s “Customer Service Charter” does not refer to the 30 days period;• If a customer is offered a payment plan or other arrangement giving the customer more time to pay the bill or to pay arrears, LSPL’s power as mentioned in clause 49(1)(g) can only be exercised if the customer has not accepted the offer within the period of 7 days after the day on which it was made;• Sustainable use of water; and			<ul style="list-style-type: none">• Recommendation: LSPL should:<ul style="list-style-type: none">○ Explicitly state in the “Restricting and Restoring Your Water Flow” section in its “Financial Hardship Policy” it may only cut off, or reduce the rate of flow of, a supply of water if a water service charge remains unpaid for 30 days after it becomes due; and○ Make the information stipulated in clauses 49(1)(d), (h) and (k) of the 2018 Code of Conduct publicly available.(See recommendation 13/2021 as included in Table 11 entitled: “Current Audit: Inadequate Controls, Non-Compliances and Recommendations (Part B)” in section 4.4 of this Report.)

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				
23/2019 (continued)		<ul style="list-style-type: none">Planned and unplanned interruptions of water supply or other incidents that may significantly affect the provision of water services to customers.			

Table 6: Previous Audit: Inadequate Controls, Non-Compliances and Recommendations (Part B)

3.2 Previous Review: Deficiencies and Recommendations

Previous Review: Deficiencies and Recommendations						
A. Resolved During Current Review Period						
Recommendation Reference (no./year)	Process and Policy Rating	Rating and	Reviewer's Recommendation		Date Resolved	Further Action Required (FAR) (Yes/No/Not Applicable)
	Asset Management Effectiveness Criterion	Process and				Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
	Details of Deficiency					
25/2019	<ul style="list-style-type: none">• Rating: C 3;• Component: Asset Planning; and• Details:<ul style="list-style-type: none">○ The Asset Management Plan (AMP) is being progressively developed and is incomplete or silent in several areas, as follows:<ul style="list-style-type: none">• The document mainly addresses water treatment - rather than water and sewerage facilities as a whole;• There are no operations/maintenance procedures/schedules for the water and sewerage reticulation systems; and• Several of the listed Appendices have not been prepared, or addressed, including capital expenditure and financial planning, contingency planning.○ The plan sets out the anticipated three development stages – for 250, 1,000 and		That the AMP, encompassing all recommendations of this review, be completed as a matter of urgency.		No further action is required.	

Previous Review: Deficiencies and Recommendations							
A. Resolved During Current Review Period							
Recommendation Reference (no./year)	Process and Policy Rating and Performance Rating				Reviewer's Recommendation	Date Resolved	Further Action Required (FAR) (Yes/No/Not Applicable)
	Asset Management Process and Effectiveness Criterion						Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
	Details of Deficiency						
25/2019 (continued)	4,000 lots respectively, together with the facilities expected to service each stage: <ul style="list-style-type: none">• Water services demand - for potable and non-potable water and sewerage are developed for each stage and levels of service are defined; and• Tables indicating the expected total number of completed dwellings by year are out of date. For 2019 the expected lowest number is forty, whereas the actual number is thirteen. The table should be updated as the resulting lower services demand will affect service facility development timing and on-going capital and financial expenditure plans.○ An adequate risk assessment and control strategy has been prepared for the water treatment facility. The assessment should be broadened to include risks associated with all facilities of the water and sewerage systems.						

Previous Review: Deficiencies and Recommendations							
A. Resolved During Current Review Period							
Recommendation Reference (no./year)	Process and Policy Rating and Performance Rating				Reviewer's Recommendation	Date Resolved	Further Action Required (FAR) (Yes/No/Not Applicable)
	Asset Management Process and Effectiveness Criterion						Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
	Details of Deficiency						
26/2019	<ul style="list-style-type: none">• Rating: C 2;• Component: Asset Creation and Acquisition; and• Details:<ul style="list-style-type: none">○ There are no documented procedures for the assessment of need, or the process of acquisition and commissioning of new or replacement assets. Existing documentation of company rules and responsibilities for purchasing, payments etc. do not satisfy the Licence requirements;○ Reviewer noted several written recommendations to the owner by the Water Services Contractor - for minor asset replacement, together with quotes or cost estimates;○ Reviewer similarly noted performance specifications prepared by consultants GHD for replacement and commissioning of the water treatment plant (WTP) and the construction and commissioning of a wastewater treatment plant (WWTP) to service the current development.				That a section titled “Asset Creation and Acquisition” be added to the AMP. The section should address items 2.1 to 2.5 of Table 23 of the ERA’s “2019 Audit and Review Guidelines - Water Licences- March 2019” related to project evaluation leading the acquisition of new assets or the adoption of alternative strategies.		No further action is required.

Previous Review: Deficiencies and Recommendations						
A. Resolved During Current Review Period						
Recommendation Reference (no./year)	Process and Policy Rating and Performance Rating	Rating and	Reviewer's Recommendation	Date Resolved	Further Action Required (FAR) (Yes/No/Not Applicable)	
	Asset Management Process and Effectiveness Criterion	and			Details of Further Action Required (Including Current Recommendation Reference, if Applicable)	
	Details of Deficiency					
26/2019 (continued)	<p>GHD advised the new WTP would better suit the current demand levels. The WWTP is required as Water Corporation can no longer accept sewage waste tankering from the development. It is intended that both new facilities will operate automatically - with minimal operator input and a resultant operating cost saving; and</p> <p>o Reviewer's opinion is that the practice of asset assessment and acquisition is technically adequate. However, documentation of procedures is not provided and is therefore inadequate.</p>					
27/2019	<ul style="list-style-type: none">• Rating: C 2;• Component: Asset Disposal; and• Details:<ul style="list-style-type: none">o To date no assets except small items, have been replaced. However, the existing treatment module of the WTP is to be replaced due to underperformance and to better match current demand; and		<p>That a section entitled "Asset Disposal" be added to the AMP. The section should address items 3.1 to 3.4 of Table 23 of the ERA's "2019 Audit and Review Guidelines - Water Licences- March 2019".</p>		<p>No further action is required.</p>	

Previous Review: Deficiencies and Recommendations						
A. Resolved During Current Review Period						
Recommendation Reference (no./year)	Process and Policy Rating and Performance Rating		Reviewer's Recommendation	Date Resolved	Further Action Required (FAR) (Yes/No/Not Applicable)	
	Asset Management Process and Effectiveness Criterion				Details of Further Action Required (Including Current Recommendation Reference, if Applicable)	
	Details of Deficiency					
27/2019 (continued)	o The section on asset disposal in the AMP is general only – stating intention rather than the procedures to be undertaken. However, there is no documentation related to identification of the need for replacement (e.g. asset is underperforming, at end of life, damaged beyond repair). Similarly, there is no documentation for assessment of alternatives to replacement, re-use elsewhere, or options and costs associated with disposal methods (e.g. need for decontamination, sale, leave in situ, disposal to land fill etc).					
28/2019	<ul style="list-style-type: none">• Rating: B 2;• Component: Environmental Analysis; and• Details:<ul style="list-style-type: none">o Although the AMP has no section for Environmental Analysis, the document addresses quality requirements and performance levels required of its Water Services Licence, Department of Water (DOW) licence		<ul style="list-style-type: none">• That a section entitled “Environmental Analysis” be added to the AMP. The section should address items 4.1 to 4.4 of Table 23 of the ERA’s “2019 Audit and Review Guidelines - Water Licences- March 2019”;• The new section should include details of the licences held and a statement that DOH water quality standards are adopted despite no MOU being in place; and		No further action is required.	

Previous Review: Deficiencies and Recommendations						
A. Resolved During Current Review Period						
Recommendation Reference (no./year)	Process and Policy Rating and Performance Rating		Reviewer's Recommendation	Date Resolved	Further Action Required (FAR) (Yes/No/Not Applicable)	
	Asset Management Process and Effectiveness Criterion				Details of Further Action Required (Including Current Recommendation Reference, if Applicable)	
	Details of Deficiency					
28/2019 (continued)	for groundwater extraction and Department of Environment and Conservation (DEC) Licence for provision of sewerage facilities. A memorandum of understanding (MOU) with the Department of Health (DOH) for supply of potable and non-potable water is not in place - although required by the Water Services Licence. Reviewer understands that DOH has not precipitated the required procedures to formalise the MOA; and o Section 1.1 of the AMP refers to Legislation covering the water services. Reviewer notes that reference to the Water Services Licensing Act 1995 should be corrected to the Water Services Act 2012. The AMP should also list the ERA, DOW and DCE licence details.		<ul style="list-style-type: none">Any reference (in the AMP or supporting documents) to the Water Services Licensing Act 1995 should be changed to the "Water Services Act 2012".			
32/2019	<ul style="list-style-type: none">Rating: B 2;Component: Risk Management; andDetails:<ul style="list-style-type: none">The AMP features a risk analysis undertaken by consultants GHD at the		<p>It is recommended that:</p> <ul style="list-style-type: none">The existing analysis is extended to include the sub-divisional water and sewerage reticulation systems; and		No further action is required.	

Previous Review: Deficiencies and Recommendations						
A. Resolved During Current Review Period						
Recommendation Reference (no./year)	Process and Policy Rating and Performance Rating		Reviewer's Recommendation	Date Resolved	Further Action Required (FAR) (Yes/No/Not Applicable)	
	Asset Management Process and Effectiveness Criterion				Details of Further Action Required (Including Current Recommendation Reference, if Applicable)	
	Details of Deficiency					
32/2019 (continued)	<p>end of the review period. The analysis is comprehensive – but addresses only risks associated with the supply bore, WTP and water pipelines delivering to the sub-division reticulation;</p> <ul style="list-style-type: none">○ Consequences associated with the water reticulation systems within the sub-division are similar to those for the pipelines. They also pose the possibility of erosion and undermining of adjacent services, flooding of public and private property etc. The analysis should be extended to include the subdivision water reticulation systems and the new WTP; and○ The AMP has no risk analysis for the sewerage collection system - where blockage and flooding introduce physical, environmental and significant health risks. The risks associated with the future (almost completed) WWTP should also be subject to analysis.		<ul style="list-style-type: none">• The risks associated with the new Water Treatment Plant and the new Wastewater Treatment Plant and its effluent disposal system, be assessed and included in the AMP.			

Previous Review: Deficiencies and Recommendations						
A. Resolved During Current Review Period						
Recommendation Reference (no./year)	Process and Policy Rating and Performance Rating		Reviewer's Recommendation	Date Resolved	Further Action Required (FAR) (Yes/No/Not Applicable)	
	Asset Management Process and Effectiveness Criterion				Details of Further Action Required (Including Current Recommendation Reference, if Applicable)	
	Details of Deficiency					
33/2019	<ul style="list-style-type: none">• Rating: D 4;• Component: Contingency Planning; and• Details:<ul style="list-style-type: none">○ The AMP documentation contains an Emergency Response Plan and a Health Plan template - both of which are general documents conveying intent - rather than specific contingency procedures. The AMP does not contain contingency plans for either water supply or sewerage services; and○ Contingency plans should document specific recovery procedures to address emergencies identified in the risk analysis as having high or extreme consequences.		<p>That a section entitled “Contingency Planning ” be added to the AMP, which documents specific recovery procedures for emergencies identified in the risk analysis as having high or extreme consequences. These should include but not be limited to:</p> <ul style="list-style-type: none">• Ready access to plans and details of operation of all assets;• Detailed procedures for specific emergencies, together with information set out below;• Communication protocols for advising Lancelin South management, affected customers and Authorities whose assets may be affected by the procedures, e.g. local authority, electricity supplier, police;• Contractors and/or specialist tradesmen whose assistance may be required in specific instances e.g. plumbers/electricians, suppliers of waste removal, excavation machinery and emergency pumping equipment etc;		No further action is required.	

Previous Review: Deficiencies and Recommendations						
A. Resolved During Current Review Period						
Recommendation Reference (no./year)	Process and Policy Rating and Performance Rating		Reviewer's Recommendation	Date Resolved	Further Action Required (FAR) (Yes/No/Not Applicable)	
	Asset Management Process and Effectiveness Criterion				Details of Further Action Required (Including Current Recommendation Reference, if Applicable)	
	Details of Deficiency					
33/2019 (continued)			<ul style="list-style-type: none">• A list of Authorities, contractors, trades etc, that should be contacted and when – including their contact details – name, number and location; and• Specifications, locations and availability of emergency equipment and spare parts. <p>Once developed, the contingency plans should be reviewed and tested at least annually (or whenever major changes are required) to ensure they are operable and that appropriate persons are aware of their responsibilities in the case of an emergency.</p>			
36/2019	<ul style="list-style-type: none">• Rating: B 2;• Component: Review of Asset Management System; and• Details:<ul style="list-style-type: none">○ Overall the documented requirements for review of the Asset Management System are adequate and reviewed have been appropriately annotated; and		<p>That documentation referring to staff positions or documents that do not exist should be corrected or the relevant staff positions, responsibilities etc. should be included in the staff organisation documents with a note indicating the position is vacant.</p>		No further action is required.	

Previous Review: Deficiencies and Recommendations							
A. Resolved During Current Review Period							
Recommendation Reference (no./year)	Process and Policy Rating and Performance Rating				Reviewer's Recommendation	Date Resolved	Further Action Required (FAR) (Yes/No/Not Applicable)
	Asset Management Process and Effectiveness Criterion						Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
	Details of Deficiency						
36/2019 (continued)	○ Reviewer noted that some documents referred to staff titles or documents that do not exist in practise. e.g. the review support documentation refers to an “Audit Manager” position that does not exist. Other documents refer to a “Maintenance Supervisor”, and “Operator” and “Operation and Maintenance Manuals” that similarly do not exist.						

Table 7: Previous Review: Deficiencies and Recommendations (Part A)

Previous Review: Deficiencies and Recommendations				
B. Unresolved at End of Current Review Period				
Recommendation Reference (no./year)	Process and Policy Rating and Performance Rating	Reviewer's Recommendation	Further Action Required (FAR) (Yes/No/Not Applicable)	
	Asset Management Process and Effectiveness Criterion		Details of Further Action Required (Including Current Recommendation Reference, if Applicable)	
	Details of Deficiency			
29/2019	<ul style="list-style-type: none"> • Rating: B 2; • Component: Asset Operations; and • Details: <ul style="list-style-type: none"> ○ Hydramet's Operation/Maintenance reporting template for the WTP is appropriate. However, its contract appears to be solely for the WTP. There appears to be no operation or maintenance manuals or instructions for the potable and non-potable water reticulation or the sewerage system; ○ Whilst drawings were provided for the water reticulation system, drawings for the sewerage system have not been included in the supporting documentation; ○ The AMP contains no information on staff training. However, Lancelin South's Director/Service Manager and a local contractor have received training in water sampling - prior to packaging, preparation of chain of custody documentation and despatching for laboratory analysis; 	<p>That a section entitled "Asset Operations" be added to the AMP and the AMP or its support documentation be updated to include:</p> <ul style="list-style-type: none"> • "As constructed" drawings of the sewerage reticulation system, together with plumber's "as constructed" drawings of house drains provided to connect dwellings to the sewerage reticulation system; • The AMP should contain a formal organisation chart or table setting out administration / operating titles, duties, responsibilities together with the name and contact details of staff appointed to each position; • The AMP should also outline communication pathways for progressing business matters and the sharing/updating of information; • Asset registers for the water and sewerage reticulation systems, including individual identification numbers for each asset, asset condition and date of condition assessment; and 	<ul style="list-style-type: none"> • FAR: yes; and • Details: as disclosed below: <ul style="list-style-type: none"> ○ Resolved: constructed sewer drawings have been provided to a local plumber and electrician; ○ Not resolved – see recommendation included in the column to the left; ○ Not resolved - see recommendation included in the column to the left; ○ Partly resolved – see recommendation included in the column to the left; and 	

Previous Review: Deficiencies and Recommendations				
B. Unresolved at End of Current Review Period				
Recommendation Reference (no./year)	Process and Policy Performance Rating	Rating and	Reviewer's Recommendation	Further Action Required (FAR) (Yes/No/Not Applicable)
	Asset Management Effectiveness Criterion	Process and		Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
	Details of Deficiency			
29/2019 (continued)	<ul style="list-style-type: none">○ The owner is a resident of USA. Each of the supporters operates from different offices located between Lancelin and Perth. This arrangement is not ideal but has sufficed over the review period. The AMP should contain a formal organisation chart or table setting out administration /operating titles, duties, responsibilities together with the name and contact details of staff appointed to each position;○ In the near future, construction of the new WTP and WWTP - while intended to operate automatically will require local input. Reviewer expects it will be necessary to appoint a locally based person to undertake oversight and upkeep of both plants in addition to operation and maintenance of the water and sewerage reticulation systems;○ The asset register addresses only the WTP and provides details such as purpose, installation date, manufacturer, model number, material etc. The assets in some		<ul style="list-style-type: none">• Consider appointing a locally based person to undertake oversight and upkeep of the new WTP and WWTPs in addition to operation and maintenance of the water and sewerage reticulation systems.	<ul style="list-style-type: none">○ Resolved: no further action is required.

Previous Review: Deficiencies and Recommendations				
B. Unresolved at End of Current Review Period				
Recommendation Reference (no./year)	Process and Policy Performance Rating	Rating and	Reviewer's Recommendation	Further Action Required (FAR) (Yes/No/Not Applicable)
	Asset Management Process and Effectiveness Criterion	Process and		Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
	Details of Deficiency			
29/2019 (continued)	groups have no identification number. A column to record the condition of assets and the date of assessment is not provided; and <ul style="list-style-type: none">Asset registers should be prepared for the potable and non-potable water reticulation and the sewerage reticulation system.			
30/2019	<ul style="list-style-type: none">Rating: C 3;Component: Asset Maintenance; andDetails:<ul style="list-style-type: none">The AMP contains no schedule of maintenance of the water and sewerage reticulation systems. In addition, drawings of the sewerage reticulation are not provided;Water reticulation system maintenance should involve a fortnightly visual inspection along the alignment to check for evidence of leaks, surface settlement, together with clearance of weeds around valve pits and hydrants to maintain visibility. Twice yearly, valves and hydrants should be operated to		<p>That a section entitled “Asset Maintenance ” be added to the AMP, setting out the above requirements for maintenance of the water supply and sewerage reticulation systems, including a maintenance schedule/check sheet setting out the maintenance checks and timing, together with columns for recording the date, name of the checker and space for comment.</p> <p>Also, that drawings of the sewerage system be included in the AMP or its supporting documentation.</p>	<ul style="list-style-type: none">FAR: yes; andDetails: partly resolved, see recommendation included in the column to the left.

Previous Review: Deficiencies and Recommendations				
B. Unresolved at End of Current Review Period				
Recommendation Reference (no./year)	Process and Policy Rating and Performance Rating			
	Asset Management Process and Effectiveness Criterion			
	Details of Deficiency			
30/2019 (continued)	<p>ensure on-going ease of operation and hydrants operated to purge any stagnant water from the mains;</p> <ul style="list-style-type: none"> ○ Sewerage system maintenance will similarly involve fortnightly visual inspection along the alignment to check for evidence of leaks, surface settlement, together with clearance of weeds around access chambers to maintain visibility. On an annual basis, access chamber covers should be removed and greased to maintain ease of removal; and the condition of the chambers recorded; <p>Any stranding of sewage solids due to low flows from sparsely built-up areas should be purged through the system by flushing from upstream access chambers. Care should be taken to control the rate and volume of flushing water in order to avoid a hydraulic overload of the WWTP; and</p> <ul style="list-style-type: none"> ○ A maintenance schedule/check sheet should be prepared setting out the maintenance checks and timing, 			
	<p>Reviewer's Recommendation</p>			
	<p>Further Action Required (FAR) (Yes/No/Not Applicable)</p> <p>Details of Further Action Required (Including Current Recommendation Reference, if Applicable)</p>			

Previous Review: Deficiencies and Recommendations				
B. Unresolved at End of Current Review Period				
Recommendation Reference (no./year)	Process and Policy Rating and Performance Rating	Reviewer's Recommendation	Further Action Required (FAR) (Yes/No/Not Applicable)	
	Asset Management Process and Effectiveness Criterion		Details of Further Action Required (Including Current Recommendation Reference, if Applicable)	
	Details of Deficiency			
30/2019 (continued)	together with columns for recording the date, name of the checker and space for comment.			
31/2019	<ul style="list-style-type: none">• Rating: C 2;• Component: Asset Management Information System; and• Details:<ul style="list-style-type: none">○ The system is backed-up daily by the Service Manager to a cloud storage and a separate hard drive and laptop owned by the Service Manager. Backups are also made to the Bookkeeper's hard drive. Backups are not verified; and○ Reviewer considers the Asset Management Information System is inadequate. This opinion is based on consideration of:<ul style="list-style-type: none">• The widespread work locations of the Owner in the USA, operating and administrative staff/contractors located in separate offices across Perth and the water services located at Lancelin, one hundred kilometres north of Perth;	<p>That a section entitled "Asset Management Information System " be added to the AMP:</p> <ul style="list-style-type: none">• The section should include a formal organisation chart or table setting out administration/operating titles, duties, responsibilities together with the name and contact details of staff appointed to each position;• The AMP should also outline communication pathways for progressing business matters collection and storage of data and information and the sharing/updating of such information; and• That a central cloud based, or similar IT system and software suite be installed and be managed by the Services Manager. Relevant areas of the system should be accessible (by password) to all staff and consultants. System back-ups should be made daily by the Services Manager and backups verified	<ul style="list-style-type: none">• FAR: yes; and• Details: see recommendations included in the column to the left.	

Previous Review: Deficiencies and Recommendations				
B. Unresolved at End of Current Review Period				
Recommendation Reference (no./year)	Process and Policy Rating	Rating and Performance	Reviewer's Recommendation	Further Action Required (FAR) (Yes/No/Not Applicable)
	Asset Management Effectiveness Criterion	Process and Effectiveness Criterion		Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
	Details of Deficiency			
31/2019 (continued)	<ul style="list-style-type: none">The lack of a central cloud based or similar IT system and software suite available to all staff in addition to individual staff emails. Reliance on individual staff members emailing specific material to fellow staff introduces a risk of information not being transferred, or not being noted and should not be the sole source of information within a work group; andThe AMP lacks a formal organisation chart or table setting out administration/ operating titles, duties and responsibilities together with the name and contact details of staff appointed to each position. The document does not set out the communication pathways for progressing business matters, collection and storage of data and information and the sharing/updating of such information.		by appropriate software or an IT consultant.	

Previous Review: Deficiencies and Recommendations				
B. Unresolved at End of Current Review Period				
Recommendation Reference (no./year)	Process and Policy Rating and Performance Rating	Reviewer's Recommendation	Further Action Required (FAR) (Yes/No/Not Applicable)	
	Asset Management Process and Effectiveness Criterion		Details of Further Action Required (Including Current Recommendation Reference, if Applicable)	
	Details of Deficiency			
34/2019	<ul style="list-style-type: none"> • Rating: C 3; • Component: Financial Planning; and • Details: The AMP does not contain a financial plan. However, Lancelin South's licence application contained financial plans, including profit and loss projections, for both water supply and sewerage facilities. The plans set out estimated annual income and expenditure including asset replacement, until the year 2042 for water supply and 2037 for sewerage. 	That the financial plans included in the Licence application be updated and included in the AMP annually. Updating should allow for any changes in the estimated rate of development (affecting income and expenditure) and verification of estimated asset replacement costs, together with the impact of the updated WTP and the earlier than expected provision of the initial WWTP. Annual profit and loss estimates should verify the adequacy of the financial guarantee in place to cover costs and estimate the year in which the services become profitable.	<ul style="list-style-type: none"> • FAR: yes; and • Details: see recommendation 26/2021 as recorded in Table 16 entitled: "Review Observations and Recommendations" as included in section 5.3 of this Report. 	
35/2019	<ul style="list-style-type: none"> • Rating: C 3; • Component: Capital Expenditure Planning; and • Details: The AMP text and asset register contains estimates of the expected life of individual assets and - by inference, their estimated replacement year. However, the AMP does not include a plan showing annual capital 	That a section entitled "Capital Expenditure Planning" be included in the AMP. The plan should list estimated annual capital expenditure over the coming five to ten years and be updated annually. The plan should identify each assets and its estimated replacement costs. The assets should include those to be replaced due to expired life expectancy, together with those to be replaced due to underperformance, redundancy, or process changes.	<ul style="list-style-type: none"> • FAR: yes; and • Details: see recommendation 27/2021 as recorded in Table 16 entitled: "Review Observations and Recommendations" as included in section 5.3 of this Report. 	

Previous Review: Deficiencies and Recommendations				
B. Unresolved at End of Current Review Period				
Recommendation Reference (no./year)	Process and Policy Performance Rating	Rating and	Reviewer’s Recommendation	Further Action Required (FAR) (Yes/No/Not Applicable)
	Asset Management Process and Effectiveness Criterion	Process and		Details of Further Action Required (Including Current Recommendation Reference, if Applicable)
	Details of Deficiency			
35/2019 (continued)	expenditure on specific asset items over a rolling five to ten-year period.			

Table 7: Previous Review: Deficiencies and Recommendations (Part B)

4 Operational Audit: Comprehensive Report

4.1 Audit: Controls and Compliance Rating Scales

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

Audit Compliance and Controls Rating Scales

ERA's Guidelines: Table No. 6 (as amended)

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

Table 8: Audit: Controls and Compliance Rating Scales

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

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

Paxon was informed by the ERA on 01/07/2021 that: "any compliance ratings of 1 or NR do not require a controls assessment".

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						Compliance Rating					
	Water Services Act 2012	Water Services Licence – Version 2			(Refer to the 6-point rating scale in Table 8 for details)						(Refer to the 6-point rating scale in Table 8 for details)					
	Section Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
2	21(1)(b)	4.3.1(b)	Duty to provide services and do works	3					✓						✓	
3	21(1)(c)	4.1.1		1					✓		✓					
4	22	4.4.1(a)	Provision of water services outside operating areas	5					✓						✓	
5	23	4.5.1	Works holding arrangements	3					✓		✓					
6	24(1)(a) & 24(2)	5.1.1	Asset management system	3					✓		✓					
7	24(1)(b)	5.1.2 & 5.1.3		3					✓		✓					
8	24(1)(c)	5.1.4		3					✓		✓					
9	25	5.3.1	Operational audit	3					✓		✓					
10	26(3)	4.1.1	Compliance with codes of practice made by Minister	3					✓						✓	
11*	27	3.1.1	Compliance with Code of Conduct made by Authority	3		✓						✓				
12*	29	3.1.1	Licensee must comply with duties under Act	3		✓						✓				
13	36	4.1.1	Duty to perform functions of supplier of last resort	3					✓						✓	
14	60	6.3.1	Perform functions of supplier of last resort	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 Act 2012	Water Services Licence – Version 2			(Refer to the 6-point rating scale in Table 8 for details)						(Refer to the 6-point rating scale in Table 8 for details)					
	Section Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
15	70(2)	6.2.1	Membership of approved scheme	5					✓		✓					
16	77(3)	4.1.1	Interruption of water services generally	3					✓		✓					
17	82(4) & (5)	4.1.1	Notification of and requirements as to building work	3					✓						✓	
18	84(2)	4.1.1	Ensuring water service works are done	3					✓						✓	
19	87(2)	4.1.1	Review of decisions under or relating to this Division	3					✓						✓	
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	1					✓						✓	
22	96(1)	4.1.1	Fire hydrants	3					✓						✓	
23	96(5)	4.1.1		5					✓						✓	
24	98(3)	4.1.1	Minister may require connection to sewerage works	3					✓						✓	
25	106(2)	4.1.1	Compliance notices	3					✓						✓	
28	119(2)	4.1.1	Compliance notice	3					✓						✓	
29	122(2)	4.1.1	Review of decisions relating to giving compliance notices	3					✓						✓	
30	125(2)	4.1.1	Supplying groups of dwellings	3					✓						✓	

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 2			(Refer to the 6-point rating scale in Table 8 for details)						(Refer to the 6-point rating scale in Table 8 for details)					
	Section Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
31	128(4)	4.1.1	Prohibition on dealings in land	3					✓						✓	
32	129(5)	4.1.1	Reading meters etc and routine inspection and maintenance	3					✓						✓	
33	139(3)	4.1.1	Ancillary works power	5					✓						✓	
34	141(1)	4.1.1	Special provisions applicable to road works	3					✓						✓	
35	142	4.1.1	Prerequisites to provision of major works	3					✓						✓	
36	143(2)	4.1.1	Licensee to prepare plans and publish and give notice of major works	3					✓						✓	
37	143(3)	4.1.1		3					✓						✓	
38	144(3)	4.1.1	Objections and submissions	3					✓						✓	
39	145(2)	4.1.1	Licensee may amend proposal	3					✓						✓	
40	147(3)	4.1.1	Powers of Minister in respect of proposal	3					✓						✓	
41	147(4)	4.1.1		3					✓						✓	
42	151(1)	4.1.1	Licensee to prepare plans and give notice of general works	3					✓						✓	
43	151(2)	4.1.1		3					✓						✓	
44	152(3)	4.1.1	Objections and submissions	3					✓						✓	

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 2			(Refer to the 6-point rating scale in Table 8 for details)						(Refer to the 6-point rating scale in Table 8 for details)					
	Section Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
45	153(3)	4.1.1	Licensee may amend proposal	3					✓						✓	
46	166(5)	4.1.1	Taking of interest in land for purposes of licensee	3					✓						✓	
47	166(6)	4.1.1	Taking of interest in land for purposes of licensee	3					✓						✓	
48	170	4.1.1	Sale of land	3					✓						✓	
49	173(4)	4.1.1	Entry with consent or under notice or warrant	3					✓						✓	
50	174(1)	4.1.1	Notice of entry	3					✓						✓	
51	174(3)	4.1.1		3					✓						✓	
52	175(2)	4.1.1	Rights of occupier of dwelling	3					✓						✓	
53	175(5)	4.1.1		3					✓						✓	
54	176(1)	4.1.1	When authorised person must leave etc.	3					✓						✓	
55	176(3)	4.1.1		3					✓						✓	
56	176(4)	4.1.1		3					✓						✓	
57	181	4.1.1	Actions of authorised persons and others	5					✓						✓	
58	186	4.1.1	Contents of application	3					✓						✓	

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 2			(Refer to the 6-point rating scale in Table 8 for details)						(Refer to the 6-point rating scale in Table 8 for details)					
	Section Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
59	187(1) – (3)	4.1.1	How application to be made	3					✓						✓	
60	190(4)	4.1.1	Execution of warrant	3					✓						✓	
61	190(5)	4.1.1	Execution of warrant	3					✓						✓	
62	210(5)	4.1.1	Designation of inspectors and compliance officers	3					✓						✓	
63	218(2)	4.1.1	Liability of certain persons for damage caused in exercise of powers	5					✓						✓	
64	218(3)	4.1.1		3					✓						✓	

Table 9: Audit: Obligation Ratings Summary

[Obligations as per the ERA's: "Water Compliance Reporting Manual – Water Services Act 2012 – March 2021" (numbers 2 to 64, excluding numbers 11 and 12)]

[*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 2			(Refer to the 6-point rating scale in Table 8 for details)						(Refer to the 6-point rating scale in Table 8 for details)					
	Regulation Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
65	23(2)	4.1.1	Meters in multi-unit developments	3					✓						✓	
66	24(4)	4.1.1	Access to meters and their associated fittings	3					✓						✓	
67	26(3)	4.1.1	Testing water meters	3					✓						✓	
68	26(5)	4.1.1		3					✓						✓	
69	29(1)	4.1.1	Subdivision: deferring infrastructure contributions	3					✓						✓	
70	42(2)	4.1.1	Backflow prevention devices: installation	3					✓						✓	
71	43(3)	4.1.1	Backflow prevention devices: testing and maintenance	3					✓						✓	
72	43(6)	4.1.1		3					✓						✓	
74	60(2)	4.1.1	Altering position of service infrastructure in roads	3					✓						✓	
75	63	4.1.1	Roads broken up to be reinstated	3					✓						✓	
89	85	4.1.1	Compliance notices	3					✓						✓	

Table 9: Audit: Obligation Ratings Summary

[Obligations as per the ERA's: "Water Compliance Reporting Manual – Water Services Act 2012 – March 2021" (numbers 65 to 89)]

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

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 2			(Refer to the 6-point rating scale in Table 8 for details)						(Refer to the 6-point rating scale in Table 8 for details)					
	Clause Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
101A	13(5)	4.1.1	Information on bills	3					✓						✓	
102A	13(6)	4.1.1		1		✓						✓				
103	14(1)	4.1.1	Estimates: Licensee’s obligations	3					✓						✓	
104	14(2)	4.1.1		3					✓						✓	
104A	15(3)	4.1.1	Information on bills if charge per kL varies depending on volume supplied	3					✓						✓	
105	16(1)	4.1.1	Requested meter readings, revised bills: licensee’s obligations	3					✓		✓					
106	17(2) & (3)	4.1.1	Leaks	3					✓		✓					
107	18(2)	4.1.1	Undercharging in bills	3					✓						✓	
108	18(3)	4.1.1		3					✓						✓	
109	18(4)	4.1.1		3					✓						✓	
110	18(5)	4.1.1		3					✓						✓	
111A	19(2)	4.1.1	Overcharging in bills	3					✓						✓	

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 2			(Refer to the 6-point rating scale in Table 8 for details)						(Refer to the 6-point rating scale in Table 8 for details)					
	Clause Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
112A	19(3)	4.1.1	Overcharging in bills	3					✓						✓	
112B	19(4)	4.1.1		3					✓						✓	
112C	19(5)	4.1.1		3					✓						✓	
113	20(1)	4.1.1	Review of bills	3					✓						✓	
114	20(2)	4.1.1		3					✓		✓					
115	20(3) & (6)	4.1.1		3					✓		✓					
116	20(4)	4.1.1		3	✓							✓				
117	20(5)	4.1.1		3					✓						✓	
117A	21	4.1.1	Notice of alterations to charges	3					✓						✓	
118	23	4.1.1	When payment due	3					✓		✓					
119	24(1)	4.1.1	Payment methods	1	✓							✓				
120	24(2)	4.1.1		3					✓						✓	
121	25(1)	4.1.1	Consent for direct debits	3	✓							✓				

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Rating: (1 = High to 5 = Low)	Controls Rating (Refer to the 6-point rating scale in Table 8 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 8 for details)					
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 2														
	Clause Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
122	26(1)	4.1.1	Payment in advance	3					✓						✓	
123	27	4.1.1	Free redirection in case of absence or illness	3					✓						✓	
124A	28(2)	4.1.1	Assistance for customers experiencing payment difficulties	3					✓		✓					
124B	28(3)	4.1.1		3					✓		✓					
124C	28(4)	4.1.1		3					✓		✓					
125	29(1) & (2)	4.1.1 & Sch. 3, Cl. 1.1.1		3					✓		✓					
126A	29(3)	4.1.1	Financial hardship policy	3					✓		✓					
126B	29(4)	4.1.1		3					✓		✓					
127	29(5)	4.1.1		3						✓						✓
128	29(6)	4.1.1		3					✓		✓					
129A	29(7)	4.1.1		3					✓						✓	
129B	29(8)	4.1.1		3					✓						✓	

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 2			(Refer to the 6-point rating scale in Table 8 for details)						(Refer to the 6-point rating scale in Table 8 for details)					
	Clause Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
129C	29(9)	4.1.1	Financial hardship policy	3					✓						✓	
130A	30(2)	4.1.1	Assistance for customers experiencing financial hardship	3					✓						✓	
130B	30(3)	4.1.1	Assistance for customers experiencing financial hardship	3					✓						✓	
131A	30(4)(a)	4.1.1		3					✓						✓	
131B	30(4)(b)	4.1.1		3					✓						✓	
131C	30(4)(c)	4.1.1		3					✓						✓	
133	31(4) & (5)	4.1.1	Matters relating to customers experiencing payment difficulties or financial hardship	3					✓		✓					
133A	32	4.1.1	No interest or charges for late payment in certain cases	3					✓						✓	
134	33(1)(a)-(c)	4.1.1	No debt collection in certain cases	3					✓						✓	
134A	33(1)(d)-(e)	4.1.1		3					✓						✓	
135	40(1)	4.1.1	Restoration of water supply	3					✓						✓	
136	40(2)	4.1.1		3					✓						✓	

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 2			(Refer to the 6-point rating scale in Table 8 for details)						(Refer to the 6-point rating scale in Table 8 for details)					
	Clause Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
137A	36(1)	4.1.1	Notice of water supply restriction	3					✓						✓	
137B	36(2)	4.1.1		3					✓						✓	
137C	36(3)	4.1.1		3					✓						✓	
138	37(1)(a)-(e) & (h)	4.1.1	No water supply restriction in certain cases	3					✓						✓	
138A	37(1)(f)-(g)	4.1.1		3					✓						✓	
138B	38	4.1.1	No water supply restriction at certain times	3					✓						✓	
139	39	4.1.1	Water flow not to be reduced below minimum rate	3					✓						✓	
142	41(4)	4.1.1	Minimum performance standards for restoration of water supply	3					✓						✓	
144	41(6)	4.1.1		3					✓						✓	
144A	43(1)	4.1.1	Notice of matters that will affect a water supply service	3					✓		✓					
144B	43(2)	4.1.1		3		✓						✓				
144C	44(1)	4.1.1	Bursts, leaks, blockages and spills	3		✓						✓				

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 2			(Refer to the 6-point rating scale in Table 8 for details)						(Refer to the 6-point rating scale in Table 8 for details)					
	Clause Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
144D	44(2)	4.1.1	Bursts, leaks, blockages and spills	1		✓						✓				
144E	45	4.1.1	Licensee to have 24-hour information line	3					✓		✓					
145	46(1)	4.1.1		3					✓		✓					
146	46(2)	4.1.1		1		✓						✓				
147	46(3)	4.1.1	Procedure for dealing with complaints about water services	3					✓		✓					
148A	46(4)	4.1.1		3					✓		✓					
149	46(5)	4.1.1		3					✓		✓					
149A	47	4.1.1	Licensee to advice customer of right to apply to Water Services Ombudsman for review of complaint	3		✓						✓				
150	48(1)	4.1.1		3					✓		✓					
152	48(2)	4.1.1	Services to be provided without charge	3					✓		✓					
153	49(1)	4.1.1		1		✓						✓				
154	49(2)	4.1.1	Information to be publicly available - bills	3					✓		✓					

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: “Obligation Under” for the Exact Wording of the Obligation)	Audit Priority Rating: (1 = High to 5 = Low)	Controls Rating (Refer to the 6-point rating scale in Table 8 for details)						Compliance Rating (Refer to the 6-point rating scale in Table 8 for details)					
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 2														
	Clause Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
154A	49(3)	4.1.1	Information to be publicly available - bills	1					✓		✓					
154B	51(1) & (3)	4.1.1	Preserved supply register	3					✓						✓	
154C	52	4.1.1	No reduction of supply	1					✓						✓	
154D	53	4.1.1	Notice under clause 43 must be sent by post or delivered	1					✓						✓	

Table 9: Audit: Obligation Ratings Summary

[Obligations as per the ERA's: *“Water Compliance Reporting Manual – Water Services Act 2012 – March 2021”* (numbers 92 to 154D)]

No.	Obligation Under:		Abbreviated Description of Obligation (See the Sources Quoted Below the Heading: "Obligation Under" for the Exact Wording of the Obligation)	Audit Priority Rating: (1 = High to 5 = Low)	Controls Rating						Compliance Rating					
	Water Services Act 2012	Water Services Licence – Version 2			(Refer to the 6-point rating scale in Table 8 for details)						(Refer to the 6-point rating scale in Table 8 for details)					
	Section Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
155	12	4.2.1	Fees	3	✓							✓				
156*	12	3.1.1	Compliance with applicable legislation	3		✓						✓				
159	12	4.1.2	ERA notice regarding compliance with applicable legislation	3					✓							✓
160	12	4.6.1	Accounting records	3	✓							✓				
161	12	5.2.1	Individual performance standards	3					✓			✓				
162	12	5.3.4	Operational audit	3					✓			✓				
163	12	4.7.1(a) – (c)	Reporting a change in circumstances	3					✓			✓				
165	12	4.8.1	Provision of information	1					✓			✓				
166*	12	3.8.2		1					✓			✓				
167	12	4.8.2		1					✓			✓				
168	12	3.8.1 & 3.8.2	Publishing information	3					✓							✓
169	12	3.7.1	Notices	3					✓			✓				
170A	12	5.1.2(a) & (b)	Asset management system	3					✓							✓
171	12	5.1.3		3					✓			✓				
172	12	5.1.7		3					✓			✓				

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 2			(Refer to the 6-point rating scale in Table 8 for details)						(Refer to the 6-point rating scale in Table 8 for details)					
	Section Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
172A	12	6.1.1	Standard terms and conditions of service	3					✓						✓	
172B	12	6.1.2		3					✓						✓	
173*	12	5.5.1	Water services ombudsman scheme	5					✓		✓					
175*	12	5.1.1	Customer contract	3					✓						✓	
177*	12	5.1.3		3					✓						✓	
178*	12	5.1.5		3					✓						✓	
179*	12	5.3.1 & 5.3.2		3					✓						✓	
180*	12	5.3.4	Non-standard terms and conditions of service	3					✓						✓	
181	12	6.3.1	Supplier of last resort	5					✓						✓	
182	12	4.4.1(b)	Provision of water services outside operating area	5					✓						✓	
183*	12	5.4.3	Hardship policy	3					✓						✓	
184	12	7.1.1	Memorandum of understanding	3					✓		✓					
184A	12	7.1.2		3						✓						✓
184B	12	7.1.3		3						✓						✓

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 2			(Refer to the 6-point rating scale in Table 8 for details)						(Refer to the 6-point rating scale in Table 8 for details)					
	Section Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
185	12	7.1.4	Memorandum of understanding	3					✓						✓	
186	12	7.1.5		3					✓		✓					
187	12	7.1.6		3	✓							✓				
188	12	7.1.7		3					✓						✓	
189	12	7.1.8		3					✓		✓					
190	12	Schedule 2	Performance standards	3					✓		✓					

Table 9: Audit: Obligation Ratings Summary

[Obligations as per the ERA's: "Water Compliance Reporting Manual – Water Services Act 2012 – March 2021" (numbers 155 to 190, excluding numbers 156, 166, 173, 175 to 180 and 183)]

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

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 Practice (Family Violence) 2020	Water Services Licence – Version 2			(Refer to the 6-point rating scale in Table 8 for details)						(Refer to the 6-point rating scale in Table 8 for details)					
	Clause Number	Clause Number			A	B	C	D	NP	NA	1	2	3	4	NR	NA
191	5(1)	4.1.1	Family violence policy			✓						✓				
192	5(2)	4.1.1							✓						✓	
193	6	4.1.1	Family violence policy must be made available						✓						✓	
194	7	4.1.1	Review of family violence policy						✓						✓	
195	8(1)	4.1.1	Record keeping						✓						✓	
196	8(2)	4.1.1							✓						✓	
197	9	4.1.1	Customers must be informed about complaints procedure						✓						✓	
198	10	4.1.1	Code must be made available						✓		✓					

Table 9: Audit: Obligation Ratings Summary

[Obligations as per the ERA's: "Water Compliance Reporting Manual – Water Services Act 2012 – March 2021" (numbers 191 to 198)]

4.3 Audit Observations and Recommendations

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Licence – Version 2				Controls	Compliance
	Section Number	Clause Number					
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.	3	Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of a director of LSPL that, during the Audit Period, LSPL was not requested to provide the water service authorised by WL47 to any other person (not covered by section 21(1)(a) of the Act) within the operating area of WL47; and Consequently, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 21(1)(b) of the Act. 	NP	NR
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).	1	Compliance: <ul style="list-style-type: none"> The provision, operation and maintenance of water service works during the Audit Period are covered in comprehensive detail in the Review section of this Report. The reviewer rated LSPL's asset management system across 12 asset management system processes, as referred to in the Review section of this report. The Reviewer has stated: <i>"Since the previous review, LSPL has made a significant improvement in the management of its potable water and non-potable water supply and sewerage facilities. LSPL has also improved the documentation and implementation associated with the care and function of its assets."</i> 	NP	1

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Licence – Version 2				Controls	Compliance
	Section Number	Clause Number					
3 (cont.)					<ul style="list-style-type: none"> Notwithstanding 5 of the 12 asset management system processes were rated B2 meaning improvement is required. In total, the Reviewer made 8 recommendations; and A summary of the Reviewer's findings is included in Table 2 in this Report. 		
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.	5	Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that, during the Audit Period, LSPL did not provide water services outside the operating area of WL47; and Consequently, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 22 of the Act. 	NP	NR
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.	3	Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that, during the Audit Period, LSPL leased the water service works used to provide water services from Matthauss Limited Partnership; Paxon examined a lease agreement entered between Mathaus Limited Partnership and LSPL on 13/02/2019 for the lease of sewerage plant (lease term of 20 years). 	NP	1

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Licence – Version 2				Controls	Compliance
	Section Number	Clause Number					
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.	3	Compliance: See the compliance observations for obligation number 3 above. Controls: The "Regulatory Compliance Register" acknowledges the obligations recorded in sections 24(1)(a) and 24(2) of the Act.	NP	1
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).	3	Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that, during the Audit Period, LSPL made changes to its asset management system; and LSPL provided the ERA with copies of its amended asset management plan and emergency response plan by e-mail on 29/09/2020. The amended asset management plan was "Approved for Issue" by a director of LSPL on 18/09/2020. . Consequently, LSPL complied with the 10-business day stipulation included in clause 5.1.3 of WL47, version 2. 	NP	1
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.	3	Compliance: <ul style="list-style-type: none"> WL47 commenced on 10 March 2017. Consequently, the first review of the effectiveness of LSPL's asset management system by an independent expert was due in 2019; 	NP	1

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Licence – Version 2				Controls	Compliance
	Section Number	Clause Number					
8 (cont.)					<ul style="list-style-type: none"> Paxon performed a review of LSPL's asset management system in 2019 which covered the period from 10/03/2017 to 31/03/2019; and Consequently, LSPL complied with section 24(1)(c) of the Act during the Audit Period. 		
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.	3	Compliance: <ul style="list-style-type: none"> WL47 commenced on 10 March 2017. Consequently, the first operational audit of LSPL by an independent expert was due in 2019; Paxon performed an operational audit of LSPL in 2019 which covered the period from 10/03/2017 to 31/03/2019; and Consequently, LSPL complied with section 25 of the Act during the Audit Period. 	NP	1
10	26(3)	4.1.1	The licensee must comply with each code of practice made by the Minister to the extent to which it applies to the licensee.	3	Compliance: <ul style="list-style-type: none"> Paxon is not aware of any code of practice made by the Minister; and Consequently, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 26(3) of the Act. 	NP	NR
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.	3	Applicable Period: The ERA's: "Water Compliance Reporting Manual – Water Services Act 2012 – May 2020" states obligation number 11 is "Not used". Consequently, this obligation was only applicable to the	B	2

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Licence – Version 2				Controls	Compliance
	Section Number	Clause Number					
11* (cont.)					<p>provision of water services from 1/04/2019 to 30/04/2020.</p> <p>Compliance:</p> <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 below.</p> <p>Controls:</p> <ul style="list-style-type: none"> • An assessment of controls to help ensure compliance with the code of conduct is included in this Report - see the controls observations for obligation numbers 92 to 154D below; and • Consequently, a controls rating was not required for the obligation recorded in section 27 of the Act. <p>Recommendations:</p> <p>Recommendations were made for Code of Conduct related:</p> <ul style="list-style-type: none"> • Control deficiencies; and • Instances of non-compliance <p>as identified by the Audit. These recommendations are disclosed in the:</p> <ul style="list-style-type: none"> • 'Observations and Recommendations' section of this Table, at the relevant individual obligations; and 		

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Licence – Version 2				Controls	Compliance
11 (cont.)					<ul style="list-style-type: none"> Table 11 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.	3	<p>Applicable Period:</p> <p>The ERA’s: “Water Compliance Reporting Manual – Water Services Act 2012 – May 2020” states obligation number 12 is “Not used”. Consequently, this obligation was only applicable to the provision of water services from 1/04/2019 to 30/04/2020.</p> <p>Compliance:</p> <p>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.</p> <p>Controls:</p> <ul style="list-style-type: none"> An assessment of controls to help ensure compliance with the Act is included in this Report - see the controls observations for obligation numbers 1 to 64 and 155 to 190 above and below; and Consequently, a controls rating was not required for the obligation recorded in section 29 of the Act. <p>Recommendations:</p> <p>Recommendations were made for Act related:</p>	B	2

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Licence – Version 2				Controls	Compliance
12* (cont.)					<ul style="list-style-type: none"> Control deficiencies; and Instances of non-compliance as identified by the Audit. These recommendations are disclosed in the: ‘Observations and Recommendations’ section of this Table, at the relevant individual obligations; and Table 11 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.	3	Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of a director of LSPL that, during the Audit Period, LSPL did not cease to provide a water service in an area; and Consequently, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 36 of the Act. 	NP	NR
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.	5	Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of a director of LSPL that, during the Audit Period, LSPL was not a supplier of last resort for a designated area in relation to the provision of a particular water service; and 	NP	NR

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Licence – Version 2				Controls	Compliance
	Section Number	Clause Number					
14 (cont.)					<ul style="list-style-type: none"> Consequently, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 60 of the Act. 		
15	70(2)	6.2.1	<p>The licensee must not supply water services to customers unless the licensee:</p> <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. 	5	<p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that: <ul style="list-style-type: none"> LSPL is a member of the water services ombudsman scheme; and He has no knowledge of any decisions or directions made by the water service ombudsman during the Audit Period. Paxon examined a tax invoice issued by the Energy and Water Ombudsman WA Ltd to LSPL, dated 2/09/2020 regarding its annual levy for 2020/2021. 	NP	1
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.	3	<p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of a LSPL director that, during the Audit Period, LSPL took reasonable steps to minimise the extent or duration of any interruption of water services it was responsible for; and Paxon examined a “<i>Water Service Interruption Register</i>” which records details of water services interruptions including the duration thereof. This spread sheet includes only two entries, both regarding reductions in pressure being: 	NP	1

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Licence – Version 2				Controls	Compliance
	Section Number	Clause Number					
16 (cont.)					<ul style="list-style-type: none"> Non-potable line pressure which lasted 39 days; and Potable line pressure which lasted 7.5 hours. The LSPL director provided Paxon with a detailed explanation regarding the reasons for the 39-day non-potable line pressure reduction. Paxon is satisfied, based on the explanation received, that LSPL took reasonable steps to minimise the duration of the 39-day interruption. 		
17	s 82(4) & (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.	3	Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that, during the Audit Period, no person was obliged to give LSPL notice of any building work to be carried out on land in the operating area of a license; and Consequently, as no activity took place during the Audit Period, Paxon was unable to test compliance with sections 82(4) and (5) of the Act. 	NP	NR
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.	3	Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of a LSPL director that, during the Audit Period, LSPL was not obligated to give a person 21 days' notice of its intention to commence works; and 	NP	NR

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Licence – Version 2				Controls	Compliance
18 (cont.)					<ul style="list-style-type: none"> Consequently, 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.	3	Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that he is not aware of any person who, during the Audit Period, made an application with the State Administrative Tribunal for a review of a decision in respect of the licensee providing additional water services; and Consequently, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 87(2) of the Act. 	NP	NR
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	Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that, during the Audit Period, LSPL did not give any compliances notices to any person who was undertaking construction or carrying out similar works in the vicinity of water service works; and Consequently, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 90(7) of the Act. 	NP	NR

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Licence – Version 2				Controls	Compliance
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.	1	Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of a LSPL director that, during the Audit Period, LSPL did not cut off the supply of water to an occupied dwelling; and Consequently, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 95(3) of the Act. 	NP	NR
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.	3	Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that, during the Audit Period, LSPL did not receive any requirements from FESA or the relevant local government regarding water supply reticulation works; and Consequently, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 96(1) of the Act. 	NP	NR
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	Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that he has no knowledge of any FESA or local government request, during the Audit Period, made of LSPL under sections 96(3) and 96(4) of the Act; and Consequently, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 96(5) of the Act. 	NP	NR

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Licence – Version 2				Controls	Compliance
24	98(3)	4.1.1	If required to by the Minister, the licensee must connect a wastewater inlet on land to the sewerage works of the licensee.	3	Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that, during the Audit period, LSPL did not receive any Ministerial request to connect a wastewater inlet on land to its sewerage works; and Consequently, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 98(3) of the Act. 	NP	NR
25	106(2)	4.1.1	The licensee must include the information specified in a compliance notice given in relation to failure to maintain fittings, fixtures and pipes.	3	Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that, during the Audit period, LSPL did not give any compliance notice in relation to failure to maintain fittings, fixtures and pipes. Consequently, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 106(2) of the Act. 	NP	NR
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).	3	Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that, during the Audit period, LSPL did not give any compliance notice in relation to the matters set out in section 119(1); and 	NP	NR

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Licence – Version 2				Controls	Compliance
28 (cont.)					<ul style="list-style-type: none"> Consequently, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 119(2) of the Act. 		
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.	3	Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of a director of LSPL that he is not aware of any person who, during the Audit Period, made an application to the State Administrative Tribunal under section 122(1) of the Act; and Consequently, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 122(2) of the Act. 	NP	NR
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> .	3	Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of a director of LSPL that, during the Audit Period, LSPL did not provide a water supply or sewerage service to 2 or more dwellings on land by a single property connection; and Consequently, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 125(2) of the Act. 	NP	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.	3	Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of a director of LSPL that he is not aware of any instance, during the Audit Period, which required LSPL to lodge a withdrawal of memorial with Registrar; and 	NP	NR

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Licence – Version 2				Controls	Compliance
	Section Number	Clause Number					
31 (cont.)					<ul style="list-style-type: none"> Consequently, 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.	3	Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that, during the Audit Period, only sub-contracted plumbers entered places at the specific request of occupants; and Consequently, as such entries were initiated by the occupants of places, 48 hours' notice of proposed entries was not required. Therefore, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 129(5) of the Act. 	NP	NR
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	Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that, during the Audit Period, LSPL did not remove or erects a fence or gate when exercising a works power conferred by the Act; and Consequently, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 139(3) of the Act. 	NP	NR

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Licence – Version 2				Controls	Compliance
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 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.	3	Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of a director of LSPL that, during the Audit Period, LSPL did not exercise a works power in a road; and Consequently, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 141(1) of the Act. 	NP	NR
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.	3	Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that, during the Audit Period, LSPL did not undertake major works; and Consequently, as no activity took place during the Audit Period, Paxon was unable to test compliance with sections 142, 143(2), 143(3), 144(3), 145(2), 147(3) and 147(4) of the Act. 	NP	NR
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.	3	Compliance: See the compliance observations for obligation number 35 above.	NP	NR
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.	3	Compliance: See the compliance observations for obligation number 35 above.	NP	NR

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Licence – Version 2				Controls	Compliance
38	144(3)	4.1.1	The licensee must have regard to an objection or submission lodged within the relevant period.	3	Compliance: See the compliance observations for obligation number 35 above.	NP	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.	3	Compliance: See the compliance observations for obligation number 35 above.	NP	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).	3	Compliance: See the compliance observations for obligation number 35 above	NP	NR
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.	3	Compliance: See the compliance observations for obligation number 35 above.	NP	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.	3	Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that, during the Audit Period, construction of a temporary wastewater treatment plant was completed (November 2019). Compliance with sections 151(1), 151(2), 152(3) and 153(3) of the Act was assessed during the previous operational audit of LSPL's water services licence (which covered the period from 	NP	NR

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Licence – Version 2				Controls	Compliance
	Section Number	Clause Number					
42 (cont.)					10/3/2017 to 31/03/2019) and was appropriately reported on; and • Consequently, as no activity took place during the Audit Period, Paxon was unable to test compliance with sections 151(1), 151(2), 152(3) and 153(3) of the Act.		
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.	3	Compliance: See the compliance observations for obligation number 42 above.	NP	NR
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).	3	Compliance: See the compliance observations for obligation number 42 above.	NP	NR
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.	3	Compliance: See the compliance observations for obligation number 42 above.	NP	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.	3	Compliance: • Paxon confirmed by interview of a LSPL director that, during the Audit Period, LSPL did not receive any advice from the Minister that an interest in land is appropriate to its needs; and • Consequently, as no activity took place during the Audit Period, Paxon was unable to test compliance with sections 166(5) and (6) of the Act.	NP	NR

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Licence – Version 2				Controls	Compliance
47	166(6)	4.1.1	Any costs incurred in taking an interest in land are to be paid by the licensee.	3	Compliance: See the compliance observations for obligation number 46 above.	NP	NR
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.	3	Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of a LSPL director that, during the Audit Period, LSPL did not sell an interest in land; and Consequently, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 170 of the Act. 	NP	NR
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.	3	Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that, during the Audit Period, only sub-contracted plumbers entered places at the specific request of occupants; and Consequently, as such entries were initiated by the occupants of places, 48 hours' notice of proposed entries was not required. Therefore, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 173(4) of the Act. 	NP	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.	3	Compliance: See the compliance observations for obligation number 49 above.	NP	NR

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Licence – Version 2				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.	3	Compliance: See the compliance observations for obligation number 49 above.	NP	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.	3	Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that, during the Audit Period, LSPL did not enter any dwellings as its responsibility stops at the water meters; and Consequently, as no activity took place during the Audit Period, Paxon was unable to test compliance with sections 175(2) and 175(5) of the Act. 	NP	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.	3	Compliance: See the compliance observations for obligation number 52 above.	NP	NR
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.	3	Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that, during the Audit Period, LSPL was not notified by an owner or occupier to leave an entered place; and 	NP	NR

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Licence – Version 2				Controls	Compliance
	Section Number	Clause Number					
54 (cont.)					<ul style="list-style-type: none"> Consequently, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 176(1) of the Act. = 		
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.	3	Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that, during the Audit Period, LSPL was not requested to produce evidence of authority; and Consequently, as no activity took place during the Audit Period, Paxon was unable to test compliance with sections 176(3) and (4) of the Act. 	NP	NR
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.	3	Compliance: See the compliance observations for obligation number 55 above.	NP	NR
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	Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that he is not aware of any reasonable request made, during the Audit Period, of LSPL by an owner or occupier intended to limit interference with the lawful activities of the owner or occupier; and 	NP	NR

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Licence – Version 2				Controls	Compliance
57 (cont.)					<ul style="list-style-type: none"> Consequently, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 181 of the Act. 		
58	186	4.1.1	If the licensee applies for a warrant, the application must contain the prescribed information.	3	Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of a LSPL director that, during the Audit Period, LSPL did not apply for any warrants or execute any warrants; and Consequently, 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. 	NP	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.	3	Compliance: See the compliance observations for obligation number 58 above.	NP	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 concerned on entry (if practicable), and if requested to do so.	3	Compliance: See the compliance observations for obligation number 58 above.	NP	NR
61	190(5)	4.1.1	On completing the execution of a warrant the licensee must record the prescribed information on that warrant.	3	Compliance: See the compliance observations for obligation number 58 above.	NP	NR

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Licence – Version 2				Controls	Compliance
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.	3	Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that, during the Audit Period, LSPL did not designate a person as an inspector or compliance officer; and Consequently, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 210(5) of the Act. 	NP	NR
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	Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that, during the Audit Period, LSPL did not: <ul style="list-style-type: none"> Obstruct the free use of any place; and Cause any damage, harm or inconvenience. Consequently, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 218(2) of the Act. 	NP	NR
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.	3	Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that, during the Audit Period, LSPL did not cause any physical damage in the exercise of a works power or a power of entry; and 	NP	NR

No. ²	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Act 2012	Water Services Licence – Version 2				Controls	Compliance
64 (cont.)					<ul style="list-style-type: none"> Consequently, as no activity took place during the Audit Period, Paxon was unable to test compliance with section 218(3) of the Act. 		

Table 10: Audit Observations and Recommendations

[Obligations as per the ERA's: "Water Compliance Reporting Manual – Water Services Act 2012 – March 2021" (numbers 2 to 64, excluding numbers 11 and 12)]

[*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 8)	
	Water Services Regulations 2013	Water Services Licence – Version 2				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.	3	Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that, during the Audit Period, LSPL did not provide a water supply service in respect of a multi-unit development; and Consequently, as no activity took place during the Audit Period, Paxon was unable to test compliance with regulation 23(2) of the Water Services Regulations 2013 (2013 Regulations). 	NP	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.	3	Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of a director of LSPL that, during the Audit Period, LSPL did not give a compliance notice to a person in respect of access to meters; and Consequently, as no activity took place during the Audit Period, Paxon was unable to test compliance with regulation 24(4) of the 2013 Regulations. 	NP	NR
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.	3	Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that, during the Audit Period, LSPL was not requested by an owner or occupier to test a meter; and Consequently, as no activity took place during the Audit Period, Paxon was unable to test 	NP	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Regulations 2013	Water Services Licence – Version 2				Controls	Compliance
67 (cont.)					compliance with regulations 26(3) and (5) of the 2013 Regulations.		
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).	3	Compliance: See the compliance observations for obligation number 67 above.	NP	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.	3	Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of a director of LSPL that, during the Audit Period, LSPL was the only developer within the operating area of WL47; and Consequently, as no activity took place during the Audit Period, Paxon was unable to test compliance with regulation 29(1) of the 2013 Regulations. 	NP	NR
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).	3	Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that, during the Audit Period, LSPL did not give a written order requiring the owner or occupier of land to install a backflow prevention device; and Consequently, as no activity took place during the Audit Period, Paxon was unable to test compliance with regulations 42(2) of the 2013 Regulations. 	NP	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Regulations – 2013	Water Services Licence – Version 2				Controls	Compliance
	Regulation Number	Clause Number					
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 days after the day the notice is given to the owner or occupier).	3	Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that, during the Audit Period, LSPL did not give any compliance notice to the owner or occupier of land regarding: <ul style="list-style-type: none"> Testing or maintaining a backflow prevention device; and Making good a backflow prevention device. Consequently, as no activity took place during the Audit Period, Paxon was unable to test compliance with regulations 43(3) and (6) of the 2013 Regulations. 	NP	NR
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).	3	Compliance: See the compliance observations for obligation number 71 above.	NP	NR
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	3	Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that, during the Audit Period, LSPL did not exercise a works powers in a road; and 	NP	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Regulations 2013	Water Services Licence – Version 2				Controls	Compliance
74 (cont.)			make the alterations within the time specified in the notice.		<ul style="list-style-type: none"> Consequently, as no activity took place during the Audit Period, Paxon was unable to test compliance with regulation 60(2) of the 2013 Regulations. 		
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.	3	Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that, during the Audit Period, LSPL did not open or broke up the surface of a road; and Consequently, as no activity took place during the Audit Period, Paxon was unable to test compliance with regulation 63 of the 2013 Regulations. 	NP	NR
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.	3	Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of a director of LSPL that, during the Audit Period, LSPL did not issue any compliance notices; and Consequently, as no activity took place during the Audit Period, Paxon was unable to test compliance with regulation 85 of the 2013 Regulations. 	NP	NR

Table 10: Audit Observations and Recommendations

[Obligations as per the ERA's: "Water Compliance Reporting Manual – Water Services Act 2012 – March 2021" (numbers 65 to 89)]

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 2				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).	1	Compliance: <ul style="list-style-type: none"> LSPL has opened a dedicated website for Lancelin South Water (LSW website); LSPL's compliance with clauses 8(1) to (3) of the 2018 Code of Conduct is as follows: <ul style="list-style-type: none"> LSPL's "Customer Service Charter" as available on the LSW website states under the heading: "Introduction – Company Business": <i>"Lancelin South Pty Ltd, trading as Lancelin South Water, is a privately owned company responsible for the supply of water (potable, non-potable) and sewerage services to the Lancelin South development"</i> (clause 8(2)(b)); LSW website has a dedicated webpage entitled: "Getting Connected – Connecting to our Services" and specific forms, as available on this website, being: <ul style="list-style-type: none"> Form 3 entitled: "Residents Account Establishment Form"; Form 5 entitled: "Service Supply Connection Requirements"; and Form 6 entitled: "Residents Water Service Connection Application Form" 	NP	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 2				Controls	Compliance
92 (cont.)					(clauses 8(2)(c) to (e)); <ul style="list-style-type: none"> LSPL has a form 4, available on the LSW website entitled: <i>“Residential Pricing and Charges”</i> (clause 8(2)(f)); and LSPL’s <i>“Customer Service Charter”</i> as available on the LSW website states under the heading: <i>“Installation of Services”</i>: <i>“Services will be connected upon request and within 10 business days of lodgement of the Application or as agreed.”</i> 		
93	9(2) and (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.	3	Compliance: Paxon requested but LSPL did not provide any records to confirm water supply service connections were completed within the 10 business day time interval stipulated in clause 9(2) of the 2018 Code of Conduct. Recommendation 1/2021: LSPL should keep proper records of water supply service connections including whether: <ul style="list-style-type: none"> Customers complied with all conditions for connection; and Connections were completed within the 10-business day time interval stipulated in clause 9(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 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 2				Controls	Compliance
93 (cont.)					<p>Keeping such records will enable LSPL to show whether it achieved a 90% compliance rate as stipulated in clause 9(4) of the 2018 Code of Conduct.</p> <p>Controls:</p> <ul style="list-style-type: none"> The LSPL has implemented a “<i>Regulatory Compliance Register</i>” which addresses its obligations in terms of the: <ul style="list-style-type: none"> Water Services Act 2012; Water Services Regulations 2013; Water Services Code of Conduct (Customer Service Standards) 2018; and Water Services Licence (WL), version 1 (and not version 2). The “<i>Regulatory Compliance Register</i>” acknowledges the obligations recorded in clauses 9(2) and (4) of the 2018 Code of Conduct. 		
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.	3	<p>Paxon examined a sample of LSPL tax invoices issued during the Audit Period. These tax invoices levied quarterly “<i>Fixed Charges</i>” for:</p> <ul style="list-style-type: none"> “<i>Base Water Service Charge</i>”; and “<i>Base Sewerage Service Charge</i>”. 	NP	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 2				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	Compliance: Paxon examined a sample of LSPL tax invoices issued during the Audit Period. These tax invoices levied a quarterly: <ul style="list-style-type: none"> • “Potable Water Usage Charge”; and • “ Non Potable Water Usage Charge”. 	NP	1
96	11(3)	4.1.1	A bill for usage must be based on a meter reading to ascertain the quantity supplied or discharged.	3	Compliance: Paxon examined a sample of LSPL tax invoices issued during the Audit Period. These tax invoices recorded meter readings for the: <ul style="list-style-type: none"> ○ “Potable Water Usage Charge”; and ○ “Non-Potable Water Usage Charge”. 	NP	1
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. (Note: The <i>Water Services Regulations 2013</i> did not address the estimation of bills at the time this Reporting Manual was published).	3	Compliance: <ul style="list-style-type: none"> • Paxon confirmed by interview of a director of LSPL that, during the Audit Period, LSPL did not estimate usage for billing purposes; and • Consequently, as no activity took place during the Audit Period, Paxon was unable to test compliance with clauses 11(4) to (5), 13(5), 14(1) and (2) of the 2018 Code of Conduct. 	NP	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 2				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.	3	Compliance: See the compliance and controls observations for obligation number 97 above.	NP	NR
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.	3	Compliance: See the compliance observations for obligation number 95 above.	NP	1
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.	3	<ul style="list-style-type: none"> Paxon confirmed by interview of the Armada Account Manager that, during the Audit Period, LSPL sent bills to the water service delivery address or a nominated address; Paxon examined a sample of LSPL tax invoices issued during the Audit Period. These tax invoices recorded different post codes. 	NP	1
100	13(1)	4.1.1	Each bill must contain the prescribed information.	1	Compliance: <ul style="list-style-type: none"> Paxon examined a sample of LSPL tax invoices issued during the Audit Period. These tax invoices disclosed the information stipulated in clause 13(1) of the 2018 Code of Conduct except for: <ul style="list-style-type: none"> Information which would only be relevant in specific circumstances being: 	A	2

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 2				Controls	Compliance
100 (cont.)					<ul style="list-style-type: none"> • The nature and amount of any applicable concession; and • The amount of any interest or fees charged for late payment of amount outstanding from previous bills. ◦ A statement advising the customer that the licensee can be contacted for assistance if the customer is experiencing problems paying the bill (clause 13(1)(n)). This statement was only found on some of the sampled tax invoices. • Paxon confirmed by interview of a director of LSPL that, during the Audit Period, no <ul style="list-style-type: none"> ◦ Concessions were granted to customers; and ◦ Interest or fees were charged for late payment of outstanding amounts. <p>Recommendation 2/2021:</p> <p>LSPL should ensure its tax invoices comply with all relevant stipulations of clause 13(1) of the 2018 Code of Conduct.</p> <p>Controls:</p> <p>The “Regulatory Compliance Register” acknowledges the obligation recorded in clause 13(1) of the 2018 Code of Conduct.</p>		

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 2				Controls	Compliance
100A	13(3)	4.1.1	A bill issued for 2 or more water services must specify the charge payable for each water service.	3	Compliance: <ul style="list-style-type: none"> Paxon examined a sample of LSPL tax invoices issued during the Audit Period. These tax invoices record, where applicable, a: <ul style="list-style-type: none"> “Potable Water Usage Charge”; “Non-Potable Water Usage Charge”. “Base Water Service Charge”; and “Base Sewerage Service Charge”. 	NP	1
101	13(4)	4.1.1	Each bill for usage for a metered water service must contain the specified information.	3	Compliance: <ul style="list-style-type: none"> Paxon examined a sample of LSPL tax invoices issued during the Audit Period. These tax invoices contained the information stipulated in clause 13(4) of the 2018 Code of Conduct except for clause 13(4)(f) which addresses estimates; and Paxon confirmed by interview of a director of LSPL that, during the Audit Period, LSPL did not estimate usage for billing purposes. 	NP	1
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.	3	Compliance: See the compliance observations for obligation number 97 above.	NP	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 2				Controls	Compliance
102A	13(6)	4.1.1	Each bill must contain the prescribed information.	1	<p>Compliance:</p> <p>Paxon examined a sample of LSPL tax invoices issued during the Audit Period. These tax invoices contained the information stipulated in clause 13(6) of the 2018 Code of Conduct except for information found only on some of the sampled invoices, being:</p> <ul style="list-style-type: none"> • A telephone number for complaints; • A Freecall telephone number for the office of the water services ombudsman; • A statement that the website contains information about estimates, meter reading and testing, complaints and review; and • A statement that the bill can be reviewed in accordance with the licensee's review procedure mentioned in clause 20. <p>Recommendation 3/2021:</p> <p>LSPL should ensure its tax invoices comply with all the stipulations of clause 13(6) of the 2018 Code of Conduct.</p> <p>Controls:</p> <ul style="list-style-type: none"> • The "Regulatory Compliance Register" does not acknowledge the obligation recorded in clause 13(6) of the 2018 Code of Conduct; and 	B	2

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 2				Controls	Compliance
102A (cont.)					<ul style="list-style-type: none"> See Recommendation 3/2021 as recorded above. 		
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.	3	Compliance: See the compliance observations for obligation number 97 above.	NP	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.	3	Compliance: See the compliance observations for obligation number 97 above.	NP	NR
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.	3	Compliance: <ul style="list-style-type: none"> The LSPL document entitled: “Residential Pricing & Charges” records a single “Water Usage Charge” for both potable water and non-potable water irrespective of the volume of usage; and Consequently, as no activity took place during the Audit Period, Paxon was unable to test compliance with clause 15(3) of the 2018 Code of Conduct. 	NP	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 2				Controls	Compliance
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.	3	Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of a director of LSPL that, during the Audit Period, LSPL complied with a single customer request for a meter reading outside of the usual bill cycle; Paxon examined an e-mail string regarding this customer request and LSPL's commitment to perform the meter reading; and Paxon examined the tax invoice which records the requested meter reading outside of the usual billing cycle. 	NP	1
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.	3	Compliance: LSPL's "Leak Allowance Procedure" states: <i>"Lancelin South accept that leaks may occur and may not be obvious (i.e. are hidden) to customers and that significant volumes of water can be wasted. Lancelin South accept that this may have significant impact on a customer and consequently, may grant a leak allowance of up to 1,000 kilolitres, on either their potable or non-potable (irrigation) water supply, to a customer who has experienced an increase in water consumption caused by a hidden leak or burst."</i>	NP	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 2				Controls	Compliance
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 on the day on which the licensee informed the customer of the undercharging.	3	<ul style="list-style-type: none"> LSPL's "Customer Service Charter" states under the heading: "Payment": <i>"If you are accidentally undercharged, the shortfall will be included in your next account."</i> Consequently, no undercharged recovery period limitation is applied, which differs from the undercharged recovery period limitation as included in "Form 11 – Billing Enquiries Procedure" (Form 11); Form 11 still states: <i>"On conclusion of the bill review, if it is found that the customer's bill has been under charged Lancelin South will back charge the undercharged amount up to a period of 12 months from the date of the bill review being completed."</i> (Form 11 differs from clause 18.2 of the 2018 Code of Conduct which refers to a: "12 month period ending on the day on which the licensee informed the customer that the customer has not been charged for the undercharged amount". Recommendations: <ul style="list-style-type: none"> LSPL should correct its "Billing Enquiries Procedure" to refer to a "12 month period ending 	NP	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 2				Controls	Compliance
107 (cont.)					<p>on the day on which the licensee informed the customer of the undercharging”; and</p> <ul style="list-style-type: none"> LSPL’s should ensure its “Customer Service Charter” and “Billing Enquiries Procedure” agrees. <p>Compliance:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of a director of LSPL that, during the Audit Period, LSPL did not recover an undercharged amount from a customer; and Consequently, as no activity took place during the Audit Period, Paxon was unable to test compliance with clauses 18(2) to (5) of the 2018 Code of Conduct. 		
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.	3	<p>Compliance:</p> <p>See the compliance observations for obligation number 107 above.</p>	NP	NR
109	18(4)	4.1.1	The licensee must not charge interest or late payment fees on an undercharged amount.	3	<p>Compliance:</p> <p>See the compliance observations for obligation number 107 above.</p>	NP	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 2				Controls	Compliance
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.	3	Compliance: See the compliance observations for obligation number 107 above.	NP	NR
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 amount may be refunded or credited to the customer's account.	3	Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of the Armada Account Manager that, during the Audit Period, LSPL did not overcharge any customers; and Consequently, as no activity took place during the Audit Period, Paxon was unable to test compliance with clauses 19(2) to (5) of the 2018 Code of Conduct. 	NP	NR
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 the overcharged amount to the customer's account within 15 business days of the licensee receiving the instructions.	3	Compliance: See the compliance observations for obligation number 111A above.	NP	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 2				Controls	Compliance
112B	19(4)	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).	3	Compliance: See the compliance observations for obligation number 111A above.	NP	NR
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).	3	Compliance: See the compliance observations for obligation number 111A above.	NP	NR
113	20(1)	4.1.1	The licensee must review a bill on the customer's request.	Water 3	Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of a director of LSPL that, during the Audit Period, no customers requested bill reviews; and Consequently, as no activity took place during the Audit Period, Paxon was unable to test compliance with clause 20(1) of the 2018 Code of Conduct. 	NP	NR
114	20(2)	4.1.1	The license must have a written procedure for the review of a bill on the customer's request.	3	Compliance: LSPL's "Billing Enquiries Procedure", as available on the LSW website, records a procedure for the review of a bill on the customer's request.	NP	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 2				Controls	Compliance
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.	3	Compliance: <ul style="list-style-type: none"> LSPL's "Billing Enquiries Procedure", as available on the LSW website, includes appropriate references to: <ul style="list-style-type: none"> "Water meter testing – Infield test" and "Water meter testing – Independent test" (clause 20(3)(a)); "Review of Outcome – Undercharged bill" and "Overcharged bill" (clause 20(3)(b); and "Appeals and Complaints" (clause 20(3)(c)). Paxon confirmed by interview of a director of LSPL that, during the Audit Period, no customers requested a hard copy of LSPL's "Billing Enquiries Procedure". 	NP	1
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.	3	Compliance: <p>LSPL's "Billing Enquiries Procedure", as available on the LSW website, does not refer to alternative complaints' avenues available to customers, being:</p> <ul style="list-style-type: none"> Contacting the Energy and Water Ombudsman Western Australia is indicated as following a complaint firstly made to LSPL; and making an appeal from, or applying for a review of, the decision under regulations 	A	2

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 2				Controls	Compliance
116 (cont.)					mentioned in section 222(2)(k) of the Act (no reference at all). Recommendation 4/2021: LSPL's <i>"Billing Enquiries Procedure"</i> must be updated to include appropriate references to the alternative complaints avenues available to customers following bill reviews. Controls: The <i>"Regulatory Compliance Register"</i> acknowledges the obligation recorded in clause 20(4) of the 2018 Code of Conduct.		
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.	3	Compliance: See the compliance observations for obligation number 113 above.	NP	NR
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).	3	Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that, during the Audit Period, LSPL made no changes to the amount or rate of a water service charge; and Consequently, as no activity took place during the Audit Period, Paxon was unable to test 	NP	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 2				Controls	Compliance
117A (cont.)					compliance with clause 21 of the 2018 Code of Conduct.		
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.	3	Compliance: Paxon examined a sample of LSPL tax invoices issued during the Audit Period. These tax invoices show customers were given at least 21 days after tax invoices were issued for payment thereof.	NP	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.	1	Compliance: <ul style="list-style-type: none"> Paxon examined a sample of LSPL tax invoices issued during the Audit Period. These tax invoices provided customers with the following payment options: <ul style="list-style-type: none"> o Centrepay; o Internet (direct deposit and BPay); o Post. The LSPL webpage entitled: “<i>Ways to Pay Your Bill</i>” only provides customers with the option to pay bills using the internet (direct deposit and BPay) and post. Recommendation 5/2021: <ul style="list-style-type: none"> LSPL should add bill payments by telephone to its “<i>Ways to Pay Your Bill</i>” as disclosed on its 	A	2

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 2				Controls	Compliance
119 (cont.)					tax invoices; and <ul style="list-style-type: none"> The LSPL webpage entitled: “<i>Ways to Pay Your Bill</i>” should also disclose the following bill payment methods: <ul style="list-style-type: none"> Centrepay; and Telephone. Controls: The “ <i>Regulatory Compliance Register</i> ” acknowledges the obligation recorded in clause 24(1) of the 2018 Code of Conduct.		
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.	3	Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of the Account Manager that, during the Audit Period, LSPL did not levy fees and charges for the different bill payment methods options provided to customers; and Consequently, as no activity took place during the Audit Period, Paxon was unable to test compliance with clause 24(2) of the 2018 Code of Conduct. 	NP	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 2				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.	3	Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of a director of LSPL that, during the Audit Period, LSPL received bill payment by direct debit from a single customer; and Paxon requested but was not provided with proof LSPL obtained expressed consent for this payment method. Recommendation 6/2021: LSPL should enter into a direct debit agreement with the customer who currently pays by direct debit to make the arrangement official. Controls: The “Regulatory Compliance Register” acknowledges the obligation recorded in clause 25(1) of the 2018 Code of Conduct.	A	2
122	26(1)	4.1.1	The licensee must accept payment in advance from a customer on a customer's request.	3	Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of a director of LSPL that, during the Audit Period, LSPL did not receive any customer request to pay in advance; and Consequently, as no activity took place during the Audit Period, Paxon was unable to test 	NP	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 2				Controls	Compliance
122 (cont.)					compliance with clause 26(1) of the 2018 Code of Conduct.		
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.	3	Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of a director of LSPL that, during the Audit Period, LSPL did not receive any customer request to redirect a customer's bills due to absence or illness; and Consequently, as no activity took place during the Audit Period, Paxon was unable to test compliance with clause 27 of the 2018 Code of Conduct. 	NP	NR
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.	3	Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of a director of LSPL that, during the Audit Period, LSPL entered into a single payment plan with a customer who was assessed as experiencing payment difficulties; and Paxon examined an e-mail in which LSPL proposed a payment plan to the customer which allowed the customer to pay the outstanding amount in thirteen weekly instalments. 	NP	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 2				Controls	Compliance
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 usage, the licensee must also take into account how much water has been supplied or wastewater has been discharged in previous billing periods.	3	Compliance: <ul style="list-style-type: none"> • Paxon confirmed by interview of the Account Manager that, during the Audit Period, LSPL when formulating a payment plan did take the customer's capacity to pay the bill into account; and • Paxon examined an e-mail in which LSPL proposed a payment plan to the customer which allowed the customer to pay the outstanding amount in thirteen weekly instalments. This e-mail specifically requested the customer to: <ul style="list-style-type: none"> ◦ Review the proposed plan; and ◦ Advise an alternative suitable plan if required. 	NP	1
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 experiencing payment difficulties should be interest-free, or fee-free, or both.	3	Compliance: <ul style="list-style-type: none"> • Paxon confirmed by interview of a director of LSPL that, during the Audit Period, LSPL entered into a single payment plan with a customer who was assessed as experiencing payment difficulties; and • Paxon examined an e-mail in which LSPL proposed a payment plan to the customer which allowed the customer to pay the 	NP	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 2				Controls	Compliance
124C (cont.)					outstanding amount in thirteen weekly instalments. This proposed plan was both interest-free and fee-free.		
125	29(1) & (2)	4.1.1	The licensee must have a written policy in relation to financial hardship that is approved by the ERA.	3	Compliance: <ul style="list-style-type: none"> LSPL does have a “Financial Hardship Policy”; and The ERA in a letter dated 18/12/2018, approved LSPL’s “Financial Hardship Policy”. 	NP	1
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.	3	Compliance: <p>The ERA in a letter dated 18/12/2018, approved LSPL’s “Financial Hardship Policy”. The ERA letter specifically referred to:</p> <ul style="list-style-type: none"> ERA request dated 3/08/2018 for water licensees to review their financial hardship policies against the amended (ERA) “Financial Hardship Policy Guidelines for Water Services – June 2018.”; and LSPL’s amended financial hardship policy which was received on 3/12/2018. 	NP	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 2				Controls	Compliance
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.	3	Compliance: See the compliance observations for obligation number 126A above.	NP	1
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.	3	Compliance and Controls: The 2013 Code of Conduct which created the obligation for water licensees to have a financial hardship policy, was gazetted on 26/07/2013 and took effect on 18/11/2013. LSPL's water services licence commenced on 10/03/2017. Consequently, LSPL's financial hardship policy must have been finalised by 09/09/2017. This date precedes the current Audit Period which is from 1/04/2019 to 31/03/2021. Thus, LSPL did not need to comply with obligation number 127 during the Audit Period.	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.	3	Compliance: <ul style="list-style-type: none"> LSPL's "Financial Hardship Policy" is available on the LSW website; and Paxon confirmed by interview of a director of LSPL that, during the Audit Period, no customers requested a hard copy of LSPL's "Financial Hardship Policy". 	NP	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 2				Controls	Compliance
129A	29(7)	4.1.1	The licensee must review its financial hardship policy at least once in every 5-year period.	3	Compliance: <ul style="list-style-type: none"> The licensee's financial hardship policy must be in effect within 6 months of the day of the grant of the license (clause 29(5) of the 2018 Code of Conduct). LSPL's water services licence commenced on 10/03/2017. Consequently, LSPL's financial hardship policy must have been finalised by 09/09/2017. LSPL must review its financial hardship policy at the latest by 09/09/2022. This date follows the current Audit Period which is from 1/04/2019 to 31/03/2021; and Consequently, as no activity took place during the Audit Period, Paxon was unable to test compliance with clause 29(7) of the 2018 Code of Conduct. 	NP	NR
129B	29(8)	4.1.1	The licensee must review its financial hardship policy if directed to do so by the ERA.	3	Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that, during the Audit Period, LSPL was not directed by the ERA to review its financial hardship policy; and 	NP	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 2				Controls	Compliance
129B (cont.)					<ul style="list-style-type: none"> Consequently, as no activity took place during the Audit Period, Paxon was unable to test compliance with clause 29(8) of the 2018 Code of Conduct. 		
129C	29(9)	4.1.1	The licensee must consult with relevant consumer organisations when formulating or reviewing its financial hardship policy.	3	Compliance: <ul style="list-style-type: none"> Paxon was informed by the ERA that, during the Audit Period, LSPL made minor amendments to its financial hardship policy. These changes were targeted amendments to address action items raised in the 2019 operational audit., Consequently, these changes did not constitute a review of LSPL's financial hardship policy; and Consequently, as no activity took place during the Audit Period, Paxon was unable to test compliance with clause 29(9) of the 2018 Code of Conduct. 	NP	NR
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	3	Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that, during the Audit Period, LSPL did not assess any customer as experiencing financial hardship; and 	NP	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 2				Controls	Compliance
130A (cont.)			licensee must offer to enter into an appropriate plan or arrangement with the customer.		<ul style="list-style-type: none"> Consequently, as no activity took place during the Audit Period, Paxon was unable to test compliance with clauses 30(2) to (3), (4)(a)(b) of the 2018 Code of Conduct. 		
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 much water has been supplied or wastewater has been discharged in previous billing periods.	3	Compliance: See the compliance observations for obligation number 130A above.	NP	NR
131A	30(4)(a)	4.1.1	The licensee must consider reducing the amount owing by the customer.	3	Compliance: See the compliance observations for obligation number 130A above.	NP	NR
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.	3	Compliance: See the compliance observations for obligation number 130A above.	NP	NR
131C	30(4)(c)	4.1.1	The licensee must provide the specified written information to a customer.	3	Compliance: See the compliance observations for obligation number 130A above.	NP	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 2				Controls	Compliance
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.	3	Compliance: <ul style="list-style-type: none"> LSPL's "Customer Service Charter", as available on the LSW website, addresses the concept of payment schemes (under the heading: "Payment"); and LSPL's "Financial Hardship Policy", as available on the LSW website, addresses the concept of payment schemes and other assistance which is available to customers. 	NP	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.	3	Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of a director of LSPL that, during the Audit Period, LSPL did not charge interest or fees for late payment of a bill by a customer in the specified circumstances; and Consequently, as no activity took place during the Audit Period, Paxon was unable to test compliance with clause 32 of the 2018 Code of Conduct. 	NP	NR
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	3	Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of a director of LSPL that, during the Audit Period, LSPL did not commence or continue proceedings to 	NP	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 2				Controls	Compliance
134 (cont.)			payment difficulties or is being assessed for financial hardship.		recover a debt from a customer in the specified circumstances; and • Consequently, as no activity took place during the Audit Period, Paxon was unable to test compliance with clauses 33(1)(a)-(c) of the 2018 Code of Conduct.		
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).	3	Compliance: • Paxon confirmed by interview of a director of LSPL that, during the Audit Period, LSPL did not commence or continue proceedings to recover a debt from a customer in the specified circumstances; and • Consequently, as no activity took place during the Audit Period, Paxon was unable to test compliance with clauses 33(1)(d)-(e) of the 2018 Code of Conduct.	NP	NR
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.	3	Compliance: • Paxon confirmed by interview of a director of LSPL that, during the Audit Period, LSPL did not cut off or reduce the rate of flow of water to land; and • Consequently, as no activity took place during the Audit Period, Paxon was unable to test	NP	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 2				Controls	Compliance
135 (cont.)					compliance with clauses 39 and 40(1) to (2) of the 2018 Code of Conduct.		
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.	3	Compliance: See the compliance observations for obligation number 135 above.	NP	NR
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.	3	Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of a director of LSPL that, during the Audit Period, LSPL did not apply any water supply restrictions for which restriction notices were required; and Consequently, as no activity took place during the Audit Period, Paxon was unable to test compliance with clauses 36(1) to (3), 37(1)(a) to (h) and 38 of the 2018 Code of Conduct. 	NP	NR
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.	3	Compliance: See the compliance observations for obligation number 137A above.	NP	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 2				Controls	Compliance
137C	36(3)	4.1.1	The restriction notice must include the specified information.	3	Compliance: See the compliance observations for obligation number 137A above.	NP	NR
138	37(1)(a)-(e) & (h).	4.1.1	The licensee must not start a water supply restriction if the specified circumstances apply.	3	Compliance: See the compliance observations for obligation number 137A above.	NP	NR
138A	37(1)(f)-(g)	4.1.1	The licensee must not start a water supply restriction if the specified circumstances apply.	3	Compliance: See the compliance observations for obligation number 137A above.	NP	NR
138B	38	4.1.1	The licensee must not start a water supply restriction on or during the specified times.	3	Compliance: See the compliance observations for obligation number 137A above.	NP	NR
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.	3	Compliance and Controls: See the compliance and controls observations for obligation number 135 above.	NP	NR
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.	3	Compliance: See the compliance observations for obligation numbers 135 and 137A above.	NP	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 2				Controls	Compliance
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.	3	Compliance: See the compliance observations for obligation numbers 135 and 137A above.	NP	NR
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.	3	Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of a director of LSPL that, during the Audit Period, LSPL gave notice of planned service interruptions to customers via e-mail; Paxon examined a sample of e-mails given to customers regarding planned service interruptions. 	NP	1
144B	43(2)	4.1.1	The notice of any planned service interruption must be given within the prescribed timeframes.	3	Compliance: Paxon examined a sample of e-mails given to customers regarding planned service interruptions. The recorded date and time on the sampled e-mails show these e-mails were only sent to customers at the commencement of the planned service interruptions. Consequently, notice of the planned service interruption was not given within the prescribed timeframe.	B	2

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 2				Controls	Compliance
144B (cont.)					Recommendation 7/2021: LSPL should: <ul style="list-style-type: none"> • Give notice of planned service interruptions to customers within the prescribed timeframes; and • Implement appropriate controls to help ensure timely notice of service interruptions is given to customers. 		
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.	3	Compliance and Controls: <ul style="list-style-type: none"> • LSPL's "Asset Management Plan" in section 4.4 entitled: "Asset Maintenance" mentions breakdowns and/or failures may require maintenance. However, it does not detail any specific steps and/or activities required to address dealing with and minimising the impact of a burst, leak or blockage in its water supply works or sewerage works; • LSPL's "Customer Service Charter" in the sections entitled "Interruption to Water Supply – Unplanned" and "Property Reinstatement" refer to bursts, leaks or blockages. However, it does not detail any specific steps and/or activities required to address dealing with and minimising the impact of a burst, leak or 	B	2

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 2				Controls	Compliance
144C (cont.)					<p>blockage in its water supply works or sewerage works; and</p> <ul style="list-style-type: none"> An LSPL director has stated: <i>“LSW has as-constructed drawings of the drinking water, non-potable water and sewer pipelines. Specific methodologies for repairing bursts or leaks are not documented by LSW but are left within the professional capabilities of the repair contractor, based on the standard procedures of WSAA and other industry bodies.”</i> <p>Recommendation 8/2021: LSPL should develop and implement comprehensive 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 (in compliance with clauses 44(1) and (2) of the 2018 Code of Conduct.</p>		
144D	44(2)	4.1.1	The policies, practices and procedures under clause 44(1) must deal with the prescribed matters.	1	<p>Compliance and controls:</p> <p>See the findings for obligation number 144C above.</p>	B	2

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 2				Controls	Compliance
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.	3	Compliance: <ul style="list-style-type: none"> The LSW website on its “Home” page includes a linkable section entitled: “Report a fault or a leak”. Double clicking this section opens up a webpage with a local telephone number for “Urgent Calls”. However, the phone number is not described as being a 24-hour information line; and The sampled LSPL tax invoices examined lists the same number as being for: “Faults & Emergencies (24/7)”. 	NP	1
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.	3	Compliance: <p>LSPL’s “Customer Complaints Procedure” is available on the LSW website. This procedure addresses investigating and dealing with customer complaints.</p>	NP	1
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).	1	Compliance: <ul style="list-style-type: none"> Paxon interviewed: <ul style="list-style-type: none"> Two LSPL directors; and GHD Technical Consultant. <p>None of these parties could confirm whether the current version of LSPL’s “Customer Complaints Procedure” was developed using as</p>	B	2

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 2				Controls	Compliance
146 (cont.)					<p>minimum standards the relevant provisions of AS/NZS 10002-2014 and the ERA's <i>"Customer Complaints Guidelines: distinguishing customer queries from complaints – December 2016"</i>.</p> <ul style="list-style-type: none"> Paxon examined LSPL's <i>"Customer Complaints Procedure"</i> but could not find any evidence it was developed in compliance with clause 46(2) of the 2018 Code of Conduct. <p>Recommendation 9/2021:</p> <p>LSPL should review its <i>"Customer Complaints Procedure"</i> to ensure it was developed using as minimum standards the relevant provisions of:</p> <ul style="list-style-type: none"> AS/NZS 10002-2014; and ERA's <i>"Customer Complaints Guidelines: distinguishing customer queries from complaints – December 2016"</i>. <p>Controls:</p> <ul style="list-style-type: none"> The <i>"Regulatory Compliance Register"</i> does not acknowledge the obligation recorded in clause 46(1) of the 2018 Code of Conduct; and See Recommendation 1/2021 as recorded at obligation number 3 above. 		

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 2				Controls	Compliance
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.	3	Compliance: LSPL's "Customer Complaints Procedure" provides for: <ul style="list-style-type: none"> • Lodgement of complaint using several different communication avenues; • Responding to complaints; • Dispute resolution arrangements which include the Energy and Water Ombudsman Western Australia; and • Resolution of complaints within 15 business days of receipt. 	NP	1
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 available under regulations mentioned in section 222(2)(k).	3	Compliance: LSPL's "Customer Complaints Procedure" provides for making an application to the Energy and Water Ombudsman Western Australia.	NP	1
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.	3	Compliance: <ul style="list-style-type: none"> • LSPL's "Customer Complaints Procedure" is available on the LSW website; and 	NP	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 2				Controls	Compliance
149 (cont.)					<ul style="list-style-type: none"> Paxon confirmed by interview of the Account Manager that, during the Audit Period, LSPL did not receive any customer requests for a hard copy of its “Customer Complaints Procedure”. 		
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.	3	Compliance: <ul style="list-style-type: none"> LSPL’s “Customer Contact Register” provides comprehensive details of its communication with customers regarding resolved complaints; and Paxon confirmed by interview of a director of LSPL that, during the Audit Period, LSPL did not: <ul style="list-style-type: none"> Inform a customer of the right to apply to the water services ombudsman for a review of a complaint; and Provide a Freecall telephone number for the water services ombudsman. LSPL’s “Customer Complaints Procedure” in the section entitled: “Unresolved Complaints” provides (for): <ul style="list-style-type: none"> Referring a complaint to the Energy and Water Ombudsman Western Australia; 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 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 2				Controls	Compliance
149A (cont.)					<ul style="list-style-type: none"> o Freecall telephone number for the water services ombudsman. <p>Recommendation 10/2021:</p> <p>LSPL should when it considers a customer complaint as being resolved:</p> <ul style="list-style-type: none"> • Inform the customer of their 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. <p>Controls:</p> <p>The “Regulatory Compliance Register” acknowledges the obligation recorded in clause 47 of the 2018 Code of Conduct.</p>		
150	48(1)	4.1.1	The licensee must provide a customer with the specified services on request and at no charge.	3	<p>Compliance:</p> <ul style="list-style-type: none"> • Paxon examined a sample of LSPL tax invoices issued during the Audit Period. These tax invoices provided customers with telephone numbers for the: <ul style="list-style-type: none"> o “National Relay Services”; and o “Translation and Interpreter Service”. 	NP	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 2				Controls	Compliance
150 (cont.)					<ul style="list-style-type: none"> Paxon confirmed by interview of the Account Manager that, during the Audit Period, LSPL did not receive any customer requests for a large-print version of any of the licensee's publicly available documents. 		
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.	3	Compliance: <ul style="list-style-type: none"> Paxon examined a sample of LSPL tax invoices issued during the Audit Period. These tax invoices recorded personal account information; and Paxon confirmed by interview of the Account Manager that, during the Audit Period, LSPL did not receive any customer requests for transactional history. 	NP	1
153	49(1)	4.1.1	The licensee must make the prescribed information publicly available.	1	Compliance: <p>LSPL website discloses information in compliance with clause 49(1) of the 2018 Code of Conduct, being:</p> <ul style="list-style-type: none"> Form 4 entitled: <i>"Residential Pricing & Charges"</i> (clause 49(1)(a)); <i>"Customer Service Charter"</i> which in the section entitled: <ul style="list-style-type: none"> <i>"Payment"</i> provides details of different bill payment method options (clause 49(1)(b)); 	B	2

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 2				Controls	Compliance
153 (cont.)					<ul style="list-style-type: none"> ○ “Entry to Your Property” addresses the power of a person authorised by LSPL to enter a place without consent, notice or warrant to read a meter connected to its water service works (clause 49(1)(e)); ○ “Water Quality – Potable Water” addresses the quality of water and its management (clause 49(1)(j)); ○ Obligations of customers under the regulations to ensure that access to a meter is available (clause 49(1)(f)); and ○ “Interruption to Water Supply” addresses planned and unplanned interruptions of water supply or other incidents that may significantly affect the provision of water services to customers (clause 49(1)(l)). ● “Financial Hardship Policy” which in the section entitled: <ul style="list-style-type: none"> ○ “Concessions and other financial relief and assistance” provides details of available concessions to customers (clause 49(1)(c)); ○ “Our Contact Details” provides contact particulars for the “National Relay Service” and “Translating and Interpreting Service (TIS National)” (clause 49(1)(d)); 		

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 2				Controls	Compliance
153 (cont.)					<ul style="list-style-type: none"> ○ “Restricting and Restoring Your Water Flow” addresses LSPL’s right under section 95(1)(b) of the Act to reduce the rate of flow of a supply of water if a water service is not paid (clause 49(1)(g). However, it states: <i>“If you cannot pay your bill by the due date, you need to contact us as soon as possible, or we may fit a device to your water meter that will reduce the supply flow.”</i> In other words, it does not refer to the period of 30 days after the due date before a reduction/cut off is implemented as stipulated in clause 49(1)(g) of the 2018 Code of Conduct; and ○ “Restricting and Restoring Your Water Flow” addresses section 95(3) of the Act by referring to the fact that the supply of water cannot be cut off to an occupied dwelling unless the occupier agrees (clause 49(1)(i); • Paxon could not find any references to the following items on the LSPL webpages: <ul style="list-style-type: none"> ○ Services provided by LSPL under clause 48(2) – clause 49(1)(d); 		

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 2				Controls	Compliance
153 (cont.)					<ul style="list-style-type: none"> ○ If a customer is offered a payment plan or other arrangement giving the customer more time to pay the bill or to pay arrears, LSPL's power as mentioned in clause 49(1)(g) can only be exercised if: <ul style="list-style-type: none"> • The customer has not accepted the offer within the period of 7 days after the day on which it was made; or • Having entered such a plan or other arrangement, the customer does not comply with it. (Clause 49(1)(h)); and ○ Sustainable use of water (clause 49(1)(k)). <p>Recommendation 11/2021:</p> <p>LSPL should:</p> <ul style="list-style-type: none"> • Explicitly state in the “Restricting and Restoring Your Water Flow” section in its “Financial Hardship Policy” it may only cut off, or reduce the rate of flow of, a supply of water if a water service charge remains unpaid for 30 days after it becomes due; and • Make the information stipulated in clauses 49(1)(d), (h) and (k) of the 2018 Code of Conduct publicly available. 		

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 2				Controls	Compliance
153 (cont.)					Controls: <ul style="list-style-type: none"> The “Regulatory Compliance Register” does not acknowledge the obligation recorded in clause 49(1) of the 2018 Code of Conduct; and See Recommendation 1/2021 as recorded at obligation number 3 above. 		
154	49(2)	4.1.1	The licensee must ensure that the specified information about bills may be obtained from its website.	3	Compliance: <ul style="list-style-type: none"> LSPL website discloses information in compliance with clause 49(2) of the 2018 Code of Conduct, being: <ul style="list-style-type: none"> “Customer Service Charter” which in the section entitled: <ul style="list-style-type: none"> “Meter Reading” addresses: <ul style="list-style-type: none"> Estimates and bills therefore disclosing the reason for and basis thereof (clause 49(2)(a)); and Meter readings and bills for periods different to the usual billing cycle (clause 49(2)(b)). “Water meter testing – Infield test” addresses meter testing, applicable fees and fees reimbursement (clause 49(2)(d)). 	NP	1

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 2				Controls	Compliance
154 (cont.)					<ul style="list-style-type: none"> o “Billing Enquiries Procedure” (clause 49(2)(c) and (e); and o “Customer Complaints Procedure” (clause 49(2)(f). 		
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.	1	Compliance: The LSW website contains a link on its “Home” page to the 2018 Code of Conduct as disclosed on the www.legislation.wa.gov.au website.	NP	1
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.	3	Compliance: <ul style="list-style-type: none"> • Paxon confirmed by interview of the GHD Technical Consultant that, during the Audit Period, LSPL was not obliged to maintain a preserved supply register (as it did not meet the criteria in clause 51(2) of the 2018 Code of Conduct; and • Consequently, as no activity took place during the Audit Period, Paxon was unable to test compliance with clauses 51(1) and (3) of the 2018 Code of Conduct. 	NP	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 2				Controls	Compliance
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.	1	Compliance: See the compliance observations for obligation number 154B above.	NP	NR
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.	1	Compliance: See the compliance observations for obligation number 154B above.	NP	NR

Table 10: Audit Observations and Recommendations

[Obligations as per the ERA's: "Water Compliance Reporting Manual – Water Services Act 2012 – March 2021" (numbers 92 to 154D)]

No.	Obligation Under: Water Services Licence - Version 2 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation		Observations and Recommendations	Ratings (as per Table 8)	
					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> .	3	Compliance and Controls: <ul style="list-style-type: none"> Paxon requested but was not provided with any documentation to confirm LSPL paid the applicable fees and charges in accordance with the <i>Economic Regulation Authority (Licensing Funding) Regulation 2014</i>; Paxon was informed by the ERA that, during the Audit Period, LSPL paid several fees and charges late; and The “<i>Regulatory Compliance Register</i>” acknowledges the obligation recorded in clause 4.2.1 of WL47. However, notwithstanding this control, the LSPL did not comply with this obligation on several occasions. Recommendation 12/2021: LSPL should: <ul style="list-style-type: none"> Pay the applicable fees and charges on time; Keep proper records to prove compliance with its obligations in terms of clause 4.2.1 of WL47; and Strengthen its financial controls to help ensure applicable fees and charges are paid on time and proof of payments is readily available. 	A	2

No.	Obligation Under: Water Services Licence - Version 2 and the Water Services Act 2012 (Section 12)	Summary Description of Obligation		Observations and Recommendations	Ratings (as per Table 8)	
					Controls	Compliance
155 (cont.)				Controls: The “Regulatory Compliance Register” acknowledges the obligation recorded in clause 4.2.1 of WL47.		
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.	3	Applicable Period: The ERA’s: “Water Compliance Reporting Manual – Water Services Act 2012 – May 2020” states obligation number 156 is “Not used”. Consequently, this obligation was only applicable to the provision of water services during the period 1/04/2019 to 30/04/2020. Compliance: <ul style="list-style-type: none"> • LSPL’s compliance during the Audit Period, with the following legislative instruments is specifically addressed within this Report: <ul style="list-style-type: none"> ◦ Water Services Act 2012 (See reference numbers 2 to 64 and 155 to 190); • Water Services Regulations 2013 (See reference numbers 65 to 89); • Water Services Code of Conduct (Customer Service Standards) 2018 (See reference numbers 92 to 154D); and • WL47, version 2 (See reference numbers 155 to 190). 	B	2

No.	Obligation Under: Water Services Licence - Version 2 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation		Observations and Recommendations	Ratings (as per Table 8)	
					Controls	Compliance
156 (cont.)				Controls: The “Regulatory Compliance Register” acknowledges the obligation recorded in clause 3.1.1 of WL47.		
159	4.1.2	The licensee must comply with a direction from the ERA in relation to a breach of applicable legislation.	3	Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that, during the Audit Period, LSPL did not receive any ERA direction in relation to a breach of applicable legislation; and Consequently, as no activity took place during the Audit Period, Paxon was unable to test compliance with clause 4.1.2 of WL47. 	NP	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.	3	Compliance: Paxon examined an extract from LSPL’s financial statements for the year ended 31/12/2020 which states: <i>“The company is non-reporting since there are unlikely to be any users who would rely on the general purpose financial statements. The special purpose financial statements have been prepared in accordance with the significant accounting policies described below and do not comply with any Australian Accounting Standards unless otherwise stated.”</i> ; and Paxon accepts the approach taken by LSPL in the preparation of its financial statements.	A	1

No.	Obligation Under: Water Services Licence - Version 2 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation		Observations and Recommendations	Ratings (as per Table 8)	
					Controls	Compliance
160 (cont.)				Controls: The “Regulatory Compliance Register” acknowledges the obligation recorded in clause 4.6.1 of WL47.		
161	5.2.1	The licensee must comply with any individual performance standards prescribed by the ERA.	3	Compliance: <ul style="list-style-type: none"> Paxon examined performance datasheets for LSPL for 2018/2019 and 2019/2020. Paxon found these performance datasheets records: <ul style="list-style-type: none"> 2018/2019: 13 connected properties (100%) were supplied at a pressure and flow that met the standards stipulated in the licence (12-month data); and 2019/2020: 16 connected properties (100%) were supplied at a pressure and flow that met the standards stipulated in the licence (12-month data); Consequently, across 2018/2019 and 2019/2020: <ul style="list-style-type: none"> No notification in respect of pressure and flow of supplied water outside of the standard pressure and flow range was required; and No restrictions were applied in accordance with the Water Services Regulations 2013 to a potable water supply. 	NP	1

No.	Obligation Under: Water Services Licence - Version 2 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation		Observations and Recommendations	Ratings (as per Table 8)	
					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.	3	Compliance: LSPL cooperated with Paxon during the performance of the operational audit and specifically complied with section 4.1 "Assistance provided by the Licensee" as included in the ERA's document entitled: "2019 Audit and Review Guidelines - Water Licences – March 2019".	NP	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.	3	Compliance: Paxon confirmed by interview of a director of LSPL that, during the Audit Period, LSPL: <ul style="list-style-type: none">• Was not under external administration; and• The ERA was informed per letter, dated 17/01/2020 of the passing of the sole shareholder of LSPL.	NP	1
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.]	1	Compliance: Paxon confirmed by interview of the GHD Technical Consultant that, during the Audit Period, LSPL was only requested to provide standing charges data and complied with such request.	NP	1
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.	1	Applicable Period: The ERA's: "Water Compliance Reporting Manual – Water Services Act 2012 – May 2020" states obligation number 166 is "Not used". Consequently, this obligation was only applicable to the provision of water services during the period 1/04/2019 to 30/04/2020.	NP	1

No.	Obligation Under: Water Services Licence - Version 2 and the Water Services Act 2012 (Section 12)	Summary Description of Obligation		Observations and Recommendations	Ratings (as per Table 8)	
					Controls	Compliance
166* (cont.)				Compliance: <ul style="list-style-type: none"> LSPL's Compliance Report for the period 01/07/2018 to 30/06/2019 consisted of the non-compliances identified during the Paxon audit for the period 10/03/2017 to 31/03/2019. These non-compliances are reported on in section 3 of this Report entitled: "Licensee's Response to Previous Recommendations"; and This Compliance Report was sent to the ERA by means of an e-mail dated 23/08/2019. 		
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.	1	Compliance: <ul style="list-style-type: none"> LSPL's performance data for 2018/2019 was sent to the ERA by means of an e-mail dated 20/08/2019; and LSPL's performance data for 2019/2020 was received by the ERA on 30/08/2020. 	NP	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.	3	Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that, during the Audit Period, LSPL was not directed by the ERA to publish any information; and Consequently, as no activity took place during the Audit Period, Paxon was unable to test compliance with clauses 3.8.1 and 3.8.2 of WL47. 	NP	NR

No.	Obligation Under: Water Services Licence - Version 2 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation		Observations and Recommendations	Ratings (as per Table 8)	
					Controls	Compliance
169	3.7.1	Unless otherwise specified, all notices must be in writing.	3	Compliance: LSPL gave notices in writing during the Audit Period. Numerous examples, as referred to throughout this Audit Report, were sighted to support this statement.	NP	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.	3	Applicable Period: The ERA's "Water Compliance Reporting Manual – Water Services Act 2012 – May 2020" introduces obligation 170A. Consequently, it was only applicable to the provision of water services from 1/05/2020 to 31/03/2021. Compliance: <ul style="list-style-type: none"> • Paxon confirmed by interview of the GHD Technical Consultant that, during the period 1/05/2020 to 31/03/2021, no construction of LSPL water service works were completed; and • Consequently, as no activity took place during that period, Paxon was unable to test compliance with clauses 5.1.2(a) and (b) of WL47. 	NP	NR
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.	3	Compliance and Controls: See the compliance and controls findings for obligation number 7 above.	NP	1

No.	Obligation Under: Water Services Licence - Version 2 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation		Observations and Recommendations	Ratings (as per Table 8)	
					Controls	Compliance
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.	3	Compliance: LSPL cooperated with Paxon during the performance of the asset management system review and specifically complied with section 4.1 "Assistance provided by the Licensee" as included in the ERA's document entitled: "2019 Audit and Review Guidelines - Water Licences – March 2019".	NP	1
172A	6.1.1	If the ERA considers that one or more of a licensee's standard terms and conditions of service is no longer in the public interest, the ERA may direct the licensee: <ul style="list-style-type: none"> a) to amend: <ul style="list-style-type: none"> i) the standard term or condition of service; or ii) the standard term or condition of service in accordance with a term proposed by the ERA; and b) to do so within a specified period. 	3	Applicable Period: The ERA's "Water Compliance Reporting Manual – Water Services Act 2012 – May 2020" introduces obligations 172A and B. Consequently, it was only applicable to the provision of water services from 1/05/2020 to 31/03/2021. Compliance: <ul style="list-style-type: none"> • Paxon confirmed by interview of a director of LSPL that, during the period 1/05/2020 to 31/03/2021, LSPL did not receive any ERA direction regarding its standard terms and conditions of service; and • Consequently, as no activity took place during that period, Paxon was unable to test compliance with clause 6.1.1 of WL47. 	NP	NR

No.	Obligation Under: Water Services Licence - Version 2 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation		Observations and Recommendations	Ratings (as per Table 8)	
					Controls	Compliance
172B	6.1.2	The licensee must comply with a direction given to the licensee under clause 6.1.1.	3	Compliance: See the compliance observations for obligation number 172A above.	NP	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.	5	Applicable Period: The ERA's: "Water Compliance Reporting Manual – Water Services Act 2012 – May 2020" states obligation number 173 is "Not used". Consequently, this obligation was only applicable to the provision of water services during the period 1/04/2019 to 30/04/2020. Compliance: See the compliance observations for obligation number 15 above.	NP	1
175*	5.1.1	If directed by the ERA, the licensee must submit a draft customer contract for approval.	3	Applicable Period: The ERA's: "Water Compliance Reporting Manual – Water Services Act 2012 – May 2020" states obligations numbers 175 to 180 are "Not used". Consequently, these obligations were only applicable to the provision of water services during the period 1/04/2019 to 30/04/2020. Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that, during the Audit Period, LSPL did not have any specific customer contracts; 	NP	NR

No.	Obligation Under: Water Services Licence - Version 2 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation		Observations and Recommendations	Ratings (as per Table 8)	
					Controls	Compliance
175* (cont.)				<ul style="list-style-type: none"> The terms and condition under which LSPL provides water services are evident from the documents available on its website including: <ul style="list-style-type: none"> “Customer Service Charter”; and Total of 15 forms, some of which has specifically been referred to in this report. Consequently, as no activity took place during the Audit Period, Paxon was unable to test compliance with clauses 5.1.1, 5.1.3, 5.1.5, 5.3.1, 5.3.2 and 5.3.4 of WL47. 		
177*	5.1.3	The licensee may only amend the customer contract with the ERA’s approval.	3	Compliance: See the compliance observations for obligation number 175 above.	NP	NR
178*	5.1.5	The licensee must comply with any direction by the ERA to amend the customer contract.	3	Compliance: See the compliance observations for obligation number 175 above.	NP	NR
179*	5.3.1 and 5.3.2	Unless clause 5.3.3 applies, the licensee cannot enter into an agreement with a customer to provide water services that exclude, modify or restrict the terms and conditions of the licence or the requirements of the <i>Code of Conduct</i> without the prior approval of the ERA.	3	Compliance: See the compliance observations for obligation number 175 above.	NP	NR

No.	Obligation Under: Water Services Licence - Version 2 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation		Observations and Recommendations	Ratings (as per Table 8)	
					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.	3	Compliance: See the compliance observations for obligation number 175 above.	NP	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.	5	Compliance: See the compliance observations for obligation number 14 above.	NP	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.	5	Compliance: See the compliance observations for obligation number 4 above.	NP	NR
183*	5.4.3	The licensee must comply with the ERA's Financial Hardship Policy Guidelines as they apply to the licensee.	3	Applicable Period: The ERA's: " <i>Water Compliance Reporting Manual – Water Services Act 2012 – May 2020</i> " states obligation number 183 are " <i>Not used</i> ". Consequently, this obligation was only applicable to the provision of water services during the period 1/04/2019 to 30/04/2020.	NP	NR

No.	Obligation Under: Water Services Licence - Version 2 and the Water Services Act 2012 (Section 12)	Summary Description of Obligation		Observations and Recommendations	Ratings (as per Table 8)	
					Controls	Compliance
183* (cont.)				Compliance: See the compliance observations for obligation number 130A above.		
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.	3	Compliance: LSPL entered into a Memorandum of Understanding (MoU) with the Department of Health for drinking water in June 2020.	NP	1
184A	7.1.2	Where the licensee provides sewerage services, the licensee must enter into a Memorandum of Understanding with the Department of Health as soon as practicable after the commencement date or as otherwise agreed with Department of Health.	3	Applicable Period: The ERA's "Water Compliance Reporting Manual – Water Services Act 2012 – May 2020" introduces obligations 184A and B. Consequently, it was only applicable to the provision of water services from 1/05/2020 to 31/03/2021. Compliance and Controls: <ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that, during the period 1/05/2020 to 31/03/2021, LSPL did not enter into a Memorandum of Understanding with the Department of Health regarding the sewerage services it provides; and WL47 does not stipulate that LSPL must enter into a MOU with the Department of Health regarding the sewerage services it provides. This is due to the fact only licensees with more than 400 sewerage 	NA	NA

No.	Obligation Under: Water Services Licence - Version 2 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation		Observations and Recommendations	Ratings (as per Table 8)	
					Controls	Compliance
184A (cont.)				connections are required to enter into a MOU with the Department of Health. Consequently, LSPL did not need to comply with obligations number 184A and 184B during the Audit Period.		
184B	7.1.3	If the licensee provides both potable water and sewerage services, the licensee must enter into a separate Memorandum of Understanding with the Department of Health in respect of each of the potable water service and sewerage service.	3	Compliance and Controls: See the compliance and controls observations for obligation number 184A above.	NA	NA
185	Clause 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.	3	Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that, during the Audit Period, LSPL was not subjected to compliance audits by the Department of Health; Consequently, as no activity took place during the Audit Period, Paxon was unable to test compliance with clause 7.1.4 of WL47. 	NP	NR
186	Clause 7.1.5	The licensee must comply with the terms of a Memorandum of Understanding.	3	Compliance: Paxon confirmed by interview of the GHD Technical Consultant that, during the Audit Period, LSPL did comply with the terms of the Memorandum of Understanding.	NP	1

No.	Obligation Under: Water Services Licence - Version 2 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation		Observations and Recommendations	Ratings (as per Table 8)	
					Controls	Compliance
187	Clause 7.1.6	The licensee must publish in the form agreed with the Department of Health, a Memorandum of Understanding and any amendments to a Memorandum of Understanding within one month of signing or making the amendment.	3	<p>Compliance:</p> <ul style="list-style-type: none"> LSPL's Memorandum of Understanding with the Department of Health for drinking water, entered in June 2020 is available on the LSW website; and Paxon confirmed by interview of a director of LSPL that, during the Audit Period, the identity of the responsible officer as recorded in Binding Protocol 1 to the MOU was changed. Paxon notes the MOU, as it appears on the LSPL's website does not include the series of Binding Protocols. <p>Recommendation 13/2021:</p> <p>LSPL should publish the complete MoU and any amendment thereto within one month of signing or making the amendment.</p> <p>Controls:</p> <p>The "Regulatory Compliance Register" acknowledges the obligation recorded in clause 47 of the 2018 Code of Conduct.</p>	A	2
188	Clause 7.1.7	The licensee must publish the audit report on compliance with its obligations under a Memorandum of Understanding on its website within one month of the completion of the audit.	3	<p>Compliance:</p> <p>See the compliance observations for obligation number 185 above.</p>	NP	NR

No.	Obligation Under: Water Services Licence - Version 2 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation		Observations and Recommendations	Ratings (as per Table 8)	
					Controls	Compliance
189	Clause 7.1.8	The licensee must publish, in a form agreed with the Department of Health, any other reports required by the Department of Health or required by a Memorandum of Understanding on the licensee's website, at a reporting frequency specified by the Department of Health.	3	Compliance: <ul style="list-style-type: none"> The LSW website discloses water quality reports being: <ul style="list-style-type: none"> Quarterly reports as from 07/2019 to 03/2021; and Annual report for 2019/2020. 	NP	1
190	Schedule 2	The licensee must comply with the standards set out in Schedule 2 of the licence.	3	Compliance: See the compliance observations for obligation number 161 above.	NP	1

Table 10: Audit Observations and Recommendations

[Obligations as per the ERA's: "Water Compliance Reporting Manual – Water Services Act 2012 – March 2021" (numbers 155 to 190, excluding numbers 156, 166, 173, 175 to 180 and 183)]

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

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Practice (Family Violence) 2020	Water Services Licence – Version 2				Controls	Compliance
191	5(1)	4.1.1	The licensee must have a family violence policy that sets out the matters specified in clause 5(1).	3	<p>Compliance:</p> <p>LSPL has a “<i>Family Domestic Violence Policy</i>” (FDV Policy). The FDV Policy does comply with the stipulations of clause 5(1) of the Water Services Code of Practice (Family Violence) 2020 (Family Violence Code) except for clause 5(1)(g).</p> <p>Controls:</p> <p>The “<i>Regulatory Compliance Register</i>” does not acknowledge the obligations recorded in clauses 5(1) and (2), 6, 7, 8(1) and (2), 9 and 10 of the Family Violence Code.</p> <p>Recommendation 14/2021:</p> <ul style="list-style-type: none"> • The LSPL’s FDV Policy should set out no request for written evidence of family violence will be made of customers unless the evidence is reasonably necessary for assessment purposes (clause 5(1)(g)); and • The “<i>Regulatory Compliance Register</i>” should record the obligations recorded in clauses 5(1) and (2), 6, 7, 8(1) and (2), 9 and 10 of the Family Violence Code. 	B	2

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Practice (Family Violence) 2020	Water Services Licence – Version 2				Controls	Compliance
192	5(2)	4.1.1	The licensee must have a family violence policy before the end of the six-month period starting on either: 9 December 2020; or if the day of the grant of the licensee's licence is after 9 December 2020, the day of the grant of the licensee's licence.	3	Compliance: <ul style="list-style-type: none"> • WL47 commenced on 10/03/2017. Consequently, LSPL's FDV Policy should have been established by 9/06/2021. This policy was completed in May 2021 which is after the current Audit Period (being from 1/04/2019 to 31/03/2021); and • Consequently, as no activity took place during the Audit Period, Paxon was unable to test compliance with clause 5(2) of the Family Violence Code. 	NP	NR
193	6	4.1.1	A licensee must publish its family violence policy on its website and provide a hard copy of the policy to a customer on request and at no charge.	3	Compliance: <ul style="list-style-type: none"> • LSPL's FDV Policy is available on its website at present. This policy was completed in May 2021 which is after the current Audit Period (being from 1/04/2019 to 31/03/2021); and • Consequently, as no activity took place during the Audit Period, Paxon was unable to test compliance with clause 6 of the Family Violence Code. 	NP	NR
194	7	4.1.1	A licensee must review its family violence policy at least once in every 5-year period, and additionally, if directed to do so by the Minister.	3	Compliance: <ul style="list-style-type: none"> • LSPL's FDV Policy is dated May 2021. Consequently, this policy need only be reviewed by April 2026. This date follows the current Audit Period which is from 1/04/2019 to 31/03/2021; and 	NP	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Practice (Family Violence) 2020	Water Services Licence – Version 2				Controls	Compliance
194 (cont.)					<ul style="list-style-type: none"> Consequently, as no activity took place during the Audit Period, Paxon was unable to test compliance with clause 7 of the Family Violence Code. 		
195	8(1)	4.1.1	A licensee must maintain adequate records in relation to compliance with this code or any policy made under the code. If the licensee is a government organisation, as defined in section 3(1) of the <i>State Records Act 2000</i> (WA), then records must be maintained in accordance with its obligations under that Act.	3	Compliance: <ul style="list-style-type: none"> Paxon confirmed by interview of a director of LSPL that, during the Audit Period, LSPL was not approached by a customer regarding family violence; LSPL's FDV Policy was completed in May 2021 which is after the current Audit Period (being from 1/04/2019 to 31/03/2021); and Consequently, as no activity took place during the Audit Period, Paxon was unable to test compliance with clauses 8(1), (2) and 9 of the Family Violence Code. 	NP	NR
196	8(2)	4.1.1	If the licensee is not a government organisation according to the <i>State Records Act 2000</i> (WA), a record that relates to a customer, must be retained for at least 7 years after the last communication between the licensee and the customer, or water services ombudsman. If the record does not relate to a customer, then the record must be kept for at least 7 years after the record is made.	3	Compliance: See the compliance observations for obligation number 195 above.	NP	NR

No.	Obligation Under:		Summary Description of Obligation	Audit Priority Rating: (1 = High to 5 = Low)	Observations and Recommendations	Ratings (as per Table 8)	
	Water Services Code of Practice (Family Violence) 2020	Water Services Licence – Version 2				Controls	Compliance
197	9	4.1.1	When a customer affected by family violence first contacts a licensee about a particular matter relating to the family violence, the licensee must inform the customer of the existence and operation of the licensee's complaints procedure under clause 46 of the Water Services Code of Conduct (Customer Service Standards) 2018.	3	Compliance: See the compliance observations for obligation number 195 above.	NP	NR
198	10	4.1.1	A licensee must ensure that its website contains a link that provides access to the current version of the code as it appears 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.	3	Compliance: LSPL's FDV Policy as disclosed on its website contains a link which provides access to the current version of the Water Services Code of Practice (Family Violence) 2020 (as it appears on the Department of Justice – Government WA website.	NP	1

Table 10: Audit Observations and Recommendations

[Obligations as per the ERA's: "Water Compliance Reporting Manual – Water Services Act 2012 – March 2021" (numbers 191 to 198)]

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	Licence Obligation Reference Number	Auditor's Recommendation	LSPL Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
There is no content to Part A.			

Table 11: Current Audit: Inadequate Controls, Non-Compliances and Recommendations (Part A)

Current Audit: Inadequate Controls, Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

Recommendation Reference	Licence Obligation Reference Number	Auditor's Recommendation	LSPL Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
1/2021	<ul style="list-style-type: none"> Number: 93; Rating: A 2; Obligation: 2018 Code of Conduct, clauses 9(2) and (4) and WL47, clause 4.1.1; and Details: Paxon requested but LSPL did not provide any records to confirm water supply service connections were completed within the 10 business day time interval stipulated in clause 9(2) of the 2018 Code of Conduct. 	<p>LSPL should keep proper records of water supply service connections including whether:</p> <ul style="list-style-type: none"> Customers complied with all conditions for connection; and Connections were completed within the 10-business day time interval stipulated in clause 9(2) of the 2018 Code of Conduct. <p>Keeping such records will enable LSPL to show whether it achieved a 90% compliance rate as stipulated in clause 9(4) of the 2018 Code of Conduct.</p>	Zero.
2/2021	<ul style="list-style-type: none"> Number: 100; Rating: A 2; Obligation: 2018 Code of Conduct, clause 13(1) and WL47, clause 4.1.1; and Details: <ul style="list-style-type: none"> Paxon examined a sample of LSPL tax invoices issued during the Audit Period. These tax invoices disclosed the information stipulated in clause 13(1) of the 2018 Code of Conduct except for: 	<p>LSPL should ensure its tax invoices comply with all relevant stipulations of clause 13(1) of the 2018 Code of Conduct.</p>	Zero.

Current Audit: Inadequate Controls, Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

Recommendation Reference	Licence Obligation Reference Number	Auditor's Recommendation	LSPL Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
2/2021 (continued)	<ul style="list-style-type: none"> • Information which would only be relevant in specific circumstances being: <ul style="list-style-type: none"> ○ The nature and amount of any applicable concession; and ○ The amount of any interest or fees charged for late payment of amount outstanding from previous bills. • A statement advising the customer that the licensee can be contacted for assistance if the customer is experiencing problems paying the bill (clause 13(1)(n)). This statement was only found on some of the sampled tax invoices. ○ Paxon confirmed by interview of a director of LSPL that, during the Audit Period, no <ul style="list-style-type: none"> • Concessions were granted to customers; and • Interest or fees were charged for late payment of outstanding amounts. 		

Current Audit: Inadequate Controls, Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

Recommendation Reference	Licence Obligation Reference Number	Auditor's Recommendation	LSPL Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
3/2021	<ul style="list-style-type: none"> Number: 102A; Rating: B 2; Obligation: 2018 Code of Conduct, clause 13(6) and WL47, clause 4.1.1; and Details: <p>Paxon examined a sample of LSPL tax invoices issued during the Audit Period. These tax invoices contained the information stipulated in clause 13(6) of the 2018 Code of Conduct except for information found only on some of the sampled invoices, being:</p> <ul style="list-style-type: none"> A telephone number for complaints; A Freecall telephone number for the office of the water services ombudsman; A statement that the website contains information about estimates, meter reading and testing, complaints and review; and A statement that the bill can be reviewed in accordance with the licensee's review procedure mentioned in clause 20. 	LSPL should ensure its tax invoices comply with all the stipulations of clause 13(6) 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	Licence Obligation Reference Number	Auditor's Recommendation	LSPL Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
4/2021	<ul style="list-style-type: none"> Number: 116; Rating: A 2; Obligation: 2018 Code of Conduct, clause 20(4) and WL47, clause 4.1.1; and Details: LSPL's "<i>Billing Enquiries Procedure</i>", as available on the LSW website, does not refer to alternative complaints' avenues available to customers, being: <ul style="list-style-type: none"> o Contacting the Energy and Water Ombudsman Western Australia is indicated as following a complaint firstly made to LSPL; and o Making an appeal from, or applying for a review of, the decision under regulations mentioned in section 222(2)(k) of the Act (no reference at all). 	LSPL's " <i>Billing Enquiries Procedure</i> " must be updated to include appropriate references to the alternative complaints avenues available to customers following bill reviews.	Zero.
5/2021	<ul style="list-style-type: none"> Number: 119; Rating: A 2; Obligation: 2018 Code of Conduct, clause 24(1) and WL47, clause 4.1.1; and 	<ul style="list-style-type: none"> LSPL should add bill payments by telephone to its "<i>Ways to Pay Your Bill</i>" as disclosed on its tax invoices; and 	Zero.

Current Audit: Inadequate Controls, Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

Recommendation Reference	Licence Obligation Reference Number	Auditor's Recommendation	LSPL Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
5/2021 (continued)	<ul style="list-style-type: none"> Details: <ul style="list-style-type: none"> ○ Paxon examined a sample of LSPL tax invoices issued during the Audit Period. These tax invoices provided customers with the following payment options: <ul style="list-style-type: none"> • Centrepay; • Internet (direct deposit and BPay); • Post. ○ The LSPL webpage entitled: "Ways to Pay Your Bill" only provides customers with the option to pay bills using the internet (direct deposit and BPay) and post. 	<ul style="list-style-type: none"> • The LSPL webpage entitled: "Ways to Pay Your Bill" should also disclose the following bill payment methods: <ul style="list-style-type: none"> ○ Centrepay; and ○ Telephone. 	
6/2021	<ul style="list-style-type: none"> • Number: 121; • Rating: A 2; • Obligation: 2018 Code of Conduct, clause 25(1) and WL47, clause 4.1.1; and • Details: <ul style="list-style-type: none"> ○ Paxon confirmed by interview of a director of LSPL that, during the Audit Period, LSPL received bill payment by direct debit from a single customer; and 	LSPL should enter into a direct debit agreement with the customer who currently pays by direct debit to make the arrangement official.	Zero.

Current Audit: Inadequate Controls, Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

Recommendation Reference	Licence Obligation Reference Number	Auditor's Recommendation	LSPL Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
6/2021 (continued)	<ul style="list-style-type: none"> o Paxon requested but was not provided with proof LSPL obtained expressed consent for this payment method. 		
7/2021	<ul style="list-style-type: none"> • Number: 144B; • Rating: B 2; • Obligation: 2018 Code of Conduct, clause 43(2) and WL47, clause 4.1.1; and • Details: Paxon examined a sample of e-mails given to customers regarding planned service interruptions. The recorded date and time on the sampled e-mails show these e-mails were only sent to customers at the commencement of the planned service interruptions. Consequently, notice of the planned service interruption was not given within the prescribed timeframe. 	<p>LSPL should:</p> <ul style="list-style-type: none"> • Give notice of planned service interruptions to customers within the prescribed timeframes; and • Implement appropriate controls to help ensure timely notice of service interruptions is given to customers. 	Zero.
8/2021	<ul style="list-style-type: none"> • Numbers: 144C and D; • Ratings: B 2; • Obligation: 2018 Code of Conduct, clauses 44(1) and (2) and WL47, clause 4.1.1; and 	<p>LSPL should develop and implement comprehensive policies, practices and procedures for dealing with and minimising the impact of a burst, leak or blockage in its water supply works</p>	Zero.

Current Audit: Inadequate Controls, Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

Recommendation Reference	Licence Obligation Reference Number	Auditor's Recommendation	LSPL Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
8/2021 (continued)	<ul style="list-style-type: none"> Details: <ul style="list-style-type: none"> LSPL's "Asset Management Plan" in section 4.4 entitled: "Asset Maintenance" mentions breakdowns and/or failures may require maintenance. However, it does not detail any specific steps and/or activities required to address dealing with and minimising the impact of a burst, leak or blockage in its water supply works or sewerage works; LSPL's "Customer Service Charter" in the sections entitled "Interruption to Water Supply – Unplanned" and "Property Reinstatement" refer to bursts, leaks or blockages. However, it does not detail any specific steps and/or activities required to address dealing with and minimising the impact of a burst, leak or blockage in its water supply works or sewerage works; and An LSPL director has stated: <p><i>"LSW has as-constructed drawings of the drinking water, non-potable water and sewer pipelines. Specific methodologies for repairing bursts or leaks are not documented by LSW but are</i></p> 	or sewerage works (in compliance with clauses 44(1) and (2) of the 2018 Code of Conduct).	

Current Audit: Inadequate Controls, Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

Recommendation Reference	Licence Obligation Reference Number	Auditor's Recommendation	LSPL Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
8/2021 (continued)	<i>left within the professional capabilities of the repair contractor, based on the standard procedures of WSAA and other industry bodies."</i>		
9/2021	<ul style="list-style-type: none"> • Number: 146; • Rating: B 2; • Obligation: 2018 Code of Conduct, clause 46(2) and WL47, clause 4.1.1; and • Details: <ul style="list-style-type: none"> ○ Paxon interviewed: <ul style="list-style-type: none"> • Two LSPL directors; and • GHD Technical Consultant. <p>None of these parties could confirm whether the current version of LSPL's "Customer Complaints Procedure" was developed using as minimum standards the relevant provisions of AS/NZS 10002-2014 and the ERA's "Customer Complaints Guidelines: distinguishing customer queries from complaints – December 2016"; and</p> <ul style="list-style-type: none"> ○ Paxon examined LSPL's "Customer Complaints Procedure" but could not find any evidence it 	<p>LSPL should review its "Customer Complaints Procedure" to ensure it was developed using as minimum standards the relevant provisions of:</p> <ul style="list-style-type: none"> • AS/NZS 10002-2014; and • ERA's "Customer Complaints Guidelines: distinguishing customer queries from complaints – December 2016". 	Zero.

Current Audit: Inadequate Controls, Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

Recommendation Reference	Licence Obligation Reference Number	Auditor's Recommendation	LSPL Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
9/2021 (continued)	was developed in compliance with clause 46(2) of the 2018 Code of Conduct.		
10/2021	<ul style="list-style-type: none"> Number: 149A; Rating: A 2; Obligation: 2018 Code of Conduct, clause 47 and WL47, clause 4.1.1; and Details: Paxon confirmed by interview of a director of LSPL that, during the Audit Period, LSPL did not: <ul style="list-style-type: none"> Inform a customer of the right to apply to the water services ombudsman for a review of a complaint; and Provide a Freecall telephone number for the water services ombudsman. 	<p>LSPL should when it considers a customer complaint as being resolved:</p> <ul style="list-style-type: none"> Inform the customer of their 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. 	Zero.
11/2021	<ul style="list-style-type: none"> Number: 153; Rating: B 2; Obligation: 2018 Code of Conduct, clause 49(1) and WL47, clause 4.1.1; and Details: 	<p>LSPL should:</p> <ul style="list-style-type: none"> Explicitly state in the "Restricting and Restoring Your Water Flow" section in its "Financial Hardship Policy" it may only cut off, or reduce the rate of flow of, a supply of water if a water service charge remains unpaid for 30 days after it becomes due; and 	Zero.

Current Audit: Inadequate Controls, Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

Recommendation Reference	Licence Obligation Reference Number	Auditor's Recommendation	LSPL Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
11/2021 (continued)	<p>Paxon could not find any references to the following items on the LSPL webpages:</p> <ul style="list-style-type: none"> ○ Services provided by LSPL under clause 48(2) – clause 49(1)(d); ○ If a customer is offered a payment plan or other arrangement giving the customer more time to pay the bill or to pay arrears, LSPL's power as mentioned in clause 49(1)(g) can only be exercised if: <ul style="list-style-type: none"> • The customer has not accepted the offer within the period of 7 days after the day on which it was made; or • Having entered such a plan or other arrangement, the customer does not comply with it. <p>(Clause 49(1)(h)); and</p> <ul style="list-style-type: none"> ○ Sustainable use of water (clause 49(1)(k)). 	<ul style="list-style-type: none"> • Make the information stipulated in clauses 49(1)(d), (h) and (k) of the 2018 Code of Conduct publicly available. 	
12/2021	<ul style="list-style-type: none"> • Number: 155; • Rating: B 2; • Obligation: Section 12 of the Act and WL47, clause 4.2.1; and 	<p>LSPL should:</p> <ul style="list-style-type: none"> • Pay the applicable fees and charges on time; • Keep proper records to prove compliance with its obligations in terms of clause 4.2.1 of WL47; and 	Zero.

Current Audit: Inadequate Controls, Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

Recommendation Reference	Licence Obligation Reference Number	Auditor's Recommendation	LSPL Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
12/2021 (continued)	<ul style="list-style-type: none"> Details: <ul style="list-style-type: none"> ○ Paxon requested but was not provided with any documentation to confirm LSPL paid the applicable fees and charges in accordance with the <i>Economic Regulation Authority (Licensing Funding) Regulation 2014</i>; ○ Paxon was informed by the ERA that, during the Audit Period, LSPL paid several fees and charges late; and ○ The “Regulatory Compliance Register” acknowledges the obligation recorded in clause 4.2.1 of WL47. However, notwithstanding this control, the LSPL did not comply with this obligation on several occasions. 	<ul style="list-style-type: none"> Strengthen its financial controls to help ensure applicable fees and charges are paid on time and proof of payments is readily available. 	
13/2021	<ul style="list-style-type: none"> Number: 187; Rating: A 2; Obligation: Section 12 of the Act and WL47, clause 7.1.6; and Details: <ul style="list-style-type: none"> ○ LSPL's Memorandum of Understanding with the Department of Health for drinking water, 	LSPL should publish the complete MoU and any amendment thereto within one month of signing or making the amendment.	Zero.

Current Audit: Inadequate Controls, Non-Compliances and Recommendations

B. Unresolved at End of Current Audit Period

Recommendation Reference	Licence Obligation Reference Number	Auditor's Recommendation	LSPL Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
13/2021 (continued)	<p>entered in June 2020 is available on the LSW website; and</p> <ul style="list-style-type: none"> o Paxon confirmed by interview of a director of LSPL that, during the Audit Period, the identity of the responsible officer as recorded in Binding Protocol 1 to the MOU was changed. Paxon notes the MOU, as it appears on the LSPL's website does not include the series of Binding Protocols. 		
14/2021	<ul style="list-style-type: none"> • Number: 191; • Rating: B 2; • Obligation: Clause 5(1) of the Family Violence Code and WL47, clause 4.1.1; and • Details: <ul style="list-style-type: none"> o LSPL has a "Family Domestic Violence Policy" (FDV Policy). The FDV Policy does not comply with the stipulations of clause 5(1) of the Water Services Code of Practice (Family Violence) 2020 (Family Violence Code) except for clause 5(1)(g); and o The "Regulatory Compliance Register" does not acknowledge the obligations recorded in 	<ul style="list-style-type: none"> • The LSPL's FDV Policy should set out no request for written evidence of family violence will be made of customers unless the evidence is reasonably necessary for assessment purposes (clause 5(1)(g)); and • The "Regulatory Compliance Register" should record the obligations recorded in clauses 5(1) and (2), 6, 7, 8(1) and (2), 9 and 10 of the Family Violence Code. 	Zero.

Current Audit: Inadequate Controls, Non-Compliances and Recommendations			
B. Unresolved at End of Current Audit Period			
Recommendation Reference	Licence Obligation Reference Number	Auditor's Recommendation	LSPL Action Taken by End of Audit Period
	Controls and Compliance Rating		
	Legislative Obligation		
	Details of Inadequate Controls and/or Non-Compliance		
14/2021 (continued)	clauses 5(1) and (2), 6, 7, 8(1) and (2), 9 and 10 of the Family Violence Code.		

Table 11: 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 8)	
	Water Services Code of Conduct (Customer Service Standards) 2018	Water Services Licence – Version 47				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.	3	Controls and Compliance: The 2013 Code of Conduct which created the obligation for water licensees to have a financial hardship policy, was gazetted on 26/07/2013 and took effect on 18/11/2013. LSPL’s water services licence commenced on 10/03/2017. Consequently, LSPL’s financial hardship policy must have been finalised by 09/09/2017. This date precedes the current Audit Period which is from 1/04/2019 to 31/03/2021. Thus, the CKB did not need to comply with obligation number 127 during the Audit Period.	NA	NA

Table 12: Current Audit: Compliance Obligations Found to be “Not Applicable” (Part A)

No.	Obligation Under: Water Services Licence - Version 2 and the Water Services Act 2012 (Section 12) Clause Number	Summary Description of Obligation		Observations and Recommendations	Ratings (as per Table 8)	
					Controls	Compliance
184A	7.1.2	Where the licensee provides sewerage services, the licensee must enter into a Memorandum of Understanding with the Department of Health as soon as practicable after the commencement date or as otherwise agreed with Department of Health.	3	<p>Applicable Period:</p> <p>The ERA's "Water Compliance Reporting Manual – Water Services Act 2012 – May 2020" introduces obligations 184A and B. Consequently, it was only applicable to the provision of water services from 1/05/2020 to 31/03/2021.</p> <p>Compliance and Controls:</p> <ul style="list-style-type: none"> Paxon confirmed by interview of the GHD Technical Consultant that, during the period 1/05/2020 to 31/03/2021, LSPL did not enter into a Memorandum of Understanding with the Department of Health regarding the sewerage services it provides; and WL47 does not stipulate that LSPL must enter into a MOU with the Department of Health regarding the sewerage services it provides. This is due to the fact only licensees with more than 400 sewerage connections are required to enter into a MOU with the Department of Health. Consequently, LSPL did not need to comply with obligations number 184A and 184B during the Audit Period. 	NA	NA
184B	7.1.3	If the licensee provides both potable water and sewerage services, the licensee must enter into a separate Memorandum of Understanding with the Department of Health in respect of each of the potable water service and sewerage service.				

Table 12: Current Audit: Compliance Obligations Found to be "Not Applicable" (Part B)

5 Asset Management System Review: Comprehensive Report

5.1 Asset Management System Rating Scales

The effectiveness ratings assigned to each asset management system component because of the Review, are set out in the following two Tables - taken from the ERA's document entitled: "2019 Audit and Review Guidelines - Water Licences – March 2019" (ERA's Guidelines).

Asset Management Process and Policy Rating Scale

ERA's Guidelines: Table No. 9

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

Table 13: Asset Management Process and Policy Rating Scale

Asset Management Performance Rating Scale
ERA's Guidelines: Table No. 10

Rating	Description	Criteria
1	Performing effectively	<ul style="list-style-type: none"> The performance of the process meets or exceeds the required levels of performance. Process effectiveness is regularly assessed, and corrective action taken where necessary.
2	Improvement required	<ul style="list-style-type: none"> The performance of the process requires some improvement to meet the required level. Process effectiveness reviews are not performed regularly enough. Recommended process improvements are not implemented.
3	Corrective action required	<ul style="list-style-type: none"> The performance of the process requires substantial improvement to meet the required level. Process effectiveness reviews are performed irregularly, or not at all. Recommended process improvements are not implemented.
4	Serious action required	<ul style="list-style-type: none"> Process is not performed, or the performance is so poor the process is considered to be ineffective.

Table 14: Asset Management Performance Rating Scale

5.2 Asset Management System: Ratings Summary

The ratings for the asset management processes, including their effectiveness criteria, are indicated in Table 14 below:

Asset Management System	Process and Policy Rating				Performance Rating			
Processes and Effectiveness Criteria	Adequately Defined	Requires Some Improvement	Requires Substantial Improvement	Inadequate	Performing Effectively	Improvement Required	Corrective Action Required	Serious Action Required
	A	B	C	D	1	2	3	4
Asset Planning	✓				✓			
• Asset Management Plan covers key requirements;	✓				✓			
• Planning process and objectives reflect the needs of all stakeholders and is integrated with business planning;	✓				✓			
• Service levels are defined;	✓				✓			
• Non-asset options are considered;	✓				✓			
• Life cycle costs of owning and operating the assets are assessed;		✓			✓			
• Funding options are evaluated;	✓				✓			
• Costs are justified, and cost drivers identified;	✓				✓			
• Likelihood and consequences of asset failure are predicted; and	✓				✓			
• Plans are regularly reviewed and updated.	✓				✓			
Asset Creation and Acquisition	✓				✓			
• Full project evaluations are undertaken for new assets including comparative estimates of non-asset solutions;	✓				✓			

Asset Management System	Process and Policy Rating				Performance Rating			
Processes and Effectiveness Criteria	Adequately Defined	Requires Some Improvement	Requires Substantial Improvement	Inadequate	Performing Effectively	Improvement Required	Corrective Action Required	Serious Action Required
	A	B	C	D	1	2	3	4
• Evaluations include all lifecycle costs;	✓				✓			
• Projects reflect sound engineering and business decisions;	✓				✓			
• Commissioning tests are documented and completed; and	✓				✓			
• On-going legal/environmental/safety obligations of the asset owner are assigned and understood.	✓				✓			
Asset Disposal	✓				✓			
• Under performing and underutilised assets are identified as part of a regular systematic review process;	✓				✓			
• The reasons for underutilisation or poor performance are critically examined and corrective action or disposal undertaken;	✓				✓			
• Disposal alternatives are evaluated; and	✓				✓			
• There is a replacement strategy for assets.	✓				✓			
Environmental Analysis	✓				✓			
• Opportunities and threats in the system are assessed;	✓				✓			
• Performance standards (availability of service, capacity,	✓				✓			

Asset Management System	Process and Policy Rating				Performance Rating			
Processes and Effectiveness Criteria	Adequately Defined	Requires Some Improvement	Requires Substantial Improvement	Inadequate	Performing Effectively	Improvement Required	Corrective Action Required	Serious Action Required
	A	B	C	D	1	2	3	4
continuity, emergency response etc.) are measured and achieved;								
• Compliance with statutory and regulatory requirements; and	✓				✓			
• Achievement of customer service levels.	✓				✓			
Asset Operations		✓				✓		
• Operational procedures and policies are documented and linked to service levels required;			✓			✓		
• Risk management is applied to prioritise operations tasks;		✓				✓		
• Assets are documented in an asset register including asset type, location, material, plans of components and assessment of assets physical/structural condition and accounting data;		✓			✓			
• Operational costs are measured and monitored; and	✓				✓			
• Staff resources are adequate, and staff receive training commensurate with their responsibilities.	✓				✓			
Asset Maintenance		✓			✓			
• Maintenance policies and procedures are documented and linked to service levels required;			✓			✓		
• Regular inspections are undertaken of asset performance and condition;	✓				✓			

Asset Management System	Process and Policy Rating				Performance Rating			
Processes and Effectiveness Criteria	Adequately Defined	Requires Some Improvement	Requires Substantial Improvement	Inadequate	Performing Effectively	Improvement Required	Corrective Action Required	Serious Action Required
	A	B	C	D	1	2	3	4
• Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule;			✓		✓			
• Failures are analysed, and operation/maintenance plans are adjusted where necessary;	✓				✓			
• Risk management is applied to prioritise maintenance tasks; and	✓				✓			
• Maintenance costs are measured and monitored.	✓				✓			
Asset Management Information System	✓				✓			
• Adequate system documentation for users and IT operators;	✓				✓			
• Input controls include appropriate verification and validation of data entered into the system;	✓				✓			
• Logical access controls appear adequate such as passwords;	✓				✓			
• Physical security access controls appear adequate;	✓				✓			
• Data back-up procedures appear adequate and back-ups are tested;	✓				✓			
• Key computations related to LSPL performance reporting are materially accurate;	✓				✓			

Asset Management System	Process and Policy Rating				Performance Rating			
Processes and Effectiveness Criteria	Adequately Defined	Requires Some Improvement	Requires Substantial Improvement	Inadequate	Performing Effectively	Improvement Required	Corrective Action Required	Serious Action Required
	A	B	C	D	1	2	3	4
<ul style="list-style-type: none"> Management reports appear adequate for LSPL to monitor licence obligations; and 	✓				✓			
<ul style="list-style-type: none"> Adequate measures to protect asset management data from unauthorised access or theft by persons outside the organisation. 	✓				✓			
Risk Management		✓				✓		
<ul style="list-style-type: none"> Risk management policies and procedures exist and are being applied to minimise internal and external risk associated with the asset management system; 	✓				✓			
<ul style="list-style-type: none"> Risks are documented in a risk register and treatment plans are implemented and monitored; and 		✓				✓		
<ul style="list-style-type: none"> The probability and consequences of asset failure are regularly assessed. 	✓				✓			
Contingency Planning			✓			✓		
<ul style="list-style-type: none"> Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks. 			✓			✓		

Asset Management System	Process and Policy Rating				Performance Rating			
Processes and Effectiveness Criteria	Adequately Defined	Requires Some Improvement	Requires Substantial Improvement	Inadequate	Performing Effectively	Improvement Required	Corrective Action Required	Serious Action Required
	A	B	C	D	1	2	3	4
Financial Planning		✓				✓		
• The financial plan states the financial objectives and strategies and actions to achieve the objectives;	✓				✓			
• The financial plan identifies the source of funds for capital expenditure and recurrent costs;	✓				✓			
• The financial plan provides projections of operating statements (profit and loss) and financial position (balance sheet);		✓				✓		
• The financial plan provides firm predictions of income for the next five years and reasonable indicative predictions beyond this period;			✓			✓		
• The financial plan provides for the operation, maintenance, administration, and capital expenditure requirements of the services; and		✓				✓		
• Significant variances in actual/budget income and expenses are identified and corrective action taken where necessary.	✓				✓			
Capital Expenditure Planning		✓				✓		
• There is a capital expenditure plan that covers issues to be addressed, actions proposed, responsibilities and dates;			✓			✓		

Asset Management System	Process and Policy Rating				Performance Rating			
Processes and Effectiveness Criteria	Adequately Defined	Requires Some Improvement	Requires Substantial Improvement	Inadequate	Performing Effectively	Improvement Required	Corrective Action Required	Serious Action Required
	A	B	C	D	1	2	3	4
• The plan provides reasons for capital expenditure and timing of expenditure;		✓				✓		
• The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan; and		✓				✓		
• There is an adequate process to ensure that the capital expenditure plan is regularly updated and actioned.	✓				✓			
Review of Asset Management System		✓			✓			
• A review process is in place to ensure that the asset management plan and the asset management system described therein are kept current; and		✓			✓			
• Independent reviews (e.g., internal audit) are performed of the asset management system.	✓				✓			

Table 15: Asset Management System: Ratings Summary

5.3 Review Observations and Recommendations

No.	Asset Management Process	Review Priority	Observations and Recommendations	Process and Policy Rating	Performance Rating
1	Asset Planning			A	1
		4	<u>Effectiveness Criterion:</u> Asset Management Plan covers key requirements. <u>Observations:</u> The Asset Management Plan (AMP) addresses key requirements of the water services and their key elements. Where appropriate, this Report recommends editing or addition of some information to improve the AMP.	A	1
		4	<u>Effectiveness Criterion:</u> Planning process and objectives reflect the needs of all stakeholders and is integrated with business planning. <u>Observations:</u> Section 3 of the AMP identifies the drivers, demand forecasts and management, and asset development program appropriate to the development of the serviced residential estate and licensing authorities.	A	1
		5	<u>Effectiveness Criterion:</u> Service levels are defined. <u>Observations:</u> Service levels for potable water, non-potable water and sewerage services are set out in section 2.4 of the AMP.	A	1
		4	<u>Effectiveness Criterion:</u> Non-asset options are considered. <u>Observations:</u> As the LSPL has operated for just two years, consideration of non-asset options for replacements have been limited to the water treatment plant and chlorination of the non-potable water supply.	A	1

No.	Asset Management Process	Review Priority	Observations and Recommendations	Process and Policy Rating	Performance Rating
1	Asset Planning (continued)	3	<u>Effectiveness Criterion:</u> Life cycle costs of owning and operating the assets are assessed. <u>Observations:</u> Life cycle costs are considered but not factored into costs, as all assets are essentially new.	B	1
		4	<u>Effectiveness Criterion:</u> Funding options are evaluated. <u>Observations:</u> Funding is provided as required by Matthauss Pty Ltd the private company of the late owner of the land and water services assets. The intention is that the land and assets will be sold as a going concern by the executor of the late owner's estate.	A	1
		4	<u>Effectiveness Criterion:</u> Costs are justified, and cost drivers identified. <u>Observations:</u> Tenders and quotations are compared with estimates for asset items, processes and management.	A	1
		4	<u>Effectiveness Criterion:</u> Likelihood and consequences of asset failure are predicted. <u>Observations:</u> The likelihood and consequences of failure, together with mitigation , back up procedures are addressed in the risk analysis.	A	1
		1	<u>Effectiveness Criterion:</u> Plans are regularly reviewed and updated. <u>Observations:</u> Plans were reviewed and updates selected when the current Licensee took over the existing assets and was granted the new licence. The most recent review was undertaken in September 2020.	A	1

No.	Asset Management Process	Review Priority	Observations and Recommendations	Process and Policy Rating	Performance Rating
2	Asset Creation and Acquisition			A	1
		4	<u>Effectiveness Criterion:</u> Full project evaluations are undertaken for new assets including comparative estimates of non-asset solutions. <u>Observations:</u> Appropriate project evaluations are undertaken by the Licensee's consultants. This occurred both initially when the new licence was sought and since being granted.	A	1
		4	<u>Effectiveness Criterion:</u> Evaluations include all lifecycle costs. <u>Observations:</u> Life cycle costs are considered but not factored into costs as all assets are essentially new.	A	1
		5	<u>Effectiveness Criterion:</u> Projects reflect sound engineering and business decisions. <u>Observations:</u> Projects are assessed by the LSPL's directors, accountants, consulting engineers and environmental scientists. Where appropriate, evaluations are formally documented.	A	1
		2	<u>Effectiveness Criterion:</u> Commissioning tests are documented and completed. <u>Observations:</u> Commissioning tests have been undertaken, supervised and documented by the LSPL's consultants for both the water treatment plant and wastewater treatment plant constructed since the previous review.	A	1
		4	<u>Effectiveness Criterion:</u> On-going legal/environmental/safety obligations of the asset owner are assigned and understood. <u>Observations:</u> Obligations are understood and responsibility is assigned (and documented in the AMP and Environmental Response Plan as appropriate) as appropriate to the LSPL's directors, engineering and environmental consultants. . Separate written agreements set out the scope of	A	1

No.	Asset Management Process	Review Priority	Observations and Recommendations	Process and Policy Rating	Performance Rating
2	Asset Creation and Acquisition (continued)		services and responsibility of LSPL's engineering and environmental consultants and operating / maintenance contractors.		
3	Asset Disposal				
		4	<p><u>Effectiveness Criterion:</u></p> <p>Under performing and underutilised assets are identified as part of a regular systematic review process.</p> <p><u>Observations:</u></p> <p>The general approach to review and replacement of assets is set out in Section 4 of the AMP. Urbaqua undertakes fortnightly condition inspections and operation of assets, product sampling and testing arrangements are undertaken. Urbaqua submits written reports to LSPL and engineering consultants GHD for consideration and implementation of any corrective action required.</p> <p>The performance of the original water treatment plant was assessed when LSPL was granted the licence and took over the system in 2019 - and the process and some associated items were replaced. Performance assessments are ongoing</p>	A	1
		4	<p><u>Effectiveness Criterion:</u></p> <p>The reasons for underutilisation or poor performance are critically examined and corrective action or disposal undertaken.</p> <p><u>Observations:</u></p> <p>As for the above. Performance assessment and associated reporting and recommendations are normally undertaken by the LSPL's consulting engineers.</p>	A	1
		5	<p><u>Effectiveness Criterion:</u></p> <p>Disposal alternatives are evaluated.</p> <p><u>Observations:</u></p> <p>Potable water and non-potable water assets are disposed to re-use ,re-cycling or landfill. Sewerage assets are cleaned and disinfected prior to disposal. Surface works - fences, buildings slabs etc are removed and the site left restored.</p>	A	1

No.	Asset Management Process	Review Priority	Observations and Recommendations	Process and Policy Rating	Performance Rating
3	Asset Disposal (continued)	4	<p><u>Effectiveness Criterion:</u></p> <p>There is a replacement strategy for assets.</p> <p><u>Observations:</u></p> <p>The approach to replacement of assets is set out in Section 4 – “Life Cycle Management” of the AMP. The replacement strategy and associated capital expenditure planning are based on the condition, performance, or expected life of assets. Table 9 of the AMP sets out the expected life of typical asset types</p>	A	1
4	Environmental Analysis	4	<p><u>Effectiveness Criterion:</u></p> <p>Opportunities and threats in the system are assessed.</p> <p><u>Observations:</u></p> <p>Opportunities and threats in the system are significant factors in preparation of the risk analysis accompanying the AMP. Opportunities and threats are to a large extent dependent on the rate of development of the estate serviced by the water services.</p>	A	1
		4	<p><u>Effectiveness Criterion:</u></p> <p>Performance standards (availability of service, capacity, continuity, emergency response etc.) are measured and achieved.</p> <p><u>Observations:</u></p> <p>Quarterly and annual reports submitted to the ERA, the DWER and documents provided to the Reviewer, indicate a consistent high level of performance standards achievement.</p>	A	1
		2	<p><u>Effectiveness Criterion:</u></p> <p>Compliance with statutory and regulatory requirements.</p> <p><u>Observations:</u></p> <p>Quarterly and annual reports submitted to the ERA, the DWER and documents provided to the Reviewer indicate overall compliance with statutory and regulatory requirements.</p>	A	1
		2	<p><u>Effectiveness Criterion:</u></p> <p>Achievement of customer service levels.</p>	A	1

No.	Asset Management Process	Review Priority	Observations and Recommendations	Process and Policy Rating	Performance Rating
4	Environmental Analysis (continued)		<u>Observations:</u> Quarterly and annual reports submitted to the ERA, the DWER, together with Customer / LSPL correspondence provided to the Reviewer indicate overall compliance with customer service levels.		
5	Asset Operations			B	2
		4	<u>Effectiveness Criterion:</u> Operational procedures and policies are documented and linked to service levels required. <u>Observations:</u> Operations arrangements are set out in section 4.3 of the AMP. Operation of the water treatment plant (WTP) and the wastewater treatment plant (WWTP) are undertaken by their specialist process contractors. Other operations related tasks including site inspections, sampling and operation data recording are undertaken by LSPL's consultants. Those responsible for operational tasks are clearly set out in Table 10 of the AMP. Reviewer noted that: <ul style="list-style-type: none"> • Tasks initially assigned to the consultant Conterra are now undertaken by Urbaqua; • Operation of the sewage pumping station - hours run meters should be installed in the control box to allow the performance of each pump to be assessed over time; and • Fortnightly recording of hours of operation for each pump and inspection of the wet well should be monitored and recorded. Recommendation 17/2021: <ul style="list-style-type: none"> • References to consultants Conterra be corrected to read consultants Urbaqua; • Hours run meters for each pump should be installed in the control box; and • Fortnightly inspections should include recording of hours of operation for each pump. Inspection of the wet well should be recorded and walls washed down if necessary. 	C	2
		2	<u>Effectiveness Criterion:</u> Risk management is applied to prioritise operations tasks. <u>Observations:</u> The AMP states a risk assessment was undertaken for the water services. However, the assessment is not included in the AMP. Reviewer was provided with a document setting out the procedure for risk assessment, together with a matrix of risk levels relevant to the assets	B	2

No.	Asset Management Process	Review Priority	Observations and Recommendations	Process and Policy Rating	Performance Rating
5	Asset Operations (continued)		and their operating environment. The assessment also includes the operational and maintenance practices undertaken in mitigation, together with the resulting level of risk. The document should be included in the AMP within the text, or as an appendix.		
		2	<u>Effectiveness Criterion:</u> Assets are documented in an asset register including asset type, location, material, plans of components and assessment of assets physical/structural condition and accounting data. <u>Observations:</u> A basic asset register for the assets has been prepared and is considered reasonable for the current level of water services demand. As demand increases, the LSPL should consider installing asset management software capable of recording asset details including type, location, condition, maintenance records, costs etc.	B	1
		4	<u>Effectiveness Criterion:</u> Operational costs are measured and monitored. <u>Observations:</u> The costs of operations are measured, recorded and implications reported to the LSPL by its accountancy consultants.	A	1
		1	<u>Effectiveness Criterion:</u> Staff resources are adequate, and staff receive training commensurate with their responsibilities. <u>Observations:</u> Management and oversight of the services is provided by the Licensee and its specialist professional consultants. Operation of the WTP and WWTP are provided by specialist contractors with appropriately trained and experienced staff. Reviewer considers the arrangements acceptable.	A	1
6	Asset Maintenance			B	1
		4	<u>Effectiveness Criterion:</u> Maintenance policies and procedures are documented and linked to service levels required.	C	2

No.	Asset Management Process	Review Priority	Observations and Recommendations	Process and Policy Rating	Performance Rating
6	Asset Maintenance (continued)		<p><u>Observations:</u></p> <p>LSPL provided the Reviewer with copies of maintenance agreements (and associated maintenance schedules) between LSPL and the specialist process installers for the WTP (Novotron Pty Ltd) and the WWTP (Biomax Pty Ltd). A typical inspection report following a maintenance inspection of the WWTP was also provided. Both agreements and schedules should be included in the AMP.</p> <p>Reviewer also noted an absence of maintenance schedules for the:</p> <ul style="list-style-type: none"> • Potable and non-potable water reticulation network - checking and flushing to clear stale water, operating valves to avoid jamming etc.; • Sewerage reticulation system - checking and flushing as required to reduce stranding and blockages due to low flows, annual greasing of access chamber lids to avoid sticking etc.; and • Sewerage pumping station - responsibility for operation of valves to avoid subsequent jamming, inspection of wet well condition and hose down of walls and fortnightly reading of pump running hours. <p>Recommendation 18/2021:</p> <ul style="list-style-type: none"> • Maintenance schedules undertaken by specialist process installers for the WTP (Novotron Pty Ltd) and the WWTP (Biomax Pty Ltd) be included in the AMP; and • Maintenance for the potable and non-potable water and sewerage reticulation systems and sewage pumping station be implemented and documented in the AMP. 		
		4	<p><u>Effectiveness Criterion:</u></p> <p>Regular inspections are undertaken of asset performance and condition.</p> <p><u>Observations:</u></p> <p>LSPL's consultants <i>Urbaqua</i>, undertakes and reports on fortnightly inspections of assets, condition and performance, water and treated wastewater sampling, and test results. LSPL and its engineering consultants (<i>GHD</i>) review and recommend action if required. Reviewer was provided with copies of typical reports to LSPL. Inspections are documented in appointment agreements with the consultants</p>	A	1
		4	<p><u>Effectiveness Criterion:</u></p> <p>Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule.</p>	C	2

No.	Asset Management Process	Review Priority	Observations and Recommendations	Process and Policy Rating	Performance Rating
6	Asset Maintenance (continued)		<p><u>Observations:</u></p> <p>All maintenance classifications on the WTP and WWTP are undertaken on time as outlined in item 6.1 above. Maintenance on the water and sewerage reticulation is undertaken by local plumbing and electrical trades companies.</p> <p>Reviewer noted an absence of documented maintenance schedules for the:</p> <ul style="list-style-type: none"> • Potable and non-potable water reticulation network - checking and flushing to clear stale water, operating valves to avoid jamming etc. • Sewerage reticulation system - checking and flushing as required to reduce stranding and blockages due to low flows, annual greasing of access chamber lids to avoid sticking etc.; and • Sewerage pumping station - responsibility for operation of valves to avoid subsequent jamming, inspection of wet well condition and hose down of walls and fortnightly reading of pump running hours. <p>Recommendation 19/2021</p> <p>Further to Recommendation 21/2021 above, that maintenance schedules be prepared for:</p> <ul style="list-style-type: none"> • Potable and non-potable water reticulation network - checking and flushing to clear stale water, operating valves to avoid jamming etc. • Sewerage reticulation system - checking and flushing as required to reduce stranding and blockages due to low flows, annual greasing of access chamber lids to avoid sticking etc.; and • Sewerage pumping station - responsibility for operation of valves to avoid subsequent jamming, inspection of wet well condition and hose down of walls and fortnightly reading of pump running hours. 		
		4	<p><u>Effectiveness Criterion:</u></p> <p>Failures are analysed, and operation/maintenance plans are adjusted where necessary.</p> <p><u>Observations:</u></p> <p>Failures if occurring are analysed by LSPL's consultants and operation/maintenance contractors. Appropriate remedial action is planned and implemented.</p>	A	1
		4	<p><u>Effectiveness Criterion:</u></p> <p>Risk management is applied to prioritise maintenance tasks.</p>	A	1

No.	Asset Management Process	Review Priority	Observations and Recommendations	Process and Policy Rating	Performance Rating
6	Asset Maintenance (continued)		<u>Observations:</u> Risk management is applied in order to prioritise maintenance tasks. Reviewer noted that as the assets are relatively new, the need for competing maintenance responses has not arisen.		
		4	<u>Effectiveness Criterion:</u> Maintenance costs are measured and monitored. <u>Observations:</u> Maintenance costs are monitored, recorded and compared with budget and corrective action is undertaken if appropriate.	A	1
7	Asset Management Information System	4		A	1
		4	<u>Effectiveness Criterion:</u> Adequate system documentation for users and IT operators. <u>Observations:</u> Consultants Urbaqua, records and distributes water meter readings, flows through the WTP and WWTP etc. Urbaqua also undertakes asset inspections, water sampling and arranges tests. Water meter readings are forwarded to LSPL's accountants (Armada) which prepares and forwards accounts to lot owners, receives and records payments. Armada uses the "Utility" software to prepare invoices, record payments and water consumption etc. Urbaqua forwards details of WTP and WWTP flow readings and results of water quality tests to GHD - LSPL's consulting engineers. GHD records data in Excel spreadsheets and prepares subsequent performance reports to ERA, DWER and DOH. Based on the above data, GHD also provides the LSPL board with relevant operations/maintenance and asset condition / performance reports. The above procedures, and documentation appear to function well and are considered adequate for management of the current state of the residential development.	A	1
		1	<u>Effectiveness Criterion:</u> Input controls include appropriate verification and validation of data entered into the system. <u>Observations:</u> Input controls appear sound and outputs of the systems are readily compared with raw data.	A	1

No.	Asset Management Process	Review Priority	Observations and Recommendations	Process and Policy Rating	Performance Rating
7	Asset Management Information System (continued)	4	<u>Effectiveness Criterion:</u> Logical access controls appear adequate such as passwords. <u>Observations:</u> Access to both dedicated and office software is by password.	A	1
		4	<u>Effectiveness Criterion:</u> Physical security access controls appear adequate. <u>Observations:</u> Security systems of LSPL's directors and their consultants include servers located in a locked area and offices closed and locked after business hours.	A	1
		2	<u>Effectiveness Criterion:</u> Data back-up procedures appear adequate and back-ups are tested. <u>Observations:</u> Hourly backups are undertaken via Armada's IT consultant using <i>Shadow Protect</i> software. A direct copy is made of the main disc and transferred to external storage disks. The software validates backups and facilitates recovery of data. GHD's Australian IT department provides backup of LSPL data, validation and recovery.	A	1
		4	<u>Effectiveness Criterion:</u> Key computations related to LSPL performance reporting are materially accurate. <u>Observations:</u> Backup procedures to the cloud are undertaken by Armada 's consultants and by the GHD's Australian IT department.	A	1
		4	<u>Effectiveness Criterion:</u> Management reports appear adequate for LSPL to monitor licence obligations. <u>Observations:</u> Reports to management including LSPL's consultants provide adequate information and data regarding compliance obligations and financial performance.	A	1

No.	Asset Management Process	Review Priority	Observations and Recommendations	Process and Policy Rating	Performance Rating
7	Asset Management Information System (continued)	2	<p><u>Effectiveness Criterion:</u></p> <p>Adequate measures to protect asset management data from unauthorised access or theft by persons outside the organisation.</p> <p><u>Observations:</u></p> <p>As stated in 7.3 and 7.4 above, adequate measures are taken to preclude unauthorised access or theft of information or data.</p>	A	1
8	Risk Management			B	2
		2	<p><u>Effectiveness Criterion:</u></p> <p>Risk management policies and procedures exist and are being applied to minimise internal and external risk associated with the asset management system.</p> <p><u>Observations:</u></p> <p>Section 3.3 of the AMP outlines LSPL's approach to risk assessment including descriptions of the approach to assessing risks i.e., the likelihood of occurrence of risks is identified and their consequences. Following an assessment of risks, assets critical to the system are identified for the potable water, non-potable water and sewerage systems.</p>	A	1
		2	<p><u>Effectiveness Criterion:</u></p> <p>Risks are documented in a risk register and treatment plans are implemented and monitored.</p> <p><u>Observations:</u></p> <p>A separate risk assessment was submitted for review. The assessment is considered adequate and should be included within the text of the AMP, or as an appendix. Also, the risks associated with bushfires should be included for the water bore, WTP, sewage pumping station and WWTP.</p>	B	2
		2	<p><u>Effectiveness Criterion:</u></p> <p>The probability and consequences of asset failure are regularly assessed.</p> <p><u>Observations:</u></p> <p>Risks have been regularly assessed, mainly in undertaking improvements/replacements for the potable water treatment and chlorination systems.</p>	A	1

No.	Asset Management Process	Review Priority	Observations and Recommendations	Process and Policy Rating	Performance Rating
9	Contingency Planning	1	<p><u>Effectiveness Criterion:</u></p> <p>Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks.</p> <p><u>Observations:</u></p> <p>Section 3.6 of the AMP outlines the response that will be provided by the Shire of Gingin to emergencies associated with hazardous materials. The AMP also refers to an Emergency Response Plan which was provided to the Reviewer, and is considered adequate. The plan has not been included in the AMP as LSPL wishes to retain it as a separate document for wider distribution. Nevertheless, the document should also be included in the AMP as an appendix.</p> <p>Reviewer considers the Emergency Response Plan adequate for the assets involved. However, while the plan identifies activities that should be undertaken for a broad range of emergencies, it does not indicate:</p> <ul style="list-style-type: none"> • The sequence of LSPL's individual responses following contact to LSPL's emergency phone number. Presumably LSPL's consultants Urbaqua - which monitors the emergency phone number, will contact a director of LSPL who may contact specialist consultants or contractors to assess and advise action required; • Who will have overall responsibility for assessing the emergency and initiating the response; • Who will arrange the response and supervise its implementation; • Who will initiate any necessary advice to authorities; • The contact details for maintenance contractors for the WTP and WWTP whose input would be essential for emergency response at those facilities; and • A requirement to test the Emergency Response Plan. <p>Recommendation 20/2021:</p> <ul style="list-style-type: none"> • The sequence of LSPL individual responses following contact with LSPL's emergency phone number should be stated in the Emergency Response Plan; • The Emergency Response Plan should state who will have overall responsibility for assessing the emergency and initiating the response; who will arrange the response and supervise its implementation and who will initiate any necessary advice to authorities; • The Emergency Response Plan should provide contact details for maintenance contractors for the WTP and WWTP; • A requirement to test the Emergency Response Plan: and 	C	2

No.	Asset Management Process	Review Priority	Observations and Recommendations	Process and Policy Rating	Performance Rating
9	Contingency Planning (continued)		<ul style="list-style-type: none"> A copy of the Emergency Response Plan should be attached to the AMP as an appendix. 		
10	Financial Planning			B	2
		4	<p><u>Effectiveness Criterion:</u></p> <p>The financial plan states the financial objectives and strategies and actions to achieve the objectives.</p> <p><u>Observations:</u></p> <p>LSPL, its assets and the lands on which the assets and associated land development are situated, is owned by Matthauss Pty Ltd - a private company of the late Joe Matthews whose estate is currently subject to probate. While probate is settled, the directors of LSPL (on behalf of the executor - the First Financial Bank of Texas, USA) are managing LSPL with the intention of selling the lands, assets and LSPL's business as a going concern.</p> <p>In the interim, LSPL is being kept "ticking over", operating on a rolling monthly basis with a rolling twelve-months horizon pending a sale. Reviewer was provided with LSPL's accountant's estimate of the forthcoming monthly income and expenditure and bank balances for the current twelve-months period.</p> <p>Reviewer noted expenditure is estimated to exceed income over the period and that Matthauss Pty Ltd will continue to provide finance as in the past.</p> <p>The above approach is considered reasonable under the circumstances.</p>	A	1
		4	<p><u>Effectiveness Criterion:</u></p> <p>The financial plan identifies the source of funds for capital expenditure and recurrent costs.</p> <p><u>Observations:</u></p> <p>The source of finance continues to be Matthauss Pty Ltd.</p>	A	1
		2	<p><u>Effectiveness Criterion:</u></p> <p>The financial plan provides projections of operating statements (profit and loss) and financial position (balance sheet).</p> <p><u>Observations:</u></p> <p>The estimates provided identify expected monthly income, expenditure and bank balances. However, the information is not provided in the form of projected long-term profit and loss</p>	B	2

No.	Asset Management Process	Review Priority	Observations and Recommendations	Process and Policy Rating	Performance Rating
10	Financial Planning (continued)		or balance sheet statements. In view of the current ownership and proposed sale of the project and assets, the approach is considered reasonable		
		2	<u>Effectiveness Criterion:</u> The financial plan provides firm predictions of income for the next five years and reasonable indicative predictions beyond this period. <u>Observations:</u> The information provided is not in the format or over the term required. Recommendation 21/2021: LSPL should, irrespective of ownership, prepare and implement a long-term financial plan as soon as possible.	C	2
		4	<u>Effectiveness Criterion:</u> The financial plan provides for the operation, maintenance, administration, and capital expenditure requirements of the services. <u>Observations:</u> The information provides general rather than specific details of expenditure .	B	2
		4	<u>Effectiveness Criterion:</u> Significant variances in actual/ budget income and expenses are identified and corrective action taken where necessary. <u>Observations:</u> Income and expenses are monitored monthly and significant variances are noted and appropriate action taken. Recommendation 21/2021: LSPL should, irrespective of ownership, prepare and implement a long-term financial plan as soon as possible.	A	1
11	Capital Expenditure Planning			B	2
		3	<u>Effectiveness Criterion:</u> There is a capital expenditure plan that covers issues to be addressed, actions proposed, responsibilities and dates.	C	2

No.	Asset Management Process	Review Priority	Observations and Recommendations	Process and Policy Rating	Performance Rating
11	Capital Expenditure Planning (continued)		<p><u>Observations:</u></p> <p>Item 4.2.2 of the AMP discusses asset renewal and replacement, including a table of the expected life of existing assets. In general, no assets are due for replacement.</p> <p>A small allowance for capital expenditure has been included in the estimates provided. The amount entered is not based on specific acquisitions - as the existing assets are relatively new and their design performance levels exceed current demand requirements. Also, twelve-months horizon does not invoke planned capital expenditure.</p> <p>In view of the current ownership and proposed sale of the project and assets, the approach is considered reasonable. However, it does not satisfy the requirement of a long-term capital expenditure plan</p> <p>Recommendation 22/2021:</p> <p>LSPL should irrespective of ownership, prepare and implement a long-term capital expenditure plan as soon as possible.</p>		
		3	<p><u>Effectiveness Criterion:</u></p> <p>The plan provides reasons for capital expenditure and timing of expenditure.</p> <p><u>Observations:</u></p> <p>As disclosed directly above.</p>	B	2
		3	<p><u>Effectiveness Criterion:</u></p> <p>The capital expenditure plan is consistent with the asset life and condition identified in the asset management plan.</p> <p><u>Observations:</u></p> <p>As disclosed directly above.</p>	B	2
		3	<p><u>Effectiveness Criterion:</u></p> <p>There is an adequate process to ensure that the capital expenditure plan is regularly updated and actioned.</p> <p><u>Observations:</u></p> <p>The performance of assets is continuously reviewed by LSPL consulting engineers. The need for age, condition, or performance-based replacement is reviewed in accordance with the criteria and approval procedures set out in Section 4 of the AMP.</p>	A	1

No.	Asset Management Process	Review Priority	Observations and Recommendations	Process and Policy Rating	Performance Rating
12	Review of the Asset Management System			B	1
		3	<u>Effectiveness Criterion:</u> A review process is in place to ensure that the asset management plan and the asset management system described therein are kept current. <u>Observations:</u> Section 6.3 of the AMP states the AMP will be reviewed and amended if required during annual budget preparation. It also states the process will be undertaken at intervals of at least two years. The apparent ambiguity should be corrected. A review / revision table was noted on the last page of the AMP - indicating the last review was undertaken during September 2020.	B	1
		3	<u>Effectiveness Criterion:</u> Independent reviews (e.g., internal audit) are performed of the asset management system. <u>Observations:</u> As stated above an internal review of the AMP was undertaken during September 2020	A	1

Table 16: Review Observations and Recommendations

5.4 Current Review: Asset Management System Deficiencies and Recommendations

Current Review: Asset Management System Deficiencies and Recommendations			
A. Resolved During Current Review Period			
Reference	Rating	Date Resolved	Reviewer's Comments
	Asset Management Process and Effectiveness Criterion	LSPL Action Taken	
	Details of Deficiency		

There is no content in Part A.

Table 17: Current Review: Asset Management System Deficiencies and Recommendations (Part A)

Current Review: Asset Management System Deficiencies and Recommendations

B. Unresolved at End of Current Review Period

Recommendation Reference (no./year)	Rating		Reviewer's Recommendation	LSPL Action Taken by End of Review Period
	Asset Management Process and Effectiveness Criterion			
	Details of Deficiency			
17/2021	<ul style="list-style-type: none">• Rating: C 2;• Process: Asset Operations;• Effectiveness Criterion: Operational procedures and policies are documented and linked to service levels required; and• Details: Operations arrangements are set out in section 4.3 of the AMP. Operation of the water treatment plant (WTP) and the wastewater treatment plant (WWTP) are undertaken by their specialist process contractors. Other operations related tasks including site inspections, sampling and operation data recording are undertaken by LSPL's consultants. Those responsible for operational tasks are clearly set out in Table 10 of the AMP. Reviewer noted that:<ul style="list-style-type: none">• Tasks initially assigned to the consultant Conterra are now undertaken by Urbaqua;• Operation of the sewage pumping station - hours run meters should be installed in the control box to allow the performance of each pump to be assessed over time; and• Fortnightly recording of hours of operation for each pump and inspection of the wet well should be monitored and recorded.		<ul style="list-style-type: none">• References to consultants Conterra be corrected to read consultants Urbaqua;• Hours run meters for each pump should be installed in the control box; and• Fortnightly recording of hours of operation for each pump and inspection of the wet well should be monitored and recorded.	Zero.

Current Review: Asset Management System Deficiencies and Recommendations						
B. Unresolved at End of Current Review Period						
Recommendation Reference (no./year)	Rating				Reviewer's Recommendation	LSPL Action Taken by End of Review Period
	Asset Management Process and Effectiveness Criterion					
	Details of Deficiency					
18/2021	<ul style="list-style-type: none">• Rating: C 2;• Process: Asset Maintenance;• Effectiveness Criterion: Maintenance policies and procedures are documented and linked to service levels required; and• Details: LSPL provided the Reviewer with copies of maintenance agreements (and associated maintenance schedules) between LSPL and the specialist process installers for the WTP (Novotron Pty Ltd) and the WWTP (Biomax Pty Ltd). A typical inspection report following a maintenance inspection of the WWTP was also provided. Both agreements and schedules should be included in the AMP. Reviewer also noted an absence of maintenance schedules for the:<ul style="list-style-type: none">• Potable and non-potable water reticulation network - checking and flushing to clear stale water, operating valves to avoid jamming etc.;• Sewerage reticulation system - checking and flushing as required to reduce stranding and blockages due to low flows, annual greasing of access chamber lids to avoid sticking etc.; and• Sewerage pumping station - responsibility for operation of valves to avoid subsequent jamming, inspection of wet well condition and hose down of walls and fortnightly reading of pump running hours.				<ul style="list-style-type: none">• Maintenance schedules undertaken by specialist process installers for the WTP (Novotron Pty Ltd) and the WWTP (Biomax Pty Ltd) be included in the AMP; and• Maintenance for the potable and non-potable water and sewerage reticulation systems and sewage pumping station be implemented and documented in the AMP.	Zero.

Current Review: Asset Management System Deficiencies and Recommendations

B. Unresolved at End of Current Review Period

Recommendation Reference (no./year)	Rating				Reviewer's Recommendation	LSPL Action Taken by End of Review Period
	Asset	Management	Process	and Effectiveness Criterion		
	Details of Deficiency					
19/2021	<ul style="list-style-type: none">• Rating: C 2;• Process: Maintenance;• Effectiveness Criterion: Maintenance plans (emergency, corrective and preventative) are documented and completed on schedule; and• Details:<ul style="list-style-type: none">○ All maintenance classifications on the WTP and WWTP are documented and undertaken on time as outlined in item 6.1 above. Maintenance / repair on the water and sewerage reticulation is undertaken by local plumbing and electrical trades companies; and○ Reviewer noted an absence of documented maintenance schedules for the:<ul style="list-style-type: none">• Potable and non-potable water reticulation network - checking and flushing to clear stale water, operating valves to avoid jamming etc.;• Sewerage reticulation system - checking and flushing as required to reduce stranding and blockages due to low flows, annual greasing of access chamber lids to avoid sticking etc.; and• Sewerage pumping station - responsibility for operation of valves to avoid subsequent jamming, inspection of wet well condition and hose down of walls and fortnightly reading of pump running hours.				<p>Further to Recommendation 21/2021 above, that maintenance schedules be prepared for:</p> <ul style="list-style-type: none">• Potable and non-potable water reticulation network - checking and flushing to clear stale water, operating valves to avoid jamming etc.;• Sewerage reticulation system - checking and flushing as required to reduce stranding and blockages due to low flows, annual greasing of access chamber lids to avoid sticking etc.; and• Sewerage pumping station - responsibility for operation of valves to avoid subsequent jamming, inspection of wet well condition and hose down of walls and fortnightly reading of pump running hours.	Zero.

Current Review: Asset Management System Deficiencies and Recommendations

B. Unresolved at End of Current Review Period

Recommendation Reference (no./year)	Rating	Reviewer's Recommendation	LSPL Action Taken by End of Review Period
	Asset Management Process and Effectiveness Criterion Details of Deficiency		
20/2021	<ul style="list-style-type: none"> • Rating: C 2; • Process: Contingency Planning; • Effectiveness Criterion: Contingency plans are documented, understood and tested to confirm their operability and to cover higher risks; and • Details: Section 3.6 of the AMP outlines the response that will be provided by the Shire of Gingin to emergencies associated with hazardous materials. The AMP also refers to an Emergency Response Plan which was provided to the Reviewer and is considered adequate. The plan has not been included in the AMP as LSPL wishes to retain it as a separate document for wider distribution. Nevertheless, the document should also be included in the AMP as an appendix. Reviewer considers the Emergency Response Plan adequate for the assets involved. However, while the plan identifies activities that should be undertaken for a broad range of emergencies, it does not indicate: <ul style="list-style-type: none"> • The sequence of LSPL's individual responses following contact to LSPL's emergency phone number. Presumably LSPL's consultants Urbaqua - which monitors the emergency phone number, will contact a director of LSPL who may contact specialist consultants or contractors to assess and advise action required; • Who will have overall responsibility for assessing the emergency and initiating the response; 	<ul style="list-style-type: none"> • The sequence of LSPL individual responses following contact with LSPL's emergency phone number should be stated in the Emergency Response Plan; • The Emergency Response Plan should state who will have overall responsibility for assessing the emergency and initiating the response; who will arrange the response and supervise its implementation and who will initiate any necessary advice to authorities; • The Emergency Response Plan should provide contact details for maintenance contractors for the WTP and WWTP; • A requirement to test the Emergency Response Plan; and • A copy of the Emergency Response Plan should be attached to the AMP as an appendix. 	Zero.

Current Review: Asset Management System Deficiencies and Recommendations				
B. Unresolved at End of Current Review Period				
Recommendation Reference (no./year)	Rating		Reviewer's Recommendation	LSPL Action Taken by End of Review Period
	Asset Management Process and Effectiveness Criterion			
	Details of Deficiency			
20/2021 (continued)	<ul style="list-style-type: none">Who will arrange the response and supervise its implementation;Who will initiate any necessary advice to authorities; The contact details for maintenance contractors for the WTP and WWTP whose input would be essential for emergency response at those facilities; andA requirement to test the Emergency Response Plan.			
21/2021	<ul style="list-style-type: none">Rating: C 2;Process: Financial Planning;Effectiveness Criterion: The financial plan provides firm predictions of income for the next five years and reasonable indicative predictions beyond this period; andDetails: The information provided is not in the format or over the term required.		LSPL should, irrespective of ownership, prepare and implement a long-term financial plan as soon as possible.	Zero.
22/2021	<ul style="list-style-type: none">Rating: C 2;Process: Capital Expenditure Planning;Effectiveness Criteria:<ul style="list-style-type: none">There is a capital expenditure plan that covers issues to be addressed, actions proposed, responsibilities and dates;The plan provides reasons for capital expenditure and timing of expenditure; andThe capital expenditure plan is consistent with the asset life and condition identified in the asset management plan.		LSPL should irrespective of ownership, prepare and implement a long-term capital expenditure plan as soon as possible.	Zero.

Current Review: Asset Management System Deficiencies and Recommendations						
B. Unresolved at End of Current Review Period						
Recommendation Reference (no./year)	Rating				Reviewer's Recommendation	LSPL Action Taken by End of Review Period
	Asset Management Process and Effectiveness Criterion					
	Details of Deficiency					
22/2021 (continued)	<ul style="list-style-type: none">Details: Item 4.2.2 of the AMP discusses asset renewal and replacement, including a table of the expected life of existing assets. In general, no assets are due for replacement. A small allowance for capital expenditure has been included in the estimates provided. The amount entered is not based on specific acquisitions - as the existing assets are fairly new, their performance requirements are lower than design and the twelve-months horizon does not invoke planned capital expenditure. In view of the current ownership and proposed sale of the project and assets, the approach is considered reasonable. However, it does not satisfy the requirement of a long-term capital expenditure plan.					

Table 17: Current Review: Asset Management System Deficiencies and Recommendations (Part B)

6 Audit Opinion

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



Cameron Palassis
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