

# **Audit Guideline for Greenfield Schemes**

**Water Industry Competition Act 2006 (NSW)**

Water — Guideline  
July 2013

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#### Amendment table

Issue No	Date Issued	Reason/s for Amendment
Revision 1	May 2009	Release of draft guideline for comment
Revision 2	September 2009	Release of final guideline
Revision 3	September 2011	Release of draft revised guideline for comment
Revision 4	February 2012	Release of final guideline
Revision 5	March 2013	Release of draft guideline for Greenfield schemes for comment Revised Audit Grades
Revision 6	July 2013	Release of final guideline for Greenfield schemes

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# 1 Introduction

## 1.1 Purpose

The purpose of this guideline (Audit Guideline – Greenfield Schemes) is to provide a framework to help auditors to conduct audits of private water companies and their new water industry infrastructure,<sup>1</sup> under the *Water Industry Competition Act 2006* (NSW) (WICA) and *Water Industry Competition (General) Regulation 2008* (NSW) (Regulation). This guideline is specific to Greenfield schemes with new infrastructure.<sup>2</sup>

The Audit Guideline also informs existing prospective WICA licensees of Greenfield schemes of the audit process and the requirements of the various audits.

The objectives of the guideline are to explain how:

- ▼ the scopes of audits are set
- ▼ audits are to be conducted
- ▼ the outcomes of the audits are reported
- ▼ audit outcomes are managed.

This document is only a guideline and is not binding. The Independent Pricing and Regulatory Tribunal (IPART) may depart from the guideline where we consider it appropriate or necessary to ensure that a particular scheme complies with the legislation.

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<sup>1</sup> As defined in the *Water Industry Competition Act 2006* (NSW).

<sup>2</sup> Greenfield schemes are those that use new infrastructure. The Regulation considers “new infrastructure” to include any water or sewerage infrastructure that began construction after 8 August 2008. Any infrastructure that was in existence, or began construction, prior to this date is considered to be ‘existing infrastructure’. Existing infrastructure will also include infrastructure that may have been built under transitional licensing arrangements, granted until 30 June 2014, under Clause 19A of the Regulation.

## 1.2 Structure of the guideline

This Audit Guideline is structured as shown in the following table.

**Table 1.1 Audit guideline structure**

Part	Name	Includes
A	WICA audit framework (Chapters 1-4)	<ul style="list-style-type: none"> <li>▼ types of audits</li> <li>▼ audit standards and principles</li> <li>▼ audit methods</li> <li>▼ audit grades</li> <li>▼ audit procedure – pre-operational and operational audits</li> </ul>
B	Technical Services and Water Licensing Audit Panel (Chapter 5)	<ul style="list-style-type: none"> <li>▼ Panel classifications</li> <li>▼ Panel categories</li> <li>▼ training – auditor and licensee</li> </ul>

## 1.3 Changing the guideline

We may change this Audit Guideline as we gain further experience in managing, implementing and regulating water industry Licences. In particular, we may change the guideline to:

- ▼ reflect changes in the legislation
- ▼ include references to new Licence obligations
- ▼ delete references to Licence obligations that are no longer relevant
- ▼ amend the audit information that must be provided to us
- ▼ improve the audit process.

Before we change the guideline significantly, we will consult relevant licensees, members of the Technical Services and Water Licensing Audit Panel (the Panel),<sup>3</sup> and other interested stakeholders. We will notify stakeholders of any changes to the guideline and the start date for any new auditing arrangements. In determining the start date, we will make sure there is enough time for licensees to implement new arrangements.

<sup>3</sup> Members of our Technical Services and Water Licensing Audit Panel, referred to as “Panel Members”, include organisations and individual sole traders. Where Panel Members are organisations, they may nominate individuals as approved area specialists or auditors.

#### 1.4 Auditor and licensee feedback

Over time, approved auditors and licensees may identify opportunities for improving the audit framework, or other aspects of the audit process. We encourage Panel Members and licensees to provide feedback on any issues or recommendations to make the audit process or the licensing framework more efficient and effective.

## 2 PART A – WICA audit framework for Greenfield schemes

The audit framework for WICA licensees of Greenfield schemes outlines the overall process for audits of these schemes.

The audits will help WICA licensees to develop and maintain management systems that are consistent with industry guidelines and practices. Further, the audits will identify areas for continual improvement and assist WICA licensees to manage risks to consumers, public health and the environment.

### 2.1 Audit types

There are multiple types of audits required for WICA licensees of Greenfield schemes. This section outlines the types of audits, including their timing and content.

The audits for WICA licensees of Greenfield schemes fall into 2 categories:

1. audits before the licensee starts commercial operation
2. audits once the licensee has commenced commercial operation (of a scheme).



### 2.1.1 Before commercial operation

We **require** licensees to conduct the following types of audits before commencing commercial operation (and, if relevant, commencing retail supply to customers):

- ▼ **Licence Plans audits** assess the adequacy of the Licence Plans (as a whole) that are prepared by a licensee (see Appendices A-D for relevant audit templates).<sup>4</sup> These plans may include the Infrastructure Operating Plan, Water Quality Plan, Sewage Management Plan and Retail Supply Management Plan.<sup>5</sup>

Licence Plans audits may be conducted either before or after construction.

- ▼ **Subsequent Licence Plans audits.** In some cases, we may require licensees to undertake a Subsequent Licence Plans audit, where Licence Plans are significantly changed and a review is required to determine their adequacy.<sup>6</sup> Subsequent Licence Plans audits may also be required if the risk to public health and/or the environment is such that more frequent audits are required.<sup>7</sup>
- ▼ **Technology and Sustainability Assessments.** Licensees who choose to undertake Licence Plans audits after construction may wish to have certain aspects of their Licence Plans assessed early and before construction. These early assessments may reduce the risks to licensees of non-compliant design and potential additional costs after construction

A Technology Assessment can be undertaken to review certain recycled water aspects of a licensee's Water Quality Plan (see Appendix F) or a Sustainability Assessment can review certain aspects of a licensee's Sewage Management Plan (see Appendix G). If a licensee chooses to undertake one or both of these assessments, the licensee will not have to re-audit these aspects of their Licence Plans at a later date (when the remaining aspects are audited), provided the same auditor is used.

<sup>4</sup> IPART or the Minister may demand that the licensee provide a report prepared by an approved auditor as to the adequacy of the plans (Regulation, Schedule 1, clauses 6(3), 7(5), 13(3) and 14(4); Schedule 2, clause 7A(3)). In the case of Infrastructure Operating Plans, the report must also address the condition of the infrastructure, having regard to the purpose for which it is licensed.

<sup>5</sup> Licensees are only required to develop plans which are relevant to the scheme. For example, a water supply scheme may not need to produce a Sewage Management Plan. Also, Retail Supply Management Plans prepared by retail suppliers *may* also be audited depending on the complexity of the scheme. Licensees should speak to us about whether an audit of the Retail Supply Management Plan is required for your scheme.

<sup>6</sup> Regulation, Schedule 1, clauses 6(3), 7(5), 13(3) and 14(4); Schedule 2, clause 7A(3)).

<sup>7</sup> For instance, we may require a subsequent Licence Plans audit where we, the NSW Ministry of Health, or the NSW Environmental Protection Authority, are concerned with a performance issue (which may suggest aspects of the Licence Plans are not compliant).

- ▼ **New infrastructure audits.** Licensees are required by legislation to undertake a new infrastructure audit before commencing commercial operation.<sup>8</sup>

A network operator cannot bring any new water or sewerage infrastructure into commercial operation without the Minister's prior written approval (Regulation, Schedule 1, clause 2(1)). The new infrastructure audit affects whether the Minister's approval will be given.

New infrastructure audits assess compliance of new infrastructure with the Licence, Licence Plans and the Regulation, before licensees start to operate water industry infrastructure commercially. The audit also assesses that the infrastructure is capable of operating safely and in accordance with the Licence Plans.

New infrastructure audits can only be conducted after construction.

Licensees may conduct Licence Plans and new infrastructure audits separately or together after construction as this will help reduce audit costs.

### 2.1.2 After starting commercial operation

After starting commercial operation, we will require the following audits.

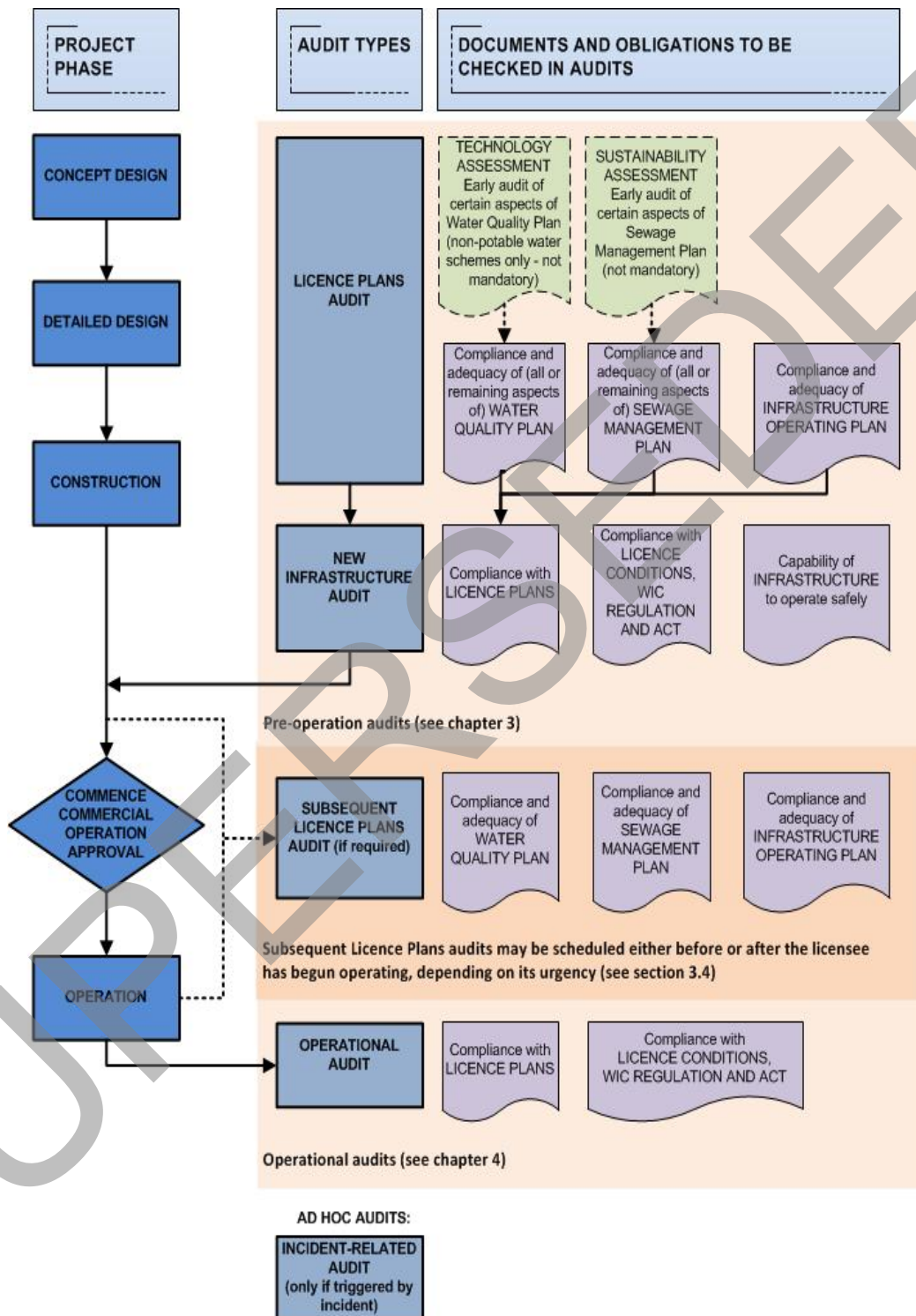
- ▼ **Periodic operational audits** which check if the licensee is operating in compliance with its Licence, the legal and formal requirements, and its Licence Plans. The frequency of such audits will be based on a risk assessment by us.
- ▼ **Incident-related audits** in response to a significant compliance incident in the conduct of licensed activities that threatens, or could threaten, water quality, public health or safety. In such circumstances, licensees are required to immediately notify us, the Minister for Health (or delegate), the Minister for Finance and Services (or delegate), and any other licensed retail supplier or network operators that may be affected.<sup>9</sup>

The following figures show how the different audit types fit into project phases and what documents and obligations are checked in each audit type. The audit types vary depending on the Licence held, ie, a Network Operator's or Retail Supplier's Licence.

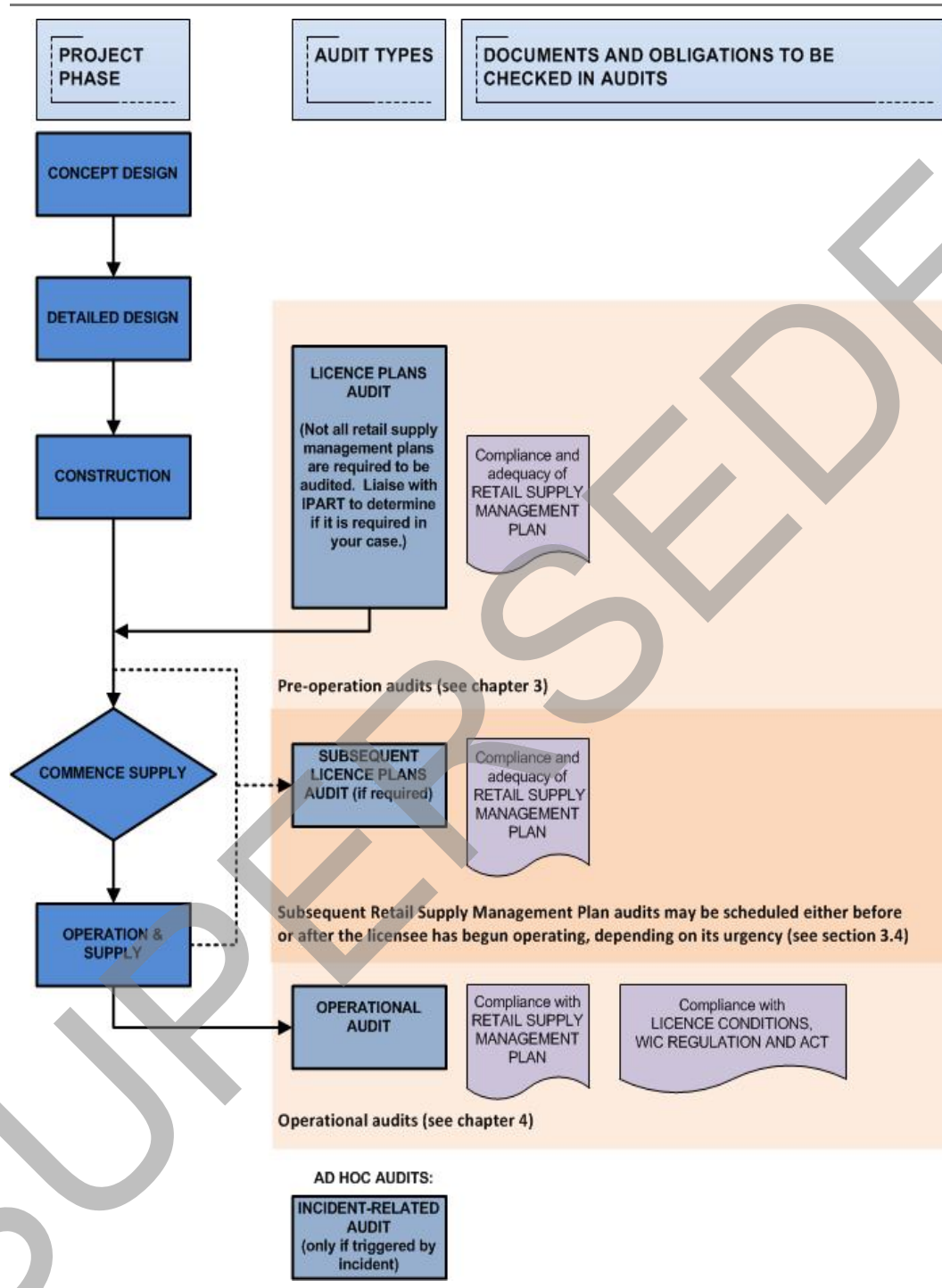
<sup>8</sup> Under Schedule 1 of the Regulation, licensees are required to undertake new infrastructure audits. The Minister requires a report on the new infrastructure audit before he/she can grant the licensee permission to commence commercial operation.

<sup>9</sup> For further information refer IPART, *Incident Notification by Network Operators and Retail Suppliers, Water Industry Competition Act 2006, Water – Incident Notification*, November 2012, on our website.

Figure 2.1 Network Operator Licence audit types



**Figure 2.2 Retail Supply Licence audit types**



## 2.2 Audit standards and principles

We require all auditors to use a systematic approach to:

- ▼ defining the requirements of the audit
- ▼ planning the audits
- ▼ interpreting Licence conditions
- ▼ collecting audit evidence
- ▼ objectively assessing the evidence
- ▼ reporting in a clear and accurate manner.

**It is the auditor's responsibility** to select an acceptable standard. Acceptable standards may include ISAE 3000, Australian Auditing Standards (AUS 108, AUS 110), ISO 9001 or ISO 19011. Auditors must disclose the standard they propose to use to conduct the audit in their audit scope<sup>10</sup> and the final audit report must state that the auditor has conducted the audit in accordance with this standard. We will review the appropriateness of the selected standard as part of the audit proposal submission and approval process (see sections 3.1 and 4.1 of this guideline).

The auditing principles set out below apply to the conduct of audits, regardless of the auditing standard used. **Auditors are responsible** for ensuring their audit methods meet the principles outlined in Table 2.1 below.

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<sup>10</sup> An auditing standard can be adapted if appropriate for the audit.

**Table 2.1 Auditing principles**

Principle	Definition
Faithful representation	Information must faithfully represent the outputs and outcomes that it claims to represent or could reasonably be expected to represent. Uncertainties must be identified and quantified where possible. Where possible, uncertainties should be reduced to an insignificant level.
Completeness	Information must be complete within the boundaries of significance, the Licence conditions and regulatory requirements. Information must not be misleading or unreliable about the activities being undertaken.
Consistency	Consistent audit methods (see section 2.3 below) must be used so comparative assessments can be made from year to year and over time. If an auditor is undertaking a follow-up audit for a scheme that was previously audited, the auditor may use an audit standard of their choice but the audit method used must be consistent with what was previously used.
Reliability	Information and source data must be free of significant misstatement and able to be relied upon by others to faithfully represent that which it either claims to represent, or could reasonably be expected to represent.
Transparency	Data must be capable of replication by a third party through adequate record keeping. Data must have a clearly defined audit trail. Reference sources, methodologies and approaches to data generation must be clearly documented. Changes to data and methodologies over time must be clearly documented. While identifying gaps, auditors must not fix non-compliance matters for licensees.

## 2.3 Audit methods

Auditors must gather evidence of the licensee's performance using appropriate audit methods. Lead auditors must use their professional judgement to determine the mix of audit methods needed to get enough evidence to support an opinion on each item within the scope.

The following table outlines types of audit methods and gives examples of their application.

**Table 2.2 Audit methods**

Method	Definition	Example of procedure
Inspection	Examining records, documents or physical assets. The auditor must consider the source of the documentation for differing degrees of reliability.	Obtain a summary of licensee water supply main breaks and customers affected. Trace figures back to source documentation, and reconcile to the participants' internal record keeping system.
Observation	Looking at a process or procedure being performed by the participant. Generally, this audit procedure is conducted when the particular process leaves no audit trail.	Observe the record keeping process and documented procedures in operation.
Inquiry and confirmation	Seeking appropriate information of knowledgeable persons inside or outside the organisation. The response to an inquiry to corroborate information contained in the records.	Inquire how the field work crews collect data and how this data is logged into the data collection system. Confirm data recording is accurate.
Computation	Checking the accuracy of source documents and accounting records, or performing independent calculations.	Consider sampling of customer property numbers for several main failures via alternative computation methods. Check validation calculations to vet if the appropriate Log Removal Value(s) (LRV) have been achieved for the intended use(s).
Analytical procedures	Investigation and analysis of data fluctuations and relationships to determine whether there are inconsistencies with other relevant information, or deviations from predicated amounts.	Confirm interpretations of definitions and compare with other interpretations, for example counting of flats and units in customer property numbers. Consider errors and confidence limits.

A variety of factors will affect the reliability of audit evidence, including the following.

- ▼ Independence of evidence - evidence from outside the organisation is generally considered more reliable than evidence generated internally.
- ▼ Knowledge and lack of bias of the person providing the evidence to the auditor, and the attention paid to the auditor's request for evidence.
- ▼ The directness in which the evidence is obtained - evidence received directly by the auditor is generally considered to be more reliable than evidence received indirectly.
- ▼ Control systems - internal licensee-generated evidence prepared under systems of strong internal control is considered more reliable than licensee-generated evidence under systems of weak internal controls.



## 2.4 Audit grades

An auditor must assess a licensee's compliance with the following requirements for the different audit types, and award grades for those requirements. When assessing a licensee's assets, the auditor will assess from catchment to consumer.

- ▼ Licence Plans audits - compliance of the Licence Plans with the relevant guidelines or standards, and legal and formal requirements, which are outlined in Appendices A-D, and the adequacy of the plans.

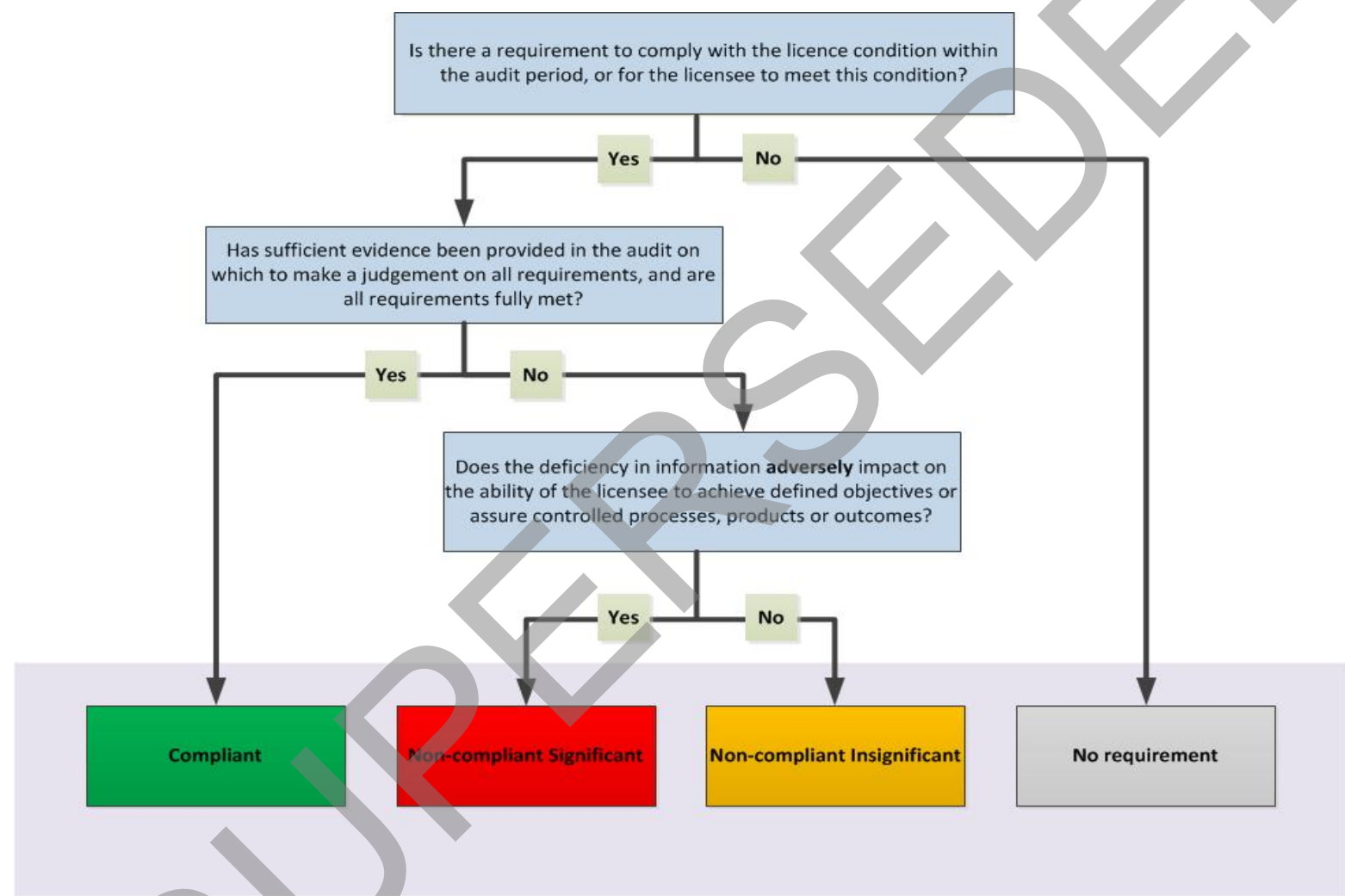
Licence Plans which contain some insignificant items that are not compliant with the guidelines and standards may still be adequate. The auditor should express an opinion on the adequacy of the Licence Plans (as a whole) in the audit report.

- ▼ Technology and Sustainability Assessments – *compliance* of certain aspects of the Licence Plans against the relevant guideline and legal and formal requirements, as outlined in Appendices F and G.
- ▼ New infrastructure audits – *compliance* of new infrastructure with the Licence Plans and legal and formal requirements as outlined in Appendix E, and whether the new infrastructure is capable of operating safely.
- ▼ Operational audits – *compliance* with the Licence conditions and requirements of the Regulation and WICA, as outlined in Appendix H.
- ▼ Incident-related audits – *compliance* with the legal and formal requirements.

The grades for all audits are shown in Figure 2.3 below.



Figure 2.3 Grades for all WICA audits



### 3 Pre-operational audits procedure

This section of the guideline outlines the steps involved in the process for audits undertaken before commercial operation. This includes:

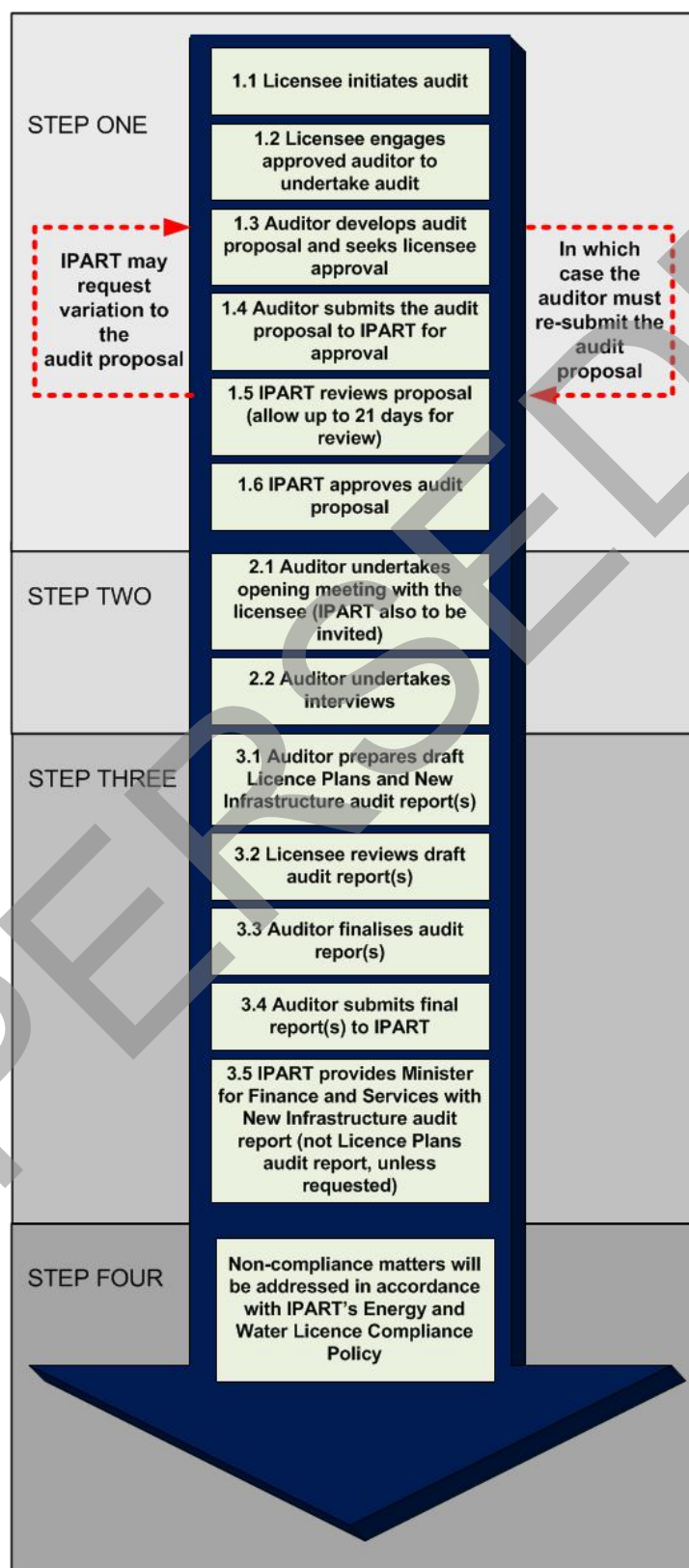
- ▼ Licence Plans audits
- ▼ Technology and Sustainability Assessments
- ▼ new infrastructure audits.

For these audits, the auditor is engaged to assess the *adequacy* of the relevant documents or infrastructure, and their *compliance* with the relevant legal and formal requirements. They are not audits for checking the licensee's operational compliance with the documents.

The purpose of the new infrastructure audit report is to inform the Minister about whether the infrastructure is capable of operating safely and in accordance with the legal and formal requirements and Licence Plans. The Minister requires such a report before he/she can grant the licensee permission to start operating commercially.

We have adopted a systematic audit method to promote consistency across auditors and over time. Figure 3.1 below outlines the 4 steps for planning and conducting audits, and then following up with any non-compliance matters identified during the audits.

This method applies to all audits or assessments. The detailed requirements for each of the steps are contained in the sections that follow.

**Figure 3.1 Audit Procedure – pre-operational audits**

### 3.1 Step 1: Audit planning

#### Initiate an audit

**Licensees** must initiate the audits needed before starting to operate commercially.

We encourage licensees to initiate the Technology Assessment and/or Sustainability Assessment before detailed design is finished, to allow time for any changes recommended by the auditor to be made before beginning construction.

For details on the staging of the Licence Plans audits and new infrastructure audits, see Figure 2.1.

**Licensees are responsible** for initiating the required audits early enough to allow time to finish the audit process before the licensee needs Ministerial approval to start commercial operation. This is explained in more detail below.

#### Engage an auditor

The **licensee** must engage an approved auditor from our (IPART's) Panel. The **licensee** must ensure the selected auditors are in the correct categories to audit the Licence Plans or new infrastructure. For more information on the Panel, see Part B of this guideline (Chapter 5).

#### Submit an audit proposal

After being engaged, the approved auditor must:

- ▼ submit an audit proposal to us for our approval (see Box 3.1), after seeking the licensee's approval disclose any conflict of interest issues to us (see Box 5.1)
- ▼ enter into a contract with the licensee, which amongst other things confirms the licensee's liability to the auditor for payment of the auditor's costs and expenses
- ▼ submit particulars of current public liability, professional indemnity, and workers compensation insurance policies
- ▼ submit an executed Deed Poll<sup>11</sup> to us, which confirms the auditor's obligations to us under the Panel Agreement, that it will provide audit services with due care, skill, and diligence for our benefit.

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<sup>11</sup> Deed Polls must be signed by the licensee.

### Box 3.1 What is in an audit proposal?

An audit proposal must include details of the following.

- ▼ The audit standards to be used for the audit.
- ▼ The detailed scope of the audit, including the audit type, relevant guidelines, actions from previous audits, and/ or legislation against which it will be audited.
- ▼ The Licence Plans/ assessment to be audited.
- ▼ The audit team composition<sup>a</sup> covering Panel membership qualifications, skills, acceptability, location, category on the Panel and Quality Assurance reviewers.
- ▼ A work schedule outlining the dates of the audit, as agreed by the auditor, licensee and IPART. The schedule should include details and sequence of the key activities (including report preparation), the audit team members who will be undertaking the activities and the amount of time allocated to each activity.
- ▼ Where relevant, the facilities to be visited by the auditors during the audit, including details of the activities to be audited, the key personnel who will be interviewed, and the documents to be examined.
- ▼ Where relevant, a copy of any previous Technology Assessment or Sustainability Assessment undertaken for the scheme.

There are generic audit templates for the different audit types, in Appendices A-G, to help auditors develop audit proposals, and to encourage consistency across audits and auditors. The templates are based on legal and formal requirements and should be used to develop the audit proposal and audit scope.

The audit templates in the Appendices have been provided for guidance only. The auditor must not audit against the illustrative examples in the audit templates. The auditor must audit against the legislative/ Licence criteria.

It is the responsibility of the auditor to ensure that the audit scope is appropriate for assessing the licensee's compliance with the legislative requirements. In some cases, we may require the auditor to adapt the audit templates to fit the specific audit circumstance of the licensee.

<sup>a</sup> Any other staff, employees or contractors may only help the audit team in areas such as administrative support and/or auditor training. All work by non-Panel Members must be undertaken within the direct control and supervision of the Lead Auditor.

### Audit proposal approval

We will review the audit proposal, and if it includes a Water Quality Plan audit or Technology Assessment, we will consult the NSW Ministry of Health (NSW Health) about the proposal. We may require changes to the scope, team composition or schedule in the proposal if we, or NSW Health, have any concerns.

We require at least **21 days** to review the audit proposal. We will endeavour to give approval within this time.

Auditors must not start any audits before we approve the audit proposal. Further, auditors must not start any audits before submitting the executed Deed Poll (signed by the licensee) to us. It is the **responsibility of the auditor** to submit the executed Deed Poll to us.

### 3.2 Step 2: Audit fieldwork

The auditor must gather evidence of the licensee's performance through audit fieldwork. Lead auditors must use their professional judgement to determine the mix of audit methods<sup>12</sup> needed to get enough evidence to support an opinion on each item within the scope.

Each item within the scope must be addressed and supported by evidence, otherwise the audit is considered incomplete. If the licensee is unable to provide evidence for any of the items of the audit scope, the auditor must assign a non-compliant grade for that item.

**Auditors must offer IPART staff the opportunity to attend all audit fieldwork**, after notifying the licensee so that the licensee can make any necessary arrangements, such as organising safety inductions. We do not intend for IPART staff to routinely attend these audits. However, we may attend some audits for monitoring and training purposes, or to assist in determining whether any ongoing improvements to the audit process/ guidelines can be made.

#### Opening meeting

The opening meeting should set the scene for the audit, ensure that all necessary arrangements are in place, and establish the protocols for the audit. For example, the opening meeting would establish a protocol for dispute management between the auditor and the licensee.

The meeting should cover the audit approach and the timeframe for undertaking the audit, and completing the draft and final audit reports.

#### Interviews

The auditor should attempt to gather and assess the majority of the licensee's compliance evidence, prior to the interview stage.

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<sup>12</sup> See section 2.3 of this guideline for details of types of audit methods.

The auditor should assess any outstanding or further evidence required to determine the licensee's compliance, during interviews with the licensee at the licensee's offices and/or site. **It is the auditor's responsibility** to gather sufficient evidence to form an audit opinion, by using any of the audit methods.

Auditors should maintain an attitude of professional objectivity throughout the audit to ensure information provided by the licensee is accurate and complete.

If the auditor wishes to clarify NSW Health's expectations for particular technologies or procedures, the auditor must contact us and we will liaise with NSW Health. This can be done at any stage in the interview process. However the auditor should allow sufficient time for NSW Health to respond, and should not place unreasonable timeframes on NSW Health, or us.

**Auditors** must maintain an accurate record of documents sighted as evidence to support the audit opinion, and make this information available to licensees. Auditors do not need to submit this record with the final audit report. However, records of audits must be maintained for a reasonable period (ie, 7 years).

**Licensees** must maintain records of the documents sighted by the auditor, which provide evidence to support the audit opinion.

### 3.3 Step 3: Audit reporting

#### Draft audit report

The **auditor** should continue to assess the collected evidence after the interviews and while drafting the report. See Appendix I for the Licence Plans and new infrastructure audit report template, which outlines our expectations for a pre-operational audit report.

If an auditor finds gaps or non-compliance matters in Licence Plans or Technology Assessments/Sustainability Assessments, or in the new infrastructure audit, **they must not** assist the licensee in developing or improving the non-compliant systems that are subject to the audit. The auditor should outline the non-compliance matters and state the reasons for this assessment in the draft audit report. Further, the auditor should alert us of any non-compliance matters. Early warning enables us to quickly raise the matter with the licensee and find out if the licensee is taking remedial action.

The auditor should provide the licensee with a copy of the draft audit report and allow the licensee the opportunity to address any non-compliance matters **within the timeframe agreed with the auditor (1-4 weeks)**. This timeframe should be sufficient to allow the final audit report to be submitted to us at least 4 weeks before the licensee requires Ministerial approval to commence commercial operation. If the auditor has identified non-compliance matters, we may also request a copy of the draft audit report.



If the licensee can address the non-compliance matters within the allowed time, the auditor should then review any revised documents before finalising the audit report.

If, based on the further information provided by the licensee, the auditor considers that a matter is in fact compliant, the auditor should report this in the final audit report.

The licensee is only permitted to submit 1 version of the revised documents to the auditor before the audit report is finalised. The auditor should not review the documents multiple times, as this may lead to the auditor becoming an integral part of developing the licensee's systems and procedures and resolving the non-compliance matters.

**If the licensee cannot address the non-compliance matters within the agreed timeframe, the auditor must report these matters in the final audit report as a non-compliance.**

#### Final audit report

For both Technology Assessments and Sustainability Assessments, the final assessment report may be used as part of the final report for the Licence Plans audit.

Copies of these assessments should be provided to us by an auditor, when submitting an audit proposal for a Licence Plans audit.

**The auditor is responsible** for assessing if the technology will provide non-potable water which is fit for purpose. NSW Health may guide the auditor on how to interpret the Australian Guidelines for Water Recycling in this area. However the auditor must not contact NSW Health directly. All queries must be directed to us and we will consult with NSW Health on behalf of the auditor.

For Licence Plans and new infrastructure audits, **the licensee/ auditor must supply the final report to us** (a combined report may be submitted for both audits). For Water Quality Plan audits, we will consult NSW Health about the auditor's findings. We will provide the new infrastructure audit report<sup>13</sup> to the Minister with our recommendation about whether the licensee is ready to operate commercially.

**The licensee is responsible** for ensuring that we receive the final new infrastructure audit report at least **4 weeks** before the licensee requires Ministerial approval to start operating commercially. This is to allow time for the recommendation and Ministerial approval process.

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<sup>13</sup> The new infrastructure audit report submitted to the Minister may include information on the Licence Plans audit, if the audits were undertaken at the same time.



A final audit report(s) must contain the content outlined in the Licence Plans and new infrastructure audit report template in Appendix I.

If the auditor identifies non-compliance matters in the audit or assessment, the final audit report should cover:

- ▼ actions taken by the licensee to address the non-compliance matters raised in the draft audit report (if any)
- ▼ the auditor's assessment on whether the revised Licence Plans or Assessments are now compliant, and if there are any parts that are not compliant with the legal and formal requirements or Licence conditions.

In the case of a new infrastructure audit, the final audit report must also contain a statement that indicates the infrastructure:

- ▼ complies with the requirements of the Regulation and any Licence conditions
- ▼ is capable of operating safely and in accordance with its Infrastructure Operating Plan, Water Quality Plan and /or Sewage Management Plan.

The new infrastructure audit report will inform the Minister's decision to grant permission for the licensee to start operating commercially. The report will be publicly available and should be written with appropriate and professional language. Further, it should identify any issues or non-compliance matters without compromising the licensee's security and intellectual property.

We may use the results reported in the audit report in our annual compliance report to the Minister. We will also use the results to inform future audits. For example, an auditor may find that parts of a Licence Plan are not compliant with the legal and formal requirements, but the Plan is still adequate for the licensee to safely commence operation, in the short-term. We may then decide to re-assess the non-compliance matters in future audits.

All non-compliance matters identified by the auditor will be addressed in accordance with our Compliance Policy.<sup>14</sup> In all audit cases, we will rely on the audit report and the auditor remains accountable to us for the quality and independence of the audit.

The auditor must submit both hard copy and electronic forms of the final audit report. The auditor must be available to brief us on its audit findings, if requested.

**All final audit reports must be quality assured by another auditor/lead auditor on our Panel, with the relevant experience necessary to undertake this task. The quality assurance reviewer may be a member of the audit team, as agreed with us during the audit proposal stage.**

<sup>14</sup> IPART, *Energy and Water Licence Compliance Policy*, July 2013.

### 3.4 Step 4: Follow-up

If in the final Licence Plans audit report the auditor has identified non-compliance matters, we will address the non-compliance matters in accordance with our Compliance Policy.<sup>15</sup>

We may use our compliance monitoring and reporting powers to address insignificant non-compliance matters. This could include undertaking a subsequent Licence Plans audit.

If an auditor conducts a subsequent Licence Plans audit, it must use the Licence Plans and new infrastructure audit report template provided in Appendix I. If the audit is undertaken at the same time as an operational audit, the auditor must not submit a combined Subsequent Licence Plans and operational audit report, but must submit 2 separate reports. More information on operational audits are provided in Chapter 4.

We have discretion to take enforcement action to address significant non-compliance matters.

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<sup>15</sup> IPART, *Energy and Water Licence Compliance Policy*, July 2013.

## 4 Operational audit procedure

This section of the guideline outlines the steps involved in the process for audits carried out once the licensee is operating commercially, and may include:

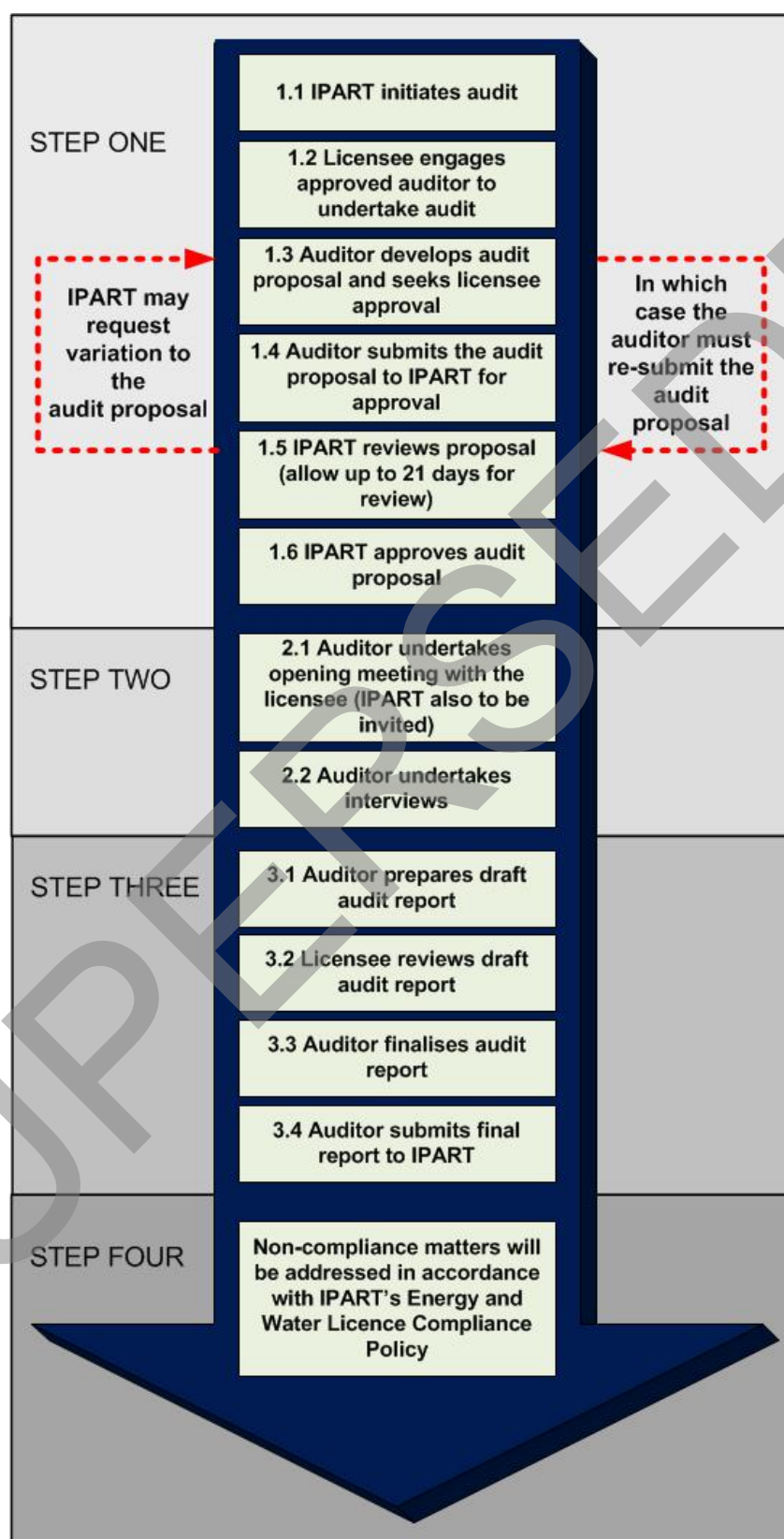
- ▼ operational audits
- ▼ incident-related audits.

In these audits, the auditor is engaged to assess the licensee's *compliance* with its Licence and legal and formal requirements.

As with the Licence Plans audits, we have adopted a systematic audit method to promote consistency across auditors and over time. Figure 4.1 below outlines the 4 steps for planning and conducting audits, and then following up with any non-compliance matters identified during the audits.

This method applies to all operational and incident-related audits. The detailed requirements for each of the steps are contained in the sections that follow.

**Figure 4.1 Audit Procedure – Operational audits**



4.1 Step 1: Audit planning

Initiate an audit

We will initiate operational audits, once the licensee is operating commercially, by notifying a licensee in writing. We will provide the licensee with details of the audit scope, audit period and timeframe for submitting the final audit report. We will also set the scope of an operational audit, which will cover those aspects presented in Appendix H.

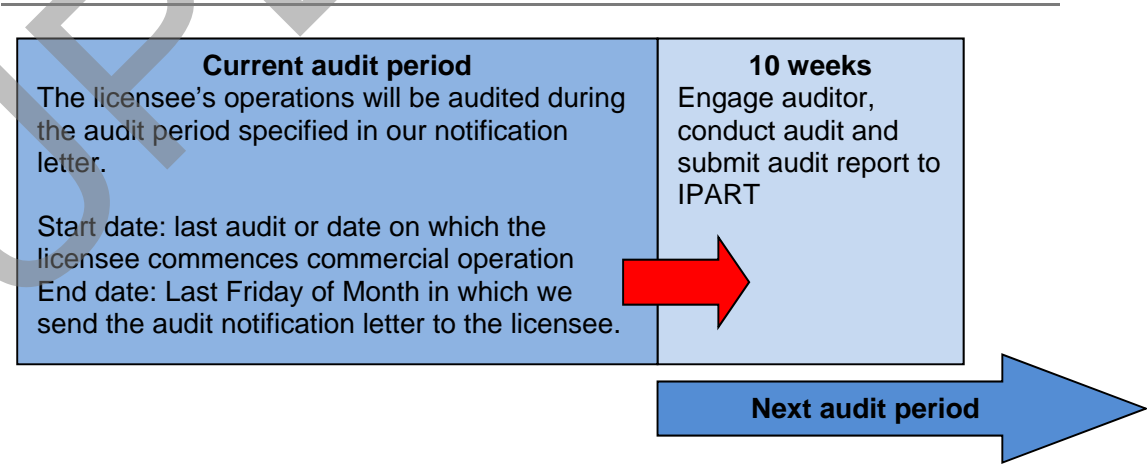
The audit period will cover the time from the last operational audit, or start of commercial operation, until the last Friday of the month in which we notify licensees, in writing, of an audit requirement. Once notified, **it is the responsibility of the licensee** to engage an auditor to conduct the audit, for the period specified.

The licensee must ensure that the audit is conducted and the audit report is submitted to us within the time-frame that we specify in the audit notification letter. This is usually 10 weeks from the end of the audit period, as shown in Figure 4.2 below.

For example, if a licensee began commercial operation on 6 August 2012, and we notify the licensee of an audit requirement on 14 January 2013, the audit period will be from 6 August 2012 to 25 January 2013 (the last Friday in January 2013).

The licensee will then have to engage an auditor to conduct the audit, and provide the audit report to us within 10 weeks of 25 January, ie, by 5 April 2013 (or as specified in the notification letter to the licensee).

Figure 4.2 Audit period and interview and reporting time



We will determine the frequency and scope of auditing for operational audits based on the risk of non-compliance, and the licensee's previous performance. A risk-based approach to auditing means we do not require all clauses of the licence to be audited every year. This approach will ensure auditing reflects the type, size, complexity and level of risk associated with the licensee's activity.

For example, consider 2 recycled water schemes:

- ▼ a single source, basic treatment, and single pipeline to one customer for irrigation
- ▼ a multi-source scheme, with complex treatment and a pipe network supplying a mix of dual reticulation commercial and residential customers.

The first is likely to have a lower risk to public health and the environment than the second scheme. We anticipate we would require the first scheme to be audited less frequently than the second, provided the licensee's performance is adequate.

The audit of the first year of a new Licence is likely to be a more comprehensive audit to help identify any areas that we should focus on during the Licence period. Further, we will determine the initial frequency of operational audits after the Licence Plans audit. This is because we will understand the risks of non-compliance of the scheme more clearly at this stage.

### Engage an auditor

After receiving notification of an audit from us, the licensee must engage an approved auditor from our (IPART's) Panel. The licensee must ensure the selected auditors are in the correct categories to audit Licence compliance for operational audits. For more information on the Panel, see Part B of this guideline.

The same auditor can only be used for 3 out of every 5 operational audits. If a licensee is unsure as to whether we will accept a particular auditor again because of this position, please contact us before engaging the consultant.

### Submit an audit proposal

After being engaged, the approved auditor must:

- ▼ submit an audit proposal to us for approval, after seeking the licensee's approval (see Box 4.1)
- ▼ disclose any conflict of interest issues to us (see Box 5.1)
- ▼ submit particulars of current public liability, professional indemnity, and workers compensation insurance policies

- ▼ enter into a contract with the licensee, which amongst other things confirms the licensee's liability to the auditor for payment of the auditor's costs and expenses
- ▼ submit an executed Deed Poll<sup>16</sup> to us, which confirms the auditor's obligations to us under the Panel Agreement, and that it will provide audit services with due care, skill, and diligence for our benefit.

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#### **Box 4.1      What is in an audit proposal?**

An audit proposal must include details of the following:

- ▼ The audit standards to be used at the audit.
- ▼ The detailed scope of the audit (as determined by us), including the audit type, relevant guidelines, actions from previous audits and/or legislation against which it will be audited.
- ▼ The audit team composition,<sup>a</sup> covering Panel membership qualifications, skills, acceptability, location, availability and quality assurance reviewers.
- ▼ A work schedule outlining the dates of the audit, as agreed by the auditor, licensee and us. The schedule should include details and sequence of the key activities (including report preparation), the audit team members who will be undertaking the activities and the amount of time allocated to each activity.
- ▼ The facilities to be visited by the auditors during the audit including details of the activities to be audited, the key personnel who will be interviewed and the documents to be examined.

There are generic audit templates for the operational audit (see Appendix H) to help auditors develop audit proposals and to encourage consistency across audits and auditors. The template is based on legal and formal requirements and should be used to develop the audit proposal.

**The audit template in the Appendix has been provided for guidance only. The auditor must not audit against the illustrative examples in the audit templates. The auditor must audit against the legislative/ Licence criteria.**

**It is the responsibility of the auditor** to ensure that the audit scope is appropriate for assessing licensee's compliance with the legislative requirements. In some cases, we may require the auditor to adapt the audit templates to fit the specific audit circumstance of the licensee.

<sup>a</sup> Any other staff, employees or contractors may only help the audit team in areas such as administrative support and/or auditor training. All work by non-Panel Members must be undertaken within the direct control and supervision of the Lead Auditor.

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<sup>16</sup> Deed Polls are to be signed by the licensee.

### Audit proposal approval

We will review the audit proposal. We may require changes to the scope, team composition or schedule in the proposal if we have any concerns.

We require at least **21 days** to review the operational audit proposal and will endeavour to give approval within this time.

Auditors must not start any audits before we approve the audit proposal. Further, auditors must not start any audits before submitting the executed Deed Poll (signed by the licensee) to us. It is the **responsibility of the auditor** to submit the executed Deed Poll to us.

## 4.2 Step 2: Audit fieldwork

The auditor must gather evidence of the licensee's performance during the audit period, through audit fieldwork. Lead auditors must use their professional judgement to determine the mix of audit methods<sup>17</sup> needed to get enough evidence to support an opinion on each item within the scope.

Each item within the scope must be addressed and supported by evidence, otherwise the audit is considered incomplete. If the licensee is unable to provide evidence for any of the items of the audit scope, the auditor must assign a non-compliant grade for that item.

**Auditors must offer IPART staff the opportunity to attend all audit fieldwork**, after notifying the licensee so that the licensee can make any necessary arrangements, such as organising safety inductions. We do not intend for IPART staff to routinely attend these audits. However, we may attend some audits for monitoring and training purposes or to assist in determining whether any ongoing improvements to the audit process/ guidelines can be made.

### Opening meeting

The opening meeting should set the scene for the audit, ensure that all necessary arrangements are in place, and establish the protocols for the audit. For example, the opening meeting would establish a protocol for dispute management between the auditor and the licensee.

The meeting should cover the audit approach and the timeframe for undertaking the audit and completing the draft and final audit reports.

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<sup>17</sup> See section 2.3 of this guideline for details of types of audit methods.



## Interviews

The auditor should attempt to gather and assess the majority of the licensee's compliance evidence about its performance during the audit period, prior to the interview stage.

The auditor should assess any outstanding or further evidence required to determine the licensee's compliance, during interviews with the licensee, at the licensee's offices and/or site. **It is the auditor's responsibility** to gather sufficient evidence to form an audit opinion, by using any of the audit methods.

Auditors should assess the licensee's compliance based on the evidence provided for the audit period, and assign an appropriate audit grade. The auditor should note in the audit report any evidence generated by the licensee *subsequent* to the audit period, that may conflict with the auditor's opinion of the licensee's operation *during* the audit period. This information should not alter the auditor's opinion of the licensee's compliance during the audit period being reviewed. It is part of the licensee's performance information for the following audit period.

Auditors should maintain an attitude of professional objectivity throughout the audit to ensure information provided by the licensee is accurate and complete.

Auditors must maintain an accurate record of documents sighted as evidence to support the audit opinion, and make this information available to licensees. Auditors do not need to submit this record with the final audit report. However, records of audits must be maintained for a reasonable period (ie, 7 years).

**Licensees** must maintain records of all documents sighted by the auditor, which provide evidence to support the audit opinion.

## 4.3 Step 3: Audit reporting

### Draft audit report

The **auditor** should continue to assess the collected evidence after the interviews and while drafting the operational audit report. See Appendix J for the audit report template, which outlines our expectations for an operational audit report.

The auditor should provide the draft audit report to the licensee to fix any factual inaccuracies only, within the timeframe agreed with the auditor (minimum 1 week) to allow the final audit report to be submitted to us within our specified timeframe. If an auditor expects to award a non-compliance grade, the auditor should contact us and provide us with a copy of the draft audit report, if requested. Early warning enables us to quickly raise the matter with the licensee and find out if the licensee is taking remedial action.

If, based on the further information provided by the licensee, the auditor considers that a matter is in fact compliant, the auditor should report this in the final audit report.

There will not be any opportunity for the licensee to change or review practices. The audit is assessing previous performance. Therefore, the licensee has either complied with the requirements, or not.

### Final audit report

**The licensee/auditor** must provide us with a copy of the final operational audit report by the date nominated in our audit notification letter to the licensee. The final operational audit report must contain the content outlined in the audit report template at Appendix J.

We will use the results reported in the operational audit report, in our annual compliance report to the Minister. We will also use the results to inform future audits, such as concentrating on areas where the licensee has been awarded a non-compliant grade.

All non-compliance matters identified by the auditor will be addressed in accordance with our Compliance Policy.<sup>18</sup> In all audit cases, we will rely on the audit report and the auditor remains accountable to us for the quality and independence of the audit.

We require both hard copy and electronic forms of the final audit report. The auditor must be available to brief us on its audit findings, if requested.

**All final audit reports must be quality assured by another auditor/lead auditor on our Panel, with the relevant experience necessary to undertake this task. The quality assurance reviewer may be a member of the audit team, as agreed with us during the audit proposal stage.**

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<sup>18</sup> IPART, *Energy and Water Licence Compliance Policy*, July 2013.

#### 4.4 Step 4: Follow-up

If in the operational audit, the auditor has identified non-compliance matters, we will address the non-compliance matters in accordance with our Compliance Policy.<sup>19</sup>

We may use our compliance monitoring and reporting powers to address insignificant non-compliance matters. This could include re-auditing the non-compliance matters or requesting reports on actions taken/planned to fix the matters.

We have discretion to take enforcement action to address significant non-compliance matters.

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<sup>19</sup> IPART, *Energy and Water Licence Compliance Policy*, July 2013.

## 5 PART B – Technical Services and Water Licensing Audit Panel

The Technical Services and Water Licensing Audit Panel (the Panel) operated by us is a panel of approved auditors and area specialists. The Panel was developed to identify pre-approved auditors to simplify the auditor selection process for licensees. Licensees are to appoint auditors from our Panel for all audits. Any exception to engagement from the Panel should be discussed with us before the appointment to determine whether we would give approval.

To find out how to apply for the Panel, or to see the list of approved personnel on the Panel, go to our website at: [www.ipart.nsw.gov.au](http://www.ipart.nsw.gov.au)

### 5.1 Panel classifications

There are 3 classifications on the Panel:

1. **Area specialists** are senior technical professionals with specific skills, competencies and experience in their industry fields. An Area Specialist may not have the necessary skills and experience to conduct audits.

We may engage Area Specialists to provide specialist water industry advice, or assist Lead Auditors and Auditors, if required and if approved by us.

2. **Lead Auditors** are recognised as competent to undertake audits independently (though they are required to be part of a project team to comply with quality assurance and peer review requirements), or to lead an audit team. Only Lead Auditors can direct and supervise audit teams, and sign written reports submitted by a Panel Member.
3. **Auditors** are recognised as competent to undertake audits as a member of an audit team. Auditors may not have sufficient experience to lead an audit.

Any other staff, employees or contractors may only help the audit team in areas such as administrative support and/or auditor training. All work by personnel who are not on the Panel, must be undertaken within the direct control and supervision of the Lead Auditor.

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### **Box 5.1 Conflict of interest**

Conflicts of interest should be managed appropriately when a licensee engages an approved auditor to conduct an audit. This applies regardless of whether the licensee engages a Panel Member, or an approved auditor who is not a Panel Member with our approval.

For the purpose of undertaking audits of WICA licensees, a conflict of interest is defined as any actual, potential or perceived conflict of interest (including, but not limited to, any past, present, or anticipated agreement, arrangement, understanding or activity) which may affect the Panel Member's ability to perform any audit service objectively.

We take a conservative approach to assessing conflicts of interest. In assessing whether a conflict of interest exists, we will be guided by whether:

- ▼ the auditor has assisted the licensee in preparing their application for a Licence or any of the subsequent Licence Plans required as a Licence condition – either directly or indirectly
- ▼ a high proportion of the auditor's firm's revenue is derived from the licensee (or a related entity)
- ▼ the audit firm is the incumbent internal auditor to the licensee or a related entity.

Before commencing an audit, a Panel Member must submit to us a signed declaration that it is not aware of any conflict of interest. We would also require this declaration if a licensee engages an approved auditor who is not a Panel Member with our approval.

Full details of the requirement to disclose conflicts of interest are contained in the Technical Services and Water Licensing Audit Panel Agreement, which is available on our website ([www.ipart.nsw.gov.au](http://www.ipart.nsw.gov.au)).

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## **5.2 Panel categories**

We have established 8 categories, as discussed in the following sections. Each of the categories reflects requirements in the legislation for WICA licensees (for both Greenfield and Brownfield schemes).

Audit and area specialist personnel may only provide services within the categories for which they are qualified on the Panel.

### **Licence and regulatory compliance**

In operational audits, auditors in this category will assess a licensee's operational compliance with:

- ▼ their Licence plans
- ▼ Licence conditions
- ▼ relevant regulations.

We may also use auditors from this category to help us exercise our functions under WICA, such as the periodic review of licences. We do not, however, use auditors from this category to audit Licence Plans.

### Infrastructure performance

Auditors in this category will assess the adequacy of infrastructure to achieve safe, reliable and continuous performance. This may also include assessing the adequacy of:

- ▼ a licensee's Infrastructure Operating Plan
- ▼ infrastructure performance
- ▼ infrastructure management
- ▼ monitoring of standards of service.

### Drinking water quality

Auditors in this category will assess how effectively a licensee implements the current *Australian Drinking Water Guidelines*. It may also include assessing the adequacy of:

- ▼ any risk assessment and its outcomes
- ▼ the measures adopted to control risks
- ▼ the drinking water quality supplied, ie, that it is fit-for-purpose
- ▼ a licensee's Water Quality Plan (for drinking water systems)

Auditors in this category will also assess the adequacy of catchment management practices, including the adequacy of relevant risk assessments and their outcomes. Assessment of catchment management primarily relates to public water utilities, but may also be relevant to WICA licensees for schemes that supply drinking water. In such cases, the auditor will assess the relevant parts of the Water Quality Plan against the relevant requirements of the *Australian Drinking Water Guidelines*.

### Recycled water quality

Auditors in this category will assess how effectively a licensee implements the current *Australian Guidelines for Water Recycling*. It may also include assessing the adequacy of:

- ▼ any risk assessment and its outcomes
- ▼ the measures adopted to control risks
- ▼ the recycled water quality supplied, ie that it is fit-for-purpose
- ▼ a licensee's Water Quality Plan (for recycled water systems)

- ▼ a technology assessment.<sup>20</sup>

### Sewage management

Auditors in this category will assess if the licensee's:

- ▼ sewerage infrastructure is safe and reliable
- ▼ sewerage infrastructure will continue to perform
- ▼ sewerage infrastructure complies with relevant environmental regulation
- ▼ risk assessments and outcomes are adequate
- ▼ emergency procedures and contingency plans are adequate
- ▼ Sewage Management Plan is adequate.

### Sustainability Assessment

Auditors in this category will assess the adequacy of the proposed sewerage infrastructure to provide sewerage services which are sustainable and do not present a risk to the environment (where there is disposal to land).<sup>21</sup> It could include an assessment of:

- ▼ the water balance calculations for the scheme
- ▼ the type of sewage treatment and capacity of the technology to remove contaminations
- ▼ the capacity of storage and buffering infrastructure of the scheme
- ▼ a land/soil capability assessment.

### Environmental management

Auditors in this category will assess the adequacy of environment management practices and may include:

- ▼ the adequacy of relevant risk assessments and their outcomes
- ▼ proposed or existing environmental management practices/ systems
- ▼ an assessment of proposed or existing environmental objectives and targets
- ▼ measures to meet those targets.

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<sup>20</sup> As outlined in section 2.1 and Appendix F of this guide.

<sup>21</sup> As outlined in section 2.1 and Appendix G of this guide.

### Retail supply

Auditors in this category will assess the adequacy of the licensee's systems developed to manage proposed customer interactions. This includes:

- ▼ complaints handling procedures
- ▼ debt recovery
- ▼ marketing and transfer codes.

Auditors in this category will be required to assess the adequacy of a licensee's Retail Supply Management Plan (where such an audit is required by IPART or the Minister). Licensees /auditors should discuss with IPART to determine whether a Retail Supply Management Plan audit is required.

### 5.3 Selecting an auditor

Licensees may select an auditor of their choice, from those approved on our Panel. The licensee must ensure that the selected auditor is in the correct category to undertake an audit. If there is any uncertainty about which category applies, the licensee should contact us before engaging an auditor. The following matrix shows which category of auditor must be selected for the different types of audits.



**Figure 5.1 Auditor selection matrix**

	Assessment		Licence Plans audit (including subsequent audits)				New infrastructure audit
	Technology Assessment	Sustainability Assessment	*Water Quality Plan	*Sewage Management Plan	Infrastructure Operating Plan	Retail Supply Management Plan	
Licence and regulatory compliance							
Infrastructure performance							
Drinking water quality							
Recycled water quality							
Sewage management							
Sustainability Assessment							
Environmental management							
Retail supply							

\* The category of auditor for Water Quality Plan and Sewage Management Plan audits will depend on the nature of the scheme.

The category of auditor required for incident-related audits and operational audits will be determined by us. We will advise the licensee accordingly.

## 5.4 Training

We may require auditors and licensees to undertake training on our expectations when using the guideline. This is explained further below.

### Auditor training

We will provide the guideline training to auditors periodically, in the Sydney central business district.

The training is intended to help auditors comply with the audit guideline, and to effectively plan, execute and report on audits.

### Licensee training

We will provide the guideline training to licensees periodically, in the Sydney central business district.

The training is intended to help licensees understand and comply with the audit guideline, and to effectively plan for audits and provide all of the necessary requirements to be awarded compliance for their relevant Licence(s).

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## Appendices

SUPERSEDED

## A Infrastructure Operating Plan audit template

The following audit template has been prepared to audit the adequacy of a licensee's Infrastructure Operating Plan in accordance with the requirements of Schedule 1 clause 6(1) and/or clause 13(1) of the *Water Industry Competition (General) Regulation 2008*.

When considering a licensee's assets or infrastructure, the auditor should also assess the licensee's arrangements from catchment to consumer, to ensure that services will be supplied to the customer, as intended.

**The template has been provided as guidance only. The auditor must use their judgement to assess the licensee's compliance with the licence conditions and legislative requirements.**

**Table A.1 Water Infrastructure Operating Plan (IOP)**

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
WIC Reg Sched 1 cl.6(1)(a) and/or cl.13(1)(a)	The IOP indicates the arrangements in relation to the design, construction, operation and maintenance of the infrastructure, including particulars as to the life-span of the infrastructure, the system redundancy built into the infrastructure and the arrangements for renewal of the infrastructure.	<p>The IOP includes a detailed asset register. As a minimum the asset register will include:</p> <ul style="list-style-type: none"> <li>▼ A list of all assets.</li> <li>▼ Basic physical data (material, size, age).</li> <li>▼ Relative locations of major infrastructure.</li> <li>▼ Capacities of infrastructure (eg, pumps, reservoirs, etc) – where applicable current and ultimate.</li> <li>▼ Location of secondary, alternative sources and/or infrastructure.</li> </ul>
		<p>The IOP includes an operational analysis of the assets to meet present and future needs. Outputs from the operational analysis include a schedule of required capital works for asset renewal, replacement and development.</p>
		<p>The IOP includes details of the:</p> <ul style="list-style-type: none"> <li>▼ System operating rules to operate the infrastructure in the most effective manner during normal and breakdown conditions.</li> <li>▼ Performance requirements for assets.</li> </ul>
WIC Reg Sched 1 cl.6(1)(b) and/or cl.13(1)(b)	The continued safe and reliable performance of the infrastructure	<p>The IOP outlines the performance criteria and levels of service for the assets. These criteria are consistent with statutory obligations (if any) and there is a clearly defined process for documenting performance.</p>
		<p>The IOP includes an asset condition and risk assessment which is regularly updated and includes:</p> <ul style="list-style-type: none"> <li>▼ Asset condition.</li> <li>▼ Asset criticality.</li> <li>▼ Asset assessment.</li> </ul>
		<p>The IOP documents, or includes reference to documents, that outline the operation and maintenance policies, procedures and schedules for all key infrastructure.</p>

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
		The relevant operation and maintenance policies and procedures are available at all facilities, personnel are trained in the procedures and training is kept current where appropriate.
		The operation and maintenance procedures contain sufficient information to address the complexity, criticality, condition and age of the infrastructure.
		<p>The maintenance procedures are linked to asset life cycle optimisation, safe and reliable performance of the infrastructure, service criticality and business risk and outline appropriate blends of:</p> <ul style="list-style-type: none"> <li>▼ Reactive maintenance.</li> <li>▼ Preventive maintenance.</li> <li>▼ Predictive maintenance.</li> </ul>
		<p>The infrastructure investment/capital works requirements identified in the IOP are based on sound strategic service planning including:</p> <ul style="list-style-type: none"> <li>▼ Required levels of service (including future growth in customer base and/or demand and documented performance targets).</li> <li>▼ Security of supply or service provisions (including inherent reliability, redundancy, alternative sources of supply or service, emergency management and business continuity).</li> <li>▼ Whole of life cycle cost evaluation.</li> </ul>
		<p>The IOP specifies future (life-cycle) expenditures based on forecast expenditure for:</p> <ul style="list-style-type: none"> <li>▼ Capital (new and replacement).</li> <li>▼ Operations.</li> <li>▼ Maintenance.</li> <li>▼ Management and Administration.</li> </ul>

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
		<p>The assignment of responsibility, to appropriate management and staff, is clearly articulated for the IOP implementation and on-going management, (including prioritising and programming).</p> <p>Licensees should ensure that third parties responsible for any aspect of the licensee's infrastructure are present at the audit. If a third party is not present at an audit, and a licensee is not able to provide the auditor with all of the relevant information, then the auditor will not be able to complete the audit. Consequently, the licensee may be subject to further auditing and related costs.</p>
		<p>A review process is in place to ensure that the IOP and associated procedures are kept current.</p>
WIC Reg Sched 1 cl.6(1)(c) and/or cl.13(1)(c)	The continuity of the water supply	<p>Operational and maintenance procedures address both normal and abnormal (incident and emergency) conditions. The likelihood and consequences of asset failure are predicted.</p> <p>Other requirements included in the guidance above.</p>
WIC Reg Sched 1 cl.6(1)(d) and/or cl.13(1)(d)	Alternative water supplies when the infrastructure is inoperable	<p>Requirements included in the guidance above.</p>
WIC Reg Sched 1	The IOP indicates the arrangements in relation to the maintenance, monitoring and reporting of standards of	<p>An appropriate quality/performance management system is outlined for monitoring and implementing the IOP, and the system is documented.</p>



Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
cl.6(1)(e) and/or cl.13(1)(e)	service	<p>The sophistication of the monitoring and control systems is proportional to the complexity of the scheme.</p> <p>The monitoring and control systems, where relevant, provide information on:</p> <ul style="list-style-type: none"> <li>▼ Leakage assessment and reduction.</li> <li>▼ Energy management.</li> <li>▼ Security of facilities.</li> <li>▼ Overflow events.</li> <li>▼ Flows and/or demands.</li> <li>▼ Warning of potential problems.</li> <li>▼ Internal performance indicators.</li> <li>▼ Regulatory performance indicators.</li> </ul> <p>The IOP documents the process for keeping records and reporting on operational and maintenance matters.</p>

**a** The auditor must assess the licensee's compliance with the legislative requirement or Licence condition, and not the illustrative examples above as these are not exhaustive.

## B Water Quality Plan audit template

The following audit template has been prepared to audit the adequacy of a licensee's Water Quality Plan, and its compliance with legislative requirements, in accordance with the requirements of Schedule 1 clause 7(1) of the *Water Industry Competition (General) Regulation 2008*. The audit template summarises the actions outlined in the 12 elements of the *Australian Drinking Water Guideline* (ADWG) (for drinking water)<sup>22</sup> and the *Australian Guideline for Water Recycling* (AGWR) (for non-potable water).<sup>23</sup> A licensee's Water Quality Plan for drinking water or non-potable water must also be consistent with the ADWG or AGWR (as the case may be).<sup>24</sup>

Auditing at the action level allows some objective assessment of the adequacy of a Water Quality Plan in meeting the 12 elements of the relevant framework. However auditing of the Plan at the action level will rely in part on the auditor's interpretation of how well the action has been met by the licensee, which may introduce some inconsistency across auditors and licensees.

**The template has been provided as guidance only. The auditor must use their judgement to assess the licensee's compliance with the licence conditions and legislative requirements.**

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<sup>22</sup> <http://www.nhmrc.gov.au/guidelines/publications/eh34>

<sup>23</sup> <http://www.ephc.gov.au/taxonomy/term/39>

<sup>24</sup> *Water Industry Competition (General) Regulation 2008* (NSW), Schedule 1, clauses 7(2) and 7(3).

**Table B.1 Water Quality Plan (drinking water) (WQP (dw))**

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>b</sup>
<b>The Plan specifies how the 12 elements of the <i>Australian Drinking Water Guidelines</i> have been addressed and will be implemented<sup>a</sup></b>		
WIC Reg Sched 1 cl.7(1)(a)	Element 1 The WQP (dw) shows a commitment to water quality management	<p>The organisation has a drinking water quality policy endorsed by the senior executive.</p> <p>The policy been communicated in such a way that it is easily understood and implemented by employees.</p> <p>The WQP (dw) documents the organisations regulatory and formal requirements for managing water quality.</p> <p>Responsibility for managing the regulatory requirements are allocated and communicated to the appropriate employees. Licensees should ensure that third parties responsible for any aspect of the licensee's infrastructure are present at the audit. If a third party is not present at an audit, and a licensee is not able to provide the auditor with all of the relevant information, then the auditor will not be able to complete the audit. Consequently, the licensee may be subject to further auditing and related costs."</p> <p>The WQP (dw) includes a process for reviewing and updating the regulatory and formal requirements.</p> <p>The WQP (dw) outlines a process for identifying relevant stakeholders.</p> <p>The appropriate processes and practices are in place to ensure stakeholders are engaged and all activities and outcomes are documented.</p> <p>The WQP (dw) outlines the process for ensuring the stakeholder list is regularly updated.</p>
	Element 2 The WQP (dw) includes an assessment of the water supply system	<p>The organisation has assembled a team of people with appropriate knowledge and expertise on the water supply system (from catchment to consumer) who undertook an analysis of the system.</p> <p>The WQP (dw) includes a verified flow diagram of the water supply system from catchment to consumer.</p> <p>All pertinent information and key characteristics of the water supply system are documented. The characteristics were considered in other relevant elements (ie, the risk assessment).</p> <p>The WQP (dw) outlines the process for periodically reviewing the water supply system analysis.</p> <p>The WQP (dw) defines and documents the processes for collecting and retaining historical data from source water(s), the treatment plant(s) and finished water supplied to customers (over time and following specific events).</p>

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>b</sup>
		<p>The WQP (dw) documents the process for identifying, listing and examining exceedances.</p> <p>The WQP (dw) outlines the processes for assessing data to identify trends and potential problems.</p> <p>The WQP (dw) defines the approach and methodology to be used for hazard identification and risk assessment.</p> <p>The WQP (dw) identifies and documents hazards, sources and hazardous events for each component of the water supply system.</p> <p>The WQP (dw) includes an estimate of the level of risk for each identified hazard or hazardous event.</p> <p>The WQP (dw) evaluates the major sources of uncertainty associated with each hazard and hazardous event and outlines the actions considered to reduce uncertainty.</p> <p>The WQP (dw) determines and documents the significant risks and establishes the priorities for risk management.</p> <p>The WQP (dw) clearly defines the process for periodically reviewing and updating the hazard identification and risk assessment to incorporate any changes to the system.</p>
	<p>Element 3</p> <p>The WQP (dw) outlines the preventive measures for drinking water quality management.</p>	<p>The WQP (dw) identifies the existing preventive measures from source/catchment to consumer for each significant hazard or hazardous event and estimates the residual risk.</p> <p>The WQP (dw) includes an evaluation of alternative or additional preventive measures where improvement is required.</p> <p>The WQP (dw) documents the preventive measures and strategies for addressing each significant risk.</p> <p>The WQP (dw) includes an assessment of preventive measures from source/catchment to consumer and identifies the critical control points.</p> <p>The WQP (dw) establishes mechanisms for operational control at critical control points.</p> <p>The WQP (dw) documents the critical control points, critical limits and target criteria.</p>
	<p>Element 4</p> <p>The WQP (dw) outlines the operational procedures and process control for the scheme.</p>	<p>The WQP (dw) identifies the operational procedures required for processes and activities from source/catchment to consumer.</p> <p>All identified procedures are documented and compiled into an operations manual.</p> <p>The WQP outlines the monitoring protocols for operational performance of the system, including the selection of operational parameters and criteria, and the routine analysis of results.</p> <p>The monitoring protocols are documented and have been compiled into an operational monitoring plan.</p>

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>b</sup>
		<p>The WQP (dw) documents the procedures for corrective action to control excursions in operational parameters.</p> <p>The WQP (dw) establishes the rapid communication systems to deal with unexpected events.</p> <p>The WQP (dw) describes the processes in place to ensure that equipment performs adequately and provides sufficient flexibility and process control.</p> <p>The organisation has prepared a program for regular inspection and maintenance of all equipment, including monitoring equipment.</p> <p>The WQP (dw) outlines the processes and procedures in place to ensure that only approved materials and chemicals are used.</p> <p>The WQP (dw) documents the procedures for evaluating chemicals, materials and suppliers.</p>
	<p>Element 5</p> <p>The WQP (dw) outlines the process for verification of the drinking water quality.</p>	<p>The WQP (dw) outlines the characteristics to be monitored in the distribution system and in water supplied to the customer.</p> <p>A sampling plan has been prepared and documented for each characteristic, including the location and frequency of sampling.</p> <p>The procedures for sampling and testing are fully documented.</p> <p>The WQP (dw) outlines the process for ensuring that the monitoring data is representative, reliable and fully validated.</p> <p>Where appropriate, the organisation has established a consumer complaint and response program including the appropriate training of employees.</p> <p>The WQP (dw) includes procedures for the daily review of water quality monitoring data and (where appropriate) consumer satisfaction.</p> <p>Internal and external reporting mechanisms been developed and documented. The mechanisms include the process for interpreting and recording results, allocation of responsibilities, timeframes for reporting.</p> <p>Procedures for corrective action in response to non-conformances or consumer feedback have been developed, documented and implemented.</p> <p>Rapid communication systems to deal with unexpected events have been established.</p>

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>b</sup>
	<p>Element 6</p> <p>The WQP (dw) includes details on the management of incidents and emergencies.</p>	<p>The WQP (dw) defines the communication protocols with the relevant (regulatory) agencies including a contact list of key people, agencies and businesses (both internal and external). This must include NSW health.</p> <p>A public and media communications strategy has been developed and is referenced in the WQP (dw).</p> <p>The WQP (dw) identifies the potential incidents and emergency situations, and documents the procedures and response plans, with the involvement of relevant agencies. The plans reflect the events identified in the risk assessment.</p> <p>Employees have been trained in the emergency response plans and the emergency response plans are tested as appropriate.</p> <p>A procedure has been developed and documented for investigation of incidents or emergencies. The procedure includes the process for reviewing incidents or emergencies and making any necessary amendments to protocols.</p>
	<p>Element 7</p> <p>The WQP (dw) outlines employee training and awareness requirements.</p>	<p>The WQP (dw) outlines the mechanisms and communication procedures to increase employees' awareness of, and participation in, managing water quality.</p> <p>The WQP (dw) includes a process for ensuring that employees, including contractors, maintain the appropriate experience and qualifications.</p> <p>The WQP (dw) outlines employee training needs. Appropriate resources are available to support any training programs.</p> <p>Processes and procedures are in place for documenting training and maintaining records of all employees training.</p>
	<p>Element 8</p> <p>The WQP (dw) outlines the process for community consultation, awareness and involvement.</p>	<p>The WQP (dw) includes an assessment of the requirements for effective community involvement.</p> <p>A comprehensive strategy for community consultation has been developed and is outlined in the WQP (dw).</p> <p>The communication strategy includes an active 2-way communication program to inform consumers and promote awareness of drinking water quality issues.</p>
	<p>Element 9</p> <p>The WQP (dw) outlines the validation process for the scheme.</p>	<p>The organisation able to demonstrate a commitment to increasing their knowledge and improving their management of the water supply system, from catchment to consumer.</p> <p>The WQP (dw) outlines the methodology for validating processes and procedures to ensure that the system is effective at controlling hazards.</p>

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>b</sup>
		<p>There are established processes and practices in place for periodical revalidation of processes when changes in conditions occur.</p> <p>There is a documented process for validating the selection and design of new equipment and infrastructure to ensure continuing reliability.</p>
	<p>Element 10</p> <p>The WQP (dw) outlines the process management of documentation and records as well as the reporting requirements.</p>	<p>The WQP (dw) outlines the process for documenting information pertinent to all aspects of water quality management.</p> <p>There is an appropriate document control system to ensure current versions of key documents are in use.</p> <p>The organisation has established a records management system and ensures that employees are trained to fill out records.</p> <p>The organisation has developed a procedure or process to periodically review documentation and revise as necessary.</p> <p>The WQP (dw) includes procedures for effective internal and external reporting.</p>
	<p>Element 11</p> <p>The WQP outlines the process for long-term evaluation of results and the audit of the Pan.</p>	<p>The WQP (dw) establishes processes and procedures for production of an annual report and for it to be made available to customers, regulatory authorities and stakeholders.</p> <p>The WQP (dw) outlines the processes and practices for the collection and evaluation of long-term data to assess performance and identify problems.</p> <p>The WQP (dw) establishes the processes and practices for documenting and reporting results.</p> <p>The WQP (dw) outlines the protocols for internal and external auditing to be conducted.</p> <p>The WQP (dw) defines the process for documenting and communicating audit results to relevant stakeholders.</p>
	<p>Element 12</p> <p>The WQP outlines a process for review and continual improvement.</p>	<p>There is a process for senior executive review of the effectiveness of the management system and WQP (dw).</p> <p>The organisation has an appropriate process for evaluation of the need for change of the WQP (dw).</p> <p>There are developed processes and procedures for the continual improvement of the WQP (dw).</p> <p>There is a process for communicating and implementing continual improvement actions. The continual improvement process is monitored for effectiveness.</p>

<sup>a</sup> <http://www.nhmrc.gov.au/publications/synopses/eh19syn.htm>.

<sup>b</sup> The auditor must assess the licensee's compliance with the legislative requirement or Licence condition, and not the illustrative examples above as these are not exhaustive.

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>b</sup>
<b>The Plan specifies how the 12 elements of the <i>Australian Guidelines for Water Recycling</i> have been addressed and will be implemented<sup>a</sup></b>		
WIC Reg Sched 1 cl.7(1)(b)	Element 1 The WQP (npw) shows a commitment to responsible use and management of recycled water quality.	<p>The organisation has a documented process for identifying and involving governmental agencies with responsibilities and expertise in protection of public health and the environment.</p> <p>The organisation has employed suitable expertise for the design, management and regulation of the recycled water system.</p> <p>The organisation has identified and documented its regulatory and formal requirements.</p> <p>The responsibilities for managing regulatory requirements are allocated and communicated to the appropriate employees.</p> <p>The organisation has a documented process for reviewing and updating the regulatory and formal requirements.</p> <p>The organisation has a documented process for identifying relevant stakeholders (government and public).</p> <p>The organisation has appropriate processes and practices in place to ensure stakeholders are engaged and all stakeholder activities and outcomes are documented. The process ensures that stakeholder responsibilities are identified and understood.</p> <p>There is a process in place to ensure the stakeholder list is regularly updated.</p> <p>The organisation has a recycled water quality policy endorsed by the senior executive.</p> <p>The policy has been communicated in such a way that it is easily understood and implemented by employees.</p>
	Element 2 The WQP (npw) includes an analysis of the recycled water system.	<p>The WQP (npw) clearly identifies the source(s) of the water.</p> <p>The intended end uses, routes of exposure, receiving environments, endpoints and effects are identified in the WQP (npw).</p> <p>Unintended and unauthorised end uses are identified and considered in the WQP (npw).</p> <p>The WQP (npw) documents pertinent information and key characteristics of the recycled water system consistent with the complexity of the system.</p> <p>The organisation assembled a team of people with appropriate knowledge and expertise on the recycled water system (from catchment to consumer) to undertake the analysis of the system.</p> <p>There is a verified flow diagram of the recycled water system from catchment to consumer or receiving environment, including all sources and end uses.</p>



Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>b</sup>
		<p>There is a documented process to periodically review the recycled water system analysis.</p> <p>The organisation has defined and documented the processes for the collection and retention of historical data about sewage, greywater or stormwater quality, as well as data from treatment plants and/or recycled water supplied to users (over time and following specific events). For brownfield schemes this data was used in the risk assessment.</p> <p>The organisation has documented the process for identifying, listing and examining exceedances.</p> <p>The organisation has processes in place for assessing data to identify trends and potential problems in the recycled water system.</p> <p>The organisation has developed and documented the approach and methodology to be used for hazard identification and risk assessment, considering both public and ecological health.</p> <p>The organisation has a documented process to periodically review and update the hazard identification and risk assessment to incorporate any changes.</p> <p>The organisation has identified and documented hazards, sources and hazardous events for each component of the recycled water system.</p> <p>The organisation has estimated the level of risk for each identified hazard or hazardous event.</p> <p>The major sources of uncertainty associated with each hazard and hazardous event have been evaluated and actions have been considered to reduce uncertainty.</p> <p>The organisation has determined the significant risks and established documented priorities for risk management.</p> <p>The organisation has developed a process for periodically reviewing and updating the hazard identification and risk assessment to incorporate any changes to the system.</p>
	<p>Element 3</p> <p>The WQP (npw) outlines the preventive measures for water quality management.</p>	<p>The organisation has identified existing preventive measures from catchment to consumer for each significant hazard or hazardous event and estimated the residual risk.</p> <p>The organisation has completed an evaluation of alternative or additional preventive measures where improvement is required.</p> <p>The organisation has documented the preventive measures and strategies for addressing each significant risk in a Plan. This is to include identifying the log removal values expected for each preventive measure.</p> <p>The organisation has assessed the preventive measures throughout the recycled water system to identify the critical control points.</p>

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>b</sup>
		<p>The organisation has established mechanisms for operational control at critical control points.</p> <p>The organisation has documented the critical control points, critical limits and target criteria. This is to include identifying the log removal values expected for each critical control points.</p>
	<p>Element 4</p> <p>The WQP (npw) outlines the operational procedures and process control for the scheme.</p>	<p>The organisation has developed a process for identifying operational procedures required for processes and activities from catchment to consumer.</p> <p>All the identified procedures have been documented and compiled into an operations manual.</p> <p>The organisation has developed monitoring protocols for operational performance of the system, including the selection of operational parameters and criteria, and the routine analysis of results.</p> <p>The monitoring protocols have been documented and compiled into an operational monitoring plan.</p> <p>The organisation has established and documented procedures for corrective action where operational parameters are not met.</p> <p>The organisation has established rapid communication systems to deal with unexpected events.</p> <p>There are processes in place to ensure that equipment performs adequately and provides sufficient flexibility and process control.</p> <p>The organisation has developed a program for regular inspection and maintenance of all equipment, including monitoring equipment.</p> <p>There are processes and procedures in place to ensure that only approved materials and chemicals are used.</p> <p>The organisation has documented procedures for evaluating chemicals, materials and suppliers.</p>
	<p>Element 5</p> <p>The WQP (npw) outlines the process for verification of the water quality.</p>	<p>The organisation has determined the characteristics to be monitored in the recycled water system, the application site and the receiving environment (as appropriate). The monitoring of the characteristics should demonstrate the log removal values claimed in the preventive measures identified.</p> <p>A sampling plan for each characteristic has been established and documented, including the location and frequency of sampling. The monitoring data is representative and reliable.</p> <p>The procedures for sampling and testing are fully documented and staff are appropriately trained (where relevant).</p> <p>The organisation has established an inquiry and response program for users of the recycled ware. The program includes the appropriate training of employees.</p>

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>b</sup>
		<p>The organisation has developed procedures for the short term review of monitoring data and satisfaction of users of recycled water.</p> <p>Internal and external reporting mechanisms have been developed and documented by the organisation.</p> <p>The organisation has established and documented procedures for corrective action in response to non-conformances or feedback from users of recycled water.</p> <p>The organisation has in place rapid communication systems to deal with unexpected events.</p>
	<p>Element 6</p> <p>The WQP (npw) includes details on the management of incidents and emergencies.</p>	<p>Communication protocols have been developed with the relevant (regulatory) agencies defined and a contact list of key people, agencies and businesses (both internal and external). This must include NSW Health.</p> <p>The organisation has developed a public and media communications strategy.</p> <p>Potential incidents and emergencies have been identified and procedures and response plans documented, with the involvement of relevant agencies. The plans reflect the events identified in the risk assessment.</p> <p>Employees are trained in emergency response procedures and the plans are tested as appropriate.</p> <p>The organisation has developed procedures for the investigation of incidents or emergencies. The procedures outline the process for reviewing incidents or emergencies and making any necessary amendments to protocols.</p>
	<p>Element 7</p> <p>The WQP (npw) outlines operator, contractor and end user awareness and training requirements.</p>	<p>The organisation has developed mechanisms and communication procedures to increase operator contractor and end user awareness of, and participation in managing recycled water quality and environmental protection.</p> <p>The organisation has a process in place for ensuring that employees, including contractors, and end users maintain the appropriate experience and qualifications.</p> <p>The organisation has developed a process for identifying employee training needs and there are appropriate resources available to support any training programs.</p> <p>There are processes and procedures for documenting training and maintaining records of all employees training.</p>
	<p>Element 8</p> <p>The WQP (npw) outlines the process for community awareness and involvement.</p>	<p>The organisation has assessed the requirements for effective involvement of users of recycled water and the community.</p> <p>The organisation has developed a comprehensive strategy for community consultation.</p>

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>b</sup>
		<p>The organisation's communication strategy includes an active 2-way communication program to inform users of recycled water and promote awareness of recycled water quality issues.</p> <p>The organisation has developed a process for providing information on unauthorised use as well as the benefits of recycled water to users and the community.</p>
	<p>Element 9</p> <p>The WQP (npw) outlines the validation, research and development processes for the scheme.</p>	<p>The organisation has developed validation processes and procedures to ensure that the system is effective at controlling hazards. The processes and procedures should include evaluation of scientific and technical information to demonstrate, as a minimum, that the log removal value claimed for each critical control point is valid. The demonstration may be theoretical or empirical (from a pilot plant or another scheme).</p> <p>The organisation has established processes and practices for periodical revalidation of processes when changes in conditions occur.</p> <p>The organisation has a process for validating the selection and design of new equipment and infrastructure to ensure continuing reliability.</p> <p>The organisation is able to demonstrate a commitment to increasing its understanding of the recycled water system and to improving its management of the system.</p>
	<p>Element 10</p> <p>The WQP (npw) outlines the process management of documentation and records as well as the reporting requirements.</p>	<p>The organisation has a process for documenting information pertinent to all aspects of recycled water quality management.</p> <p>The organisation has an appropriate document control system to ensure current versions of key documents are in use.</p> <p>The organisation has established a records management system and ensures that employees are trained to fill out records.</p> <p>The organisation has developed a procedure or process to periodically review documentation and revise as necessary.</p> <p>The organisation has established procedures for effective internal and external reporting.</p> <p>The organisation has established processes and procedures for the production of an annual report aimed at the users of the recycled water, regulatory authorities and stakeholders.</p>
	<p>Element 11</p> <p>The WQP (npw) outlines the process for long-term evaluation of results and the audit of the documentation.</p>	<p>The organisation has established processes and practices for the collection and evaluation of long-term data to assess performance and identify problems.</p> <p>The organisation has established processes and practices for documenting and reporting results.</p> <p>The organisation has established protocols for internal and external auditing to be conducted.</p>

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>b</sup>
		The organisation has a process for documenting and communicating audit results to relevant stakeholders.
	Element 12 The WQP (npw) outlines a process for review and continual improvement.	<p>The organisation has developed a process for senior executive to review the effectiveness of the management system and evaluate the need for change.</p> <p>The organisation has developed processes and procedures for the continual improvement of the plans and processes.</p> <p>There is a process for communicating and implementing the continual improvement actions.</p> <p>The improvement process is monitored for effectiveness.</p>

<sup>a</sup> <http://www.ephc.gov.au/taxonomy/term/39>.

<sup>b</sup> The auditor must assess the licensee's compliance with the legislative requirement or Licence condition, and not the illustrative examples above as these are not exhaustive.

## C Sewage Management Plan audit template

The following audit template has been prepared to audit the adequacy of a licensee's Sewage Management Plan, in accordance with the requirements of Schedule 1 clause 14(1) of the *Water Industry Competition (General) Regulation 2008*.

In the absence of a guideline for the development of a Sewage Management Plan, the general principles of undertaking an ecological and health risk assessment have been adapted from the *Australian Guidelines for Water Recycling*. This is to guide the development of the Sewage Management Plan.

Consideration has also been given to the process for assessing the potential environmental impacts from sewerage systems outlined in the NSW Government document: *EIS Guideline for Sewerage Systems*<sup>25</sup> (though it is noted that these EIS requirements will be addressed as part of the development approval process).

In adopting this audit template, there is an exemption from the requirement to prepare a Sewage Management Plan where an Environmental Protection Licence (EPL) is in place for the sewerage infrastructure under the *Protection of the Environment Operation Act 1997* (POEO Act). This is because the risks will be managed within the EPL framework.

Under the EPL framework, sewage treatment schemes that involve the discharge or likely discharge of wastes or by-products to land or waters may have some regulatory oversight as a scheduled activity under the POEO Act, where they cause or are likely to cause environmental pollution. As such, IPART considers a large proportion of the high risk schemes will be regulated under the POEO Act and exempt from the requirement to prepare a Sewage Management Plan.

**The template has been provided as guidance only. The auditor must use their judgement to assess the licensee's compliance with the licence conditions and legislative requirements.**

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<sup>25</sup> [http://www.planning.nsw.gov.au/rdaguidelines/documents/Section\\_E\\_Sewerage.pdf](http://www.planning.nsw.gov.au/rdaguidelines/documents/Section_E_Sewerage.pdf)

**Table C.1 Sewage Management Plan**

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
WIC Reg Sched 1 cl.14(1)(a)	The manner in which the health and ecological assessments will be undertaken and any concerns arising from any such assessment.	<p>The organisation has developed and documented the approach and methodology to be used for the ecological and health assessment incorporating hazard identification and risk assessment.</p> <p>At a minimum the process includes:</p> <ul style="list-style-type: none"> <li>▼ The development of a verified flow diagram of the sewerage system from catchment to consumer (including reticulation, treatment, disposal and by-product streams).</li> <li>▼ The process for waste characterisation of the source of the sewage.</li> <li>▼ Identification and characterisation of the proposed site and the receiving environment (ie, the sensitivity of the receiving environment) both for intended and unintended discharges.</li> <li>▼ Identification of pertinent information and key characteristics of the sewerage system consistent with the complexity of the system.</li> <li>▼ The identification and documentation of hazards, sources and hazardous events for each component of the sewerage system, including all events considered in the planning process and documented in approvals such as DAs.</li> <li>▼ The methodology for estimating the level of risk for each identified hazard or hazardous event.</li> <li>▼ The identification of existing preventive measures from source to disposal for each significant hazard or hazardous event and estimates of the residual risk, including all measures which were identified in planning approval conditions.</li> </ul> <p>An evaluation of alternative or additional preventive measures where improvement is required.</p>

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
		<ul style="list-style-type: none"> <li>▼ The assessment of preventive measures throughout the sewerage system to identify the critical control points.</li> <li>▼ The establishment of mechanisms for operational control at critical control points.</li> <li>▼ The process for collecting baseline monitoring data for the site and the receiving environment to confirm the risk assessment.</li> <li>▼ A process for determining the characteristics to be monitored in the sewerage system and the receiving environment (as appropriate).</li> <li>▼ The development of a sampling plan for each characteristic that encourages the collection of representative and reliable monitoring data.</li> <li>▼ The procedure for the collection and retention of historical data about influent sewage as well as data from the effluent disposed of from the treatment plants and the receiving environment (over time and following specific events).</li> <li>▼ A documented process for identifying, listing and examining exceedances.</li> <li>▼ A documented process to periodically review and update the hazard identification and risk assessment to incorporate any changes.</li> <li>▼ The process for consulting with relevant Government Agencies and the community concerning the proposed scheme.</li> <li>▼ Development of incident notifications with NSW Health for health issues such as sewer overflows</li> </ul> <p>The organisation has identified a team of people with appropriate knowledge and expertise on the sewerage system (from catchment to consumer) to undertake the assessment of the system.</p>
WIC Reg Sched 1 cl.14(1)(b)	The arrangements for the disposal of waste from the infrastructure.	Requirements included in the guidance above.

<sup>a</sup> The auditor must assess the licensee's compliance with the legislative requirement or Licence condition, and not the illustrative examples above as these are not exhaustive.



## D Retail Supply Management Plan audit template

The following audit template has been prepared to audit the adequacy of a licensee's Retail Supply Management Plan in accordance with the requirements of Schedule 2 clause 7A of the *Water Industry Competition (General) Regulation 2008*.

**The template has been provided as guidance only. The auditor must use their judgement to assess the licensee's compliance with the licence conditions and legislative requirements.**

**Table D.1 Retail Supply Management Plan audit template**

<b>Document reference</b>	<b>Requirement to be evaluated</b>	<b>Examples of type of evidence to be reviewed<sup>a</sup></b>
WIC Reg Sched 2 cl.7A (1)(a)	The Retail Supply Management Plan indicates the events and circumstances that could adversely affect the licensee's ability to supply water and/or provide sewerage services.	<p>The organisation has developed and documented the approach and methodology to be used for identifying the events and circumstances that could adversely affect their ability to supply water and/or provide sewerage services.</p> <p>The organisation has a documented process to periodically review and update the events and circumstances that could adversely affect their ability to supply water and/or provide sewerage services to incorporate any changes.</p> <p>The organisation has documented a list of the events and circumstances, in accordance with the approach and methodology, that could adversely affect their ability to supply water and/or provide sewerage services.</p>
WIC Reg Sched 2 cl.7A(1)(b)	The Retail Supply Management Plan indicates the arrangements in relation to the probability of the occurrence of any such event or circumstance that could adversely affect the licensee's ability to supply water and/or provide sewerage services.	<p>The organisation has clearly identified the levels of service to customers. The level of service clearly defines the standard of service that customers can expect to receive from the organisation and is communicated to all customers.</p> <p>The organisation has estimated the probability of the occurrence of any such events or circumstance that could adversely affect their level of service.</p>
WIC Reg Sched 2 cl.7A(1)(c)(i)	The Retail Supply Management Plan indicates the arrangements in relation to the measures to be taken by the licensee to prevent the occurrence, or minimise the effect, of any such event or circumstance that could adversely affect the licensee's ability to supply water and/or provide sewerage services.	<p>The major sources of uncertainty associated with each event or circumstance has been evaluated and actions have been considered to reduce uncertainty.</p> <p>The organisation has determined the significant risks and established documented priorities for the management of those events or circumstances that could adversely affect their ability to supply water and/or provide sewerage services.</p>
WIC Reg Sched 2 cl.7A(1)(c)(ii)	The Retail Supply Management Plan indicates the arrangements in relation to the measures to be taken by the licensee to arrange alternative supplies of water and/or the provision of alternative sewerage services in response to any such event or circumstance that could adversely affect the licensee's ability to supply water and/or provide sewerage services.	The organisation has identified and developed procedures for accessing alternative supplies of water and/or the provision of alternative sewerage services as part of the management process of those events or circumstances that could adversely affect their ability to supply water and/or provide sewerage services.

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
WIC Reg Sched 2 cl.7A(1)(d)(i)	The Retail Supply Management Plan indicates the arrangements that the licensee has made to ensure that it complies with its code of practice for customer complaints and its code of practice for debt recovery, of small retail customers.	The organisation has identified the necessary arrangements to comply with the code of practice for customer complaints and the code of practice for debt recovery. The codes of practice for managing customer complaints and debt recovery are readily accessible by customers and customers are informed of their provisions.
WIC Reg Sched 2 cl.7A(1)(d) (ii)	The Retail Supply Management Plan indicates the arrangements that the licensee has made in relation to ensuring it complies with the marketing code of conduct and transfer code of conduct.	Where relevant, the organisation has established procedures to comply with the provisions of the marketing code of conduct and the transfer code of conduct.

<sup>a</sup> The auditor must assess the licensee's compliance with the legislative requirement or Licence condition, and not the illustrative examples above as these are not exhaustive.

## E New infrastructure audit

Before new infrastructure<sup>26</sup> can commence commercial operation the WICA licensee must provide the Minister with a report from an IPART approved auditor confirming the infrastructure can operate:

- ▼ safely
- ▼ in accordance with the licensee's Licence Plans
- ▼ in compliance with the legal and formal requirements (including the Licence and Regulation).

When considering a licensee's new infrastructure, the auditor should also assess the licensee's arrangements from catchment to consumer, to ensure that services will be supplied to the customer, as intended.

This template is **not** a comprehensive list of the requirements which the auditor has to check to be able to write the report to the Minister. We have not provided a comprehensive list of requirements because each scheme will be different and require the auditor to use their expertise in the field to determine what is required. However, this is an indication of the minimum requirements that would need to be covered in the audit.

**The template has been provided as guidance only. The auditor must use their judgement to assess the licensee's compliance with the licence conditions and legislative requirements.**

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<sup>26</sup> New infrastructure does not include infrastructure that extends or expands existing infrastructure, unless its design, construction or operation involves different technology to that used in connection with the existing infrastructure or is inconsistent with the Infrastructure Operating Plan, Water Quality Plan and/or Sewage Management Plan (as is relevant) for the existing infrastructure.

**Table E.1 New infrastructure**

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
WIC Act s10(4)(a) & s13(2)(a) And Network Operator and Retail Supplier Licence cl. B1	The Licensee must have the technical, financial and organisational capacity to carry out the activities authorised by this Licence. If the Licensee ceases to have this capacity, it must report this to IPART immediately in accordance with the Reporting Manual.	<p>The organisation can demonstrate the level of technical and organisational resourcing and the capacity of those resources have not diminished since the Licence was awarded.</p> <p>The organisation has developed and implemented appropriate resource plans which identify personnel requirements for safe operation of the infrastructure. Personnel requirements would include skill sets and appropriate levels of staffing.</p> <p>A Statutory Declaration from the nominated representative of the applicant to the effect that the applicant is in a position to meet the applicable financial and prudential requirements, and that they are not aware of any factor which would affect the ability of the applicant to securely finance the activities to be performed under the Licence over the following 12 months.</p> <p>The organisation has a procedure to identify if there is insufficient capacity to carry out the licensed activity and the procedure includes notification of IPART.</p> <p>The organisation has a procedure to ensure IPART is informed immediately if the capacity is not retained.</p>
WIC Reg Sched 1 cl. 2(1)	The licensee must not bring any new water or sewerage infrastructure into commercial operation without the written approval of the Minister.	The organisation can demonstrate that all new infrastructure commenced commercial operation after receiving written approval of the Minister.
WIC Reg Sched 1 cl. 2(2)(b)	The infrastructure is capable of operating safely.	The organisation can demonstrate that the infrastructure can operate without causing harm to public health and the environment and complies with the requirements of other relevant legislation such as the Occupational Health and Safety Act.

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
WIC Reg Sched 1 cl. 2(2)(b)	The infrastructure is capable of operating in accordance with its Infrastructure Operating Plan and its Water Quality Plan or Sewage Management Plan, as the case requires.	<p>The organisation can demonstrate that the plans are being implemented, for example, the procedures referenced in the plans are being used by the operators and the operators are trained in the procedures.</p> <p>The organisation can show that the practices adopted on site are covered by the plans and the on-site practices are not contradictory to the documented procedures.</p>
WIC Reg Sched 1 cl. 3(a),(b)	<p>The water or sewerage infrastructure is properly designed and constructed, operated in a safe and reliable manner and maintained in a proper condition, having regard to:</p> <p>(a) the purposes for which it is licensed, and</p> <p>(b) the Licence conditions.</p>	See specific requirements to be evaluated below for Licence conditions.
WIC Reg Sched 1 cl. 3(c)	The water or sewerage infrastructure is properly designed and constructed, operated in a safe and reliable manner and maintained in a proper condition, having regard to any publicly available standards or codes relating to its design, construction, operation and maintenance.	<p>The organisation has established a procedure for identifying and keeping up to date with any publicly available standards and codes. These may include documents produced by Standards Australia, Water Services Association Australia, regulatory agencies such as the EPA and Health, a relevant public utility, product manufacturers and suppliers.</p> <p>The organisation has established procedures to consider the requirements of all identified standards and codes and to determine if the requirements are relevant for the safe and reliable design, construction and operation of the specific water industry infrastructure.</p> <p>The organisation has established procedures to comply with the standards and codes which are deemed relevant to the specific water industry infrastructure.</p>
WIC Reg Sched 1 cl. 6(2)(a) and WIC Reg Sched 1 cl.13(2)(a)	The Infrastructure Operating Plan is fully implemented and kept under regular review and all of the licensee's activities are carried out in accordance with that Plan.	<p>The relevant staff members are aware of the requirements of the Plan and have evidence of implementation, such as up to date checklists and registers for maintenance, training, inductions, monitoring, incidents and emergencies.</p> <p>The organisation has a procedure for reviewing the Plan on a regular basis.</p>

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
WIC Reg Sched 1 cl. 8	The water meters connected to a licensee's water main comply with the requirements of the <i>Plumbing Code of Australia</i> . The licensee has ensured the water meter is properly maintained and periodically tested, and the water meter is read at least every 4 months, and written notice of each meter reading is sent to the relevant licensed retail supplier.	The organisation has a procedure to check all water meters (both customer's and the licensee's water meters) comply with the requirements and have ongoing maintenance and meter readings.
WIC Reg Sched 1 cl. 11	Customer's installations are not connected to the licensee's water main or sewer main unless the installation complies with the <i>Plumbing and Drainage Act 2011</i> (NSW).	The organisation has a procedure for obtaining a plumbing certificate of compliance from the Office of Fair Trading through customers regarding compliance of their internal plumbing.
Network Operator Licence cl. A1.1, A2.1, A3.1	The Licensee and the authorised third parties have constructed, operated and/or maintained the water industry infrastructure	Licensee and authorised third parties are described in the Licence.
Network Operator Licence cl. A1.1(a), A2.1(a), A3.1(a)	The Licensee and the authorised third parties have constructed, operated and/or maintained the water industry infrastructure specified in the Licence.	Licensed infrastructure is described in the Licence.
Network Operator Licence cl. A1.1(b), A2.1(b), A3.1(b)	The Licensee and the authorised third parties have constructed, operated and/or maintained the water industry infrastructure for the authorised purposes	Authorised purposes are described in the Licence.
Network Operator Licence cl. A1.1(c), A2.1(c), A3.1(c)	The water industry infrastructure constructed, operated and/or maintained by the Licensee or an authorised third party does not extend outside the area of operations.	Area of operations is described in the Licence.

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
Network Operator Licence cl. B2.1(a)	Before commencing to commercially operate the Specified Water Industry Infrastructure under this Licence, the Licensee must obtain insurance that is appropriate for the size and nature of the activities authorised under this Licence.	The organisation has evidence to demonstrate it has insurance which is sufficient for the size and nature of the activities authorised under the Licence. Evidence should include letter from IPART accepting level of cover Certificate of currency valid for the Licence period
Network Operator Licence cl. B2.1(b)	Before commencing to commercially operate the Specified Water Industry Infrastructure under this Licence, the Licensee must provide a copy of each certificate of currency of the insurance obtained to IPART.	The auditor is to check with IPART whether IPART has received the certificates of currency that meet the requirements of the Licence obligation.
Network Operator Licence cl. B2.1(c)	Before commencing to commercially operate the Specified Water Industry Infrastructure under this Licence, the Licensee must demonstrate that the insurance obtained is appropriate for the size and nature of the activities authorised under the Licence by providing a report to IPART from an Insurance Expert that: (i) certifies that in the Insurance Expert's opinion, the type and level of the insurance obtained by the Licensee is appropriate for the size and nature of the activities authorised by the Licence (ii) is in the form prescribed by the Reporting Manual.	The organisation has provided a report from an independent insurance broker that holds an Australian Financial Services Licence (AFSL) under Part 7.6 of the <i>Corporations Act 2001</i> (Cth), and the report includes providing the ABN and AFSL number. The auditor is to check with IPART whether IPART has received a report that meets the requirements of the Licence obligation.
Network Operator Licence cl. B3.1	The Licensee must maintain insurance that is appropriate for the size and nature of the activities authorised under the Licence.	The organisation has evidence to demonstrate it has insurance which is sufficient for the size and nature of the activities authorised under the Licence. Evidence should include letter from IPART accepting level of cover Certificate of currency valid for the Licence period
Network Operator Licence cl. B3.2	The Licensee must provide a copy of each certificate of currency of the insurance maintained by the Licensee to IPART in accordance with the Reporting Manual.	The auditor is to check with IPART whether IPART has received the certificates of currency that meet the requirements of the Licence obligation.
Network Operator Licence cl. B3.3	Whenever there is a change in the type, or level of insurance held by the Licensee in relation to the activities authorised under the Licence, the Licensee must provide a copy of the certificate of currency to IPART within 10 days of the change being made.	The organisation has evidence to demonstrate it provided such a certificate when required.



Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
Network Operator Licence cl. B3.4	When requested in writing by IPART, the Licensee must provide a report to IPART, in the manner, form and time specified by IPART, from an Insurance Expert, certifying that in the Insurance Expert's opinion, the type and level of insurance held by the Licensee is appropriate for the size and nature of the activities authorised under the Licence.	The organisation has provided a report from an independent insurance broker that holds an Australian Financial Services Licence (AFSL) under Part 7.6 of the <i>Corporations Act 2001</i> (Cth), and the report includes providing the ABN and AFSL number. The auditor is to check with IPART whether IPART has received a report that meets the requirements of the Licence obligation.
Network Operator Licence cl. B4	The Licensee must carry out activities authorised by the licence in compliance with any requirements of NSW Health that IPART has agreed to and are notified from time to time to the Licensee by IPART in writing.	The organisation can show it has developed a relationship with NSW Health. This can be in the form of an MOU or communications protocol. The organisation has a register to record NSW Health/IPART requirements if they come in, and there is evidence of compliance with the requirements. NSW Health, with the agreement of IPART, has required that notifiable events and response protocols (in a document such as an Incident and Emergency Response Plan) are agreed with NSW Health before a scheme commences commercial operation.
Network Operator Licence cl. B7(a)	Within 14 days of any change to any source from which the water handled by the Specified Water Industry Infrastructure is derived, the Licensee must notify IPART, and provide details, of the change in accordance with the Reporting Manual.	In the case of this change, the organisation has provided the relevant information to IPART within 14 days of the change.
Network Operator Licence cl. B7(b)	Within 14 days of any change to the Authorised Purposes of the water handled by the Specified Water Industry Infrastructure, the Licensee must notify IPART, and provide details, of the change in accordance with the Reporting Manual.	In the case of this change, the organisation has provided the relevant information to IPART within 14 days of the change.
Network Operator Licence cl. B7(c)	Within 14 days of any change to the identity of each licensed retail supplier or public water utility that has access to the infrastructure services provided by the Specified Water Industry Infrastructure for the purpose of supplying water to its customers, the Licensee must notify IPART, and provide details, of the change in accordance with the Reporting Manual.	In the case of this change, the organisation has provided the relevant information to IPART within 14 days of the change.
Network Operator Licence cl. B7(d)	Within 14 days of any change to any other water infrastructure to which the Specified Water Industry Infrastructure is connected, the Licensee must notify IPART, and provide details, of the change in accordance with the Reporting Manual.	In the case of this change, the organisation has provided the relevant information to IPART within 14 days of the change.

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
Network Operator Licence cl. B7(e)	Within 14 days of any change to the identity of each licensed retail supplier or public water utility that has access to infrastructure services provided by the Specified Water Industry Infrastructure for the purpose of providing sewerage services to its customers, the Licensee must notify IPART, and provide details, of the change in accordance with the Reporting Manual.	In the case of this change, the organisation has provided the relevant information to IPART within 14 days of the change.
Network Operator Licence cl. B7(f)	Within 14 days of any change to any other sewerage infrastructure to which the Specified Water Industry Infrastructure is connected, the Licensee must notify IPART, and provide details, of the change in accordance with the Reporting Manual.	In the case of this change, the organisation has provided the relevant information to IPART within 14 days of the change.
Network Operator Licence cl. B7(g)	Within 14 days of any change to the arrangements for the disposal of waste from the Specified Water Industry Infrastructure, the Licensee must notify IPART, and provide details, of the change in accordance with the Reporting Manual.	In the case of this change, the organisation has provided the relevant information to IPART within 14 days of the change.
Network Operator Licence cl. B10.1	Delineating responsibility – interconnections If a code of conduct has not been established under cl. 25 of the Regulation, the Licensee must establish its own code of conduct by the date specified by IPART.	The Licensee has established a Code of Conduct.  Licensees should ensure that third parties responsible for any aspect of the licensee's infrastructure are present at the audit. If a third party is not present at an audit, and a licensee is not able to provide the auditor with all of the relevant information, then the auditor will not be able to complete the audit. Consequently, the licensee may be subject to further auditing and related costs.
Network Operator Licence cl. B10.2(a)	The Licensee's Code of Conduct must set out the respective responsibilities of the Licensee.	The Code of Conduct addresses the relevant matters.

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
Network Operator Licence cl. B10.2(b),(c)	The Licensee's Code of Conduct must set out the respective responsibilities of each licensed network operator, licensed retail supplier and/or public water utility that supplies water, provides sewerage services or constructs, maintains or operates any other water industry infrastructure in the Specified Area of Operations, by, at a minimum, providing for, if the Specified Water Industry Infrastructure is connected to any other water industry infrastructure, who is responsible for repairing, replacing or maintaining any pipes, pumps, valves, storages or other infrastructure connecting the Specified Water Industry Infrastructure to the water industry infrastructure.	The Code of Conduct addresses the relevant matters.
Network Operator Licence cl. B10.2(d)	The Licensee's Code of Conduct must set out who is responsible for water quality.	The Code of Conduct addresses the relevant matters.
Network Operator Licence cl. B10.2(e)	The Licensee's Code of Conduct must set out who is liable in the event of unavailability of water.	The Code of Conduct addresses the relevant matters.
Network Operator Licence cl. B10.2(f)	The Licensee's Code of Conduct must set out who is liable in the event of failure of the Specified Water Industry Infrastructure.	The Code of Conduct addresses the relevant matters.
Network Operator Licence cl. B10.2(g)	The Licensee's Code of Conduct must set out the fees and charges payable in respect of the use of the Specified Water Industry Infrastructure	The Code of Conduct addresses the relevant matters.
Network Operator Licence cl. B10.2(h)	The Licensee's Code of Conduct must set out who is responsible for handling customer complaints	The Code of Conduct addresses the relevant matters.

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
Network Operator Licence cl. B10.3	Before the Licensee brings the Specified Water Industry infrastructure into commercial operation or by a later date specified by IPART (if any), the Licensee's Code of Conduct must be agreed in writing between the Licensee and other licensed network operators, licensed retail suppliers and/or public water utilities	
Network Operator Licence cl. B10.5	The Licensee must not contravene the Licensee's Code of Conduct to the extent that it makes the Licensee responsible or liable for the matters set out in it.	
Network Operator Licence cl. B11	If the Licensee proposes to operate the Specified Water Industry Infrastructure to supply water for an end-use which is not set out in the most recent Water Quality Plan provided to IPART, the Licensee must notify IPART in writing at least 3 months before commencing such operation	The auditor is to check with IPART whether IPART was notified at least 3 months before the licensee commences operating the Specified Water Industry Infrastructure to supply water for an end-use not set out in the most recent Water Quality Plan provided to IPART

<sup>a</sup> The auditor must assess the licensee's compliance with the legislative requirement or Licence condition, and not the illustrative examples above as these are not exhaustive.

## F Technology Assessment template

The Technology Assessment is essentially part of the Water Quality Plan audit (as outlined in Appendix B). An early assessment of parts of the Water Quality Plan will help determine whether the proposed infrastructure will provide water which is fit for purpose. We consider that an early assessment of this type prior to the construction of the scheme will reduce the risks of building infrastructure that does not provide fit and proper water. Significant costs may be incurred to fix the problem.

**The template has been provided as guidance only. The auditor must use their judgement to assess the licensee's compliance with the licence conditions and legislative requirements.**

Table F.1 Technology Assessment

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
Element 2 of AGWR	A <b>flow diagram</b> which identifies each component of the treatment train and conveyance infrastructure, from the source to the end use.	<p>This is to include all:</p> <ul style="list-style-type: none"> <li>▼ sources – intentional and unintentional (eg. Stormwater in the sewer system)</li> <li>▼ storages/buffering reservoirs</li> <li>▼ treatment steps (eg, Screening, sedimentation tank, clarifier, etc)</li> <li>▼ pipelines</li> <li>▼ waste streams</li> <li>▼ end users (final end users, not necessarily the customer, and should include intentional and unintentional).</li> </ul> <p>It is not to be a detailed engineering drawing or Process Instrumentation Diagram, but has to have sufficient information about the treatment train to undertake a risk assessment, as required in Element 2 of AGWR.</p>
Element 3 of AGWR	All the <b>critical control points</b> in the process for the control of pathogens and in some cases chemical contaminants, including detailing the identification process of the CCPs and the characteristics of the treatment step.	<p>This will be the output from the Hazard Analysis Critical Control Point process to be undertaken as outlined in Element 3 of AGWR.</p> <p>The reasons for particular barriers being identified as CCPs needs to be articulated clearly and needs to be consistent with the approach in AGWR.</p> <p>The characteristics of the treatment technologies need to be detailed to ensure the log reduction values and supporting documentation is relevant. This should include such information as the manufacturer, model type, operating capacity and any other technology specific information which might be relevant. It could also include peer reviewed literature.</p>
Element 2 of AGWR	Microbial and chemical water treatment performance targets, that is, the <b>log reduction values (LRV)</b> or percentage removal in the case of chemicals that are being claimed for each critical control point. It should also include the operating parameters of the treatment processes.	<p>The required LRV and/or the percentage removal in the case of chemicals will be the output of the quantitative risk assessment in Element 2 of AGWR, and detailed in Chapter 3 and 4 of AGWR.</p>

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
Element 9 of AGWR	<b>Validation of treatment processes used as CCPs</b> <b>Pre-validated processes</b> <b>Supporting documentation</b> for the claimed LRV and/or percentage removals for the specific critical control points.	<p>Theoretical values can be supported by the documentation in the AGWR. However, for high exposure schemes treatment processes will have to be validated.</p> <p>Treatment technologies which have been pre-validated must provide the supporting material such as performance testing reports.</p> <p>Research can be used to demonstrate that the treatment technology can provide the defined log reduction values, this should be summarised and adequately referenced. The information should include the testing methodology, the model and make of the technology and any relevant calculations. This can include peer-reviewed scientific literature.</p>
Element 9 of AGWR	A <b>validation plan</b> to prove the LRV and the percentage removals for the treatment technology.	<p>If there is insufficient existing scientific data to demonstrate the capability of the technology, the licensee has to provide a detailed validation plan. This plan will have to detail the investigations the licensee intends to undertake to validate the system-specific operational procedures, critical limits and target criteria to ensure the effective operation and control of the system.</p>

<sup>a</sup> The auditor must assess the licensee's compliance with the legislative requirement or Licence condition, and not the illustrative examples above as these are not exhaustive.

## G Sustainability Assessment template

The land application area Sustainability Assessment is essentially part of the Sewage Management Plan audit (as outlined Appendix C). An early assessment of the following aspects of the plans will assist in determining whether the proposed infrastructure will be able to dispose of treated effluent in a sustainable manner. We consider that an early assessment of this type prior to construction of the scheme will reduce the risk of building a scheme that does not sustainably dispose of the effluent and the potentially significant costs that may be involved in correcting the problem.

**The template has been provided as guidance only. The auditor must use their judgement to assess the licensee's compliance with the licence conditions and legislative requirements.**



**Table G.1 Land Application Area Sustainability Assessment Template**

Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
The water balance calculations for the scheme, covering all disposal paths, including production of recycled water and disposal to land and water.	The water balance is to cover the life of the scheme until it reaches ultimate capacity if it is a staged development.
A land capability assessment where there is disposal to land, and hence the sustainable rate of application of treated effluent.	The water balance should take into account diurnal and seasonal variations if applicable.
The type of treatment infrastructure and whether this infrastructure can provide adequate removal of contaminants to enable the sustainable application of treated effluent.	This includes a soil capacity assessment to determine the nutrient and hydraulic load a particular parcel of land is capable of receiving without causing runoff or environmental harm.
The capacity of storage and buffering infrastructure of the scheme, including wet weather storage capacity.	Consideration of the impacts on ground water.
	Outline all the treatment process steps, but a detailed engineering drawing is not required.
	This should include the design criteria used in determining the treatment system such as the BOD, SS, N and P.
	Provide evidence of the expected removal of contaminants. This may be in the form of results from other sites, or scientific literature.
	Detail the storage to be provided and how it will be operated to ensure the buffering capacity required will be provided in case of wet weather and also mechanical or electrical failure in dry weather.
<b>a</b> The auditor must assess the licensee's compliance with the legislative requirement or Licence condition, and not the illustrative examples above as these are not exhaustive.	

## H Operational audit template

The primary objective of an operational audit is to provide a periodic independent assessment of a licensee's compliance with all of the relevant obligations under the Licence and the relevant legislation. This audit focuses on compliance with obligations that are relevant once the licensee has started commercial operations. Audits of pre-commencement obligations are undertaken separately.

The risk based audit approach enables IPART to adjust the audit scope and frequency in line with the calculated risk of non-compliance. Licence obligations that are higher risk will be subjected to more detailed and frequent examination compared to lower risk Licence obligations.

The operational audit template will have to be amended to suit each scheme. For example, an operational audit may examine infrastructure performance, water quality and/or sewage management as well as a range of other Licence conditions. Some Licences may contain non-standard conditions imposed by the Minister and these must be included in the audit scope by the auditor.

The intention is that, the operational audit template will examine:

- ▼ the implementation of the various plans and the ongoing operation of the Licence activity being audited
- ▼ any other Licence requirements applicable to the licensee.

For operational audits, the auditor must check that any outstanding items from previous Licence Plans audits have been addressed and audited for adequacy and compliance with the legislative requirements, before assessing the implementation of the plans. For example, there are aspects of the requirements under AGWR which may not have to be developed at commencement of commercial operation in order for the infrastructure to initially operate safely (such as the calibration of monitoring equipment, which can be safely developed and implemented within the first 6 to 12 months of commercial operation).

Finally, licensees should ensure that third parties responsible for any aspect of the licensee's infrastructure (including building owners and developers) are present at the audit. If a third party is not present at an audit, and a licensee is not able to provide the auditor with all of the relevant information, then the auditor will not be able to complete the audit. Consequently, the licensee may be subject to further auditing and related costs.

**The template has been provided as guidance only. The auditor must use their judgement to assess the licensee's compliance with the licence conditions and legislative requirements.**

**Table H.1 Network Operator Operational Audit**

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
<b>General requirements</b>		
WIC Act section 14(1)	A network operator must pay the annual Licence fee determined by the Minister.	The organisation has paid the annual fee or has received an exemption from fee payment from the Minister.
WIC Reg Sched 1 cl. 1(1)	A network operator must provide the Minister or IPART with such information as required in relation to network operator's activities under Licence.	In the case a direction was given, the organisation provided the information requested in the specified timeframe.
WIC Reg Sched 1 cl. 1(3)(a)	A network operator must permit publication on IPART's website of matters as are required to be recorded on the Register of Licences.	This does not need to be audited
WIC Reg Sched 1 cl. 1(3)(b)	A network operator must permit the disclosure between relevant government agencies of information the network operator has provided to any one of them.	This does not need to be audited
WIC Reg Sched 1 cl. 1(3)(c)	A network operator must permit disclosure to the general public of information about incidents reported to the Minister or relevant government authority.	This does not need to be audited
WIC Reg Sched 1 cl. 2(1)	A network operator must not bring any new water or sewerage infrastructure into commercial operation without the written approval of the Minister.	
WIC Reg Sched 1 cl. 2(2)(a)	The network operator must provide to the Minister a report, prepared by an approved auditor that indicates that the infrastructure complies with the requirements of the Regulation and any Licence conditions.	The licensee does not provide this report directly to the Minister. Rather, the licensee sends this report to IPART.
WIC Reg Sched 1 cl. 2(2)(a)	The network operator must provide to the Minister a report, prepared by an approved auditor that indicates that the infrastructure is capable of operating safely and in accordance with its Infrastructure Operating Plan and its Water Quality Plan or Sewage Management Plan, as the case requires.	The licensee does not provide this report directly to the Minister. Rather, the licensee sends this report to IPART.

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
WIC Reg Sched 1 cl. 3(a)	The water or sewerage infrastructure is properly designed and constructed, operated in a safe and reliable manner and maintained in a proper condition, having regard to the purposes for which it is licensed.	This does not need to be audited
WIC Reg Sched 1 cl. 3(b)	The water or sewerage infrastructure is properly designed and constructed, operated in a safe and reliable manner and maintained in a proper condition, having regard to the Licence conditions.	This does not need to be audited
WIC Reg Sched 1 cl. 3(c)	The water or sewerage infrastructure is properly designed and constructed, operated in a safe and reliable manner and maintained in a proper condition, having regard to any publicly available standards or codes relating to its design, construction, operation and maintenance.	<p>The organisation has established a procedure for identifying and keeping up to date with any publicly available standards and codes. These may include documents produced by Standards Australia, Water Services Association Australia, regulatory agencies such as the EPA and Health, a relevant public utility, product manufacturers and suppliers.</p> <p>The organisation has established procedures to consider the requirements of all identified standards and codes and to determine if the requirements are relevant for the safe and reliable design, construction and operation of the specific water industry infrastructure.</p> <p>The organisation has established procedures to comply with the standards and codes which are deemed relevant to the specific water industry infrastructure.</p>
WIC Reg Sched 1 cl. 5	A network operator must comply with any water industry code of conduct, marketing code of conduct and transfer code of conduct.	The organisation has identified if any code of conduct is relevant to its operation and has ensured compliance in the case the code of conduct is relevant.
WIC Reg Sched 1 cl. 11	Customer's installations are not connected to the network operator's water main or sewer main unless the installation complies with the <i>Plumbing and Drainage Act 2011</i> (NSW).	The organisation has a procedure for obtaining a plumbing certificate of compliance from the Office of Fair Trading through customers regarding compliance of their internal plumbing.
WIC Reg Sched 1 cl. 12(a)	The network operator must have an internet website on which a plan showing the nature and general location of the infrastructure is available for inspection by members of the public.	The organisation must have a website that contains the location of the infrastructure.

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
Network Operator Licence cl. A1.1, A2.1, A3.1	The Licensee and the authorised third parties have constructed, operated and/or maintained the water industry infrastructure	Note that the Licensee and authorised third parties are described in the Licence.
Network Operator Licence cl. A1.1(a), A2.1(a), A3.1(a)	The Licensee and the authorised third parties have constructed, operated and/or maintained the water industry infrastructure specified in the Licence.	Note that the licensed infrastructure is described in the Licence.
Network Operator Licence cl. A1.1(b), A2.1(b), A3.1(b)	The Licensee and the authorised third parties have constructed, operated and/or maintained the water industry infrastructure for the authorised purposes	Note that the authorised purposes are described in the Licence.
Network Operator Licence cl. A1.1(c), A2.1(c), A3.1(c)	The water industry infrastructure constructed, operated and/or maintained by the Licensee or an authorised third party does not extend outside the area of operations.	Note that the area of operations is described in the Licence.
Network Operator Licence cl. B1	The Licensee must have the technical capacity to carry out the activities authorised by this Licence. If the Licence Holder ceases to have this capacity, it must report this to IPART immediately.	The Licensee has developed and implemented appropriate resource plans which identify personnel requirements for safe operation of the infrastructure. Personnel requirements would include skill sets and appropriate levels of staffing.
Network Operator Licence cl. B1	The Licensee must have the financial capacity to carry out the activities authorised by this Licence. If the Licence Holder ceases to have this capacity, it must report this to IPART immediately.	The Licensee undertakes financial audits of the licensed activities at a frequency appropriate for the Licensee's exposure to financial risk.

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
Network Operator Licence cl. B1	The Licensee must have the organisational capacity to carry out the activities authorised by this Licence. If the Licence Holder ceases to have this capacity, it must report this to IPART immediately.	The Licensee has a procedure to identify if there is insufficient capacity to carry out the licensed activity and the procedure includes notification of IPART
Network Operator Licence cl. B2.1(a)	Before commencing to commercially operate the Specified Water Industry Infrastructure under this Licence, the Licensee must obtain insurance that is appropriate for the size and nature of the activities authorised under the Licence.	The organisation has evidence to demonstrate it has insurance which is sufficient for the size and nature of the activities authorised under the Licence. Evidence should include letter from IPART accepting level of cover Certificate of currency valid for the Licence period
Network Operator Licence cl. B2.1(b)	Before commencing to commercially operate the Specified Water Industry Infrastructure under this Licence, the Licensee must provide a copy of each certificate of currency of the insurance obtained to IPART.	The auditor is to check with IPART whether IPART has received the certificates of currency that meet the requirements of the Licence obligation.
Network Operator Licence cl. B2.1(c)	Before commencing to commercially operate the Specified Water Industry Infrastructure under this Licence, the Licensee must demonstrate that the insurance obtained is appropriate for the size and nature of the activities authorised under the Licence by providing a report to IPART from an Insurance Expert that: (i) certifies that in the Insurance Expert's opinion, the type and level of the insurance obtained by the Licensee is appropriate for the size and nature of the activities authorised by the Licence (ii) is in the form prescribed by the Reporting Manual.	The organisation has provided a report from an independent insurance broker that holds an Australian Financial Services Licence (AFSL) under Part 7.6 of the <i>Corporations Act 2001</i> (Cth), and the report includes providing the ABN and AFSL number. The auditor is to check with IPART whether IPART has received a report that meets the requirements of the Licence obligation.

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
Network Operator Licence cl. B3.1	The Licensee must maintain insurance that is appropriate for the size and nature of the activities authorised under the Licence.	The organisation has evidence to demonstrate it has insurance which is sufficient for the size and nature of the activities authorised under the Licence. Evidence should include letter from IPART accepting level of cover Certificate of currency valid for the Licence period.
Network Operator Licence cl. B3.2	The Licensee must provide a copy of each certificate of currency of the insurance maintained by the Licensee to IPART in accordance with the Reporting Manual.	The auditor is to check with IPART whether IPART has received the certificates of currency that meet the requirements of the Licence obligation.
Network Operator Licence cl. B3.3	Whenever there is a change in the type, or level of insurance held by the Licensee in relation to the activities authorised under the Licence, the Licensee must provide a copy of the certificate of currency to IPART within 10 days of the change being made.	The organisation has evidence to demonstrate it provided such a certificate when required.
Network Operator Licence cl. B3.4	When requested in writing by IPART, the Licensee must provide a report to IPART, in the manner, form and time specified by IPART, from an Insurance Expert, certifying that in the Insurance Expert's opinion, the type and level of insurance held by the Licensee is appropriate for the size and nature of the activities authorised under the Licence.	The organisation has provided a report from an independent insurance broker that holds an Australian Financial Services Licence (AFSL) under Part 7.6 of the <i>Corporations Act 2001</i> (Cth), and the report includes providing the ABN and AFSL number. The auditor is to check with IPART whether IPART has received a report that meets the requirements of the Licence obligation.
Network Operator Licence cl. B5	The Licensee must comply with any Audit Guidelines issued by IPART.	
Network Operator Licence cl. B6	The Licensee must prepare and submit reports in accordance with the applicable Reporting Manual.	The organisation has procedures for developing all the required reports. All required reports were provided to the relevant parties in the specified format and timeframe nominated in the Reporting Manual.
Network Operator Licence cl. B7(a)	Within 14 days of any change to any source from which the water handled by the Specified Water Industry Infrastructure is derived, the Licensee must notify IPART, and provide details, of the change in accordance with the Reporting Manual.	In the case of this change, the organisation has provided the relevant information to IPART within 14 days of the change.



Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
Network Operator Licence cl. B7(b)	Within 14 days of any change to the Authorised Purposes of the water handled by the Specified Water Industry Infrastructure, the Licensee must notify IPART, and provide details, of the change in accordance with the Reporting Manual.	In the case of this change, the organisation has provided the relevant information to IPART within 14 days of the change.
Network Operator Licence cl. B7(c)	Within 14 days of any change to the identity of each licensed retail supplier or public water utility that has access to the infrastructure services provided by the Specified Water Industry Infrastructure for the purpose of supplying water to its customers, the Licensee must notify IPART, and provide details, of the change in accordance with the Reporting Manual.	In the case of this change, the organisation has provided the relevant information to IPART within 14 days of the change.
Network Operator Licence cl. B7(d)	Within 14 days of any change to any other water infrastructure to which the Specified Water Industry Infrastructure is connected, the Licensee must notify IPART, and provide details, of the change in accordance with the Reporting Manual.	In the case of this change, the organisation has provided the relevant information to IPART within 14 days of the change.
Network Operator Licence cl. B7(e)	Within 14 days of any change to the identity of each licensed retail supplier or public water utility that has access to infrastructure services provided by the Specified Water Industry Infrastructure for the purpose of providing sewerage services to its customers, the Licensee must notify IPART, and provide details, of the change in accordance with the Reporting Manual.	In the case of this change, the organisation has provided the relevant information to IPART within 14 days of the change.
Network Operator Licence cl. B7(f)	Within 14 days of any change to any other sewerage infrastructure to which the Specified Water Industry Infrastructure is connected, the Licensee must notify IPART, and provide details, of the change in accordance with the Reporting Manual.	In the case of this change, the organisation has provided the relevant information to IPART within 14 days of the change.
Network Operator Licence cl. B7(g)	Within 14 days of any change to the arrangements for the disposal of waste from the Specified Water Industry Infrastructure, the Licensee must notify IPART, and provide details, of the change in accordance with the Reporting Manual.	In the case of this change, the organisation has provided the relevant information to IPART within 14 days of the change.

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
Network Operator Licence cl. B12	If an Authorised Person ceases, proposes to cease, or receives notification to cease providing any of the services relating to the activities authorised by this Licence, the Licensee must provide IPART with written notice as soon as practicable but no later than 28 days before the date of cessation of the services. The written notice must include details of how the services previously undertaken by the Authorised Person will continue to be undertaken.	The auditor is to check with IPART whether IPART has received notice of cessation of services no later than 28 days before the date of cessation of services.
Network Operator Licence cl. B13.2(a)	If the Licensee has brought any Specified Water Industry Infrastructure into commercial operation, the Licensee must notify IPART in accordance with the Reporting Manual that it has brought the relevant Specified Water Industry Infrastructure into commercial operation.	The auditor is to check with IPART whether IPART has received notification of commencement of commercial operation in the manner specified in the Reporting Manual.
Network Operator Licence cl. B13.2(b)	If the Licensee has brought any Specified Water Industry Infrastructure into commercial operation, the Licensee must provide such notification within 10 days after it has brought the relevant Specified Water Industry Infrastructure into commercial operation.	The auditor is to check with IPART whether IPART has received notification of commencement of commercial operation within 10 days of the Licensee commencing commercial operation.
<b>Health requirements</b>		
WIC Act section 18	A network operator must comply with any direction of the Minister to take specified action to reduce or eliminate a risk to public health or public safety arising from certain activities.	There is evidence the organisation has complied with any direction of the Minister.
WIC Reg Sched 1 cl. 1(2)(a)	A network operator must immediately notify IPART of any incident in the conduct of its activities that threatens, or could threaten, water quality, public health or safety.	<p>The organisation has up-to-date incident and emergency procedures and evidence of implementation of these procedures where relevant.</p> <p>The organisation has developed its procedures in line with the requirements of IPART's incident reporting guidelines.</p> <p>The organisation must ensure all incidents are reported in accordance with IPART's <i>Incident Notification by Network Operators and Retail Suppliers</i> procedure, including, but not limited to, OHS and lost time injuries, water quality etc.</p>

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
WIC Reg Sched 1 cl. 1(2)(b)	A network operator must immediately notify the Minister administering the <i>Public Health Act 2010</i> (NSW) and the Public Health Regulation 2012 (NSW) of any incident in the conduct of its activities that threatens, or could threaten, water quality, public health or safety.	<p>The organisation has up-to-date incident and emergency procedures and evidence of implementation of these procedures where relevant.</p> <p>The organisation has developed its procedures in line with the requirements of IPART's incident reporting guidelines.</p> <p>The organisation must ensure all incidents are reported in accordance with IPART's <i>Incident Notification by Network Operators and Retail Suppliers</i> procedure, including, but not limited to, OHS and lost time injuries, water quality etc.</p>
WIC Reg Sched 1 cl. 1(2)(c)	A network operator must immediately notify the Minister administering Part 2 of the <i>Water Industry Competition Act 2006</i> (NSW) of any incident in the conduct of its activities that threatens, or could threaten, water quality, public health or safety.	<p>The organisation has up-to-date incident and emergency procedures and evidence of implementation of these procedures where relevant.</p> <p>The organisation has developed its procedures in line with the requirements of IPART's incident reporting guidelines.</p> <p>The organisation must ensure all incidents are reported in accordance with IPART's <i>Incident Notification by Network Operators and Retail Suppliers</i> procedure, including, but not limited to, OHS and lost time injuries, water quality etc.</p>
WIC Reg Sched 1 cl. 1(2)(d)	A network operator must immediately notify any licensed retail supplier that supplies water or provides sewerage services by means of the licensed network operator's infrastructure of any incident in the conduct of its activities that threatens, or could threaten, water quality, public health or safety.	<p>The organisation has up-to-date incident and emergency procedures and evidence of implementation of these procedures where relevant.</p> <p>The organisation has developed its procedures in line with the requirements of IPART's incident reporting guidelines.</p> <p>The organisation must ensure all incidents are reported in accordance with IPART's <i>Incident Notification by Network Operators and Retail Suppliers</i> procedure, including, but not limited to, OHS and lost time injuries, water quality etc.</p>
WIC Reg Sched 1 cl. 1(2)(e)	A network operator must immediately notify any licensed network operator or public water utility whose infrastructure is connected to the licensed network operator's infrastructure of any incident in the conduct of its activities that threatens, or could threaten, water quality, public health or safety.	<p>The organisation has up-to-date incident and emergency procedures and evidence of implementation of these procedures where relevant.</p> <p>The organisation has developed its procedures in line with the requirements of IPART's incident reporting guidelines.</p> <p>The organisation must ensure all incidents are reported in accordance with IPART's <i>Incident Notification by Network Operators and Retail Suppliers</i> procedure, including, but not limited to, OHS and lost time injuries, water quality etc.</p>
WIC Reg Sched 1 cl. 5	A network operator must comply with any water industry code of conduct, marketing code of conduct and transfer code of conduct.	The organisation has identified if any code of conduct is relevant to its operation and has ensured compliance in the case the code of conduct is relevant.

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
WIC Reg Sched 1 cl. 9(a)	A network operator of water infrastructure to supply drinking water must ensure the water supplied is fit for human consumption.	
WIC Reg Sched 1 cl. 9(c)	A network operator of water infrastructure to supply drinking water must ensure the water supplied complies with any requirements under the <i>Public Health Act 2010</i> (NSW) and the <i>Public Health Regulation 2012</i> (NSW) in relation to the supply of safe drinking water.	
Network Operator Licence cl. B4	The Licensee must carry out activities authorised by the licence in compliance with any requirements of NSW Health that IPART has agreed to and are notified from time to time to the Licensee by IPART in writing.	<p>The organisation can show they have developed a relationship with NSW Health. This can be in the form of an MOU or communications protocol.</p> <p>The organisation has a register to record NSW Health/IPART requirements if they come in, and there is evidence of compliance with the requirements.</p> <p>NSW Health, with the agreement of IPART, has required that notifiable events and response protocols (in a document such as an Incident and Emergency Response Plan) are agreed with NSW Health before a scheme commences commercial operation.</p>
<b>Environmental requirements</b>		
WIC Reg Sched 1 cl. 3(a)	The water or sewerage infrastructure is properly designed and constructed, operated in a safe and reliable manner and maintained in a proper condition, having regard to the purposes for which it is licensed.	This does not need to be audited
WIC Reg Sched 1 cl. 3(b)	The water or sewerage infrastructure is properly designed and constructed, operated in a safe and reliable manner and maintained in a proper condition, having regard to the Licence conditions.	This does not need to be audited

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
WIC Reg Sched 1 cl. 3(c)	The water or sewerage infrastructure is properly designed and constructed, operated in a safe and reliable manner and maintained in a proper condition, having regard to any publicly available standards or codes relating to its design, construction, operation and maintenance.	<p>The organisation has established a procedure for identifying and keeping up to date with any publicly available standards and codes. These may include documents produced by Standards Australia, Water Services Association Australia, regulatory agencies such as the EPA and Health, a relevant public utility, product manufacturers and suppliers.</p> <p>The organisation has established procedures to consider the requirements of all identified standards and codes and to determine if the requirements are relevant for the safe and reliable design, construction and operation of the specific water industry infrastructure.</p> <p>The organisation has established procedures to comply with the standards and codes which are deemed relevant to the specific water industry infrastructure.</p>
WIC Reg Sched 1 cl. 4(1)(a)	In its activities under the Licence, a network operator must comply with the requirements of the <i>Environmental Planning and Assessment Act 1979</i> (NSW) and any environmental planning instruments under that Act.	<p>There have been no prosecutions against the network operator or authorised third party for the licensed activities.</p> <p>The network operator and any authorised third party have not breached any environmental protection Licences or water pollution Licences issued for the licensed activities.</p>
WIC Reg Sched 1 cl. 4(1)(b)	In its activities under the Licence, a network operator must comply with the requirements of the <i>Protection of the Environment Operations Act 1997</i> (NSW) and any regulations under that Act, in relation to the protection of the environment.	<p>There have been no prosecutions against the network operator or authorised third party for the licensed activities.</p> <p>The network operator and any authorised third party have not breached any environmental protection Licences or water pollution Licences issued for the licensed activities.</p>
<b>Infrastructure Operating Plan</b>		
WIC Reg Sched 1 cl. 6(1)(a)	Before commencing to operate water infrastructure commercially, a network operator must prepare and forward to IPART an Infrastructure Operating Plan that indicates the arrangements the network operator has made, or proposes to make, in relation to the design, construction, operation and maintenance of the water infrastructure, including particulars as to the life-span of the infrastructure, the system redundancy built into the infrastructure and the arrangements for the renewal of the infrastructure.	This does not need to be audited in the operational audit; it is covered in the Licence Plans/ new infrastructure audit.

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
WIC Reg Sched 1 cl. 6(1)(b)	Before commencing to operate water infrastructure commercially, a network operator must prepare and forward to IPART an Infrastructure Operating Plan that indicates the arrangements the network operator has made, or proposes to make, in relation to the continued safe and reliable performance of the <i>water</i> infrastructure.	This does not need to be audited in the operational audit; it is covered in the Licence Plans/ new infrastructure audit.
WIC Reg Sched 1 cl. 6(1)(c)	Before commencing to operate water infrastructure commercially, a network operator must prepare and forward to IPART an Infrastructure Operating Plan that indicates the arrangements the network operator has made, or proposes to make, in relation to the continuity of <i>water</i> supply.	This does not need to be audited in the operational audit; it is covered in the Licence Plans/ new infrastructure audit.
WIC Reg Sched 1 cl. 6(1)(d)	Before commencing to operate water infrastructure commercially, a network operator must prepare and forward to IPART an Infrastructure Operating Plan that indicates the arrangements the network operator has made, or proposes to make, in relation to alternative water supplies when the <i>water</i> infrastructure is inoperable.	This does not need to be audited in the operational audit; it is covered in the Licence Plans/ new infrastructure audit.
WIC Reg Sched 1 cl. 6(1)(e)	Before commencing to operate water infrastructure commercially, a network operator must prepare and forward to IPART an Infrastructure Operating Plan that indicates the arrangements the network operator has made, or proposes to make, in relation to the maintenance, monitoring and reporting of standards of <i>water supply</i> service.	This does not need to be audited in the operational audit; it is covered in the Licence Plans/ new infrastructure audit.
WIC Reg Sched 1 cl. 6(2)(a)	The Infrastructure Operating Plan is fully implemented and kept under regular review and all of the network operator's activities are carried out in accordance with that Plan.	The relevant staff members are aware of the requirements of the Plan and have evidence of implementation, such as up to date checklists and registers for maintenance, training, inductions, monitoring, incidents and emergencies. The organisation has a procedure for reviewing the Plan on a regular basis.

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
WIC Reg Sched 1 cl. 6(2)(b)	If the Minister has directed, amendments to the network operator's Infrastructure Operating Plan, such amendments were completed in accordance with the Minister's direction.	The organisation has a procedure for amending and implementing the Infrastructure Operating Plan if the Minister directs a change.
WIC Reg Sched 1 cl. 6(3)(a)	If any significant change is made to its Infrastructure Operating Plan (or the Minister or IPART demands it), the network operator must provide a copy of the amended Plan to IPART and an approved auditor, and provide the Minister or IPART with a report, prepared by the approved auditor, regarding the adequacy of the Plan and the condition of its infrastructure having regard to the purposes for which it was licensed.	<p>The organisation has engaged an approved auditor to provide a report on the Infrastructure Operating Plan and the condition of the infrastructure, every time there has been a significant change to the Plan or if IPART or the Minister requested it.</p> <p>A significant change may include changes to the risk assessment which include the addition of risks which require controls to be introduced to manage the risk to an acceptable level, changes to procedures which impact the quality and/or quantity of water produced by the infrastructure extensions, or expansions of existing infrastructure, without adding "new infrastructure" as defined in the Act.</p> <p>(This only applies if the infrastructure is deemed not to qualify under the definition of "new infrastructure" in WIC Reg Sched 1cl. 2.)</p> <p>The updating of contact details and other administrative updates are not considered to be a significant change to the Plan.</p>
WIC Reg Sched 1 cl. 6(3)(b)	Alternatively, the network operator must pay the Minister's or IPART's cost of investigation the adequacy of the Plan or condition of the infrastructure.	This does not need to be audited.
WIC Reg Sched 1 cl. 12(d)	The network operator must have an internet website on which the most recent auditor's report under clause 6 that applies to the network operator is available for inspection by members of the public.	The organisation must have a website that contains the most recent auditor's report on the adequacy of the scheme's Infrastructure operating Plan.

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
WIC Reg Sched 1 cl. 13(1)(a)	Before commencing to operate sewerage infrastructure commercially a network operator must prepare and forward to IPART an Infrastructure Operating Plan that indicates the arrangements the network operator has made, or proposes to make, in relation to the design, construction, operation and maintenance of the infrastructure, including particulars as to the life-span of the <i>sewerage</i> infrastructure, the system redundancy built into the infrastructure and the arrangements for the renewal of the infrastructure.	This does not need to be audited in the operational audit; it is covered in the Licence Plans/ new infrastructure audit.
WIC Reg Sched 1 cl. 13(1)(b)	Before commencing to operate sewerage infrastructure commercially a network operator must prepare and forward to IPART an Infrastructure Operating Plan that indicates the arrangements the network operator has made, or proposes to make, in relation to the continued safe and reliable performance of the <i>sewerage</i> infrastructure.	This does not need to be audited in the operational audit; it is covered in the Licence Plans/ new infrastructure audit.
WIC Reg Sched 1 cl. 13(1)(c)	Before commencing to operate sewerage infrastructure commercially a network operator must prepare and forward to IPART an Infrastructure Operating Plan that indicates the arrangements the network operator has made, or proposes to make, in relation to the continuity of supply of <i>sewerage services</i> .	This does not need to be audited in the operational audit; it is covered in the Licence Plans/ new infrastructure audit.
WIC Reg Sched 1 cl. 13(1)(d)	Before commencing to operate sewerage infrastructure commercially a network operator must prepare and forward to IPART an Infrastructure Operating Plan that indicates the arrangements the network operator has made, or proposes to make, in relation to alternative sewerage services when the <i>sewerage</i> infrastructure is inoperable.	This does not need to be audited in the operational audit; it is covered in the Licence Plans/ new infrastructure audit.



Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
WIC Reg Sched 1 cl. 13(1)(e)	Before commencing to operate sewerage infrastructure commercially a network operator must prepare and forward to IPART an Infrastructure Operating Plan that indicates the arrangements the network operator has made, or proposes to make, in relation to the maintenance, monitoring and reporting of standards of sewerage services.	This does not need to be audited in the operational audit; it is covered in the Licence Plans/ new infrastructure audit.
WIC Reg Sched 1 cl. 13(2)(a)	The Infrastructure Operating Plan is fully implemented and kept under regular review and all of the network operator's activities are carried out in accordance with that plan.	The relevant staff members are aware of the requirements of the Plan and have evidence of implementation, such as up to date checklists and registers for maintenance, training, inductions, monitoring, incidents and emergencies. The organisation has a procedure for reviewing the Plan on a regular basis.
WIC Reg Sched 1 cl. 13(2)(b)	If the Minister has directed, amendments to the network operator's Infrastructure Operating Plan, such amendments were completed in accordance with the Minister's direction.	The organisation has a procedure for amending and implementing the Infrastructure Operating Plan if the Minister directs a change.
WIC Reg Sched 1 cl. 13(3)(a)	If any significant change is made to its Infrastructure Operating Plan (or the Minister or IPART demands it), the network operator must provide a copy of the amended Plan to IPART and an approved auditor, and provide the Minister or IPART with a report, prepared by the approved auditor, regarding the adequacy of the Plan and the condition of its infrastructure having regard to the purposes for which it was licensed.	<p>The organisation has engaged an approved auditor to provide a report on the Infrastructure Operating Plan and the condition of the infrastructure, every time there has been a significant change to the Plan or if IPART or the Minister requested it.</p> <p>A significant change may include:</p> <ul style="list-style-type: none"> <li>▼ changes to the risk assessment which include the addition of risks which require controls to be introduced to manage the risk to an acceptable level</li> <li>▼ changes to procedures which impact the quality and/or quantity of water produced by the infrastructure</li> <li>▼ extensions or expansions of existing infrastructure, without adding "new infrastructure" as defined in the Act.</li> </ul> <p>(This only applies if the infrastructure is deemed not to qualify under the definition of "new infrastructure" in WIC Reg Sched 1cl. 2.)</p> <p>The updating of contact details and other administrative updates are not considered to be a significant change to the Plan.</p>

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
WIC Reg Sched 1 cl. 13(3)(b)	Alternatively, the network operator must pay the Minister's or IPART's cost of investigation the adequacy of the Plan or condition of the infrastructure.	This does not need to be audited.
Network Operator Licence cl. B9	Whenever the Licensee makes a significant amendment to a Plan, the Licensee must provide a copy of the amended Plan to IPART at the same time that it provides a copy to the approved auditor engaged to prepare a report as to the adequacy of the amended Plan, as required under the Regulation.	The Licensee has engaged an approved auditor to provide a report if IPART or the Minister requested it.
Network Operator Licence cl. B10.1	Delineating responsibility – interconnections If a code of conduct has not been established under cl. 25 of the Regulation, the Licensee must establish its own code of conduct by the date specified by IPART.	The Licensee has established a Code of Conduct.  Licensees should ensure that third parties responsible for any aspect of the licensee's infrastructure are present at the audit. If a third party is not present at an audit, and a licensee is not able to provide the auditor with all of the relevant information, then the auditor will not be able to complete the audit. Consequently, the licensee may be subject to further auditing and related costs.
Network Operator Licence cl. B10.2(a)	The Licensee's Code of Conduct must set out of the respective responsibilities of the Licensee.	Note that the Code of Conduct addresses the relevant matters.

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
Network Operator Licence cl. B10.2(b),(c)	The Licensee's Code of Conduct must set out of the respective responsibilities of each licensed network operator, licensed retail supplier and/or public water utility that supplies water, provides sewerage services or constructs, maintains or operates any other water industry infrastructure in the Specified Area of Operations, by, at a minimum, providing for, if the Specified Water Industry Infrastructure is connected to any other water industry infrastructure, who is responsible for repairing, replacing or maintaining any pipes, pumps, valves, storages or other infrastructure connecting the Specified Water Industry Infrastructure to the water industry infrastructure.	Note that the Code of Conduct addresses the relevant matters.
Network Operator Licence cl. B10.2(d)	The Licensee's Code of Conduct must set out of the respective responsibilities of who is responsible for water quality.	Note that the Code of Conduct addresses the relevant matters.
Network Operator Licence cl. B10.2(e)	The Licensee's Code of Conduct must set out who is liable in the event of unavailability of water.	Note that the Code of Conduct addresses the relevant matters.
Network Operator Licence cl. B10.2(f)	The Licensee's Code of Conduct must set out who is liable in the event of failure of the Specified Water Industry Infrastructure.	Note that the Code of Conduct addresses the relevant matters.
Network Operator Licence cl. B10.2(g)	The Licensee's Code of Conduct must set out the fees and charges payable in respect of the use of the Specified Water Industry Infrastructure	Note that the Code of Conduct addresses the relevant matters.
Network Operator Licence cl. B10.2(h)	The Licensee's Code of Conduct must set out who is responsible for handling customer complaints	Note that the Code of Conduct addresses the relevant matters.

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
Network Operator Licence cl. B10.3	Before the Licensee brings the Specified Water Industry Infrastructure into commercial operation or by a later date specified by IPART (if any), the Licensee's Code of Conduct must agree in writing between the Licensee and other licensed network operators, licensed retail suppliers and/or public water utilities	
Network Operator Licence cl. B10.5	The Licensee must not contravene the Licensee's Code of Conduct to the extent that it makes the Licensee responsible or liable for the matters set out in it.	
<b>Water Quality Plan</b>		
WIC Reg Sched 1 cl. 7(1)(a)	Before commencing to operate water infrastructure commercially, the licensed network operator must prepare, and forward to IPART, a Water Quality Plan in relation to the <i>drinking water</i> supplied from the infrastructure that specifies how the 12 elements for the framework for the management of drinking water quality, as detailed in the Australian Drinking Water Guidelines, have been addressed and will be implemented.	This does not need to be audited in the operational audit; it is covered in the Licence Plans/ new infrastructure audit.
WIC Reg Sched 1 cl. 7(1)(b)	Before commencing to operate water infrastructure commercially, the licensed network operator must prepare, and forward to IPART, a Water Quality Plan in relation to the <i>non-potable water</i> supplied from the infrastructure that specifies how the 12 elements for the framework for the management of recycled water quality, as detailed in the Australian Guidelines for Water Recycling, have been addressed and will be implemented, and, having regard to those guidelines, the purposes for which the water may be used /not used.	This does not need to be audited in the operational audit; it is covered in the Licence Plans/ new infrastructure audit.

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
WIC Reg Sched 1 cl. 7(2)	A network operator's Water Quality Plan in relation to water infrastructure for drinking water must be consistent with the Australian Drinking Water Guidelines.	This does not need to be audited in the operational audit; it is covered in the Licence Plans/ new infrastructure audit.
WIC Reg Sched 1 cl. 7(3)	A network operator's Water Quality Plan in relation to water infrastructure for non-potable water must be consistent with the Australian Guidelines for Water Recycling.	This does not need to be audited in the operational audit; it is covered in the Licence Plans/ new infrastructure audit.
WIC Reg Sched 1 cl. 7(4)(a)	The network operator must ensure that its Water Quality Plan is fully implemented and kept under regular review and the network operator's activities are carried out in accordance with that Plan.	The relevant staff members are aware of the requirements of the Plan and have evidence of implementation, such as up to date checklists and registers for water quality monitoring, testing, training, inductions, incidents and emergencies and community/end user awareness. The organisation has a procedure for reviewing the Plan on a regular basis.
WIC Reg Sched 1 cl. 7(4)(b)	If the Minister so directs, amendments to the network operator's Water Quality Plan are made in accordance with the Minister's direction.	The organisation has a procedure for amending and implementing the Water Quality Plan if the Minister directs a change.
WIC Reg Sched 1 cl. 7(5)(a)	If any significant change is made to its Water Quality Plan (or the Minister or IPART demands it), the network operator must provide IPART with an amended copy of the Plan and provide the Minister or IPART with a report, prepared by an approved auditor, regarding the adequacy of the Plan	The organisation has engaged an approved auditor to provide a report on the Water Quality Plan every time there has been a significant change to the Plan or if IPART or the Minister requested it. A significant change may include: <ul style="list-style-type: none"> <li>▼ changes to the risk assessment which include the addition of risks which require controls to be introduced to manage the risk to an acceptable level</li> <li>▼ changes to the location (within the process) or operation of critical control points</li> <li>▼ addition of an authorised end use.</li> </ul> The updating of contact details and other administrative updates are not considered to be a significant change to the Plan.
WIC Reg Sched 1 cl. 7(5)(b)	Alternatively, the network operator must pay the Minister's or IPART's costs of conducting an investigation into the adequacy of the Plan.	This does not need to be audited.

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
WIC Reg Sched 1 cl. 8(1)	Any water meter that is connected to a network operator's water main must comply with the requirements of the <i>Plumbing Code of Australia</i> .	The organisation has a procedure to check all water meters (both customer's and the network operator's water meters).
WIC Reg Sched 1 cl. 8(2)(a)	While water is being supplied to premises in respect of which a water meter has been installed, a network operator must ensure that the water meter is properly maintained and periodically tested.	The organisation complies with the requirements and have ongoing maintenance and meter readings.
WIC Reg Sched 1 cl. 8(2)(b)	While water is being supplied to premises in respect of which a water meter has been installed, a network operator must ensure that the water meter is read at intervals of no more than 4 months.	The organisation complies with the requirements and have ongoing maintenance and meter readings.
WIC Reg Sched 1 cl. 8(2)(c)	While water is being supplied to premises in respect of which a water meter has been installed, a network operator must ensure that written notice of each meter reading is sent to the relevant licensed retail supplier.	The organisation complies with the requirements and have ongoing maintenance and meter readings.
WIC Reg Sched 1 cl. 9(b)	A network operator of water infrastructure to supply drinking water must ensure the water supplied complies with any requirements of the Licence conditions.	
WIC Reg Sched 1 cl. 10(a)	The network operator under a Licence for water infrastructure to supply non-potable water for a particular purpose must ensure that the water supplied is fit for that purpose.	The organisation has a Water Quality Plan which has been audited and found to adequately address the 12 elements of the Australian Guidelines Water Recycling. The organisation has evidence of the implementation of the audited Water Quality Plan.
WIC Reg Sched 1 cl. 10(b)	The network operator under a Licence for water infrastructure to supply non-potable water for a particular purpose must ensure that the water supplied complies with any requirements of the Licence conditions.	The organisation has a Water Quality Plan which has been audited and found to adequately address the 12 elements of the Australian Guidelines Water Recycling. The organisation has evidence of the implementation of the audited Water Quality Plan.
WIC Reg Sched 1 cl. 12(e)	The network operator must have an internet website on which the most recent auditor's report under clause that applies to the network operator is available for inspection by members of the public.	The organisation must have a website that contains the most recent auditor's report on the adequacy of the scheme's Water Quality Plan.

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
Network Operator Licence cl. B8.1	The Licensee must undertake any monitoring that is required for the purposes of the Licence, any Plan, the Act or the Regulation in accordance with this clause.	The organisation has monitoring procedures which cover these requirements and the organisation provides evidence of implementation of these procedures.
Network Operator Licence cl. B8.2(a)	The Licensee must keep records of any samples taken for monitoring purposes specified in the Water Quality Plan on the date on which the sample was taken.	The organisation has monitoring procedures which cover these requirements and the organisation provides evidence of implementation of these procedures.
Network Operator Licence cl. B8.2(b)	The Licensee must keep records of any samples taken for monitoring purposes specified in the Water Quality Plan at the time at which the sample was collected.	The organisation has monitoring procedures which cover these requirements and the organisation provides evidence of implementation of these procedures.
Network Operator Licence cl. B8.2(c)	The Licensee must keep records of any samples taken for monitoring purposes specified in the Water Quality Plan at the point or location at which the sample was taken.	The organisation has monitoring procedures which cover these requirements and the organisation provides evidence of implementation of these procedures.
Network Operator Licence cl. B8.2(d)	The Licensee must keep records of any samples taken for monitoring purposes specified in the Water Quality Plan at the chain of custody of the sample (if applicable).	The organisation has monitoring procedures which cover these requirements and the organisation provides evidence of implementation of these procedures.
Network Operator Licence cl. B8.3	The Licensee must ensure that analyses of all samples taken for the purposes of Verification Monitoring are carried out by a laboratory accredited for the specified tests by an independent body that is acceptable to NSW Health, such as the National Association of Testing Authorities, or an equivalent body.	The organisation has monitoring procedures which cover these requirements and the organisation provides evidence of implementation of these procedures.
Network Operator Licence cl. B9	Whenever the Licensee makes a significant amendment to a Plan, the Licensee must provide a copy of the amended Plan to IPART at the same time that it provides a copy to the approved auditor engaged to prepare a report as to the adequacy of the amended Plan, as required under the Regulation.	The Licensee has engaged an approved auditor to provide a report if IPART or the Minister requested it.

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
Network Operator Licence cl. B11	If the Licensee proposes to operate the Specified Water Industry Infrastructure to supply water for an end-use which is not set out in the most recent Water Quality Plan provided to IPART, the Licensee must notify IPART in writing at least 3 months before commencing such operation	The auditor is to check with IPART whether IPART was notified at least 3 months before the licensee commences operating the Specified Water Industry Infrastructure to supply water for an end-use not set out in the most recent Water Quality Plan provided to IPART.
<b>Sewage Management Plan</b>		
WIC Reg Sched 1 cl. 14(1)(a)	Before commencing to operate sewerage infrastructure commercially, a network operator must prepare and forward to IPART a Sewage Management Plan that indicates the manner in which health and ecological assessments will be undertaken and any concerns arising from any such assessment addressed.	This does not need to be audited in the operational audit; it is covered in the Licence Plans/ new infrastructure audit.
WIC Reg Sched 1 cl. 14(1)(b)	Before commencing to operate sewerage infrastructure commercially, a network operator must prepare and forward to IPART a Sewage Management Plan that indicates the arrangements for the disposal of waste from the infrastructure.	This does not need to be audited in the operational audit; it is covered in the Licence Plans/ new infrastructure audit.
WIC Reg Sched 1 cl. 14(3)(a)	A network operator must ensure its Sewage Management Plan is fully implemented and kept under regular review and all its activities are carried out in accordance with the Plan.	
WIC Reg Sched 1 cl. 14(3)(b)	A network operator must, if the Minister so directs, amend its Sewage Management Plan in accordance with the Minister's direction.	
WIC Reg Sched 1 cl. 14(4)(a)	On demand by the Minister or IPART, or if any significant change is made to its Sewage Management Plan, a network operator must provide the Minister or IPART with a report, prepared by an approved auditor, as to the adequacy of its Plan.	



Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
WIC Reg Sched 1 cl. 14(4)(b)	Alternatively, the network operator must pay the Minister's or IPART's costs in conducting an investigation into the adequacy of its Plan.	This does not need to be audited in the operational audit.
WIC Reg Sched 1 cl. 16(a)	The network operator must have an internet website on which a Plan showing the nature and general location of the separate components of the infrastructure (ie, each component that is used for the treatment, storage, conveyance or reticulation of sewage) is available for inspection by members of the public.	The organisation must have a website that contains the location of the separate components of the infrastructure.
WIC Reg Sched 1 cl. 16(c)	The network operator must have an internet website on which the Sewage Management Plan is available for inspection by members of the public.	The organisation must have a website that contains the Sewage Management Plan.
WIC Reg Sched 1 cl. 16(e)	The network operator must have an internet website on which the most recent auditor's report under clause 14 that applies to the network operator is available for inspection by members of the public.	The organisation must have a website that contains the most recent auditor's report on the adequacy of the scheme's Sewage Management Plan.
Network Operator Licence cl. B9	Whenever the Licensee makes a significant amendment to a Plan, the Licensee must provide a copy of the amended Plan to IPART at the same time that it provides a copy to the approved auditor engaged to prepare a report as to the adequacy of the amended Plan, as required under the Regulation.	The Licensee has engaged an approved auditor to provide a report if IPART or the Minister requested it.

<sup>a</sup> The auditor must assess the licensee's compliance with the legislative requirement or Licence condition, and not the illustrative examples above as these are not exhaustive.

**Table H.2 Retail Supplier operational audit**

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
WIC Act section 14(3)	A retail supplier must pay the annual Licence fee determined by the Minister.	The organisation has paid the annual fee or has received an exemption from fee payment from the Minister.
WIC Act section 18(2)	A retail supplier must comply with any direction of the Minister to take specified action to reduce or eliminate a risk to public health or public safety arising from certain activities.	There is evidence the organisation has complied with any direction of the Minister.
WIC Act section 50(1)(a)	A retail supplier to small retail customers must be a member of an approved ombudsman scheme.	The organisation has joined the relevant ombudsman scheme. If a decision has been made by the ombudsman, the organisation has complied with the decision.
WIC Act section 50(1)(b)	A retail supplier must comply with any decision of the ombudsman relating to a dispute or complaint with a small retail customer.	The organisation has joined the relevant ombudsman scheme. If a decision has been made by the ombudsman, the organisation has complied with the decision.
WIC Reg Sched 2 cl. 1(1)	A retail supplier must provide the Minister or IPART with such information as required in relation to licensee's activities under Licence.	In the case a direction was given, the organisation provided the information requested in the specified timeframe.
WIC Reg Sched 2 cl. 1(2)(a)	A retail supplier must immediately notify IPART of any incident in the conduct of its activities that threatens, or could threaten, water quality, public health or safety.	The organisation has up-to-date incident and emergency procedures and evidence of implementation of these procedures where relevant.
WIC Reg Sched 2 cl. 1(2)(b)	A retail supplier must immediately notify the Minister administering the <i>Public Health Act 2010</i> (NSW) and the Public Health Regulation 2012 (NSW) of any incident in the conduct of its activities that threatens, or could threaten, water quality, public health or safety.	The organisation has up-to-date incident and emergency procedures and evidence of implementation of these procedures where relevant.
WIC Reg Sched 2 cl. 1(2)(c)	A retail supplier must immediately notify the Minister administering Part 2 of the <i>Water Industry Competition Act 2006</i> (NSW) of any incident in the conduct of its activities that threatens, or could threaten, water quality, public health or safety.	The organisation has up-to-date incident and emergency procedures and evidence of implementation of these procedures where relevant.

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
WIC Reg Sched 2 cl. 1(2)(d)	A retail supplier must immediately notify any licensed network operator by means of whose infrastructure the retailer supplies water or provides sewerage services of any incident in the conduct of its activities that threatens, or could threaten, water quality, public health or safety.	The organisation has up-to-date incident and emergency procedures and evidence of implementation of these procedures where relevant.
WIC Reg Sched 2 cl. 1(3)(a)	A retail supplier must permit the publication on IPART's website of matters recorded on the Register of Licences.	
WIC Reg Sched 2 cl. 1(3)(b)	A retail supplier must permit disclosure between government agencies of information the licensee has provided to any one of them.	
WIC Reg Sched 2 cl. 1(3)(c)	A retail supplier must permit: disclosure to the general public of information about reported incidents.	
WIC Reg Sched 2 cl. 2(1)(a)	A retail supplier of small retail customers must implement any relevant government policy that applies to it.	The organisation has established a procedure for identifying and keeping up to date with any government policy in this area. The organisation has established procedures to comply with the government policy and also to provide the quarterly reports.
WIC Reg Sched 2 cl. 2(1)(b)	A retail supplier of small retail customers must ensure the details of any relevant government policy are forwarded to each customer at least once a quarter.	The organisation has established a procedure for identifying and keeping up to date with any government policy in this area. The organisation has established procedures to comply with the government policy and also to provide the quarterly reports.
WIC Reg Sched 2 cl. 2(1)(c)	A retail supplier of small retail customers must furnish a report to IPART and the Department Head each quarter relating to the following: (i) the identity of each customer to whom any payment assistance, discount or rebate has been given during that quarter pursuant to any relevant government policy and (ii) the amount of any such payment assistance, discount or rebate.	The organisation has established a procedure for identifying and keeping up to date with any government policy in this area. The organisation has established procedures to comply with the government policy and also to provide the quarterly reports.

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
WIC Reg Sched 2 cl. 2(1)(d)	<p>A retail supplier of small retail customers must furnish a report to other retail supplier to which there is a transfer of water supplies or sewerage services in respect of a customer referred to in(i) above, as soon as practicable after the transfer takes effect as to:</p> <ul style="list-style-type: none"> <li>(i) the fact that the customer has been receiving any payment assistance, discount or rebate pursuant to any such policy and</li> <li>(ii) the amount of any such payment assistance, discount or rebate.</li> </ul>	
WIC Reg Sched 2 cl. 3	Any notice a retail supplier of small retail customers is required to send its customers must include or be accompanied by information (in various languages) about available community translation services.	All notices sent to customers contain the required information.
WIC Reg Sched 2 cl. 4(1)(a)	<p>A retail supplier of small retail customers must establish and comply with a code of practice for customer complaints whether in relation to:</p> <ul style="list-style-type: none"> <li>(i) the supply of water or the provision of sewerage services, by the retail supplier or</li> <li>(ii) the operation of the water or sewerage infrastructure from which that water is supplied or those services provided.</li> </ul>	The organisation has established the code of practice, produced copies and reports to the relevant parties and informed its customers of the code and procedure of referral.
WIC Reg Sched 2 cl.4(1)(b)	A retail supplier of small retail customers must provide copies of its code of practice for customer complaints to the Minister, IPART and the ombudsman.	The organisation has established the code of practice, produced copies and reports to the relevant parties and informed its customers of the code and procedure of referral.
WIC Reg Sched 2 cl.4(1)(c)	<p>A retail supplier of small retail customers must keep its customers informed as to:</p> <ul style="list-style-type: none"> <li>(i) the provisions of the code of practice for customer complaints and</li> <li>(ii) the existence of and procedure for referring complaints or disputes to the ombudsman.</li> </ul>	The organisation has established the code of practice, produced copies and reports to the relevant parties and informed its customers of the code and procedure of referral.

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
WIC Reg Sched 2 cl.4(1)(d)	A retail supplier of small retail customers must furnish periodic reports to the Minister and IPART in relation to complaints it receives, in such form and containing such information as the Minister or IPART requires.	The organisation has established the code of practice, produced copies and reports to the relevant parties and informed its customers of the code and procedure of referral.
WIC Reg Sched 2 cl. 4(2)	A retail supplier of small retail customers' code of practice for customer complaints must conform to the requirements of AS/ISO 10002-2006.	The organisation has evidence of the code's compliance with the standard. This may include accreditation or checklists.
WIC Reg Sched 2 cl. 5(1)(a)	A retail supplier of small retail customers must establish and comply with a code of practice for debt recovery.	The organisation has a code of practice for debt recovery which provides for deferment of payments. The organisation has evidence of implementation of the code.
WIC Reg Sched 2 cl. 5(1)(b)	A retail supplier of small retail customers must provide copies of its code of practice for debt recovery to the Minister, IPART and to the ombudsman.	The organisation has produced copies of the code to the relevant parties and informed its customers of the provisions of the code.
WIC Reg Sched 2 cl. 5(1)(c)	A retail supplier of small retail customers must keep its customers informed as to the provisions of the code of practice for debt recovery.	The organisation has produced copies of the code to the relevant parties and informed its customers of the provisions of the code.
WIC Reg Sched 2 cl. 5(2)	A retail supplier of small retail customers' code of practice for debt recovery must provide for the deferment, in whole or in part, of payments owed by customers suffering financial hardship.	The organisation has a code of practice for debt recovery which provides for deferment of payments. The organisation has evidence of implementation of the code.
WIC Reg Sched 2 cl. 6	A retail supplier must comply with any water industry code of conduct, marketing code of conduct and transfer code of conduct.	The organisation has identified if any code of conduct is relevant to its operation and has ensured compliance in the case the code of conduct is relevant.
WIC Reg Sched 2 cl. 7(1)(a)	In its activities under the Licence, a retail supplier must comply with the requirements of the <i>Environmental Planning and Assessment Act 1979</i> and any environmental planning instruments under that Act.	There have been no prosecutions against the licensee or authorised third party for the licensed activities.
WIC Reg Sched 2 cl. 7(1)(b)	In its activities under the Licence, a retail supplier must comply with the requirements of the <i>Protection of the Environment Operations Act 1997</i> and any regulations under that Act, in relation to the protection of the environment.	The licensee and any authorised third party have not breached any environmental protection Licences or water pollution Licences issued for the licensed activities.

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
WIC Reg Sched 2 cl.7A(1)(a)	Before commencing activities under a retail supplier's Licence for the supply of water, a retail supplier must prepare and forward to IPART a Retail Supply Management Plan that indicates the arrangements the licensee has made, or proposes to make, in relation to the events and circumstances that could adversely affect the licensee's ability to supply water or provide sewerage services (or both), as authorised by the Licence.	
WIC Reg Sched 2 cl.7A(1)(b)	Before commencing activities under a retail supplier's Licence for the supply of water, a retail supplier must prepare and forward to IPART a Retail Supply Management Plan that indicates the arrangements the licensee has made, or proposes to make, in relation to the probability of the occurrence of any such event or circumstance.	
WIC Reg Sched 2 cl.7A(1)(c)	Before commencing activities under a retail supplier's Licence for the supply of water, a retail supplier must prepare and forward to IPART a Retail Supply Management Plan that indicates the arrangements the licensee has made, or proposes to make, in relation to the measures to be taken by the retailer: <ul style="list-style-type: none"> <li>(i) to prevent the occurrence, or minimise the effect, or any such event or circumstance and</li> <li>(ii) to arrange for alternative supplies of water or the provision of sewerage services (or both), as authorised by the Licence, in response to any such event or circumstance.</li> </ul>	

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
WIC Reg Sched 2 cl.7A(1)(d)	Before commencing activities under a retail supplier's Licence, a retail supplier must prepare and forward to IPART a Retail Supply Management Plan that indicates the arrangements the licensee has made, or proposes to make, in relation to ensure that it complies with <ul style="list-style-type: none"> <li>(i) its code of practice for complaints by small retail customers and its code of practice for debt recovery from such customers and</li> <li>(ii) the marketing code of conduct and transfer code of conduct.</li> </ul>	
WIC Reg Sched 2 cl.7A(2)(a)	The retail supplier must ensure that its Retail Supply Management Plan is fully implemented and kept under regular review and, in particular, that all of its activities are carried out in accordance with that Plan.	<p>The relevant staff members are aware of the requirements of the Plan and have evidence of implementation, such as up to date checklists and registers.</p> <p>The organisation has a procedure for reviewing the Plan on a regular basis.</p>
WIC Reg Sched 2 cl.7A(2)(b)	The retail supplier must, if the Minister so directs, amend its Retail Supply Management Plan in accordance with the Minister's direction.	The organisation has a procedure for amending and implementing the Retail Supply Management Plan if the Minister directs a change.
WIC Reg Sched 2 cl.7A(3)(a)	If the Minister or IPART so demands, or if any significant change is made to its Retail Supply Management Plan, the retail supplier must provide the Minister or IPART with a report, prepared by an approved auditor in such manner and form as the Minister or IPART may direct, as to the adequacy of the Plan.	<p>The organisation has engaged an approved auditor to provide a report on the Retail Supply Management Plan every time there has been a significant change to the Plan or if IPART or the Minister requested it.</p> <p>The updating of contact details and other administrative updates are not considered to be a significant change to the Plan.</p>
WIC Reg Sched 2 cl.7A(3)(b)	Alternatively, the retail supplier must pay the Minister's or IPART's costs of conducting an investigation into the adequacy of the Retail Supply Management Plan.	

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
WIC Reg Sched 2 cl.7B(1)(a)	The retail supplier must have an internet website on which the following matters are available for inspection by members of the public: (i) the retail supplier's standard water supply contract for small retail customers and (ii) the existence of any water restriction order that is in force in its area of operations.	
WIC Reg Sched 2 cl.7B(1)(b)	The retail supplier must have an internet website on which its sewerage service contract for small retail customers is available for inspection by members of the public.	
WIC Reg Sched 2 cl.7B(1)(c)	The retail supplier's website must contain the Retail Supply Management Plan.	
WIC Reg Sched 2 cl.7B(1)(d)	The retail supplier's website must contain the retail supplier's code of practice for complaints by small retail customers.	
WIC Reg Sched 2 cl.7B(1)(e)	The retail supplier's website must contain the retail supplier's code of practice for debt recovery from small retail customers.	
WIC Reg Sched 2 cl.7B(1)(f)	The retail supplier's website must contain details of any relevant government policy that applies to the retail supplier.	
WIC Reg Sched 2 cl.7B(1)(g)	The retail supplier's website must contain the most recent auditor's report on the Retail Supply Management Plan.	
WIC Reg Sched 2 cl.9(1)(a)	A retail supplier of non-potable water must inform any customer to which such water is supplied as to the authorised purposes in relation to that water.	The organisation has evidence of informing its customers of the authorised uses of the water. This may include customer contracts, educational pamphlets and seminars, and call centre records.



Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
WIC Reg Sched 2 cl.9(1)(b) and cl.9(2)	A retail supplier of non-potable water must not supply such water to any customer for use for an unauthorised purpose unless the water is to be processed by the customer to become water for which that purpose is an authorised purpose.	It is such that more frequent audits are required. Customers are not using supplied water for unauthorised purposes.
WIC Reg Sched 2 cl.10(1)(a)	A retail supplier must not enter into water supply contracts under which it assumes obligations that it is unable to meet, or advertise that it is willing to enter into such contracts, having regard to the capacity of the relevant water source to supply water or the volume of water available to the retail supplier from that source.	The organisation's water supply contracts do not claim to provide services that the retailer cannot meet. Any advertising or formal advising undertaken by the retailer regarding the obligations under its water supply contracts does not claim to provide services that the retailer cannot meet.
WIC Reg Sched 2 cl.10(1)(b)	A retail supplier must not enter into water supply contracts under which it assumes obligations that it is unable to meet, or advertise that it is willing to enter into such contracts, having regard to the quality of the water derived from that water source.	The organisation's water supply contracts do not claim to provide services that the retailer cannot meet. Any advertising or formal advising undertaken by the retailer regarding the obligations under its water supply contracts does not claim to provide services that the retailer cannot meet.
WIC Reg Sched 2 cl.10(1)(c)	A retail supplier must not enter into water supply contracts under which it assumes obligations that it is unable to meet, or advertise that it is willing to enter into such contracts, having regard to the water infrastructure from which the water is to be supplied.	The organisation's water supply contracts do not claim to provide services that the retailer cannot meet. Any advertising or formal advising undertaken by the retailer regarding the obligations under its water supply contracts does not claim to provide services that the retailer cannot meet.
WIC Reg Sched 2 cl.10(1)(d)	A retail supplier must not enter into water supply contracts under which it assumes obligations that it is unable to meet, or advertise that it is willing to enter into such contracts, having regard to the conditions on which the retail supplier has access to the infrastructure services provided by that infrastructure, whether pursuant to an access agreement or access determination or otherwise.	The organisation's water supply contracts do not claim to provide services that the retailer cannot meet. Any advertising or formal advising undertaken by the retailer regarding the obligations under its water supply contracts does not claim to provide services that the retailer cannot meet.
WIC Reg Sched 2 cl. 10(2)	A retail supplier must not enter into a water supply contract with a customer unless the premises to which the water is to be supplied are connected to, or readily connectable to, a water main to which the licensee has access.	The organisation's customers are all within an area which is able to be connected to a water main which the licensee can access. The organisation can provide a Plan showing the location of all customers and associated supply infrastructure.

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
WIC Reg Schedule 2, cl 11	A retail supplier must not terminate the supply of water to any of its customers within the whole or any part of its area of operations unless it has given IPART and the Minister at least 14 days' written notice.	The organisation has procedures in place for the termination of supply to its customers and the procedures include a notification process which involves 14 days written notice.
WIC Reg Schedule 2, cl 12	A retail supplier must ensure its customers are kept informed of any water restriction that applies to them in any bill or other correspondence it sends to them while the restriction is in force.	The organisation's billing and consultation processes have the capacity to inform customers of any water restrictions. This may be in the form of a place on the bill and on the licensee's website.
WIC Reg Schedule 2, cl 14(1)	A retail supplier must not supply water to a small retail customer otherwise than under a water supply contract.	The organisation has procedures in place to identify all small retail customers and to set up water supply contracts with these customers.
WIC Reg Schedule 2, cl 14(2)	A retail supplier of small retail customers' water supply contracts must address certain matters.	<p>The water supply contract addresses all the items detailed in the Table in WIC Reg Schedule 2, cl 14:</p> <ul style="list-style-type: none"> <li>▼ The name and address of the customer.</li> <li>▼ The location of the premises to which water is to be supplied.</li> <li>▼ The date on and from which (and, if applicable, the date until which) water is to be supplied.</li> <li>▼ The retail supplier's current charges for the supply of water.</li> <li>▼ The way in which the customer will be notified of any change in the licensee's charges for the supply of water.</li> <li>▼ The availability of payment assistance, discounts and rebates under any government policy with respect to social programs for the supply of water.</li> <li>▼ The information to be included in any bill for the supply of water, which must include information as to past and present water consumption.</li> <li>▼ The length of the billing period for any such bill.</li> <li>▼ The time allowed for payment of any such bill and the manner in which payment may be made.</li> <li>▼ The procedures available for dealing with disputed bills, including procedures for reconciling under- or over-charging.</li> <li>▼ The charges applicable to overdue accounts and dishonoured payments.</li> <li>▼ The charges applicable to connecting the customer's premises to the relevant water main.</li> <li>▼ Any other charges that may be applicable.</li> </ul>

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
		<ul style="list-style-type: none"> <li>▼ The arrangements for responding to requests by customers for meter testing.</li> <li>▼ A description of the customer's connection point to the relevant water main.</li> <li>▼ The identity of the service provider by means of whose infrastructure water is to be supplied to the consumer.</li> <li>▼ The retail supplier's postal address and telephone number.</li> <li>▼ The arrangements under which access may be gained to the customer's premises for meter inspection and other purposes.</li> <li>▼ The arrangements to be made in the event that the customer vacates the premises to which the licensee supplies water.</li> <li>▼ The allocation of responsibility for maintaining and testing water meters. Licensees should ensure that any third parties responsible for any aspect of the licensee's infrastructure are present at the audit. If a third party is not present at an audit, and a licensee is not able to provide the auditor with all of the relevant information, then the auditor will not be able to complete the audit. Consequently, the licensee may be subject to further auditing and related costs.</li> <li>▼ The water source (or water sources) from which the licensee derives its supply of water.</li> <li>▼ The rate at which water is to be available for supply to the customer's premises, whether generally or during specified periods.</li> <li>▼ The minimum pressure at which water is to be supplied.</li> <li>▼ The purposes for which the water may be used.</li> <li>▼ The precautions that have been taken to prevent cross-contamination with other water.</li> <li>▼ The precautions that the customer must take to prevent cross-contamination with other water and contamination of any water source.</li> <li>▼ The circumstances in which water may not be available for supply to the customer's premises, the notice that will be given to customers and the arrangements that are in place for the supply of water in those circumstances.</li> </ul>
WIC Reg Sched 2 cl.14(3)(a)	A retail supplier of small retail customers' water supply contracts must provide that the licensee must not disconnect the customer's premises from the retail supplier's water main as a consequence of a customer's non-payment of a debt.	The water supply contracts must restrict the licensee from disconnecting the customer's premises from the licensee's water main, as a consequence of the customer's non-payment of a debt.

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
WIC Reg Sched 2 cl.14(3)(b)	A retail supplier of small retail customers' water supply contracts must provide that the licensee must not reduce the flow of drinking water from a retail supplier's main below that necessary for basic sustenance and hygiene as a consequence of a customer's non-payment of a debt.	The water supply contracts must restrict the licensee from reducing the flow of drinking water from that main below that necessary for basic sustenance and hygiene, as a consequence of the customer's non-payment of a debt.
WIC Reg Schedule 2, cl 14(4)	A retail supplier that proposes to supply water to a small retail customer on terms that are different from those set out in the licensee's standard water supply contract must notify the customer of the various differences before the customer enters into the contract.	The organisation has a procedure for customer consultation in the case the terms of supply are different from the standard water supply contract. The procedure includes a hold point where the customer acknowledges the consultation prior to entering the different contract.
WIC Reg Schedule 2, cl 14(5)(a)	Before entering into a contract to supply water to a small retail customer, a retail supplier must provide the customer with a disclosure notice that specifies the customer's name, and the address of the premises to be supplied.	
WIC Reg Schedule 2, cl 14(5)(b)	Before entering into a contract to supply water to a small retail customer, a retail supplier must provide the customer with a disclosure notice that specifies the date on which supply is to commence.	
WIC Reg Schedule 2, cl 14(5)(c)	Before entering into a contract to supply water to a small retail customer, a retail supplier must provide the customer with a disclosure notice that specifies the fees and charges that will be payable in respect of the supply.	
WIC Reg Schedule 2, cl 14(5)(d)	Before entering into a contract to supply water to a small retail customer, a retail supplier must provide the customer with a disclosure notice that specifies the circumstances in which the customer's premises may be disconnected from the water main.	
WIC Reg Schedule 2, cl 14(5)(e)	Before entering into a contract to supply water to a small retail customer, a retail supplier must provide the customer with a disclosure notice that specifies the retail supplier's procedures for handling customer complaints.	

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
WIC Reg Sched 2 cl.14(5)(f)	Before entering into a contract to supply water to a small retail customer, a retail supplier must provide the customer with a disclosure notice that specifies the existence of any government-funded rebates for which the customer may be eligible.	
WIC Reg Sched 2 cl.14(5)(g)	Before entering into a contract to supply water to a small retail customer, a retail supplier must provide the customer with a disclosure notice that specifies where the customer can obtain a copy of the contract.	
WIC Reg Sched 2 cl.16(1)(a)	A retail supplier must not enter into sewerage service arrangements under which it assumes obligations that it is unable to meet, or advertise that it is willing to enter into such arrangements, having regard to the sewerage infrastructure from which those services are to be provided.	
WIC Reg Sched 2 cl.16(1)(b)	A retail supplier must not enter into sewerage service arrangements under which it assumes obligations that it is unable to meet, or advertise that it is willing to enter into such arrangements, having regard to any limitations on the capacity of that infrastructure to dispose of waste.	
WIC Reg Sched 2 cl.16(1)(c)	A retail supplier must not enter into sewerage service arrangements under which it assumes obligations that it is unable to meet, or advertise that it is willing to enter into such arrangements, having regard to the conditions on which the retail supplier has access to the infrastructure services provided by that infrastructure, whether pursuant to an access arrangement or access determination or otherwise.	
WIC Reg Sched 2 cl.16(2)	A retail supplier must not enter into a sewerage service arrangement with a customer unless the premises to which the water is to be supplied are connected to, or readily connectable to, a sewer main to which the licensee has access.	

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
WIC Reg Sched 2 cl.17	A retail supplier must not terminate the provision of sewerage services to any of its customers within the whole or any part of its area of operations unless it has given IPART and the Minister at least 14 days' written notice.	
WIC Reg Sched 2 cl.19(1)	A retail supplier must not provide a sewerage service to a small retail customer otherwise than under a sewerage service contract.	
WIC Reg Sched 2 cl.19(2)	A retail supplier's sewerage service contracts for small retail customers must address certain matters.	<p>The water supply contract addresses all the items detailed in the Table in WIC Reg Schedule 2, cl 19:</p> <ul style="list-style-type: none"> <li>▼ The name and address of the customer.</li> <li>▼ The location of the premises to which sewerage services are to be provided.</li> <li>▼ The date on and from which (and, if applicable, the date until which) sewerage services are to be provided.</li> <li>▼ The precautions to be taken by the customer to prevent blockages or damage to the sewer main.</li> <li>▼ The retail supplier's current charges for the provision of sewerage services.</li> <li>▼ The way in which the customer will be notified of any change in the licensee's charges for the provision of sewerage services.</li> <li>▼ The availability of payment assistance, discounts and rebates under any government policy with respect to social programs for the provision of sewerage services.</li> <li>▼ The information to be included in any bill for the provision of sewerage services, which must include information as to past and present sewage discharge.</li> <li>▼ The length of the billing period for any such bill.</li> <li>▼ The time allowed for payment of any such bill and the manner in which payment may be made.</li> <li>▼ The procedures available for dealing with disputed bills, including procedures for reconciling under- or over-charging.</li> <li>▼ The charges applicable to overdue accounts and dishonoured payments.</li> <li>▼ The charges applicable to connecting the customer's premises to the relevant sewer main.</li> <li>▼ Any other charges that may be applicable.</li> </ul>

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
		<ul style="list-style-type: none"> <li>▼ A description of the customer's connection point to the relevant sewer main.</li> <li>▼ The identity of the service provider by means of whose sewerage infrastructure sewerage services are to be provided to the consumer.</li> <li>▼ The retail supplier's postal address and telephone number.</li> <li>▼ The arrangements under which access may be gained to the customer's premises for meter inspection and other purposes.</li> <li>▼ The arrangements to be made in the event that the customer vacates the premises to which the retail supplier provides sewerage services.</li> <li>▼ The nature of the matter to be discharged into the sewer main.</li> <li>▼ The rate at which matter may be discharged into the sewer main from the customer's premises, whether generally or during specified periods.</li> <li>▼ The arrangements that are in place to deal with sewage blockages or overflows.</li> <li>▼ The arrangements that are in place in relation to the repair and maintenance of the sewerage infrastructure from which the sewerage service is to be provided.</li> <li>▼ The precautions that the customer must take to prevent cross-contamination of any water source.</li> <li>▼ The circumstances in which sewerage service may not be available for the customer's premises, the notice that will be given to customers and the arrangements that are in place for the provision of sewerage services in those circumstances.</li> </ul>
WIC Reg Sched 2 cl.19(3)(a)	A retail supplier's sewerage contracts for small retail customers must provide that the licensee must not disconnect the customer's premises from the retail supplier's sewer main as a consequence of the customer's non-payment of a debt.	
WIC Reg Sched 2 cl.19(3)(b)	A retail supplier's sewerage contracts for small retail customers must provide that the licensee must not reduce the flow of sewage into a retail supplier's sewer main below that necessary for basic hygiene as a consequence of the customer's non-payment of a debt.	

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
WIC Reg Sched 2 cl.19(4)(a)	Before entering into a contract to supply a sewerage service to a small retail customer, a retail supplier must provide the customer with a disclosure notice that specifies the customer's name, and the address of the premises to be supplied.	
WIC Reg Sched 2 cl.19(4)(b)	Before entering into a contract to supply a sewerage service to a small retail customer, a retail supplier must provide the customer with a disclosure notice that specifies the date on which supply is to commence.	
WIC Reg Sched 2 cl.19(4)(c)	Before entering into a contract to supply a sewerage service to a small retail customer, a retail supplier must provide the customer with a disclosure notice that specifies the fees and charges that will be payable in respect of the supply.	
WIC Reg Sched 2 cl.19(4)(d)	Before entering into a contract to supply a sewerage service to a small retail customer, a retail supplier must provide the customer with a disclosure notice that specifies the circumstances in which the customer's premises may be disconnected from the sewer main.	
WIC Reg Sched 2 cl.19(4)(e)	Before entering into a contract to supply a sewerage service to a small retail customer, a retail supplier must provide the customer with a disclosure notice that specifies the retail supplier's procedures for handling customer complaints.	
WIC Reg Sched 2 cl.19(4)(f)	Before entering into a contract to supply a sewerage service to a small retail customer, a retail supplier must provide the customer with a disclosure notice that specifies the existence of any government-funded rebates for which the customer may be eligible.	
WIC Reg Sched 2 cl.19(4)(g)	Before entering into a contract to supply a sewerage service to a small retail customer, a retail supplier must provide the customer with a disclosure notice that specifies where the customer can obtain a copy of the contract.	



Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
WIC Act section 52(3)	A monopoly supplier must comply with any IPART determination in relation to the pricing for any service in respect of which a declaration is in force under section 51.	
WIC Act section 53	A monopoly supplier must, in accordance with the declaration for that service, supply that service to any eligible premises to which the owner of the premises requests the supplier to provide that service.	
WIC Act section 55(1)	As soon as practicable after becoming a RoLR, a RoLR must, in accordance with the regulations, submit a contingency plan for the Minister's approval.	
WIC Act section 55(4)(b)	A RoLR must maintain the arrangements set out in its contingency plan.	
WIC Act section 57(2)	A RoLR must comply with an order of the Minister, declaring a supply failure	
Retail Supplier Licence cl. A1.1, A2.1, A3.1	The Licensee and the authorised third parties have supplied water or provided sewerage services by means of the water industry infrastructure specified in the Licence.	Note that the Licensee and authorised third parties are described in the Licence.
Retail Supplier Licence cl. A1.1(a), A2.1(a), A3.1(a)	The Licensee and the authorised third parties have supplied water or provided sewerage services by means of the water industry infrastructure specified in the Licence.	Note that the licensed infrastructure is described in the Licence. The organisation and the authorised third parties have supplied water or provided sewerage services by means of the licensed infrastructure only.
Retail Supplier Licence cl. A1.1(b), A2.1(b), A3.1(b)	The Licensee and the authorised third parties have supplied water or provided sewerage services by means of the water industry infrastructure for the authorised purposes	Note that the authorised purposes are described in the Licence. The organisation and the authorised third parties have supplied water or provided sewerage services for the authorised purposes only.

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
Retail Supplier Licence cl. A1.1(c), A2.1(c), A3.1(c)	The Licensee and the authorised third parties have supplied water or provided sewerage services within the area of operations specified in the Licence.	Note that the area of operations is described in the Licence. The organisation and the authorised third parties have supplied water or provided sewerage services within the area of operations only.
Retail Supplier Licence cl. B1	The Licensee must have the technical capacity to carry out the activities authorised by this Licence. If the Licence Holder ceases to have this capacity, it must report this to IPART immediately.	The Licensee has developed and implemented appropriate resource plans which identify personnel requirements for safe operation of the infrastructure. Personnel requirements would include skill sets and appropriate levels of staffing.
Retail Supplier Licence cl. B1	The Licensee must have the financial capacity to carry out the activities authorised by this Licence. If the Licence Holder ceases to have this capacity, it must report this to IPART immediately.	The Licensee undertakes financial audits of the licensed activities at a frequency appropriate for the Licensee's exposure to financial risk.
Retail Supplier Licence cl. B1	The Licensee must have the organisational capacity to carry out the activities authorised by this Licence. If the Licence Holder ceases to have this capacity, it must report this to IPART immediately.	The Licensee has a procedure to identify if there is insufficient capacity to carry out the licensed activity and the procedure includes notification of IPART
Retail Supplier Licence cl. B2.1(a), B2.3(a) or B2.5(a)	Before commencing to supply water and/or provide sewerage services through the Specified Water Industry Infrastructure under this Licence, the Licensee must obtain insurance that is appropriate for the size and nature of the activities authorised under the Licence.	The organisation has evidence to demonstrate it has insurance which is sufficient for the size and nature of the activities authorised under the Licence. Evidence should include letter from IPART accepting level of cover Certificate of currency valid for the Licence period
Retail Supplier Licence cl. B2.1(b), B2.3(b) or B2.5(b)	Before commencing to supply water and/or provide sewerage services through the Specified Water Industry Infrastructure under this Licence, the Licensee must provide a copy of each certificate of currency of the insurance obtained to IPART.	The auditor is to check with IPART whether IPART has received the certificates of currency that meet the requirements of the Licence obligation.

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
Retail Supplier Licence cl. B2.1(c), B2.3(c) or B2.5(c)	Before commencing to supply water and/or provide sewerage services through the Specified Water Industry Infrastructure under this Licence, the Licensee must demonstrate that the insurance obtained is appropriate for the size and nature of the activities authorised under the Licence by providing a report to IPART from an Insurance Expert that: (i) certifies that in the Insurance Expert's opinion, the type and level of the insurance obtained by the Licensee is appropriate for the size and nature of the activities authorised by the Licence (ii) is in the form prescribed by the Reporting Manual.	The organisation has provided a report from an independent insurance broker that holds an Australian Financial Services Licence (AFSL) under Part 7.6 of the <i>Corporations Act 2001</i> (Cth), and the report includes providing the ABN and AFSL number. The auditor is to check with IPART whether IPART has received a report that meets the requirements of the Licence obligation.
Retail Supplier Licence cl. B3.1	The Licensee must maintain insurance that is appropriate for the size and nature of the activities authorised under the Licence.	The organisation has evidence to demonstrate it has insurance which is sufficient for the size and nature of the activities authorised under the Licence. Evidence should include letter from IPART accepting level of cover Certificate of currency valid for the Licence period
Retail Supplier Licence cl. B3.2	The Licensee must provide a copy of each certificate of currency of the insurance maintained by the Licensee to IPART in accordance with the Reporting Manual.	The auditor is to check with IPART whether IPART has received the certificates of currency that meet the requirements of the Licence obligation.
Retail Supplier Licence cl. B3.3	Whenever there is a change in the type, or level of insurance held by the Licensee in relation to the activities authorised under the Licence, the Licensee must provide a copy of the certificate of currency to IPART within 10 days of the change being made.	The organisation has evidence to demonstrate it provided such a certificate when required.
Retail Supplier Licence cl. B3.4	When requested in writing by IPART, the Licensee must provide a report to IPART, in the manner, form and time specified by IPART, from an Insurance Expert, certifying that in the Insurance Expert's opinion, the type and level of insurance held by the Licensee is appropriate for the size and nature of the activities authorised under the Licence.	The organisation has provided a report from an independent insurance broker that holds an Australian Financial Services Licence (AFSL) under Part 7.6 of the <i>Corporations Act 2001</i> (Cth), and the report includes providing the ABN and AFSL number. The auditor is to check with IPART whether IPART has received a report that meets the requirements of the Licence obligation.

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
Retail Supplier Licence cl. B4	The Licensee must carry out activities authorised by the licence in compliance with any requirements of NSW Health that IPART has agreed to and are notified from time to time to the Licensee by IPART in writing.	<p>The organisation can show they have developed a relationship with NSW Health. This can be in the form of an MOU or communications protocol.</p> <p>The organisation has a register to record NSW Health/IPART requirements if they come in, and there is evidence of compliance with the requirements.</p> <p>NSW Health, with the agreement of IPART, has required that notifiable events and response protocols (in a document such as an Incident and Emergency Response Plan) are agreed with NSW Health before a scheme commences commercial operation.</p>
Retail Supplier Licence cl. B5	The Licensee must comply with any Audit Guidelines issued by IPART.	
Retail Supplier Licence cl. B6	The Licensee must prepare and submit reports in accordance with the applicable Reporting Manual.	<p>The organisation has procedures for developing all the required reports.</p> <p>All required reports were provided to the relevant parties in the specified format and timeframe nominated in the Reporting Manual.</p>
Retail Supplier Licence cl. B7(a)	Within 14 days of any change to any licensed network operator or public water utility from whose water industry infrastructure the Licensee supplies water to its customers, the Licensee must notify IPART, and provide details, of the change in accordance with the Reporting Manual.	In the case of this change, the organisation has provided the relevant information to IPART within 14 days of the change.
Retail Supplier Licence cl. B7(b)	Within 14 days of any change to any source from which the water handled by the water industry infrastructure is derived, the Licensee must notify IPART, and provide details, of the change in accordance with the Reporting Manual.	In the case of this change, the organisation has provided the relevant information to IPART within 14 days of the change.
Retail Supplier Licence cl. B7(c)	Within 14 days of any change to whether or not any of the Licensee's (water supply) customers are small retail customers, the Licensee must notify IPART, and provide details, of the change in accordance with the Reporting Manual.	In the case of this change, the organisation has provided the relevant information to IPART within 14 days of the change.

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
Retail Supplier Licence cl. B7(d)	Within 14 days of any change to any order under section 54 of the Act by which the Licensee is declared to be a retailer of last resort (for water supply services), the Licensee must notify IPART, and provide details, of the change in accordance with the Reporting Manual.	In the case of this change, the organisation has provided the relevant information to IPART within 14 days of the change.
Retail Supplier Licence cl. B7(e)	Within 14 days of any change to any licensed network operator or public water utility by means of whose sewerage infrastructure the Licensee provides sewerage services to its customers, the Licensee must notify IPART, and provide details, of the change in accordance with the Reporting Manual.	In the case of this change, the organisation has provided the relevant information to IPART within 14 days of the change.
Retail Supplier Licence cl. B7(f)	Within 14 days of any change to whether or not any of the Licensee's (sewerage services) customers are small retail customers, the Licensee must notify IPART, and provide details, of the change in accordance with the Reporting Manual.	In the case of this change, the organisation has provided the relevant information to IPART within 14 days of the change.
Retail Supplier Licence cl. B7(g)	Within 14 days of any change to any order under section 54 of the Act by which the Licensee is declared to be a retailer of last resort (for sewerage services), the Licensee must notify IPART, and provide details, of the change in accordance with the Reporting Manual.	In the case of this change, the organisation has provided the relevant information to IPART within 14 days of the change.
Retail Supplier Licence cl. B8	Whenever the Licensee makes a significant amendment to a Plan, the Licensee must provide a copy of the amended Plan to IPART at the same time that it provides a copy to the approved auditor engaged to prepare a report as to the adequacy of the amended Plan, as required under the Regulation.	The Licensee has engaged an approved auditor to provide a report if IPART or the Minister requested it.

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
Retail Supplier Licence cl. B9.1	Delineating responsibility – interconnections If a code of conduct has not been established under cl. 25 of the Regulation, the Licensee must establish its own code of conduct by the date specified by IPART.	The Licensee has established a Code of Conduct.  Licensees should ensure that third parties responsible for any aspect of the licensee's infrastructure are present at the audit. If a third party is not present at an audit, and a licensee is not able to provide the auditor with all of the relevant information, then the auditor will not be able to complete the audit. Consequently, the licensee may be subject to further auditing and related costs.
Retail Supplier Licence cl. B9.2(a)	The Licensee's Code of Conduct must set out the respective responsibilities of the Licensee.	Note that the Code of Conduct addresses the relevant matters.
Retail Supplier Licence cl. B9.2(b),(c)	The Licensee's Code of Conduct must set out the respective responsibilities of each licensed network operator, licensed retail supplier and/or public water utility that supplies water, provides sewerage services or constructs, maintains or operates any other water industry infrastructure in the Specified Area of Operations, by, at a minimum, providing for, if the Specified Water Industry Infrastructure is connected to any other water industry infrastructure, who is responsible for repairing, replacing or maintaining any pipes, pumps, valves, storages or other infrastructure connecting the Specified Water Industry Infrastructure to the water industry infrastructure.	Note that the Code of Conduct addresses the relevant matters.
Retail Supplier Licence cl B9.2(d)	The Licensee's Code of Conduct must set out if the Specified Water Industry Infrastructure is connected to any other water industry infrastructure, who is responsible for repairing, replacing, or maintaining the Specified Water Industry Infrastructure.	Note that the Code of Conduct addresses the relevant matters.

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
Retail Supplier Licence cl. B9.2(e)	The Licensee's Code of Conduct must set out who is responsible for water quality.	Note that the Code of Conduct addresses the relevant matters.
Retail Supplier Licence cl. B9.2(f)	The Licensee's Code of Conduct must set out who is liable in the event of unavailability of water.	Note that the Code of Conduct addresses the relevant matters.
Retail Supplier Licence cl. B9.2(g)	The Licensee's Code of Conduct must set out who is liable in the event of failure of the Specified Water Industry Infrastructure.	Note that the Code of Conduct addresses the relevant matters.
Retail Supplier Licence cl. B9.2(h)	The Licensee's Code of Conduct must set out the fees and charges payable in respect of the use of the Specified Water Industry Infrastructure.	Note that the Code of Conduct addresses the relevant matters.
Retail Supplier Licence cl. B9.2(i)	The Licensee's Code of Conduct must set out who is responsible for handling customer complaints.	Note that the Code of Conduct addresses the relevant matters.
Retail Supplier Licence cl. B9.3	Before commencing commercial operation through the Specified Water Industry Infrastructure under this Licence or by a later date specified by IPART (if any), the Licensee's Code of Conduct must be agreed in writing between the Licensee and other licensed network operators, licensed retail suppliers and/or public water utilities.	
Retail Supplier Licence cl. B9.5	The Licensee must not contravene the Licensee's Code of Conduct to the extent that it makes the Licensee responsible or liable for the matters set out in it.	

Document reference	Requirement to be evaluated	Examples of type of evidence to be reviewed <sup>a</sup>
Retail Supplier Licence cl. B10	If an Authorised Person ceases, proposes to cease, or receives notification to cease providing any of the services relating to the activities authorised by this Licence, the Licensee must provide IPART with written notice as soon as practicable but no later than 28 days before the date of cessation of the services. The written notice must include details of how the services previously undertaken by the Authorised Person will continue to be undertaken.	The auditor is to check with IPART whether IPART has received notice of cessation of services no later than 28 days before the date of cessation of services.
Retail Supplier Licence cl. B11	The Licensee must only source and supply water, or provide sewerage services, by means of water industry infrastructure maintained and operated by a licenced network operator or public water utility.	
Retail Supplier Licence cl. B12.2(a)	The Retail Supplier must notify IPART in accordance with the Reporting Manual that it has commenced to supply water through the relevant Specified Water Industry Infrastructure under this Licence.	The auditor is to check with IPART whether IPART has received notification of commencement of supply or water through the Specified Water Industry Infrastructure within 10 days of commencing supply.
Retail Supplier Licence cl. B12.2(b)	The Retail Supplier must provide such notification within 10 days after such commencement.	The auditor is to check with IPART whether IPART has received notification of commencement of supply or water through the Specified Water Industry Infrastructure within 10 days of commencing supply.
Retail Supplier Licence cl. B12.3(a)	The Retail Supplier must notify IPART in accordance with the Reporting Manual that it has commenced to provide sewerage services through the relevant Specified Water Industry Infrastructure under this Licence.	The auditor is to check with IPART whether IPART has received notification of commencement of provision of sewerage services through the Specified Water Industry Infrastructure within 10 days of commencing supply.
Retail Supplier Licence cl. B12.3(b)	The Retail Supplier must provide such notification within 10 days after such commencement.	The auditor is to check with IPART whether IPART has received notification of commencement of provision of sewerage services through the Specified Water Industry Infrastructure within 10 days of commencing supply.

<sup>a</sup> The auditor must assess the licensee's compliance with the legislative requirement or Licence condition, and not the illustrative examples above as these are not exhaustive.



## I Licence Plans and new infrastructure audit report template

### Report content and layout

The following pages are a template outlining what we require in a Licence Plans and new infrastructure audit report, as a minimum. This template can also be used for subsequent Licence Plans audit reports.

Auditors do not have to use the formatting of the template, as we expect they will use their own formatting protocols. The template only provides the content and layout of what is needed.

### Report writing style

The final audit report may be publicly available, hence the auditors must write reports in a manner that is appropriate for publication. This means the writing style should be concise, accessible and professional, and not inflammatory.

Reports should also not contain any specific material that could pose security or intellectual property issues for the relevant licensee. However, this should be balanced with the need to provide enough detail to support the awarding of an audit grade.

# **Licence Plans and new infrastructure Audit Report (template)**

**WICA Greenfield schemes**

Water — Audit Report

SUPERSEDED

This is the template for an audit report for WICA audits.

Auditors do not have to use the formatting of the template, as we expect they will use their own formatting protocols. The template only provides the content and layout of what is needed.

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## 1 Executive Summary

In the Executive Summary, the auditor is to provide an audit opinion on the overall adequacy of the plans, and compliance of the licensee with the legislative requirements and licence conditions. The audit opinion should include a statement that:

- ▼ the auditor has seen sufficient evidence on which to base their conclusions
- ▼ the audit findings accurately reflect the professional opinion of the auditor
- ▼ the lead auditor and team members have noted what this guideline and the audit deed requires when conducting the audit, determining audit findings and preparing the report
- ▼ the audit findings have not been unduly influenced by the licensee and/or any of its associates.

This summary will also highlight the major findings of the audit and any major recommendations.

For any non-compliance matters, significant or insignificant, the auditor should discuss the risk which a non-compliance matter poses to public health, environment, customer relations, operations or financial areas of the business.

The summary should include a list of the recommendations made, with the relevant clauses indicated. The summary should not include opportunities for improvement.

The summary should not refer to findings or analysis that are not included elsewhere in the report.

## 2 Introduction

### 2.1 Objectives

This section should state the objective of the audit. For example, for a licence plans audit the objective is to assess the compliance of the licence plans in meeting the requirements of the legislation, and the overall adequacy to ensure safe operation of infrastructure.

### 2.2 Licensee's infrastructure, systems and procedures

This section should set out a brief description of the licensee's infrastructure, systems and procedures.

### 2.3 Audit method

#### 2.3.1 Audit scope

This section should identify the scope of the audit as not all clauses are audited in each audit.

#### 2.3.2 Audit standard

This section should identify the audit standard used in the audit and describe any limitations to the audit findings.

#### 2.3.3 Audit steps

This section should summarise the audit steps undertaken in the audit process, including the parties involved and responsibilities for each step.

#### 2.3.4 Audit team

This section should identify the audit team and the roles of each member.

### **2.3.5 Audit grades**

This section should provide the audit grade definitions used in assessing the licensee's performance against the requirements.

## **2.4 Regulatory regime**

This section should discuss the regulatory framework the utility operates under. This will cover areas such as the utility's Act and Regulation, the operating licence, any applicable environmental legislation, Memoranda of Understanding, etc.

## **2.5 Quality assurance process**

This section should discuss the quality assurance process undertaken when preparing this report to ensure the integrity of the information provided.

All final audit reports must be quality assured by another Panel Member acceptable to IPART.



## 3 Licence chapter title – Example: Water Quality Plan

There should be an audit report chapter for each part of the audit. The following titles should apply to each chapter.

### 3.1 Summary of findings

When “non-compliance” grades are awarded, this section must include a summary of the requirement and findings. Full details of the audit findings must be listed in Appendix A. A hypothetical example of a summary is:

*Clause 3.1 – Non-compliance-insignificant*

*X Licensee has to develop and implement a water quality plan consistent with AGWR. X Licensee has started the development of the system, but the system is yet to be reviewed and endorsed by the Executive and so has not been implemented officially. However, most aspects of the system are already in place in practice as it has been using the water quality system for a number of years.*

### 3.2 Review of actions

Where an auditor finds non-compliance matters in plans or assessments in the draft audit report, this section should outline the non-compliance matters and state the reasons for this assessment.

In the final audit report this section should also describe any actions taken by the licensee to respond to the non-compliance matters raised in the draft report.

### 3.3 Opportunities for improvement

If the auditor sees an area where an improvement could be made to ensure compliance is maintained, the auditor can identify this as an “opportunity for improvement”. The licensee can decide whether to implement an opportunity.

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## Appendices

## A Detailed audit findings

The following table shows the minimum requirements for the write up of the audit assessment. Most readers will focus on the body of the report. The appendix is included for reference in the event that the reader is interested in the details of a specific finding.

**Table A.1 Detailed audit findings – hypothetical example**

<b>Clause</b>	<b>Requirement</b>	<b>Compliance grade</b>
<b>2.1</b>	Licensee must implement water quality plan	Compliant, non-compliant (significant or insignificant), or no requirement.
<b>Risk</b>	<b>Target for compliance</b>	
Describe risk posed to public health and environment by non-compliance.	Discuss what must be provided to be awarded compliance.	
<b>Evidence sighted</b>		
List reference documents and systems provided as evidence.		
<b>Summary of reasons for grade</b>		
Briefly summarise the reasons provided for the grade.		
This summary should provide a concise analysis of the evidence. It should specifically focus on how the evidence demonstrates compliance with the Clause, or how it indicates that the licensee has fallen short of target.		
This section should not contain extended discussion, or notes from interviews and site visits.		
<b>Discussion and notes</b>		
Discuss evidence and how it demonstrates compliance or how it indicates that the utility has fallen short of target. Notes from interviews and site visits may be included in this section.		

## J Operational audit report template

### Report content and layout

The following pages are a template outlining what we require in an operational audit report, as a minimum.

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### Report writing style

The final audit report may be publicly available, hence the auditors must write reports in a manner that is appropriate for publication. This means the writing style should be concise, accessible and professional, and not inflammatory.

Reports should also not contain any specific material that could pose security issues for the relevant licensee. However, this should be balanced with the need to provide enough detail to support the awarding of an audit grade.

# **Operational Audit Report (template)**

**WICA Greenfield schemes**

Water — Audit Report

SUPERSEDED

This is the template for an audit report for WICA audits.

Auditors do not have to use the formatting of the template, as we expect they will use their own formatting protocols. The template only provides the content and layout of what is needed.



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## 1 Executive Summary

In the Executive Summary, the auditor is to provide an audit opinion on the compliance of the licensee with the legislative requirements, licence conditions and its licence plans. The audit opinion should include a statement that:

- ▼ the auditor has seen sufficient evidence on which to base their conclusions
- ▼ the audit findings accurately reflect the professional opinion of the auditor
- ▼ the lead auditor and team members have noted what this guideline and the audit deed requires when conducting the audit, determining audit findings and preparing the report
- ▼ the audit findings have not been unduly influenced by the licensee and/or any of its associates.

This summary will also highlight the major findings of the audit and any major recommendations.

For any non-compliance matters, significant or insignificant, the auditor should discuss the risk which a non-compliance matter poses to public health, environment, customer relations, operations or financial areas of the business.

The summary should include a list of the recommendations made, with the relevant clauses indicated. The summary should not include opportunities for improvement.

The summary should not refer to findings or analysis that are not included elsewhere in the report.

## 2 Introduction

### 2.1 Objectives

This section should state the objective of the audit. For example, for an operational audit, the objective is to assess the compliance of the licensee in meeting the requirements of the legislation, the licence conditions, and the licence plans.

### 2.2 Licensee's infrastructure, systems and procedures

This section should set out a brief description of the licensee's infrastructure, systems and procedures.

### 2.3 Audit method

#### 2.3.1 Audit scope

This section should identify the scope of the audit as not all clauses are audited in each audit.

#### 2.3.2 Audit standard

This section should identify the audit standard used in the audit, including describing any limitations to the audit findings.

#### 2.3.3 Audit steps

This section should summarise the audit steps undertaken in the audit process, including the parties involved and responsibilities for each step.

#### 2.3.4 Audit team

This section should identify the audit team and the roles of each member.

### 2.3.5 Audit grades

This section should provide the audit grade definitions used in assessing the licensee's performance against the requirements.

## 2.4 Regulatory regime

This section should discuss the regulatory framework the utility operates under. This will cover areas such as the utility's Act and Regulation, the operating licence, any applicable environmental legislation, Memoranda of Understanding, etc.

## 2.5 Quality assurance process

This section should discuss the quality assurance process undertaken when preparing this report to ensure the integrity of the information provided.

All final audit reports must be quality assured by another Panel Member acceptable to IPART.

## 2.6 Audit findings

When "non-compliance" grades are awarded, this section must include a summary of the requirement and findings. Full details of the audit findings must be listed in Appendix A.

## 2.7 Review of actions

Where an auditor finds non-compliance matters in the draft audit report, this section should outline the non-compliance matters and state the reasons for this assessment.

In the final audit report this section should also describe any actions taken by the licensee to respond to the non-compliance matters raised in the draft report.

## 2.8 Opportunities for improvement

If the auditor sees an area where an improvement could be made to ensure compliance is maintained, the auditor can identify this as an "opportunity for improvement". The licensee can decide whether to implement an opportunity.

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## Appendices

## A Detailed audit findings

The following table shows the minimum requirements for the write up of the audit assessment. Most readers will focus on the body of the report, the appendix is included for reference in the event that the reader is interested in the details of a specific finding.

**Table A.1 Detailed audit findings – hypothetical example**

Clause	Requirement	Compliance grade
2.1	A network operator must comply with any direction of the Minister to take specified action to reduce or eliminate a risk to public health or public safety arising from certain activities.	Compliant, non-compliant (significant or insignificant), or no requirement.
<b>Risk</b>		<b>Target for compliance</b>
Describe risk posed to public health and environment by non-compliance.		Discuss what must be provided to be awarded compliance.
<b>Evidence sighted</b>		
List reference documents and systems provided as evidence.		
<b>Summary of reasons for grade</b>		
Briefly summarise the reasons provided for the grade. This summary should provide a concise analysis of the evidence. It should specifically focus on how the evidence demonstrates compliance with the sub-clause, or how it indicates that the utility has fallen short of target. This section should not contain extended discussion, or notes from interviews and site visits.		
<b>Discussion and notes</b>		
Discuss evidence and how it demonstrates compliance or how it indicates that the utility has fallen short of target. Notes from interviews and site visits may be included in this section.		

SUPERSEDED