

# CORPORATE STANDARD AUDITING OF DEVELOPER WORKS



VERSION: 1.0



## Contents

<b>1.</b>	<b>Purpose .....</b>	<b>4</b>
<b>2.</b>	<b>Scope .....</b>	<b>4</b>
<b>3.</b>	<b>Context .....</b>	<b>4</b>
<b>4.</b>	<b>Definitions .....</b>	<b>4</b>
<b>5.</b>	<b>Reasons for auditing.....</b>	<b>8</b>
5.1	Compliance requirements .....	8
5.2	Continuous improvement .....	8
<b>6.</b>	<b>The auditing process .....</b>	<b>8</b>
6.1	Roles and responsibilities .....	9
6.2	Audit categories .....	10
6.2.1	Developer Works categories.....	10
6.2.2	Categories of Works to be audited .....	10
6.3	Audit selection methods .....	10
6.3.1	Audit triggers.....	10
6.4	Audit types .....	11
6.4.1	Process audits .....	11
6.4.2	Design audits .....	11
6.4.3	Construction audits .....	12
6.5	Auditor competencies.....	12
6.6	Audit criteria .....	12
6.7	Conducting the audit .....	13
6.7.1	Managing the results .....	13
6.7.2	Managing non-conformances .....	13
6.7.3	Impact of auditing results on accreditation status.....	13
6.7.4	Performance management .....	14
<b>7.</b>	<b>Audit planning, scheduling and recording .....</b>	<b>14</b>
7.1	Audit planning and scheduling .....	14
7.2	Recording audit results .....	15
7.2.1	Audit checklists .....	15



- 8. Communication protocols ..... 16
- 9. Training and assessment ..... 16
- 10. Auditing process feedback and review ..... 16
- 11. Incorporated documents ..... 16
- 12. Related documents ..... 17
- 13. Document control..... 17
- Appendix A: Auditing of Developer Works Process Map..... 18
- Appendix B: Non-conformance Report ..... 19
- Appendix C: Change of Accreditation Status..... 20
- Appendix D: Auditing Process Feedback Form ..... 21

**Amendments since previous version**

Section	Changes made



## 1. Purpose

The purpose of this Corporate Standard is to document auditing processes required to ensure assets delivered to Hunter Water are of satisfactory quality. Auditing is part of Hunter Water's quality approach to the management of Developer-supplied infrastructure, integrating principles of continuous improvement. As such, auditing is used to reinforce good practice, and encourage all entities involved with Hunter Water's assets to achieve a specified level of quality.

## 2. Scope

This manual outlines the roles, requirements and processes to be followed by all parties involved in the auditing of the delivery of Developer Works. This manual also provides an overview of the roles of Developer and their Accredited Suppliers. More information, instructions and requirements can be found in the documents listed in '[Incorporated documents](#)'.

## 3. Context

The Hunter Water Asset Management Policy requires the use of a quality system approach to the Developer Works asset-creation process. To this end, Hunter Water audits the activities of design, construction, operations, and maintenance of new potable water, recycled water and sewerage infrastructure. The policy applies to all entities involved in the delivery of Developer Works.

This document provides instructions and reference material to enable an audit program to be implemented, while also outlining how the performance of entities is managed, should there be breaches of documented standards, regulations, codes, and/or legislation.

## 4. Definitions

Term	Definition
<b>Accreditation</b>	The declaration by Hunter Water Corporation (Hunter Water) that an Accredited Supplier is capable of delivering a particular category of design, engineering and/or surveillance services to the standard required by Hunter Water. Accreditation entitles: <ul style="list-style-type: none"> <li>• Accredited Suppliers to be listed on Hunter Water's Accredited Construction Contractor Register and/or Accredited Design Consultant Register, and</li> <li>• Accredited Suppliers to perform work within Hunter Water's area of operations.</li> </ul>
<b>Accreditation Administrator</b>	A Hunter Water employee who manages the Supplier Management System and ensures supplier profiles are up to date with audit results and non-conformance resolution activities.
<b>Accreditation category</b>	The precise nature of Works for which applicants are applying and for which they must be deemed to be competent before achieving accreditation status.
<b>Accreditation conditions</b>	The ongoing conditions which Accredited Suppliers must meet to maintain their accreditation. It includes, without limitation, compliance with all applicable laws and contracts, and such other requirements determined by Hunter Water.
<b>Accredited Construction Contractor</b>	A contractor approved by Hunter Water's accreditation process to perform construction services for developer Works in a nominated subcategory. The accreditation includes the contractor's key personnel.
<b>Accredited Construction Contractor Register</b>	The list of contractors acknowledged by Hunter Water as having the necessary skills, experience, qualifications, expertise, management systems, and capability to perform construction services in specified categories of Works within Hunter Water's area of operations.

*Hard copies of this document are considered uncontrolled – please refer to Hunter Water website for latest version*



Term	Definition
<b>Accredited Design Consultant</b>	<p>A design consultant approved in accordance with Hunter Water’s accreditation process for developer Works. Accredited Design Consultants have a range of functions and duties defined in ‘Manual – Delivery of Developer Works’:</p> <ul style="list-style-type: none"> <li>• Design for Routine Works – completing the investigation, design and contract documentation of all water and sewerage Works in accordance with the Notice of Requirements and relevant design standards, and</li> <li>• Certification for Routine Works – acting as quality manager for the asset-creation process. This includes certifying the design, verifying the Works are constructed as per the design, including the use of any temporary Works and approved products. It also involves conducting inspections to ensure the Accredited Construction Contractor meets all environmental and WHS requirements in the Developer Works Deed and its referenced documents and standards. When all requirements have been satisfactorily met, issuing the Certificate of Completion for the Works.</li> </ul>
<b>Accredited Design Consultant Register</b>	<p>The list of design consultants acknowledged by Hunter Water as having the necessary skills, experience, qualifications, expertise, management systems, and capability to perform engineering, certification and/or audit services in the specified categories of Works within Hunter Water’s area of operations.</p>
<b>Accredited Supplier</b>	<p>An Accredited Construction Contractor or an Accredited Design Consultant.</p>
<b>Accredited Supplier Application Form</b>	<p>A form submitted by an applicant to be considered for Accredited Supplier status, and to be included on Hunter Water’s Accredited Suppliers Registers, in accordance with Hunter Water’s accreditation process, includes this document, the application form/s, and any other information or documents necessary to enable a proper consideration of an applicant’s capacity to perform Works to the necessary standard.</p>
<b>Applicable requirements</b>	<p>Any conditions such as shutdown requirements, WSAA Codes, requirements provided by this manual, and all relevant Australian standards.</p>
<b>Applicant</b>	<p>A party who applies to be an Accredited Supplier of developer Works within Hunter Water’s area of operations.</p>
<b>Approved product</b>	<p>An item in Hunter Water’s Approved Products and Manufacturers Register, as listed on Hunter Water’s website.</p>
<b>Area of operations</b>	<p>The geographic region in which Hunter Water operates.</p>
<b>Audit</b>	<p>A method or system for assessing Accredited Suppliers for Developer Works and the services they provide.</p>
<b>Audit plan</b>	<p>A plan used to develop the audit schedule.</p>
<b>Audit schedule</b>	<p>A tool used by Hunter Water to allocate resources and time to projects and Accredited Suppliers identified for audit.</p>
<b>Auditor</b>	<p>A Hunter Water employee or nominated agent who performs an audit.</p>
<b>Authority</b>	<p>A governmental, semi-governmental, local or other body that exercises regulatory or legal power over Hunter Water and/or Accredited Suppliers.</p>
<b>Certificate of Completion</b>	<p>A document submitted by an Accredited Design Consultant to Hunter Water confirming all Works are complete and asset quality, safety and environmental performance requirements have been achieved for Routine Works.</p>
<b>Completion Certificate</b>	<p>A certificate issued by Hunter Water to the Developer verifying the Works are complete, as part of a Complex Works Deed.</p>
<b>Concept design completion</b>	<p>The stage when the Developer reasonably believes the design documentation includes sufficient detail for the Developer to prepare or procure the preparation of detailed documents that accord with the Deeds.</p>



Term	Definition
<b>Construction Inspection and Test Plans (ITP)</b>	A plan the Accredited Construction Contractor is required to prepare as outlined in the Project Plan.
<b>Defects liability period</b>	A period of time under a construction contract, commencing at issue of Certificate of Completion and ending at final completion, during which any defects identified by Hunter Water are rectified by the Accredited Construction Contractor at their own expense.
<b>Design Checklist</b>	A checklist an Accredited Design Consultant submits to Hunter Water which verifies the design documentation is compliant to all relevant standards and codes.
<b>Design Compliance Certificate</b>	A document submitted by an Accredited Design Consultant to Hunter Water confirming the design complies with the applicable Developer Works Deed and the documents and standards referred to in it. The Design Compliance Certificate must be submitted with the final design drawings, all supporting design documentation and the applicable design checklist.
<b>Design documentation</b>	All the output documents from the design phase, including the final design drawings, final design reports, completed design checklists, CAD checklists, Inspection and Test Plans with supporting quality-related paperwork, completed Entry Permits, Road Opening Permit Applications, approvals from other agencies, Reviews of Environmental Factors, and sign-offs by Accredited Design Consultants in the form of Certificates of Compliance.
<b>Design input</b>	A requirement on which the design is based, including any statutory or regulatory conditions.
<b>Design output</b>	Design plans and associated documentation which enables an Accredited Construction Contractor to construct Works to the standards and satisfaction of the Developer and Hunter Water.
<b>Developer</b>	The owner of land on which a proposed development will take place, or a nominated agent taking full responsibility for the delivery of the development and appurtenances.
<b>Developer Works</b>	The necessary developer assets to be provided to meet the conditions set out by Hunter Water in the Notice of Requirements, including water, sewer, recycled water, and stormwater assets.
<b>Developer Works Deed</b>	A formal agreement between Hunter Water and a Developer for the design and construction of related assets. There are three types of Developer Works Deed: Routine Minor Works, Routine Major Works and Complex Works.
<b>Environment</b>	Legislative and administrative measures to protect and preserve the environment, including ecosystems and their constituent parts, including communities and physical resources.
<b>Equivalent Tenement</b>	An Equivalent Tenement is a measure of the load a property places on water and sewerage systems. One Equivalent Tenement is considered to be the water consumption or sewage discharge for an average residential dwelling or house.
<b>GIS</b>	Geographic Information System. A system used to capture, store, manipulate, analyse, manage, and display spatial or geographic data.
<b>Hunter Water</b>	A statutory State Owned Corporation providing water and wastewater services to over half a million people in the Lower Hunter region, and some trunk stormwater services in the Cessnock, Lake Macquarie and Newcastle local government areas.
<b>Law</b>	<ul style="list-style-type: none"> <li>• Commonwealth, NSW or local government legislation, including regulations, by-laws, and subordinate legislation</li> <li>• Principles of law or equity established by decisions of courts, and</li> <li>• Approvals (meaning any licence, permit, consent, approval, determination, certificate, or permission from any Authority or under any Law which must be obtained or satisfied to perform the Works, but does not include the exercise by Hunter Water or a Hunter Water representative of their right under either of the Routine Works deeds).</li> </ul>



Term	Definition
<b>Licensed plumber</b>	A qualified licensed tradesperson authorised by NSW Fair Trading to carry out plumbing and sanitary drainage Works.
<b>Non-conformance Report</b>	A report detailing a non-conformance or irregularity identified in an audit, review, inspection, or the like. The objective of the report is to make a clear, concise, unambiguous, and defensible definition of a problem so that corrective action can be initiated.
<b>Notice of Requirements</b>	An application made under Section 49 of the <i>Hunter Water Act 1991</i> , allowing Hunter Water to determine the project-specific requirements to extend and/or connect to its infrastructure. The Notice of Requirements is specific to the development consent issued by the determining authority, which in most cases is a local council.
<b>Notification period</b>	The time between when a customer is informed of a planned water or sewer outage, and the start of an outage.
<b>Other accreditation requirements</b>	Conditions such as training, qualifications, criteria or other requirements (either formal or informal) which must be completed or demonstrated by an Accredited Supplier applicant to attain or maintain accreditation.
<b>Pre-completion Test</b>	Tests required by an Accredited Design Consultant, and as required in the then current versions of all relevant design codes and standards.
<b>Pre-connection Compliance Certificate</b>	A document submitted by an Accredited Design Consultant on behalf of the Developer to Hunter Water.
<b>Project Plan</b>	<p>In accordance with the Developer Works Deeds, the licenced plumber or Accredited Construction Contractor is required to prepare a Project Plan. The purpose of the Project Plan is for the licenced plumber or Accredited Construction Contractor to describe in detail how the Works will be carried out in accordance with submitted documentation. The Project Plan, at a minimum, must include:</p> <ul style="list-style-type: none"> <li>• Work Health and Safety Management Plans, or equivalent</li> <li>• Construction Environmental Management Plan, or equivalent, and</li> <li>• Quality Plan, or equivalent.</li> <li>• Inspection and Test Plans (ITPs)</li> </ul> <p>The Project Plan is a living document which may require further developing, amending and updating throughout the duration of the Works.</p>
<b>Quality</b>	Measures regarding the reliability of the delivery of assets, budget and timeliness.
<b>Section 50 Compliance Certificate</b>	A certificate issued by Hunter Water when all conditions in the Notice of Requirements are met by the Developer.
<b>Standards</b>	Applicable Hunter Water, WSAA and/or Australian standards, codes and practices relevant to design and construction of network infrastructure.
<b>Supplier management system</b>	The supplier management system is a tool for storing and managing information relating to Accredited Suppliers, such as licences, profiles, insurances, certifications, audit results, and the like.
<b>Verification and Monitoring Plan</b>	A plan used by an Accredited Design Consultant and an Accredited Construction Contractor which verifies and monitors key hold-points throughout the life of an asset delivery project ultimately ensuring that a quality asset is delivered at the end of a project.
<b>Water Main Shutdown Request Form</b>	A form which must be submitted by an Accredited Design Consultant to Hunter Water with respect to shutdowns or interruptions to any existing operations.
<b>WHS</b>	Work Health and Safety. Legislative and administrative measures to protect and improve the health, safety and welfare of people engaged in work or employment.
<b>WSAA</b>	The Water Services Association of Australia.



## 5. Reasons for auditing

Hunter Water's model for the delivery of Developer Works provides more autonomy for Developers. The auditing process has been created to help Accredited Suppliers be mindful of opportunities to improve their quality, WHS and environmental processes and remain compliant with the requirements of Hunter Water. One of the aims of the auditing process is to determine whether Developers and Accredited Suppliers are fulfilling their responsibilities. Another is to ensure quality processes and procedures are followed.

### 5.1 Compliance requirements

Auditing is undertaken to ensure compliance with the following:

- Hunter Water's WHS Management System standard (AS4801:2001) requirements, which include compliance with relevant WHS legislation, standards and codes of practice.
- Hunter Water's certification to the Quality Management System Standard (ISO 9001:2008) requirements, which include compliance with:
  - Hunter Water's and Hunter Water's Maintenance Contractors' procedures, policies and processes
  - Hunter Water's Approved Products and Manufacturers Register
  - Hunter Water's editions of the WSAA Water Code and Sewerage Code, Hunter Water's design standards, and standard technical specifications
  - Hunter Water's accreditation and performance management system for Accredited Suppliers, and
  - Hunter Water's Developer Works Deeds.
- Hunter Water's certification to Environmental Management System Standards (ISO14001:2008) requirements, which include compliance with all relevant environmental legislation.
- Hunter Water's certification to Australian Drinking Water Guidelines.

### 5.2 Continuous improvement

Auditing is used primarily to enable continuous improvement and performance management of Accredited Suppliers. It does this by:

- communicating and educating Accredited Suppliers about requirements
- reinforcing and encouraging good practices
- raising Non-conformance Reports when non-compliant practices are observed to initiate corrective action and process improvement
- initiating preventative actions
- raising poor practice issues to initiate performance improvement actions, and
- initiating improvement to design standards.

The indirect and less tangible benefits of auditing have been found to be far more significant than the individual problems identified and corrected. When properly followed through, auditing leads to consistent prevention of defects which could otherwise have occurred well into the future, not just by the organisation involved but by the industry more widely.

## 6. The auditing process

This section outlines the auditing of Accredited Suppliers for Developer Works. It explains who will be audited and how audits are based, the different audit types, what is audited, and how the auditing process is managed.



Auditing is used to check that Developer Works are being constructed to QA, WHS and environmental standards. It is used to assess the performance of Accredited Suppliers, it may influence their accreditation status, and it may lead to their accreditation being suspended, culminating in their being removed from the Accredited Suppliers Registers. For more detail on accreditation, see ‘Corporate Standard – Accreditation of Suppliers for Developer Works’.

The process begins when an Accredited Supplier or project is identified for an audit. See ‘[Audit triggers](#)’ for more information on how audits are nominated.

The Accreditation Administrator reviews the Accredited Supplier’s audit history and determines the audit type. See ‘[Audit types](#)’ for more information. It is then confirmed if an audit is required. If not, the supplier management system is updated with details of why the proposed audit did not proceed. If an audit is required, an available auditor is allocated. The auditor retrieves the relevant checklists for the audit type and performs the audit.

After the audit takes place, the results are recorded in the supplier management system and emailed to the Developer and Accredited Supplier. If any corrective action is required, the Developer and Accredited Supplier are required to resolve all issues.

The Accredited Supplier performs any corrective actions and notifies the auditor. The auditor assesses the corrective action taken to determine if the rectification is satisfactory. The Accredited Supplier may be asked to perform more corrective action if the auditor deems it necessary. When all issues are resolved, the supplier management system is updated and all pertinent information is communicated to the Developer and Accredited Supplier. This process is illustrated in ‘[Appendix A – Auditing of Developer Works Process Map](#)’.

## 6.1 Roles and responsibilities

Table 1 outlines the roles and responsibilities of parties involved in the auditing process of Developer Works.

**Table 1: Roles and responsibilities**

Role	Summary
Developer	Fully responsible for the design and construction of Works, and the engagement of Accredited Suppliers to meet individual project needs. Required to guarantee all quality objectives are achieved, including asset safety and environmental performance.
Accredited Design Consultant	Responsible for ensuring compliance with design standards and collaborates with the licensed plumber or Accredited Construction Contractor, to certify the Works have been built in accordance with the design. Responsible for issuing the Certificate of Completion when the Works are finished.
Accredited Construction Contractor or licensed plumber (Routine Minor only)	Collaborates with the Accredited Design Consultant to ensure the Works are delivered as per the design. Required to warrant the Works to the Accredited Design Consultant.
Auditor	A Hunter Water employee or nominated agent responsible for carrying out process, design and construction audits, and ensuring adequate responses to issues raised.
Hunter Water group manager	A senior Hunter Water employee accountable for the overall supervision of the Developer Works audit system, including the audit plan, the audit schedule, and the creation and use of audit data. Has the power to suspend an Accredited Supplier.  This function is independent of auditing activities to ensure that audit duties are carried out in an objective manner, and to provide impartial recommendations.



Role	Summary
Accreditation Administrator	A Hunter Water employee responsible for the supervision of the Developer Works audit system, including the audit plan, the audit schedule, and the creation and use of audit data. Duties include managing the supplier management system and ensuring Accredited Supplier profiles are up to date with audit results and non-conformance resolution activities.

## 6.2 Audit categories

### 6.2.1 Developer Works categories

Developer Works have been divided into two main categories, Routine and Complex. Routine Works have been further divided into two subcategories, Minor and Major. Minor Works are able to be constructed by either a licensed plumber or an Accredited Construction Contractor, as nominated by Hunter Water in the 'Notice of Requirements'. Major Works can only be constructed by an Accredited Construction Contractor. All Works must be designed by an Accredited Design Consultant.

### 6.2.2 Categories of Works to be audited

Table 2 shows the categories and subcategories of Works to be audited for both design and construction. The table also illustrates the division between Routine and Complex Works.

**Table 2: Categories of Works to be audited**

Categories of Works to be audited		
Category	Routine	Complex
Subcategory	Water, sewer, recycled water and stormwater assets (< 300mm diameter)	Pump stations
		Pressure sewer systems
		Trunk infrastructure (>= 300mm diameter)

## 6.3 Audit selection methods

Accredited Suppliers are typically selected for audit by either random or targeted methods. Random audits are selected based on a percentage of the number of Developer Works Deeds received annually. The percentage selected increases in proportion to the risks associated with the projects. Targeted audits are based on certain risk characteristics. 'New Entrant' and 'Probationary' Accredited Suppliers are audited more frequently to assist in improving their methods and systems.

### 6.3.1 Audit triggers

There are two main audit categories: random and targeted. However, audits may also be triggered by accidents or incidents, safety compliance issues, environmental compliance issues, surveillance activities, Inspection and Test Plans, information provided to Hunter Water by third parties, or final construction checklists.

Random audits are selected by the supplier management system. Accredited Suppliers with the accreditation status of 'Probationary' are most likely to be subject to targeted audits. 'New Entrants' are the next most likely. 'Fully Operational' Accredited Suppliers are the least likely.



Targeted audits may be based on the historical performances of Accredited Suppliers. Those with demonstrated higher rates of non-conformances within WHS, QA and/or environmental performance issues are more likely to be targeted for audits.

'New Entrants' are also targeted to be audited at a higher rate than those who are 'Fully Operational', to ensure their management systems are sufficient. This information is then used to determine the auditing frequency of all Accredited Suppliers, meaning individual performances influence the overall audit rate.

Targeted audits may also be based on the risk of a project. Routine Works are generally considered to be lower-risk than Complex Works but their risk may be increased by such factors as the location of the project. For example, the project's chance of being audited increases if it is in a water catchment area, if there is a high level of acid sulphate in the soil, or if there are environmental risks.

Other project characteristics may trigger an audit. For example, if there are significant changes to key indicators, such as poor project cost estimates or poor forecasting of start/finish dates.

## **6.4 Audit types**

This subsection provides information on the different types of audits. It also provides more information on the requirements of the auditor in each category. Accredited Suppliers may be audited in more than one audit type.

The extent of each audit reflects the category of Works being constructed. The more complicated the Works, the more comprehensive the audit. For example, Routine Minor Works might only be concerned with the accuracy of the design submitted and compliance with the 'Notice of Requirements', whereas the level of audit conducted for Routine Major Works may cover all criteria for audits.

### **6.4.1 Process audits**

Process audits are conducted by Hunter Water to establish whether the processes for certifying Developer Works are being correctly followed by all participants. QA, WHS, environmental, and asset standards checklists, for both design and construction, are used in all phases of the asset-creation process. The results of process audits are also used to determine the effectiveness of the certification model and to adjust the model itself to achieve better quality outcomes, and improve safety or environmental performance.

### **6.4.2 Design audits**

The design package submitted by an Accredited Design Consultant may be audited by Hunter Water. This is to help ensure designs for Routine Works are meeting QA, WHS and environmental standards.

Design audits cover compliance to design standards as well as drawing standards, for example, line thicknesses, use of dimensions, and layout. Refer to the 'Drawings, Standards and Specifications' page on [Hunter Water's website](#).

The offices or premises of Accredited Design Consultants may be included in design audits, to satisfy Hunter Water they have adequate quality management systems, documentation procedures, and the like. Hunter Water follows up on chronic or unacceptable Accredited Design Consultant underperformance through a variety of actions, such as office audits, management level meetings, formal warnings, probation, accreditation suspension, and removal from the Register.



Hunter Water monitors audit data to establish which Accredited Design Consultants are operating at an acceptable level of compliance. Where appropriate, performance management actions may be taken to manage organisations or personnel not meeting ongoing performance requirements.

#### **6.4.3 Construction audits**

The Works constructed by Accredited Construction Contractors may be audited, both during and after construction. Pre-construction and construction documents provided by Accredited Construction Contractors may be part of an audit. This helps ensure Routine Works are meeting QA, WHS and environmental standards.

The offices or premises of Accredited Construction Contractors may be included in construction audits, to satisfy Hunter Water they have adequate quality management systems, documentation procedures, and the like. Hunter Water is responsible for carrying out field activity audits and ensuring that the recorded information and any non-conformance detected are fed back into the performance management process for Accredited Suppliers.

Hunter Water monitors audit data to establish which Accredited Construction Contractors are operating at an acceptable level of compliance. Where appropriate, performance management actions may be taken to manage organisations or personnel not meeting ongoing performance requirements.

#### **6.5 Auditor competencies**

The following is a comprehensive list of all competencies required for auditors performing process, design and construction audits:

- competency in the application of 'Manual – Delivery of Developer Works'
- competency in how to raise observations and non-conformances and close them out once resolved
- awareness of the use of the accreditation process and information held in the supplier management system
- competency in the use and ongoing management of WSAA and Hunter Water codes, standards and specifications
- knowledge of acceptable environmental practices relating to field activities, in particular, requirements around the management of silt, reinstatement of site, groundwater and stormwater discharge from site, and the production and disposal of waste
- knowledge of acceptable WHS practices relating to field activities
- WHS induction
- Confined Space Entry training
- design training and experience, and
- knowledge of Hunter Water Approved Products and Manufacturers Register.

#### **6.6 Audit criteria**

This section outlines the various criteria to which Accredited Suppliers are held accountable. Each criterion has a specific audit checklist designed to assess compliance to applicable standards and manage risks in the delivery process. The criteria are:

- performance
- QA process compliance
- WHS compliance
- environmental standards compliance
- asset standards compliance



- valid insurances, including workers' compensation
- qualifications/certificates/competencies/experience, and
- permits and licences, where applicable.

## 6.7 Conducting the audit

For each of the audit types there is a systematic approach with associated checklists for conducting the audit, accessible by Hunter Water personnel on the intranet. The sequence of the audit follows three main phases:

1. The audit – this typically begins with an opening meeting and a site induction, if necessary. The auditor uses all appropriate checklists to ensure all necessities are fulfilled and to provide a standardisation to the process.
2. Assessment – the auditor assesses the observations acquired during the audit and creates a record of findings for the Developer, Accredited Supplier and for the supplier management system.
3. Debriefing – the record of findings is presented to and discussed with the Accredited Supplier. This might include a notice of non-conformances and a resolution schedule. Refer to '[Managing non-conformances](#)'.

### 6.7.1 Managing the results

The particulars of the audit are entered into the supplier management system. Initially, this may include the name of the Accredited Supplier, the date, the type of audit, and the results of the audit. In the event that non-conformances are identified, the list of corrective actions is entered into the supplier management system and an email is sent to the Developer and the Accredited Supplier.

A date is set for the Developer and Accredited Supplier to inform Hunter Water what they intend to do to resolve the non-conformances. An email is then sent notifying Hunter Water corrective actions have taken place. Hunter Water assesses the corrective actions against the audit criteria until satisfied.

### 6.7.2 Managing non-conformances

The following shows a ranking severity of non-conformances from high to low:

- critical non-conformances
- major non-conformances
- minor non-conformances
- observations

Observations are managed both in writing and in person when identified and generally have no impact on the continuity of a project, as long as the Accredited Supplier proactively addresses them in a given period. The same is true of minor non-conformances. Major and critical non-conformances, however, if detected prior to the Certificate of Completion being submitted, may result in the project being delayed until the issues are resolved or corrective action taken.

### 6.7.3 Impact of auditing results on accreditation status

If auditing results expose systemic non-conformance issues, the Accredited Supplier is identified for increased scrutiny by more frequent or in-depth auditing. This does not necessarily mean the Accredited Supplier loses their accreditation. The Accredited Supplier may be asked to attend a meeting where any remedial activity can be discussed. The purpose of this process is to identify opportunities to coach and improve the performance of Accredited Suppliers in the delivery of Developer Works.



Auditing results which demonstrate performance issues of Accredited Suppliers have different effects on accreditation depending on various factors. A major non-conformance is more likely to have an impact on accreditation than a minor one. A major non-conformance does not, however, necessarily result in the downgrading of an Accredited Supplier's accreditation status. A high volume of minor non-conformances compared to a single instance of a major non-conformance could result in the downgrading of an Accredited Supplier's accreditation status.

For more information on accreditation status, see 'Corporate Standard – Accreditation of Suppliers for Developer Works'. Downgrading of accreditation status is done on a case-by-case basis and is at Hunter Water's discretion. Downgrading of accreditation status is mainly regarded as a means to assure asset quality, rather than a punitive measure.

#### **6.7.4 Performance management**

Hunter Water conducts audits to provide adequate oversight of the design and construction of Developer-funded Works. Accredited Suppliers who perform to Hunter Water's standards and requirements are audited less frequently than those who receive Non-conformance Reports, Corrective Action Requests, and the like.

Accredited Suppliers who continually receive Non-compliance Reports, Corrective Action Requests, and the like may be directed to improve their performance. This may consist of meeting with Hunter Water representatives to coach Accredited Suppliers to meet required standards, and demonstrate how they intend to show sustained improvement.

Accredited Suppliers who have been provided opportunities to improve but fail to do so may jeopardise their accreditation status. In some cases, their accreditation may be suspended and they may be removed from the applicable Accredited Suppliers Register.

## **7. Audit planning, scheduling and recording**

### **7.1 Audit planning and scheduling**

The annual audit plan and audit schedule are produced to ensure risk levels are adequately understood and audit frequencies are appropriate. The final decision for the annual plan is the responsibility of the Manager Development Services.

Project risk is a function of:

- the asset – this factor relates to the consequence of failure of the asset, should it not be designed, constructed or able to be maintained correctly
- on-site factors – these are based on the local particulars of the asset, that is, the risks posed to humans, the natural environment or the physical environment around the asset, and
- the competence of the personnel and organisation responsible for undertaking the work – difficult to construct assets, which have a high consequence of failure, being designed and constructed in a sensitive environment by Accredited Suppliers of questionable competence pose a higher risk, compared to Accredited Suppliers of proven competence developing simpler assets.

Targeted audits planning and scheduling is based on an assessment of project risks, and the following initial random audit frequency:

- Routine Minor Works – a random audit of 1 in 10 projects
- Routine Major Works – a random audit of 1 in 5 projects
- All Complex Works projects are audited for design and construction compliance.



Annual planning broadly identifies the activities to occur in the field and the number of audits to be undertaken in a year. Audit scheduling is constantly adjusted and occurs on a shorter time frame, usually less than a month. The audit schedule is managed by the Delivery Team Leader.

Following collection of the first year of observations, the performance of Accredited Suppliers will be used as an input to the project selection process for targeting audits based on risk. This means poor performers are audited more frequently, as are projects which involve more delivery risks.

The aim is to review overall system performance in terms of asset quality delivered, WHS performance, environmental performance, based on observed data and take corrective action as needed. These results are also used to adjust the rates of random audits and to determine which projects are more worthy of being audited.

Audit results are also used as a measure to determine where non-conformances are more likely to occur. Results can be used to determine if issues found are system-wide problems or provider-specific. This in turn may guide Hunter Water in the adjustment of standards, requirements and training.

## 7.2 Recording audit results

The administrative duties resulting from an audit rest with the auditor and the Delivery Team Leader. The auditor communicates with the Accredited Supplier subject to an audit, is responsible for entering the results in the supplier management system, tracking resolution of issues, and updating the supplier management system.

### 7.2.1 Audit checklists

The following checklists are to be used as a reference to guide and assist auditors in highlighting issues to consider when conducting an audit. They help ensure audits are consistent and standardised, and are also used to record observations from audits in the supplier management system.

Process audits:

- Design audit
- QA audit

Design audits:

- Routine Works (< 300mm diameter)
  - Water supply design
  - Sewer design
  - Recycled water
  - Stormwater
- Complex Works
  - Water pump station
  - Wastewater pump station
  - Pressure sewer system
  - Sewer trunk infrastructure (> 300mm diameter)
  - Water trunk infrastructure (> 300mm diameter)
  - Control valves with mechanical and electrical design elements, for example, pressure sustaining valves



Construction audits:

- Review of pre-construction WHS Safety Management Plans and Safe Work Method Statements
- WHS site safety during construction
- Quality inspections during construction

Audits may also be conducted by using other in-process checklists, such as, the Project Plan, the final commissioning checklist, and the Design and Construction Verification and Monitoring Plan.

## 8. Communication protocols

Hunter Water has communication protocols for the auditing process. Templates of these can be found in [Appendices B and C](#). They may be automatically generated by the supplier management system or prepared by Hunter Water personnel. The communication protocols are:

- Non-conformance Report
- Change of Accreditation Status

## 9. Training and assessment

Auditors require internal training and general information on Hunter Water's auditing process and procedures. Attendance and passing WSAA Design Code training is required for auditors performing design or construction audits. A technical qualification is preferred to audit Complex Works, or equivalent experience deemed sufficient by Hunter Water to competently audit sophisticated technical issues.

## 10. Auditing process feedback and review

Feedback and review of the auditing process are used to help enable the delivery of safe, environmentally-friendly and high-quality Developer Works to Hunter Water and its customers. Various groups within Hunter Water periodically meet to review and discuss feedback they have received regarding the auditing process. They assess this information to determine the process' efficiency and ability to fulfil its functions. This information is then used for refinement and continual improvement of the process.

Accredited Suppliers and Developers are encouraged to participate in providing feedback on the auditing process. To do so, they should use the form in '[Appendix D: Auditing Process Feedback Form](#).'

## 11. Incorporated documents

This document and those listed below in this section are incorporated in 'Manual – Delivery of Developer Works'.

Developer Works Corporate Standards:

- Corporate Standard – Routine Minor Works – Developers and Accredited Suppliers
- Corporate Standard – Routine Major Works – Developers and Accredited Suppliers
- Corporate Standard – Complex Works – Developers and Accredited Suppliers
- Corporate Standard – Accreditation of Suppliers for Developer Works



To access Hunter Water's documents for Developer Works, go to 'A New Delivery Model for Developer Works' page on [Hunter Water's website](#).

Developer Works-related Registers:

- Accredited Design Consultants Register
- Accredited Construction Contractors Register
- Approved Products and Manufacturers Register

To access Accredited Suppliers and Approved Products and Manufacturers Registers, go to the 'Building and Development' page on [Hunter Water's website](#).

## 12. Related documents

Manual – Land Development

Developer Works Deeds:

- Developer Works Deed – Routine Minor Works
- Developer Works Deed – Routine Major Works
- Developer Works Deed – Complex Works

To access the Developer Works Deeds, go to 'A New Delivery Model for Developer Works' page on [Hunter Water's website](#).

External documents and references:

- ISO 9001:2015 Quality management system – Requirements
- ISO 14001:2004 Environmental management system – Requirements
- ISO 55001:2015 – Asset management – Management systems – Requirements
- Water Services Association of Australia (WSAA) [www.wsaa.asn.au](http://www.wsaa.asn.au)

## 13. Document control

TRIM: HW2015/1469/32/1.001

**Table 3: Document governance**

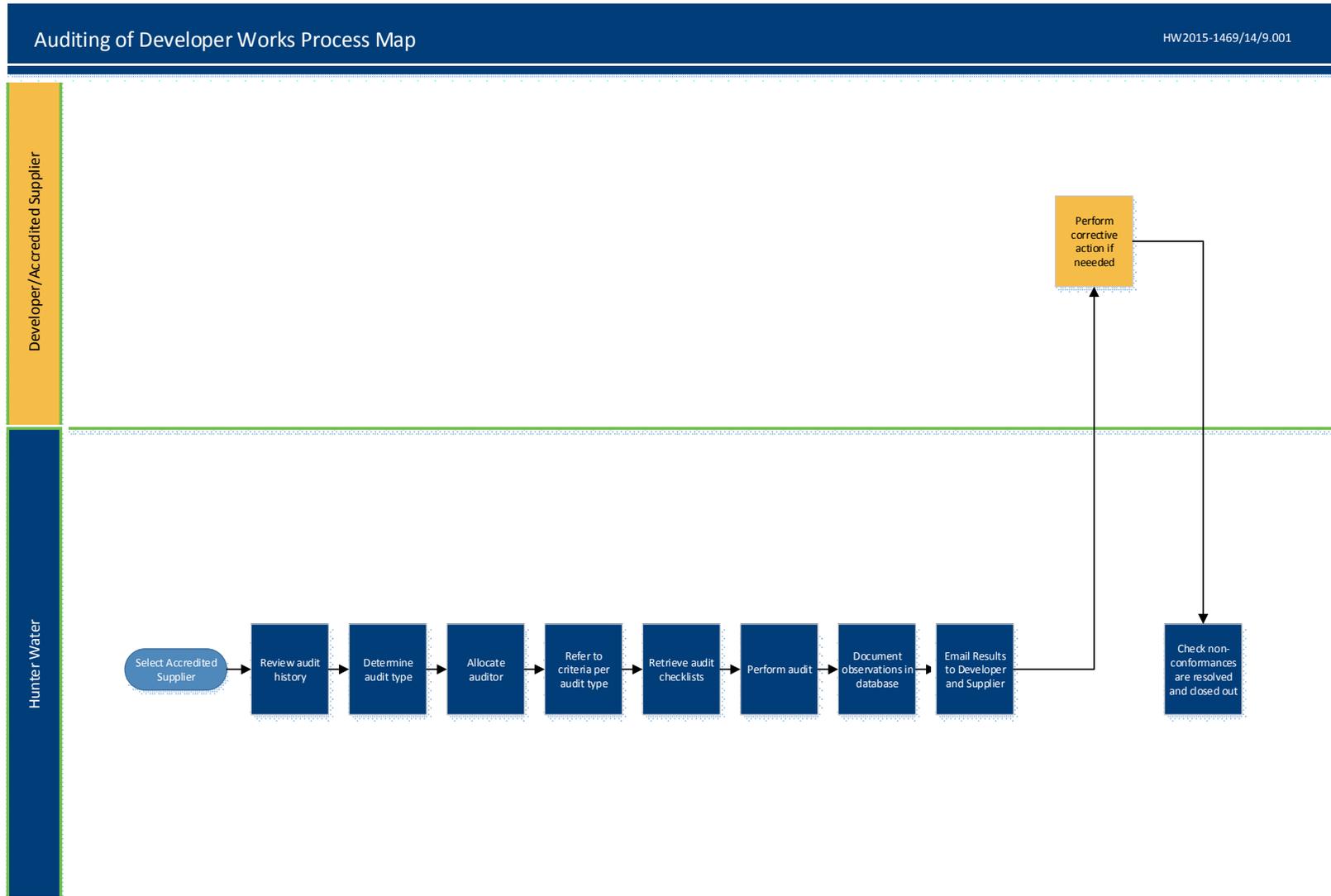
Document owner	Mandatory reviewer	Document approver
Group Manager Development Services	Group Manager Development Services	Executive Manager Customer Strategy and Retail

**Table 4: Document version history**

Version	Name of author	Summary of changes	Approval date	Approved by	Periodic review
1.0	Brett Lewis	Initial release	19 Jan 2018	Executive Manager Customer Strategy and Retail	1 year



## Appendix A: Auditing of Developer Works Process Map



Hard copies of this document are considered uncontrolled – please refer to Hunter Water website for latest version



## Appendix B: Non-conformance Report

Hunter Water Corporation  
☎ 1300 657 657  
✉ PO Box 5171, HRMC NSW 2310

 **Non-conformance Report**

From:  
To:  
Date:  
Deed no.:

Please be advised that Hunter Water has conducted <insert an audit/audits> on <insert name of Accredited Supplier>. As a result, the following non-conformances were detected:

- <insert non-conformance here>
- <insert non-conformance here/add or delete as necessary>

Please provide evidence of rectification of the above non-conformances within 21 days of the date shown on this form. Please be advised that failure to address the above <issue/issues> could affect your accreditation. This in turn could affect your ability to perform Developer Works within Hunter Water's area of operations.

If you have any queries regarding this, please contact Hunter Water on 1300 657 657 or <insert name of Administrative Officer/Technical Officer> on <insert Officer's telephone number>.

Yours sincerely,

<insert name of Administrative Officer/Technical Officer>

Sample Only

TRIM number: HW2015-1460/12/6.017



## Appendix C: Change of Accreditation Status

Hunter Water Corporation  
☎ 1300 657 657  
📮 PO Box 5171, HRMC NSW 2310

 **Change of Accreditation Status**

From:  
To:  
Date:

Please be advised that the Accreditation Status of <insert name of Accredited Supplier> has changed from <insert previous Accreditation Status> to <insert current Accreditation Status> for the following reasons:

- <insert reason/s>

The subcategories <insert name of Accredited Supplier> is authorised to perform Works in are now <insert subcategory/codes>.

If you have any queries regarding this, please contact Hunter Water on 1300 657 657 or <insert name of Administrative Officer/Technical Officer> on <insert Officer's telephone number>.

Yours sincerely,

<insert name of Administrative Officer/Technical Officer>

TRIM number: HW2015-1469/12/6.014



## Appendix D: Auditing Process Feedback Form

Hunter Water Corporation  
☎ 1300 657 657  
✉ PO Box 5171, HRMC NSW 2310

 **Auditing Process Feedback Form**

Date:

Question 1. Were you provided enough information regarding the auditing process prior to being audited?

Question 2. Were the audit criteria reasonable?

Question 3. Were Hunter Water staff courteous, helpful, respectful and professional?

Question 4. How did you feel about the auditing process?

Question 5. Would you like to be contacted by Hunter Water? If so, please provide contact details.

TRIM number: HW2015-1469/12/6.019